

Davy Global Brands 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 Global Brands Fund* (Net of Fees)	4.8	17.0	12.4	7.6	10.3
MSCI World Index	2.7	14.5	13.9	11.2	11.3

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 aim of the **Davy Global Brands Fund** (the 'Fund') is to provide investors with long term capital growth by investing on a global basis in shares of companies which have strong brand characteristics. Such companies are expected to have competitive advantages including dominant market share and/or unique product characteristics that provide the potential for growth globally.

Fund Performance

The Fund returned 17.0% during the quarter, outperforming the MSCI World Index by an impressive 2.5% after fees. This outperformance was driven by Stock Selection (+3.1%), Asset Allocation (+0.1%) and Currency (+0.3%). The Fund outperformed the MSCI World Index by 2.1% in March, returning 4.8% compared to the Index return of 2.7%.

Stock Selection (+3.1%) contributed positively to performance during 1Q19. By sector, stock selection was broad based with Consumer Staples (+1.6%), Financials (+0.7%), Consumer Discretionary (+0.5%) and Technology (+0.2%) all contributing positively. In terms of stocks, significant contributors and detractors to performance during the quarter were **S&P Global** (+0.6%), **British American Tobacco** (+0.5%), **eBay** (+0.5%) and **Newell Brands** (-0.5%).

S&P Global's outlook for 2019 called for global debt issuance to be down less than 1% in 2019 compared to a 6% decline reported in 2018. The company also announced it received first-of-its-kind approval to enter China's domestic bond market, opening a significant potential avenue for future growth. BAT recovered from its underperformance in 4Q18 and management announced upbeat targets for revenue

and profit growth over the next 5 years at a capital markets day in March. eBay contributed positively after management announced strategic initiatives to enhance performance, under pressure from activist investors. These initiatives include the commencement of a strategic review of the company's portfolio of assets, including StubHub and eBay Classified Group. Newell Brands underperformed after management downgraded guidance for expected proceeds from future asset disposals by around 20%, from \$5bn to \$4bn, due to market volatility. The company subsequently announced that President and CEO Mike Polk will retire from the company at the end of 2Q19.

Asset Allocation had a +0.1% impact on relative performance during the quarter. The performance was driven by our underweight positions in Healthcare (+0.3%) and Financials (+0.3%), partially offset by our underweight position in Industrials (-0.2%).

Sample Portfolio Transactions

The Fund was active during the quarter, adding to existing positions in Intercontinental Exchange, Brown-Forman, Bayer and Facebook, while reducing our positions in Prudential, S&P Global, AIA and Nike.

The Fund remains defensively positioned with the aim of delivering asymmetric risk reward over time. We remain committed to our investment philosophy process and invest in companies that exhibit pricing power and generate high operating returns on invested capital, combined with attractive structural growth opportunities. We continue to find attractive investment opportunities in companies with strong fundamentals at reasonable valuations.

Calendar Year Performance	2018 (%)	2017 (%)	2016 (%)	2015 (%)	2014 (%)
Davy Global Brands Fund* (Net of fees)	-8.0	9.3	1.0	16.9	14.5
MSCI World Index	-4.1	7.5	10.7	10.4	19.5
S&P Global	1.4	59.3	10.5	12.3	15.5
Newell Brands	-37.5	-29.4	3.0	17.9	19.9
eBay	-25.6	27.1	8.0	16.3	2.3
British American Tobacco PLC	-47.2	13.4	27.1	12.2	12.9

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

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