

# QUARTERLY UPDATE Q2 2018

## DAVY STRATEGIC GLOBAL EQUITY FUND

### FUND OBJECTIVE

The aim of the Davy Strategic Equity Fund (the 'Fund') is to achieve long-term capital growth through actively managed investments in a range of regional, country specific and sector focused ETFs and Investment Funds. The Fund has a largely unconstrained mandate and may be diversified by both geography and sector.

### FUND FACTS (AS AT 29<sup>TH</sup> JUNE 2018)

<b>FUND SIZE</b>	€25.85 million
<b>INITIAL PURCHASE CHARGE</b>	Up to 2% on initial purchases and any top-ups
<b>EXIT CHARGE</b>	Up to 0.5% on redemptions
<b>MINIMUM SUBSCRIPTION</b>	€1,000
<b>ANNUAL MANAGEMENT FEE</b>	Up to 1.35%
<b>DEALING DAY</b>	Wednesday All orders must be received by 3:00pm on the Friday before the dealing day

### NET ASSET VALUE (AS AT 29<sup>TH</sup> JUNE 2018)

<b>NAV</b>	€282.7957 per unit*
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**YEAR-TO-DATE PERFORMANCE** ▲ 0.64%

\*Source: Northern Trust  
Fund facts, NAV and fund performance relate to the Fund's oldest share class. Calculations are NAV to NAV.

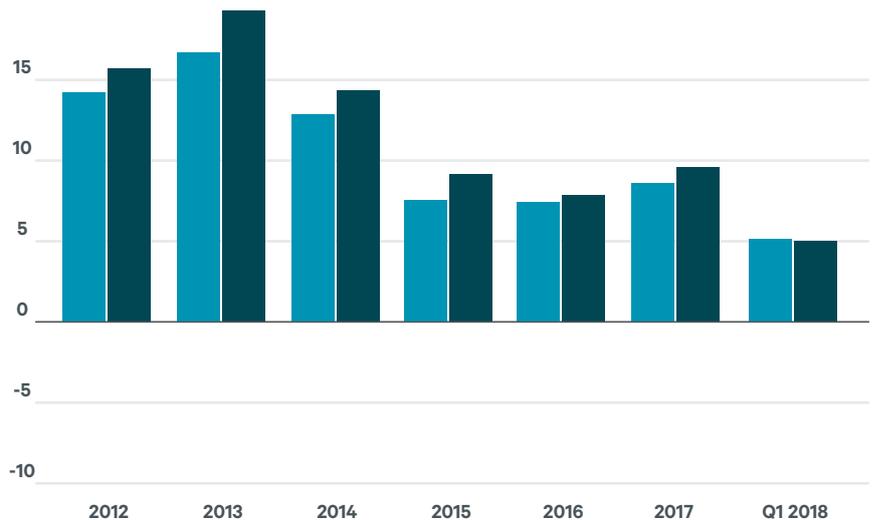
### OTHER DAVY EQUITY TRUST FUNDS WHICH MIGHT BE OF INTEREST TO YOU

- Davy Global Bond Fund
- Davy Irish Equity Fund

### FUND ENQUIRIES

For Advisory/Discretionary Clients, please contact your private client adviser on +353 (0) 1 679 7788 or for Execution-Only Clients call Davy's Execution Desk on +353 (0)1 614 9000

**FIGURE 1:** Davy Strategic Global Equity Fund Performance to 29th June 2018



### Davy Strategic Global Equity Fund Benchmark

For further information on the Fund's benchmark please contact your Davy private client adviser.  
Source: Davy / Bloomberg

**TABLE 1:** Davy Strategic Global Equity Fund Performance to 29th June 2018

	2012 (%)	2013 (%)	2014 (%)	2015 (%)	2016 (%)	2017 (%)	Q2 2018 (%)
Davy Strategic Global Equity Fund	14.24	16.70	12.89	7.58	7.43	8.12	5.10
Benchmark	15.72	19.27	14.35	9.18	7.85	9.84	5.06

Source: Davy / Bloomberg

### MARKET OUTLOOK

- Fed increase interest rates and signal more to come.
- ECB interest rates on hold until later in 2019.
- Trade tariff tensions rising between US and China.

### PORTFOLIO UPDATE

- Positive returns from most equity markets.
- US Dollar strength an extra fillip for Euro based investors.
- Energy sector best performer on 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 exchanges rates.**

In publishing this Quarterly Update, Davy 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 OUTLOOK

With so many issues coming to the boil over the last three months, you could be excused for forgetting some of the major developments. At the top of the list for investors were the ongoing war of words that could turn into a trade war and the changes in central bank policy on both sides of the Atlantic.

There was no surprise in the US Federal Reserve's (Fed) decision to increase interest rates by 0.25% in June, but the fact that it has signalled the likelihood of a further two increases this year raised an eyebrow or two. When it came to the European Central Bank (ECB) the surprise came with the statement that interest rates will remain at their present levels at least through the summer of 2019.

And finally, it was all about the Trump trade tariffs. The question many investors are now trying to answer is what Mr Trump's agenda and goal is. Is this a genuine crusade to get huge concessions from the Chinese or is he making a calculated gamble ahead of the mid-terms and will be happy to get relatively small, last minute concessions that he can grandstand to voters?

## PORTFOLIO UPDATE

Although there were many issues for investors to deal with over the last three months, most markets managed to post positive returns. That said, most of the returns came in the first two months of the quarter as markets succumbed to a bout of profit taking in June.

Having been a major headwind to performance for Euro based investors for quite some time, the other large positive contributor to performance in the last quarter was the strength in the US dollar, which added significantly to returns from the US and Asian markets.

On a sector basis it was a mixed bag as we saw positive performances from more cyclical sectors like Technology and Consumer Discretionary, while the higher dividend yield sectors like Telecom and Staples underperformed in reaction to rising bond yields. The best performing sector was Energy in response to the strong move in the oil price over the period.

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 2012 - 2018

Region	2012 (%)	2013 (%)	2014 (%)	2015 (%)	2016 (%)	2017 (%)	YTD (%)	Q2 2018 (%)
World	14.05	21.2	19.50	10.42	10.73	7.51	3.29	7.23
USA	16.00	32.39	13.69	1.38	11.96	21.83	2.65	3.43
Europe	20.13	23.74	4.14	10.33	4.15	12.55	-0.30	2.53
Asia ex-Japan	19.35	5.94	7.41	-5.59	6.12	35.57	-2.70	-2.98
UK	10.72	18.78	0.78	-1.92	19.22	11.73	1.37	9.34
Ireland	20.36	35.68	16.73	33.61	-2.68	9.49	0.44	6.49

Source: Bloomberg

<sup>1</sup> Performance as at year-end for 2012-2018

**STRUCTURE** The Fund is a sub-fund of the Davy Equity Trust, an umbrella type open-ended unit trust authorised by the Central Bank of Ireland under the Unit Trust Act 1990. Subscriptions may only be based on the current Prospectus together (where applicable) with the most recent annual report and (if issued after such report) the most recent semi-annual report. A copy of the Prospectus and reports (where issued) may be obtained free of charge from Davy or the Administrator to the Fund.

**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 exchanges rates.**

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