

QUARTERLY UPDATE Q2 2017

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 27TH JUNE 2017)

FUND SIZE	€5.15 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 27TH JUNE 2017)

NAV	€321.0842 per unit*
YEAR-TO-DATE PERFORMANCE	▲ 5.91%

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

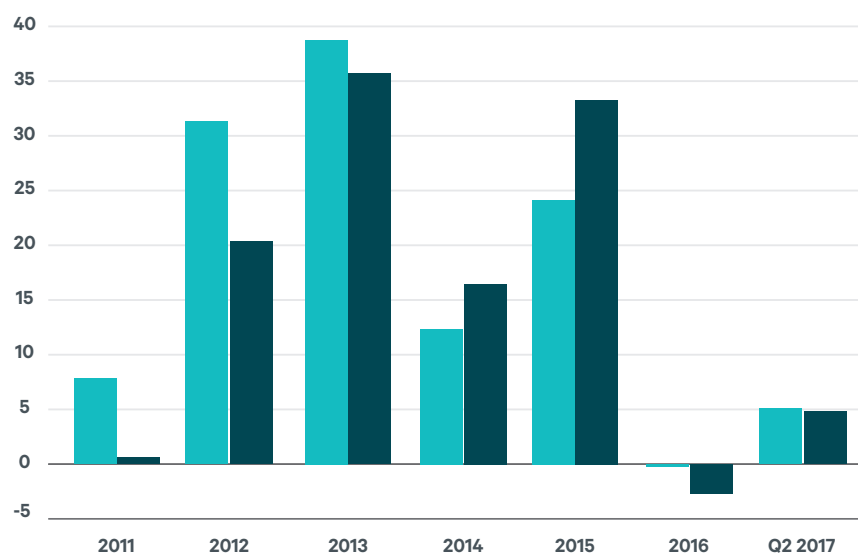
OTHER DAVY EQUITY TRUST FUNDS WHICH MIGHT BE OF INTEREST TO YOU

- 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 27th June 2017



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 27th June 2017

	2011 (%)	2012 (%)	2013 (%)	2014 (%)	2015 (%)	2016 (%)	Q2 2017 (%)
Davy Irish Equity Fund	7.84	31.31	38.75	12.36	24.14	-0.26	5.06
Benchmark	0.58	20.36	35.68	16.46	33.28	-2.68	4.81

Source: Davy / Bloomberg

MARKET REVIEW

- Markets focused on Central Banks and politics.
- Interest rate increase in the US but rates on hold elsewhere.
- Political developments will make Brexit negotiations more difficult.

PORTFOLIO UPDATE

- European markets including Ireland post good quarterly returns.
- Fund performance helped by moves in Hostelword, Smurfit Kappa, and Datalex.
- Fund added to positions in Paddy Power Betfair, Greencore, and AIB.

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

Over the second quarter, the two main issues that markets had to deal with were central banks and politics. In the US, as widely expected, a 0.25% increase in interest rates was delivered in June – lifting the target range from 1.00% to 1.25%. The 2017 and 2018 median forecasts were left unchanged at 1.375% and 2.125% respectively, implying one further rate hike this year.

At the Bank of England (BOE) meeting, it was more a case of steady as she goes for now – but investors were left scratching their heads as the quarter drew to a close as some mixed messages emerged from the European Central Bank (ECB).

The Conservative Party's performance in the UK General election surprised many as they turned a double digit lead over Labour into a no majority result, leaving them in desperate need of a friend in the form of the Democratic Unionist Party (DUP). This misstep will likely weaken their bargaining position at home and, more importantly, abroad when it comes to negotiating Britain's exit from the European Union.

PORTFOLIO UPDATE

Similar to many European bourses, the ISEQ posted positive returns in the quarter, with most of these gains occurring in April and May. June saw negative returns in the region as markets succumbed to a bout of profit taking. The strength of the Euro was also an impact of the share prices of companies exposed to the export markets.

The fund had a positive performance over the quarter, marginally out-performing the benchmark. Ryanair was one of the best performers over that period, which hurt our performance due to our underweight position. Strong moves in Hostelworld, Smurfit Kappa, and Datalex contributed to returns, as did our underweight position in CRH.

During the quarter, the fund took advantage of weakness in the share price of both Paddy Power Betfair and Greencore to add to positions. Greencore subsequently had better than expected financial results and a positive capital markets day. We also began building a position in AIB, with a purchase made through the initial public offering.

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 2011-2016¹

Region	2012 (%)	2013 (%)	2014 (%)	2015 (%)	2016 (%)	YTD (%)	Q2 2017 (%)
World	14.05	21.2	19.50	10.42	10.73	2.33	-2.45
USA	16.00	32.39	13.69	1.38	11.96	9.34	3.09
Europe	20.13	23.74	4.14	10.33	4.15	8.42	1.26
Asia ex-Japan	19.35	5.94	7.41	-5.59	6.12	19.76	8.72
UK	10.72	18.78	0.78	-1.92	19.22	4.65	0.80
Ireland	20.36	35.68	16.73	33.61	-2.68	5.73	2.93

Source: Davy

¹ Performance as at year-end for 2011-2016

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.

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