

QUARTERLY UPDATE Q3 2018

DAVY IRISH EQUITY FUND

FUND OBJECTIVE

The aim of the Davy Irish Equity Fund (the 'Fund') is to achieve long-term capital growth through actively managed investments in Irish companies listed on the Irish or other stock exchanges.

FUND FACTS (AT 2ND OCTOBER 2018)

FUND SIZE	€4,145 million
INITIAL PURCHASE CHARGE	Up to 2% on initial purchases and any top-ups
EXIT CHARGE	Up to 0.5% on redemptions
MINIMUM SUBSCRIPTION	€1,000
ANNUAL MANAGEMENT FEE	Up to 1.35%
DEALING DAY	Wednesday All orders must be received by 3:00pm on the Friday before the dealing day

NET ASSET VALUE (AT 2ND OCTOBER 2018)

NAV €294.6673 per unit*

YEAR-TO-DATE PERFORMANCE ▼ -8.28%

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

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

- Davy Global Bond Fund
- Davy Strategic Global 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 Irish Equity Fund Performance to 2nd October 2018



Davy Irish Equity Fund Benchmark

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

TABLE 1: Davy Irish Equity Fund Performance to 2nd October 2018

	2012 (%)	2013 (%)	2014 (%)	2015 (%)	2016 (%)	2017 (%)	Q3 2018 (%)
Davy Irish Equity Fund	31.31	38.75	12.36	24.14	-0.26	5.97	-7.46
Benchmark	20.36	35.68	16.46	33.28	-2.68	9.42	-6.39

Source: Davy / Bloomberg

MARKET OUTLOOK

- Trade tensions between the US and China continue.
- Brexit negotiations seem to be making little headway.
- European Union leaders look to their 'no-deal' plans.

PORTFOLIO UPDATE

- Divergent performance for major equity markets globally.
- ISEQ index underperformed its European peers.
- Sell-off of some of the larger Irish names like Paddy Power Betfair and Ryanair.

Warning: Past performance is not a reliable guide to future performance. The return on investments denominated in F 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

Over the last three months we saw little change in the topics of conversation for investors. As has been the case for some time it was back to the global trade war. President Trump formally announced and implemented the next round of punitive tariffs on imports from China. Naturally China retaliated with tariffs of its own on \$60bn of US goods. Given his political agenda, don't be surprised if President Trump escalates these trade tensions in the coming weeks.

In Europe the focus was on more domestic matters with Brexit never far from the headlines. We had confirmation that the UK Prime Minister, Theresa May, would prefer a no-deal Brexit outcome to a Canada-style outcome. This was seen as a pushback against the Brexiteers who have been urging May to revert to a simple free trade agreement.

Media outlets reported that the European Union (EU) is intensifying work on its "no-deal" plans while simultaneously pushing back against Prime Minister May's Chequers proposal, as they consider it to deviate too much from EU single market rules.

PORTFOLIO UPDATE

Q3 saw a divergence in performance for the major equity markets around the world and it was Ireland that came off worst in this. While its European peers managed to eke out positive returns, the ISEQ was firmly in the red for the three months.

This negative performance was driven by weakness in the share price of many of the bellwether names like Paddy Power Betfair, Aryzta, and Ryanair (ongoing issues with staff strikes around Europe and a profit warning). Of the larger companies, only Kerry Group managed to record a positive return for the period as other global food companies also performed strongly.

Against this backdrop the fund also recorded a negative return for the three months. The positions in Aryzta, Hostelworld, and Datalex were a drag to performance as was the underweight position in Kerry and overweight position in Ryanair.

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 Market Performance 2012-2018¹

Region	2012 (%)	2013 (%)	2014 (%)	2015 (%)	2016 (%)	2017 (%)	YTD (%)	Q3 2018 (%)
World	14.05	21.2	19.50	10.42	10.73	7.51	3.29	5.53
USA	16.00	32.39	13.69	1.38	11.96	21.83	2.65	7.71
Europe	20.13	23.74	4.14	10.33	4.15	12.55	-0.30	0.57
Asia ex-Japan	19.35	5.94	7.41	-5.59	6.12	35.57	-2.70	-1.02
UK	10.72	18.78	0.78	-1.92	19.22	11.73	1.37	-0.47
Ireland	20.36	35.68	16.73	33.61	-2.68	9.49	0.44	-6.20

Source: Davy

¹ 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 exchange rates.

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