

# Davy Global Brands 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 Global Brands Fund* (Net of Fees)	4.9	2.6	9.6	8.5	10.0
MSCI World Index	4.3	2.5	9.0	10.8	10.6

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 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 2.6% in Q2 2019 net of fees, outperforming the MSCI World Index by 0.1%. This outperformance was driven by Asset Allocation (+0.4%), Stock Selection (+0.1%) and Currency (-0.1%). On a year-to-date basis the Fund outperformed the MSCI World Index by 2.9%, returning 20.3% net of fees compared to the Index return of 17.4%, driven by Stock Selection (+3.3%), Asset Allocation (+0.6%) and Currency (+0.2%).

Stock Selection (+0.1%) contributed slightly to performance during Q2 2019. By sector, stock selection was positive in Healthcare (+0.5%), Financials (+0.4%) and Communication Services (+0.3%), partially offset by negative contributions in Consumer Discretionary (-1.0%) and Staples (-0.2%). In terms of stocks significant contributors and detractors to performance during the quarter were **Walt Disney** (+0.4%), **Richemont** (+0.3%) and **Samsonite** (-0.9%).

**Walt Disney** hosted an investor day during the quarter on its direct-to-consumer businesses encompassing ESPN+, Hulu and soon-to-

be-launched Disney+ streaming platforms. The company's 5 year subscriber targets were notably ahead of market expectations.

**Richemont** reported FY18 results with solid operating performance benefitting from management's policy to reduce wholesaler inventories and expand in direct-to-consumer channels over recent years. **Samsonite** reported 1Q19 results confirming a slow start to the year driven by weakness in key markets such as the US, China and Korea. The company is exposed to the risks posed by tariffs, but this is compensated by strong operating returns and valuations at all-time lows.

Asset Allocation had a +0.4% impact on relative performance during the quarter. The performance was driven by our underweight positions in Energy (+0.3%) and Healthcare (+0.3%), partially offset by our overweight position in Consumer Staples (-0.3%).

### Sample Portfolio Transactions

The Fund was active during the quarter adding new positions in video gaming company Bandai Namco and Medtech company Becton, Dickinson and Company, while exiting our positions in Prudential plc.

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) (EUR)	-8.0	9.3	1.0	16.9	14.5
MSCI World Index (EUR)	-4.1	7.5	10.7	10.4	19.5
Richemont	-26.93	33.65	-3.68	-17.10	1.70
Samsonite	-36.75	64.85	-2.80	3.16	-0.81
Walt Disney	3.62	4.77	0.65	12.92	24.83

Source: Irish Life Investment Managers Ltd. (\*Performance is quoted gross of tax and net of fund management charge), MSCI 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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