

# Davy Defensive High Yield Fund *From New Ireland*

## Fund Performance Sheet | October 2015

### FUND OBJECTIVE

The Davy Defensive High Yield Fund (the 'Fund') is a risk managed Fund which aims to offer equity market type returns but with reduced levels of volatility. The Investment Manager invests in large global companies which historically pay higher than average dividend yields. The Investment Manager implements a simple strategy that generates additional income. This additional income is then used to buy some 'insurance' to help protect it against significant equity market falls.

### KEY FACTS (as at 31st October 2015)

Inception	<b>30th September 2011</b>
Structure	<b>UCITS*</b>
Daily Valuation	<b>Yes</b>
Daily Dealing	<b>Yes</b>

### PORTFOLIO STATISTICS (as at 31st Oct 2015)

<b>P/E Ratio Next Yr</b>	<b>15.8</b>
<b>Indicative Dividend Yield</b>	<b>3.7%</b>
<b>Operating Margins Trailing 12M</b>	<b>20.1%</b>
<b>Return on Equity</b>	<b>21.3%</b>
<b>No of Holdings</b>	<b>52</b>
<b>Fund Volatility</b>	<b>9.5%</b>
<b>Index Volatility</b>	<b>13.0%</b>

### FUND ENQUIRIES

If you have any queries on this fund, please contact New Ireland directly or your independent financial advisor.

\* The assets of the Davy Defensive High Yield Fund were transferred to a new sub-fund of the Davy Funds plc (UCITS), which is named the Davy Defensive Income Fund, on 22nd July 2015. The same strategy applies to both sub-funds.

*In publishing this Fund Performance Sheet, we aim to provide a summary of the Fund's activity and performance in the previous month which may be of interest to you. This document is not intended to constitute an offer or solicitation for the purchase or sale of any financial instruments, trading strategy, product or service and does not take into account the investment objectives, knowledge and experience or financial situation of any particular person. Investors should obtain advice based on their own individual circumstances from their own tax, financial, legal and other advisors before making an investment decision, and only make such decisions on the basis of the investor's own objectives, experience and resources.*

### MONTHLY COMMENT

Global equities (MSCI World Index) returned 9.1% in October. The market rose sharply during the period following two difficult months for stocks due to concerns that global growth was slowing. This was not the case as equity markets rallied sharply, recording their biggest monthly gains since April 2009. The best performing region was Japan, followed by the US and Europe ex UK. While the UK and Asia Pacific ex Japan lagged. Energy and Materials were the best performing sectors, while Utilities and Healthcare underperformed. During the period we added Siemens and ABB Ltd.

### GROWTH OF €1,000 TO 31ST OCTOBER 2015\*



Source: Northern Trust and Davy Asset Management

### ROLLING STRATEGY PERFORMANCE\* (as at 31st October 2015)

	1-Month	3-Month	YTD	1-Year	3 Years PA	5 Years PA
Davy Defensive High Yield Fund	5.0%	-1.5%	6.4%	10.2%	9.3%	-

### CALENDAR YEAR PERFORMANCE\*

	2014	2013	2012	2011**	2009
Davy Defensive High Yield Fund	13.2%	7.5%	6.8%	10.2%	-

\*Source: NTRS (Performance is quoted net of the fund management charge). The fund management charge and product charges will vary depending on the terms and conditions of your policy.

\*\* Inception Date: 30th September 2011.

The performance of the New Ireland Davy High Yield Fund encompasses both the past performance of the Davy Defensive High Yield Fund, a sub-fund of the Skyline Umbrella Fund plc, from 30th September 2011 to 21 July 2015 and the past performance of the Davy Defensive Income Fund, a sub-fund of Davy Funds plc, from its launch on 22nd July 2015 to 31st October 2015.

