

Davy Conservative Income & Growth Fund

from Irish Life

Quarterly Update Q1 2019

This fund is provided by Irish Life Assurance plc and is managed by Davy Asset Management.

For Investment Professionals Only

Performance	1 Month (%)	Q1 2019 (%)	1 Year (%)	3 Year (P.A.) (%)	5 Year (P.A.) (%)
Davy Conservative Income and Growth Fund* (Net of Fees)	0.6	2.6	1.9	0.1	2.7
3M EURIBOR +2%	0.1	0.4	1.7	1.7	1.8

Source: Irish Life Investment Managers Ltd. (*Performance is quoted gross of tax and net of fund management charge) and Bloomberg as at 29th March 2019. The fund management charge and product charges will vary depending on the terms and conditions of your policy.

Fund Overview

The **Davy Conservative Income and Growth Fund** (the 'Fund') is a low risk, return seeking fund, which may be appropriate for conservative investors. The aim of the Fund is to produce positive returns above cash (3-month Euribor +2.0%) on a rolling 12-month basis in a low risk and opportunistic way. The Fund offers investors exposure to short dated (max three years duration) government bonds, high quality equities and cash.

Fund Performance

The Fund returned 2.6% for the first quarter of 2019 compared to its benchmark which returned 0.4%. The equity basket contributed 2.9% to performance, while the bond portfolio was broadly flat.

Within the Fund's equity portfolio, Industrial and Consumer Staples stocks contributed strongly to performance.

Aerospace and defence company **Airbus** was the biggest positive contributor to relative performance during the quarter, adding +0.62%. The stock rebounded strongly during the quarter following a better-

than-expected set of results in February. The management team also took the opportunity to raise their guidance for profit growth in 2019. In spite of some disappointment regarding the future of the A380, the company has a strong order book for the A320 and is seeking to raise the quarterly deliveries rate for the model. Following some weakness in the fourth quarter of last year, the stock rose by 40.4% during the first quarter of 2019.

The bond position, which consists of short-dated (less than three years) **Spanish and Slovenian** bonds, was down 0.06% on the quarter. This relatively flat performance resulted from outperformance in Spanish bonds offset by underperformance in Slovenia. We continue to have a positive outlook on the credit quality of Spain and Slovenia, which should see material credit rating upgrades in the foreseeable future.

Current Asset Allocation

The current Asset Allocation is **75.7% cash and short-dated government bonds** (max. maturity of 3 years), with **24.3% allocated to high-quality equities**.

Calendar Year Performance	2018 (%)	2017 (%)	2016 (%)	2015 (%)	2014 (%)
Davy Conservative Income & Growth Fund*	-2.4	-0.5	-0.1	6.4	8.3
3m Euribor +2%	1.7	1.7	1.8	2.0	2.2
ICE Bank of America Merrill Lynch Euro Government Index	0.8	0.6	0.4	0.7	0.8
Airbus	2.8	34.6	3.8	52.9	-24.9

Source: Irish Life Investment Managers Ltd. (*Performance is quoted gross of tax and net of fund management charge), Euribor and Bloomberg as at 29th March 2019. The fund management charge and product charges will vary depending on the terms and conditions of your policy. Performance is quoted in local currency unless otherwise stated.

WARNING: Past performance is not a reliable guide to future performance.

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