

# Davy Conservative Income & Growth Fund

from Irish Life

## Quarterly Update Q2 2019

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

For Investment Professionals Only

Performance	1 Month (%)	Q2 2019 (%)	1 Year (%)	3 Year (P.A.) (%)	5 Year (P.A.) (%)
Davy Conservative Income and Growth Fund* (Net of Fees)	1.1	1.1	2.5	0.3	2.6
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 28th June 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 1.1% for the quarter, outperforming its benchmark by 0.7%. The equity basket contributed 1.4% to performance, while the bond portfolio was broadly flat.

**Microsoft** was the strongest contributor to relative performance during the quarter, adding +0.15%. The global software company's market cap passed the \$1trn mark during April following an encouraging set of results that showed strength in all divisions. The prospects of sustained cash generation were boosted by a strong growth in the subscription-based Office365 product. There was also a rebound in Windows as PC shipments recovered from a shortage

of chips in the prior quarter. Cloud-based revenues also exceeded expectations and allowed the company to forecast double-digit revenues and earnings for FY2020.

UK based utility **National Grid** was among the worst performers in the Fund during the quarter falling by 1.6%. The turmoil within the UK Conservative Party has raised the prospects of a Labour-led government. National Grid is in the crosshairs of Labour's plans to nationalise certain utility assets and this led to weakness in the stock during the quarter.

The bond position, which consists of short-dated (less than three years) Spanish and Slovenian bonds, was down very slightly at -0.01% on the quarter. Eurozone bond yields remained flat or fell for the most part (which caused prices to rise) after the ECB struck a more dovish tone in June. Spanish spreads tightened which positively contributed to performance, but this was offset by the Slovenian bonds.

### Current Asset Allocation

The current Asset Allocation is 75.6% **cash and short-dated government bonds** (max. maturity of 3 years), with 24.4% allocated to **high-quality equities**.

Calendar Year Performance	2018 (%)	2017 (%)	2016 (%)	2015 (%)	2014 (%)
Davy Conservative Income & Growth Fund* (EUR)	-2.4	-0.5	-0.1	6.4	8.3
3m Euribor +2%	1.7	1.7	1.8	2.0	2.2
Microsoft	20.8	40.7	15.1	22.7	27.5
National Grid	-7.7	-4.2	6.2	7.1	22.3

Source: Irish Life Investment Managers Ltd. (\*Performance is quoted gross of tax and net of fund management charge), Euribor and Bloomberg as at 28th June 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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