**WARNING: Past performance is not a reliable guide to future performance. The return on investments denominated in non-euro currencies may be affected by changes in currency exchange rates.**

**GEOGRAPHICAL ALLOCATION \*\*\* (%)**

	Fund
Asia Pacific ex-Japan	4.6
Japan	9.0
Eurozone	9.4
Europe ex-Eurozone	10.5
UK	14.2
North America	52.2

**MARKET CAPITALISATION \*\*\* (%)**

	Fund
Mega-Cap (>€50bn)	68.4
Large-Cap (€10bn - €50bn)	29.1
Small & Mid-Cap (<€10bn)	2.6

**SECTOR MIX \*\*\* (%)**

Sector	Weighting
Consumer Discretionary	7.2
Consumer Staples	17.4
Energy	5.8
Financials	21
Health Care	13.5
Industrials	13.5
Information Technology	7.3
Materials	4.2
Telecommunication Services	5.5
Utilities	4.5

\*\*\* Source: Davy Asset Management

*In publishing this Fund Performance Sheet, we aim to provide a summary of the Fund's activity and performance in the previous month which may be of interest to you. This document is not intended to constitute an offer or solicitation for the purchase or sale of any financial instruments, trading strategy, product or service and does not take into account the investment objectives, knowledge and experience or financial situation of any particular person. Investors should obtain advice based on their own individual circumstances from their own tax, financial, legal and other advisors before making an investment decision, and only make such decisions on the basis of the investor's own objectives, experience and resources.*

**STRATEGIC OVERVIEW**

The Investment Manager adheres to a strict investment process.

The Investment Manager invests in large global stocks which historically pay higher than average dividend yields.

The Investment Manager sells call options on some of the stocks within the portfolio (the UCITS fund) using a simple options strategy that provides the Fund with additional income.

The Investment Manager will use this additional income from selling the call options to buy some 'insurance' to help protect it against significant equity market falls.

**STOCK SELECTION**

The stock selection process involves a number of stages:

- A. The global universe of stocks is quantitatively screened to identify attractive candidates for possible selection by the Investment Manager. These candidates will display the following characteristics:
  - ▶ Dividend yields which are typically above the global sector average.
  - ▶ Positive dividend growth.
  - ▶ Financial strength, as reflected in solid balance sheets and cash flow statements.
  - ▶ Attractive valuations.
- B. The Investment Manager then undertakes rigorous fundamental analysis of the candidates that meet the screening criteria and, where possible, meets the company management.
- C. From the list of these candidates the Investment Manager selects stocks which will be structured to provide broad diversification across both geographic regions and industry sectors.

**STRUCTURE:** *The Davy Defensive Income Fund is a sub-fund of Davy Funds plc, an open-ended umbrella investment company with variable capital and segregated liability between sub-funds incorporated with limited liability in Ireland under the Companies Act 2014 and is governed by the laws of Ireland and authorised by the Central Bank of Ireland (i.e. UCITS Fund). Subscriptions may only be based on the current Prospectus together (where applicable) with the most recent annual report and (if issued after such report) the most recent semi-annual report. A copy of the Prospectus and reports (where issued) may be obtained free of charge from the Administrator to the Fund. Please refer to fund documentation for information on fees and charges that apply to your investment. Retail investors may gain exposure to the UCITS Fund through the New Ireland platform. The performance of the New Ireland Defensive High Yield Fund is linked to the performance of the UCITS Fund. For further information on the New Ireland Defensive High Yield Fund or to make additional premiums, please contact your financial adviser or New Ireland. Please refer to your policy documentation for information on fees, charges and risks that apply to this investment.*

**Davy Asset Management**

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

[www.davy.ie/asset-management](http://www.davy.ie/asset-management)

*Davy Asset Management Limited, trading as Davy Asset Management, is regulated by the Central Bank of Ireland. No part of this document is to be reproduced without our written permission. This document has been prepared and issued by Davy Asset Management on the basis of publicly available information, internally developed data and other sources believed to be reliable. The information contained herein does not purport to be comprehensive and is strictly for information purposes only. It does not constitute an offer or an invitation to invest. No party should treat any of the contents herein as advice in relation to any investment. While all reasonable care has been given to the preparation of this information, no warranties or representation express or implied are given or liability accepted by Davy Asset Management or its affiliates or any directors or employees in relation to the accuracy fairness or completeness of the information contained herein. Any opinion expressed (including estimates and forecasts) may be subject to change without notice. We or any of our connected or affiliated companies or their employees may have a position in, or may have provided within the last twelve months, significant advice or investment services in relation to any of the securities or related investments referred to in this document.*