

# QUARTERLY UPDATE Q3 2018

## DAVY STRATEGIC GLOBAL EQUITY FUND

### FUND OBJECTIVE

The investment objective of the Davy Strategic Equity Fund (the 'Fund') is to provide long term capital growth spreading the risk through geographical and sector diversification whilst predominantly taking long only investment positions in mostly UK, European and US equity markets with some exposure to Japan, the Far East and emerging markets.<sup>1</sup>

### FUND FACTS (AS AT 28<sup>TH</sup> SEPTEMBER 2018)

<b>FUND SIZE</b>	€43.19m
<b>FUND MANAGER</b>	Jeremy Humphries & Team
<b>LEGAL STATUS</b>	UCITS
<b>NO. OF HOLDINGS</b>	11
<b>REGULATOR</b>	Central Bank of Ireland
<b>REGISTERED FOR SALE</b>	IE
<b>UNIT TYPE</b>	Accumulating, Distributing
<b>SHARE CLASS CURRENCIES</b>	EUR
<b>SHARE CLASSES</b>	A Acc, A Inc, B Acc
<b>INITIAL PURCHASE CHARGE</b>	Up to 5%
<b>EXIT CHARGE</b>	Up to 3%
<b>MINIMUM SUBSCRIPTION</b>	€500
<b>ANNUAL MANAGEMENT FEE</b>	Up to 1.35%
<b>DEALING DAY</b>	Daily – All orders must be received by 16.00pm (Irish time) one Business Day immediately preceding the relevant Dealing Day.

**ONGOING CHARGE<sup>2</sup>** 0.83%, 0.83%, 1.51%

### NET ASSET VALUE (AS AT 28<sup>TH</sup> SEPTEMBER 2018)

**NAV** €276.0386 per unit\*

**YEAR-TO-DATE PERFORMANCE** ▲ 3.93%

\*Source: Northern Trust as at 28th September 2018  
Fund facts, NAV and fund performance relate to the Fund's oldest (B Acc) share class. Calculations are NAV to NAV.

### OTHER DAVY FUNDS PLC FUNDS WHICH MIGHT BE OF INTEREST TO YOU

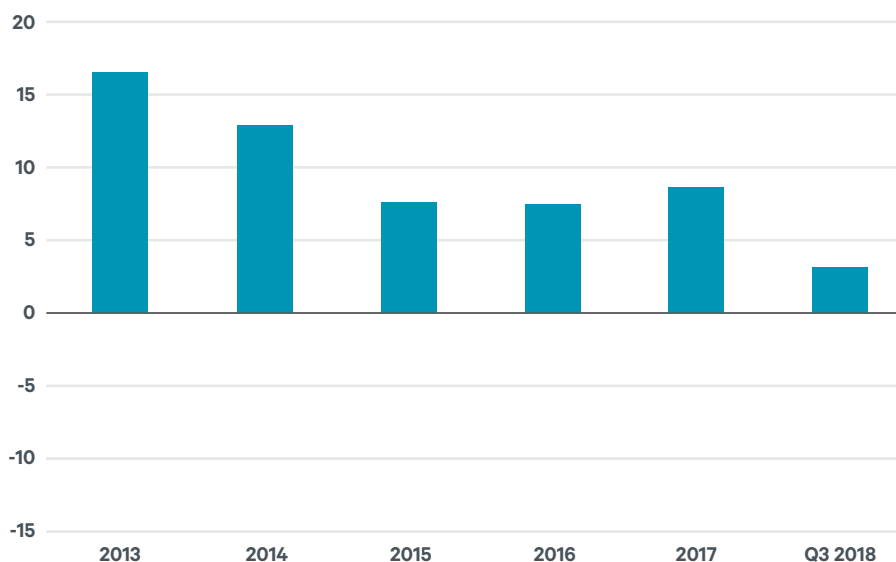
- Davy Global Bond Fund
- Davy Discovery Equity Fund
- Davy ESG Equity Fund

<sup>1</sup> There is no guarantee the Fund will meet its objective.

<sup>2</sup> Taken over the year

<sup>3</sup> Q3 2018: 30/06/2018 -28/09/2018  
2017: 31/12/2016 - 31/12/2017  
2016: 31/12/2015 - 31/12/2016  
2015: 31/12/2014 - 31/12/2015  
2014: 31/12/2013 - 31/12/2014  
2013: 31/12/2012 - 31/12/2013

**FIGURE 1:** Davy Strategic Global Equity Fund Performance to 28th September 2018



### Davy Strategic Global Equity Fund

Source: Davy Asset Management  
Performance chart refers to Davy Strategic Global Equity Fund B Acc (€) net of fees

**TABLE 1:** Davy Strategic Global Equity Fund Performance to 28th September 2018<sup>3</sup>

	2013 (%)	2014 (%)	2015 (%)	2016 (%)	2017 (%)	Q3 2018 (%)
Davy Strategic Global Equity Fund	16.70	12.89	7.58	7.43	8.12	3.26

Source: Davy Asset Management

### MARKET REVIEW

- US and China agree to resume trade talks although details are scant.
- The quarter saw a robust earnings season with 70% of the stocks in MSCI World beating expectations.
- The market remains consistently narrow. Since the start of the year, the top four stocks (Amazon, Apple, Microsoft & Netflix) in MSCI World have contributed 40% of the returns.

### PORTFOLIO UPDATE

- Developed Markets (MSCI World) continue to outperform Emerging Markets (MSCI Emerging Markets).
- Europe (Euro Stoxx) continues to lag the US (S&P 500) although with little movement in EUR/USD.
- Quality outperformed Value and Growth during the quarter.

