

QUARTERLY UPDATE Q4 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 31ST DECEMBER 2018)

FUND SIZE	€3.71 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 31ST DECEMBER 2018)

NAV	€267.4776 per unit*
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YEAR-TO-DATE PERFORMANCE ▼ -16.7%

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

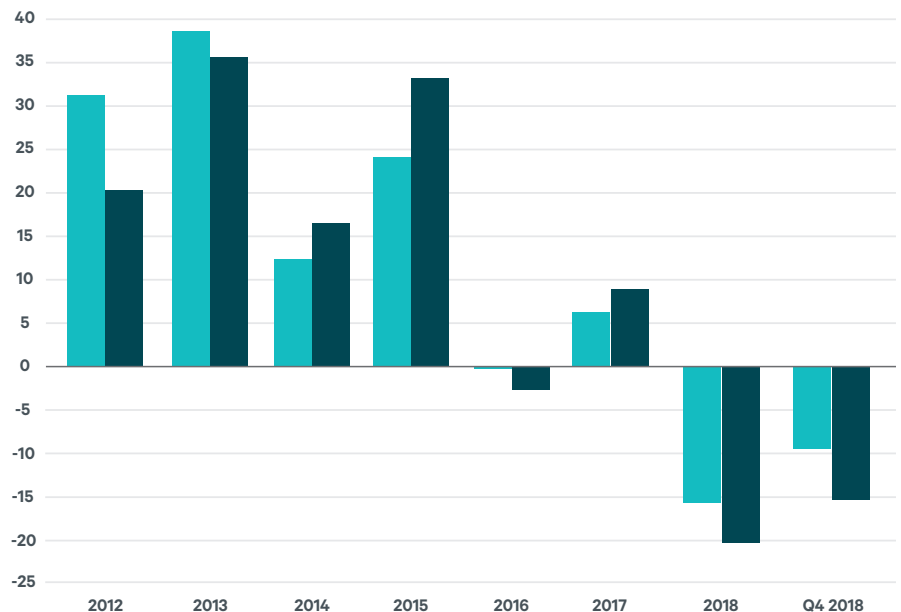
OTHER DAVY EQUITY TRUST FUNDS WHICH MIGHT BE OF INTEREST TO YOU

- 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 31st December 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 31st December 2018

	2012 (%)	2013 (%)	2014 (%)	2015 (%)	2016 (%)	2017 (%)	2018 (%)	Q4 2018 (%)
Davy Irish Equity Fund	31.31	38.75	12.36	24.14	-0.26	5.97	-16.74	-9.23
Benchmark	20.36	35.68	16.46	33.28	-2.68	9.42	-20.79	-15.26

Source: Davy / Bloomberg

MARKET OUTLOOK

- Equity markets fall across the board in fourth quarter.
- Brexit debate continues with no sign of a conclusion.
- Few surprises come from central bank meetings.

PORTFOLIO UPDATE

- Negative sentiment in markets pervade through Q4.
- ISEQ particularly badly hit, rounding off a poor year for the index.
- Fund outperformed for the quarter and the year but a negative absolute return.

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

Investors hoping for a relaxing run into the year-end were given a real shock as markets posted one of their worst quarters for many years. There was nowhere to hide in terms of regions, sectors or other asset classes with many registering losses for the quarter.

After all the noise surrounding the deferred withdrawal agreement vote and a motion of no confidence in the leadership of Theresa May by the Conservative Party, we remain where we started on the Brexit debate. Whether May is willing to or not, her ability to modify the deal looks limited given her European partners will not offer any concessions of note.

As expected we got confirmation from the European Central bank (ECB) that net asset purchases have now ceased. There was one surprise and that was the suggestion that the ECB is starting to rethink the structural impact of negative deposit rates on the banking system. The key takeaway from the US Federal Reserve was that they are becoming slightly more dovish but not at the pace the market is or wants.

PORTFOLIO UPDATE

The negative sentiment seen in markets during October and November showed no sign of abating in December and notwithstanding a valiant rally towards the end of the month, equity markets globally posted significant falls for the quarter. Against this backdrop, the ISEQ fared particularly poorly, falling over 15% in the quarter, to round off the year as one of the worst performers in the European region.

This selloff stood in stark contrast to the outcome for the Irish economy over that period and reflected heightened concerns around the impact of Brexit and the more peripheral nature of the market in the wider European context.

For the year, the fund returned -16.7%, outperforming the benchmark, with all of this outperformance coming in the fourth quarter where it beat the index by 6%. The fund performance was helped by overweight positions in Abbey, Origin, and Datalex as well as our underweight position in CRH and Smurfit Kappa. Performance was hurt by Aryzta, and our underweight Glanbia position.

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 (%)	2018 (%)	Q4 2018 (%)
World	14.05	21.2	19.50	10.42	10.73	7.51	-4.11	-12.03
USA	16.00	32.39	13.69	1.38	11.96	21.83	-4.38	-13.52
Europe	20.13	23.74	4.14	10.33	4.15	12.55	-12.72	-12.96
Asia ex-Japan	19.35	5.94	7.41	-5.59	6.12	35.57	-12.72	-8.92
UK	10.72	18.78	0.78	-1.92	19.22	11.73	-8.84	-10.46
Ireland	20.36	35.68	16.73	33.61	-2.68	9.49	-20.78	-15.91

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 exchanges rates.

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