

QUARTERLY UPDATE Q4 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 29TH DECEMBER 2017)

FUND SIZE	€4.64 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 3RD OCTOBER 2017)

NAV	€321.2725 per unit*
YEAR-TO-DATE PERFORMANCE	▲ 5.97%

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

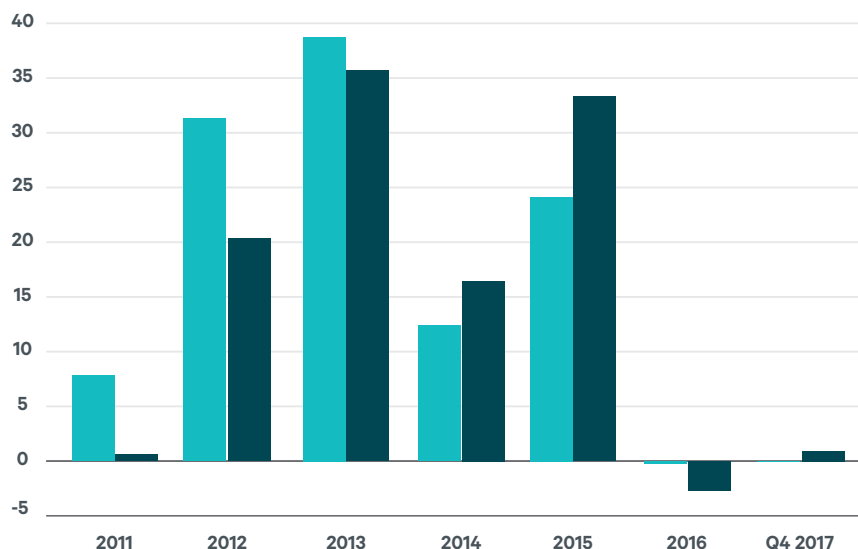
OTHER DAVY EQUITY TRUST FUNDS WHICH MIGHT BE OF INTEREST TO YOU

- 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 29th December 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 3rd October 2017

	2011 (%)	2012 (%)	2013 (%)	2014 (%)	2015 (%)	2016 (%)	Q4 2017 (%)
Davy Irish Equity Fund	7.84	31.31	38.75	12.36	24.14	-0.26	0.11
Benchmark	0.58	20.36	35.68	16.46	33.28	-2.68	1.90

Source: Davy / Bloomberg

MARKET OUTLOOK

- Investor attention focussed on political and central bank developments.
- Brexit negotiations move to next phase and US tax reform bill passed.
- Interest rate increases in the UK and US.

PORTFOLIO UPDATE

- Ireland outperforms its European peers, posting positive returns.
- This despite poor performance from market heavyweight, Ryanair.
- Fund underperformed due to poor performance in holdings such as Ryanair, Datalex, and Kingspan.

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.

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 OUTLOOK

While equity markets spent much of the last three months grinding higher, they did have to deal with a few issues along the way. As has been the case so far this year, these challenges were less to do with the markets themselves and more to do with politics and central banks.

Political developments were occurring on both sides of the Atlantic. In Europe, the focus of attention was around the United Kingdom exit from the European Union. Talks eventually came to a head as the major stumbling blocks were resolved, allowing the process to move to the next phase. In the US negotiations around a new tax reform bill took time but eventually the politicians found the happy medium and the bill was passed.

Central bank actions were also in focus in the quarter as both the Bank of England and the US Federal Reserve decided to increase official interest rates. Here in Europe, the European Central Bank announced it would be reducing the size of its monthly Quantitative Easing (QE) purchase programme but extending the life of the programme out to September 2018.

PORTFOLIO UPDATE

While most European exchanges were in the red for the quarter, the Irish market bucked the trend, posting positive returns. Better financial results from some of the larger companies were a key driver but this was somewhat offset by a poor share price performance in market heavy weight Ryanair.

The fund return was marginally positive in the quarter but underperformed the benchmark. The key reason for this was negative moves in the share prices of Datalex. On the positive side, performance was helped by the overweight positions in Aryzta, Hostelworld, Bank of Ireland, and Kerry.

Our underweight positions in CRH, and Ryanair were also positive contributors. During the quarter, the fund made no major changes to its positions.

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 2011-2017¹

Region	2012 (%)	2013 (%)	2014 (%)	2015 (%)	2016 (%)	YTD (%)	Q4 2017 (%)
World	14.05	21.2	19.50	10.42	10.73	7.51	3.87
USA	16.00	32.39	13.69	1.38	11.96	21.83	6.64
Europe	20.13	23.74	4.14	10.33	4.15	12.55	-0.69
Asia ex-Japan	19.35	5.94	7.41	-5.59	6.12	35.57	6.21
UK	10.72	18.78	0.78	-1.92	19.22	11.73	4.86
Ireland	20.36	35.68	16.73	33.61	-2.68	9.49	2.36

Source: Davy

¹ Performance as at year-end for 2011-2017

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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