

Davy Strategic Global Equity Strategy

Quarterly Update Q2 2019

For Investment Professionals Only

Performance	1 Month (%)	Q2 2019 (%)	1 Year (%)	3 Year (P.A.) (%)	5 Year (P.A.) (%)
Davy Strategic Global Equity Strategy* (Net of Fees)	2.72	1.47	4.63	8.29	7.04

Source: Davy Asset Management (Class B Acc Eur) and Bloomberg as at 28th June 2019.

* Investment Management of the Davy Strategic Global Equity Fund was assumed by Davy Asset Management during the month of September 2018.

Fund Overview

The investment aim of the **Davy Strategic Global Equity Fund** (the 'Fund') is to provide long term capital growth spreading the risk through geographical and sector diversification whilst predominantly taking long only investment positions in mostly UK, European and U.S equity markets with some exposure to Japan, the Far East and emerging markets.

Fund Performance

The Fund rose 1.47% (Net) during the quarter in Euro terms. This compares with 2.54% for MSCI World. Towards the end of May the Fund was migrated to hold a broad basket of global equities with exposure to quality.

Equity markets, as defined by MSCI were more volatile in the second quarter than in the first, with growth stocks leading in April, before markets sold off in May when high income stocks outperformed, only for growth and quality stocks to subsequently rebound in June. The beginning of the quarter saw the S&P 500 Index continue its rally from the start of the year, reaching all-time highs within the month only for global equity markets and bond yields to be pushed lower in May due to heightened risk aversion from the unexpected breakdown in trade negotiations between the US and China. The markets had an initial wobble at the start of June when Information Technology sold off on news that a new deal between the Department of Justice (DOJ) and the Federal Trade Commission (FTC) will see U.S. regulators divide and conquer as they expand their oversight of Apple, Alphabet, Amazon and Facebook. Despite this, the markets rebounded in June and as the month saw a flurry of M&A activity particularly within Healthcare where long-anticipated consolidation is starting to happen. The last

trading day of the month saw bank stocks rally after the Federal Reserve cleared them to boost payouts. Quality, which was one of the best performing styles for the first quarter, was outpaced by Growth in the second quarter, while Value stocks continued to lag. Smaller companies which had a particularly strong first quarter gave up some performance to larger companies in the second quarter as market volatility increased.

Within MSCI World Index, the best performing sectors for the quarter were Financials (after a poor start to the year) and Information Technology, while Energy and Real Estate lagged. Within Information Technology, the rally in semiconductor stocks at the start of the quarter abruptly turned as trade tensions with China increased in May. Information Technology continued to initially sell off at the start of June following potential increased scrutiny from the DOJ and FTC before largely rebounding for the month. Financials, which had a poor start to the year, were boosted by a string of positive earnings numbers and the Fed's decision to allow them to boost payouts. Energy and Real Estate were the only negative sectors for the quarter.

Europe was the best performing region over the quarter, marginally outperforming North American equities. Asian equities continue to underperform. Emerging markets largely underperformed developed markets during the quarter selling off largely in May and failing to regain lost ground in June following the ratcheting up of trade tensions.

Sample Portfolio Transactions

Towards the end of May the Fund was migrated to hold a broad basket of global equities with exposure to quality. Future reports will contain a more detailed breakout of attribution at a stock level.

Calendar Year Performance	2018 (%)	2017 (%)	2016 (%)	2015 (%)	2014 (%)
Davy Strategic Global Equity Fund (net of fees)	-8.6	8.1	6.9	7.6	12.9
MSCI World (Total Return, MSDEWIN)	-4.1	7.5	10.7	10.4	19.5
S&P 500 Index	1.4	59.3	10.6	1.4	13.7
MSCI Quality (USD)	-4.4	21.8	12.0	3.7	8.4
MSCI Value (USD)	-5.5	26.0	4.6	-7.2	1.1
MSCI Growth (USD)	-13.2	14.2	9.3	1.8	4.7
Energy (USD)	-7.8	26.4	1.4	-22.8	-11.6
Information Technology (USD)	-15.8	5.0	26.6	4.8	16.1
Financials (USD)	-2.6	38.2	11.4	-3.4	3.2
Real Estate (USD)	-17.0	22.7	12.5	0.2	14.2
Emerging Markets (USD)	-6.4	14.6	2.8	-14.9	-2.2
Europe (MSCI Europe USD)	-14.6	37.3	11.2	-2.8	-6.2
North America (MSCI North America USD)	-14.9	25.5	-0.4	-0.9	11.9
Asia ex-Japan (MSCI Asia ex Japan USD)	-5.7	20.9	11.6	-9.4	2.8

Source: Davy Asset Management (Class B Acc Eur) and Bloomberg as at 28th June 2019. Performance is quoted in local currency unless otherwise stated.

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

WARNING: Neither past experience nor the current situation are necessarily accurate guides to the future growth in value or rate of return of the Fund. The value of the investment can reduce as well as increase and, therefore, the return on the investment will also be variable. Changes in exchange rates may have an adverse effect on the value price or income of the product.

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Davy Asset Management

Davy House, 49 Dawson Street, Dublin 2, D02 PY05, Ireland.
T +353 1 614 8874 E assetmanagement@davy.ie

www.davyassetmanagement.com

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