**Warning: Past performance is not a reliable guide to future performance. The return on investments denominated in non-euro currencies may be affected by changes in currency exchange rates.**

Investment Management of the Davy Strategic Global Equity Fund was assumed by Davy Asset Management during the month of September 2018. In publishing this Quarterly Update, Davy Asset Management aims to provide a summary of the Fund's activity and performance in the previous financial quarter which may be of interest to you. This document is not intended to constitute an offer or solicitation for the purchase or sale of any financial instruments, trading strategy, product or service and does not take into account the investment objectives, knowledge and experience or financial situation of any particular person. Investors should obtain advice based on their own individual circumstances from their own tax, financial, legal and other advisors before making an investment decision, and only make such decisions on the basis of the investor's own objectives, experience and resources.

## MARKET REVIEW

July began with markets focused on President Trump's trade policy and stalled Brexit talks. This focus shifted later in the summer as Canada and the US agreed in August to re-work the NAFTA trade agreement. Details showed that this was mere tinkering at the edges rather than a radical overhaul. This however helped sentiment in the US and calmed nerves over the ongoing US/China and EU/UK disputes. Marginal green shoots began to show with the US and China agreeing to resume trade talks although details are scant. The quarter July-Sep 2018 saw a robust earnings season with 70% of the stocks in MSCI World beating expectations with the outlook for 3Q18 earnings looking robust. Strong earnings growth over the past few quarters has seen valuations come in a couple of points since the start of the year. The market remains consistently narrow. Since the start of the year, the top four stocks (Amazon, Apple, Microsoft & Netflix) in MSCI World have contributed 40% of the returns.

## PORTFOLIO UPDATE

Management of the Davy Strategic Global Equity Fund (the 'Fund') was assumed by Davy Asset Management during the month of September. The Fund rose 0.47% during the month of September in euro terms and has risen 3.26% for the quarter. This compares with a rise of 5.53% for the quarter for MSCI World. Structurally the Fund is currently underweight the US and overweight Europe.

For the three months to the end of September 2018 Developed Markets (MSCI World) continued to outperform Emerging Markets (MSCI Emerging Markets) as tensions around trade wars continued. North America (S&P 500) outperformed Europe (Euro Stoxx) although stocks in the region did play catch-up in September following an initial Value rally but still lagged as Value faded towards the end of the month and risk-on appetites resumed. There was very little movement in EUR/USD over the quarter. The best performing style (as defined by MSCI) in the markets during the quarter was Quality, followed by Growth. Although September saw a rally in Value stocks, these traded off towards the end of the month.

There have been no transactions since Davy Asset Management assumed investment management of the Fund.

Please note the factors listed above are neither comprehensive nor exhaustive. Investors should note that there is no guarantee the Fund will meet its objectives. There is no assurance of investment return. The value of the investment may fall as well as rise.

**TABLE 2:** Equity/Bond Market Performance 2013-2017\*\*

Region	Index	Curr	2013	2014	2015	2016	2017	Q3 2018
World (MSCI World)	MSDEWIN	EUR	21.2	19.5	10.4	10.7	7.5	5.5
USA (S&P 500)	SPXT	USD	32.5	13.7	1.4	12.0	21.8	7.7
Europe (Eurostoxx)	SXXT	EUR	23.7	4.1	10.3	4.2	12.6	-12.7
MSCI Emerging Markets	M1EF Index	USD	-2.6	-2.2	-14.9	11.2	37.3	-1.1
MSCI World Growth Index	MXWO000G Index	USD	26.7	6.6	3.5	3.2	28.5	5.9
MSCI World Value Index	M1WO000V Index	USD	26.6	3.7	-4.8	12.3	17.1	4.1
MSCI World Quality Index	M1WOQU Index	USD	27.1	8.4	3.7	4.6	26.0	7.0
MSCI World ACWI Index	NDUEACWF Index	USD	22.8	4.2	-2.4	7.9	24.0	4.3
Amazon		USD	59.0	-22.7	117.8	10.9	56.0	17.8
Apple Inc		USD	8.1	40.6	-3.0	12.6	48.5	22.4
Microsoft Corp		USD	44.3	27.5	22.7	15.1	40.7	16.4
Netflix		USD	297.6	-7.2	134.4	8.2	55.1	-4.4

Source: Bloomberg

\*\* Performance as at year end 2013-2017 and for the relevant quarter end 2018

**STRUCTURE** The Davy Strategic Global Equity Fund is a sub-fund of Davy Funds plc, an open-ended umbrella investment company with variable capital and segregated liability between sub-funds incorporated with limited liability under the Companies Acts 2014, authorised by the Central Bank of Ireland as a UCITS pursuant to the Regulations. Davy Funds plc is authorised by the Central Bank of Ireland as an Undertaking for Collective Investment in Transferrable Securities (UCITS). The Prospectus, Supplement and Key Investor Document for the fund are available in English from Davy, Davy House, 49 Dawson Street, Dublin 2, Ireland or <https://www.davy.ie/fund-fact-sheets/davy-funds-plc.html>. Investors should be aware that some of the Directors of the Company (Davy Funds plc) are also employed by the Investment Manager, Promoter and Distributor. Further information in relation to the management of potential conflicts of interest is available upon request.

**WARNING: Past performance is not a reliable guide to future performance. The return on investments denominated in non-euro currencies may be affected by changes in currency exchange rates.**

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