

# QUARTERLY UPDATE Q4 2016

## DAVY STRATEGIC GLOBAL EQUITY FUND

### FUND OBJECTIVE

The aim of the Davy Strategic Equity Fund (the 'Fund') is to achieve long-term capital growth through actively managed investments in a range of regional, country specific and sector focused ETFs and Investment Funds. The Fund has a largely unconstrained mandate and may be diversified by both geography and sector.

### FUND FACTS (AT 30<sup>TH</sup> DECEMBER 2016)

<b>FUND SIZE</b>	€33.39 million
<b>INITIAL PURCHASE CHARGE</b>	Up to 2% on initial purchases and any top-ups
<b>EXIT CHARGE</b>	Up to 0.5% on redemptions
<b>MINIMUM SUBSCRIPTION</b>	€1,000
<b>ANNUAL MANAGEMENT FEE</b>	Up to 1.35%
<b>DEALING DAY</b>	Wednesday All orders must be received by 3:00pm on the Friday before the dealing day

### NET ASSET VALUE (AT 30<sup>TH</sup> DECEMBER 2016)

<b>NAV</b>	€259.8873 per unit*
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**YEAR-TO-DATE PERFORMANCE** ▲ 6.92%

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

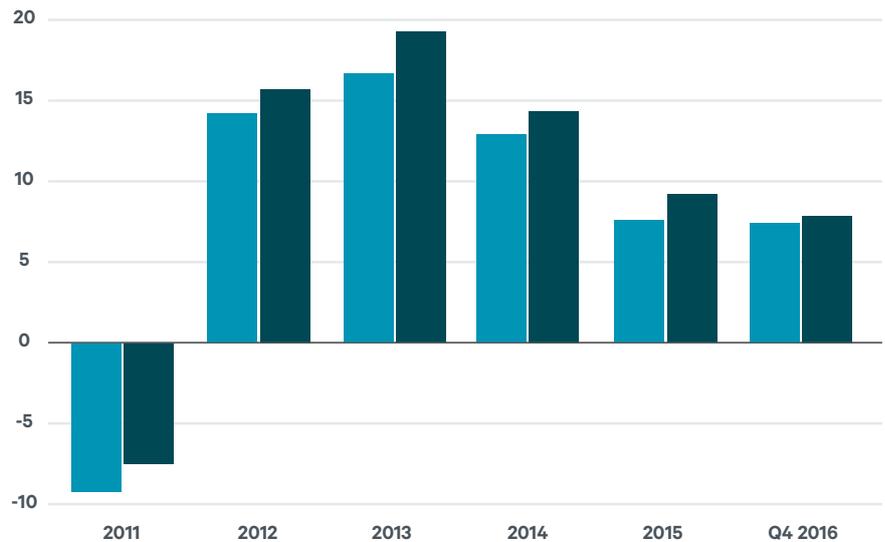
### OTHER DAVY EQUITY TRUST FUNDS WHICH MIGHT BE OF INTEREST TO YOU

- Davy Global Bond Fund
- Davy Irish 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 Strategic Global Equity Fund Performance to 30th December 2016



### Davy Strategic Global Equity Fund Benchmark

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

**TABLE 1:** Davy Strategic Global Equity Fund Performance to 30th December 2016

	2011 (%)	2012 (%)	2013 (%)	2014 (%)	2015 (%)	Q4 2016 (%)
Davy Strategic Global Equity Fund	-9.25	14.24	16.70	12.89	7.58	7.43
Benchmark	-7.53	15.72	19.27	14.35	9.18	7.85

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

- European markets were the best performers in the quarter
- Trump's pro-growth policies drove sector rotation out of defensives
- A strong dollar created a headwind for Emerging Markets

**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 the month of 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

Although many of the key developments in the quarter happened in the US, it was European markets that performed best over the period. Markets passed the Italian referendum test although headlines concerning the Italian banking sector were a big theme. As well as this, the Austrian election went against the recent populist vote.

One of the major policy initiatives of the new US administration is a focus on stimulating growth in the economy through fiscal spending. As a result there was a significant rotation out of traditionally defensive sectors into those more leveraged to improving economic growth and this favoured areas like financials, industrials, and materials.

The strength of the US dollar post-election caused investors to cool their enthusiasm for Emerging Markets which resulted in a negative performance of the quarter. The sentiment was further impacted by Trump's comments on the potential for import tariffs being applied in the US.

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 2011-2015<sup>1</sup>

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: Bloomberg

<sup>1</sup> 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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