

# QUARTERLY UPDATE Q2 2017

## 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> JUNE 2017)

<b>FUND SIZE</b>	€28.81 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> JUNE 2017)

NAV €268.7145 per unit\*

**YEAR-TO-DATE PERFORMANCE** ▲ 3.39%

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

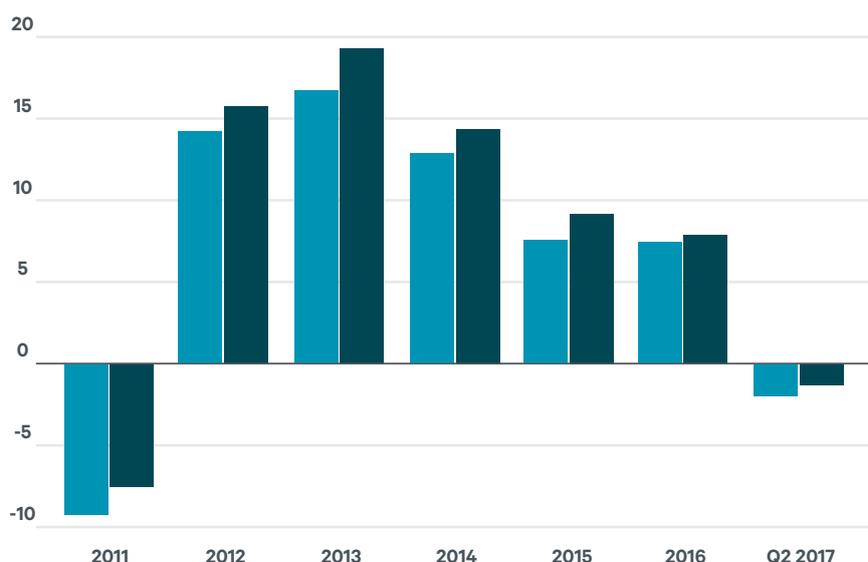
### OTHER DAVY EQUITY TRUST FUNDS WHICH MIGHT BE OF INTEREST TO YOU

- 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 June 2017



### 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 31st March 2017

	2011 (%)	2012 (%)	2013 (%)	2014 (%)	2015 (%)	2016 (%)	Q2 2017 (%)
Davy Strategic Global Equity Fund	-9.25	14.24	16.70	12.89	7.58	7.43	-2.00
Benchmark	-7.53	15.72	19.27	14.35	9.18	7.85	-1.31

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

- Positive returns for most equity markets in the quarter.
- Strength of the currency was a drag for euro based investors.
- Emerging Markets, healthcare, Industrials and Technology all performed well.

**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

The main global equity markets posted positive returns for the second quarter but the strength of the euro against most major currencies represented a significant drag to returns for Euro based investors. As the quarter came to a close, markets succumbed to a bout of profit taking which took some of the sheen off.

In local currency terms, Europe had been outperforming the US but the mix of profit taking and currency strength saw it shed some of these gains in June. On a regional basis one area that continues to perform well are the Emerging Markets, as a combination of better growth forecasts and improved investor sentiment lifted share prices.

At a sector level there were strong performances from Healthcare, Industrials and Technology but the weakness in the oil price saw the Energy sector underperform over the quarter.

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 2011-2016<sup>1</sup>

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: Bloomberg

<sup>1</sup> 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.

**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.**

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