

DAVY TRILOGY II FUND

FROM
NEW IRELAND

Q4 2018 UPDATE

This fund is provided by New Ireland Assurance plc and is managed by Davy Asset Management.

PERFORMANCE	1 MONTH (%)	Q4 2018 (%)	1 YEAR (%)	3 YEARS P.A. (%)	5 YEARS P.A. (%)
DAVY TRILOGY II FUND* (GROSS OF FEES)	-2.3	-2.1	1.3	3.8	10.0

Source: New Ireland (*Trilogy II Fund Series 6, Performance is quoted gross of taxation and fund management charge) as at 31st December 2018. 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 Trilogy II Fund** (the 'Fund') is to generate long-term capital growth by investing in three distinct asset classes (equities, bonds and property). The Fund invests only in equities that pay higher than average dividends on a sustained basis, high grade corporate bonds and commercial property.

FUND PERFORMANCE

The Fund returned -2.1% during the final quarter of 2018. During the quarter, the Corporate Bonds, High Yield Equities and Property components returned -0.5%, -7.5% and 1.9% respectively.

European corporate bonds were negative for the fourth quarter of 2018 with the **Bank of America AAA-A Euro Corporate Index** falling by -0.16%. Credit spreads rose (causing prices to fall) as fears around global economic growth and less accommodative monetary policy from the Federal Reserve led to risk-off sentiment in markets. The Corporate Bond Fund underperformed by 0.34% over the quarter, primarily due to security selection. **General Electric** and **Philip Morris** were the main detractors from performance, while curve positioning contributed positively to performance.

The High Yield Equities basket detracted -7.5% in the quarter. Stock Selection within the Healthcare sector was the largest contributor to fund relative performance during the quarter.

The Property portfolio managed by State Street Global once again performed very well during the quarter.

SAMPLE PORTFOLIO TRANSACTIONS

The Fund mix currently stands at **37.3% High Yield Equities, 50.3% Property** and **12.4% Corporate Bonds**. Within the equity basket, the Fund reduced its holding in Microsoft somewhat. Stock price movement had brought the absolute weighting in the stock to 5% during the quarter

With ongoing event risk and increased volatility on the horizon, we believe that the high yield style will once again benefit from its intrinsic defensive attributes. The underlying equity book generally has lower volatility, lower beta and higher market capitalisation.

CALENDAR YEAR PERFORMANCE	2018 (%)	2017 (%)	2016 (%)	2015 (%)	2014 (%)
Davy Trilogy II Fund* (Gross of Fees)	1.3	4.4	5.9	15.8	24.6
ICE BoA Merrill Lynch AAA-A Euro Corporate	-0.4	1.5	4.2	-0.3	8.4
General Electric Co	-55.4%	-42.9%	4.6%	27.5%	-6.7%

Source: New Ireland (*Trilogy II Fund Series 6, Performance is quoted gross of taxation and fund management charge), MSCI and Bloomberg as at 31st December 2018. The fund management charge and product charges will vary depending on the terms and conditions of your policy. Performance is quoted in local terms unless otherwise stated.

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