

QUARTERLY UPDATE Q4 2016

DAVY IRISH EQUITY FUND

FUND OBJECTIVE

The aim of the Davy Irish Equity Fund (the 'Fund') is to achieve long-term capital growth through actively managed investments in Irish companies listed on the Irish or other stock exchanges.

FUND FACTS (AT 30TH DECEMBER 2016)

FUND SIZE	€7.49 million
INITIAL PURCHASE CHARGE	Up to 2% on initial purchases and any top-ups
EXIT CHARGE	Up to 0.5% on redemptions
MINIMUM SUBSCRIPTION	€1,000
ANNUAL MANAGEMENT FEE	Up to 1.35%
DEALING DAY	Wednesday All orders must be received by 3:00pm on the Friday before the dealing day

NET ASSET VALUE (AT 30TH DECEMBER 2016)

NAV	€303.1615 per unit*
YEAR-TO-DATE PERFORMANCE	▼ -0.26%

*Source: Northern Trust
Fund facts, NAV and fund performance relate to the Fund's oldest share class. Calculation NAV to NAV.

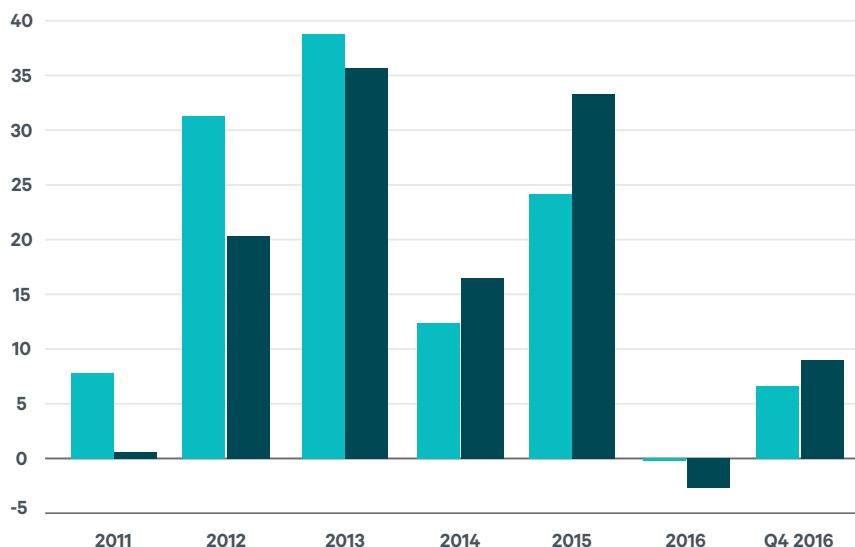
OTHER DAVY EQUITY TRUST FUNDS WHICH MIGHT BE OF INTEREST TO YOU

- Davy Global Bond Fund
- Davy Strategic Global Equity Fund

FUND ENQUIRIES

For Advisory/Discretionary Clients, please contact your private client adviser on +353 (0) 1 679 7788 or for Execution-Only Clients call Davy's Execution Desk on +353 (0)1 614 9000

FIGURE 1: Davy Irish Equity Fund Performance to 30th December 2016



Davy Irish Equity Fund Benchmark

For further information on the Fund's benchmark please contact your Davy private client adviser.
Source: Davy / Bloomberg

TABLE 1: Davy Irish Equity Fund Performance to 30th December 2016

	2011 (%)	2012 (%)	2013 (%)	2014 (%)	2015 (%)	2016 (%)	Q4 2016 (%)
Davy Irish Equity Fund	7.84	31.31	38.75	12.36	24.14	-0.26	6.66
Benchmark	0.58	20.36	35.68	16.46	33.28	-2.68	8.97

Source: Davy / Bloomberg

MARKET REVIEW

- Strong performance during the quarter, rounding off a good year for equities
- Surprising catalyst for the gains was Donald Trump's election win
- Key central bank meetings on both sides of the Atlantic

PORTFOLIO UPDATE

- ISEQ posts strong gains on the quarter
- Performance hurt by underweight positions in Ryanair and CRH
- The takeover of Fyffes was a positive for the performance

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.

In publishing this Quarterly Update, Davy aims to provide a summary of the Fund's activity and performance in the previous financial quarter 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.

MARKET REVIEW

The performance of equity markets in the fourth quarter can be described as surprising, particularly given the political developments in November. The positive sentiment in the wake of Donald Trump's presidential election win continued on into December as equity markets posted good gains for that month, rounding off a positive quarter overall.

As Decembers go, this was one of the busier in terms of events and headlines, with both key central bank - the European Central Bank (ECB) and the US Federal Reserve (Fed) meetings and important political events scattered throughout. Indeed while the second Fed rate increase since the financial crisis was little surprise, the overall hawkish tone from their post-meeting statement and future guidance were less so.

There was much to focus the mind on this side of the Atlantic also. The clever ECB tapering announcement - reduced monthly purchases but a 9-month extension to the length of the programme - kept bond markets on their toes.

PORTFOLIO UPDATE

Along with other European markets, the ISEQ posted strong gains in the fourth quarter. Cyclical and financial sectors were the best performers globally and this benefitted Ireland greatly. The strong US dollar also gave a fillip to sentiment for Irish companies, given their high level of overseas profits.

The fund performance for the quarter lagged the market and was hurt by the underweight positions in Ryanair, CRH and Bank of Ireland. The performance was helped by the strong move in Hostelworld as well as the underweight position in Kerry and the REIT stocks. In December it was announced that Japanese conglomerate Sumitomo had made a bid for Irish Fruit importer, Fyffes. The fund had an overweight exposure to the stock and benefitted as a result.

During the quarter there was limited activity but we did reduce exposure to Ryanair and CRH and reinvested the funds into increasing our position in Kerry and Glanbia.

Please note the factors listed above are neither comprehensive nor exhaustive. Investors should note that there is no guarantee the Fund will meet its objectives. There is no assurance of investment return. The value of the investment may fall as well as rise.

TABLE 2: Equity Market Performance 2011-2015¹

Region	2011 (%)	2012 (%)	2013 (%)	2014 (%)	2015 (%)	2016 YTD (%)	Q4 2016 (%)
World	-2.38	14.05	21.2	19.50	10.42	10.73	8.52
USA	2.11	16.00	32.39	13.69	1.38	11.96	3.82
Europe	-15.22	20.13	23.74	4.14	10.33	4.15	7.95
Asia ex-Japan	-14.87	19.35	5.94	7.41	-5.59	6.12	-3.58
UK	-5.54	10.72	18.78	0.78	-1.92	19.22	4.20
Ireland	2.65	20.36	35.68	16.73	33.61	-2.68	8.11

Source: Davy

¹ Performance as at year-end for 2011-2015

STRUCTURE The Fund is a sub-fund of the Davy Equity Trust, an umbrella type open-ended unit trust authorised by the Central Bank of Ireland under the Unit Trust Act 1990. 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 Davy or the Administrator to the Fund.

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 exchanges rates.

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