

Davy Strategic Global Equity Fund

Quarterly Update Q2 2020

Summary of Objective

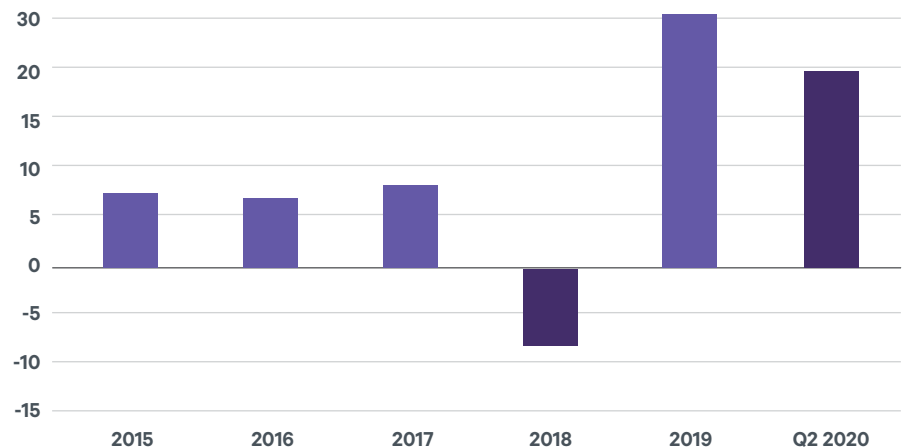
The investment objective of the Davy Strategic Global Equity Fund (the 'Fund') is to provide long term capital growth spreading the risk through geographical and sector diversification whilst predominantly taking long only investment positions in mostly UK, European and US equity markets with some exposure to Japan, the Far East and emerging markets¹.

Key Facts (at 30th June 2020)

Fund size	€64.4m
Fund manager	Jeremy Humphries and Team
Legal status	UCITS
No. of holdings	137
Regulator	Central Bank of Ireland
Registered for sale	IE
Unit type	Accumulating, Distributing
Share class currencies	EUR
Share classes	A Acc, A Inc, B Acc
Initial purchase charge	nil (0.0%)
Exit charge	nil (0.0%)
Minimum subscription	€500
Annual management fee	Up to 1.35%
Dealing day	Daily – All orders must be received by 16.00pm (Irish time) one Business Day immediately preceding the relevant Dealing Day.
Ongoing charge ²	0.83%, 0.83%, 1.51%
Net Asset Value (NAV) (as at 30th September 2019)	€353.9111 per unit*
Year-to-date performance	5.52%

* Source: Northern Trust as at 30th June 2020. Key facts, NAV and fund performance relate to the Fund's oldest (B Acc) share class. Calculations are NAV to NAV.

Figure 1: Davy Strategic Global Equity Fund Performance to 30th June 2020



Source: Davy Global Fund Management
Performance chart refers to Davy Strategic Global Equity Fund B Acc (€) net of fees

Table 1: Davy Strategic Global Equity Fund Performance to 30th June 2020³

Q2 2020 (%)	2019 (%)	2018 (%)	2017 (%)	2016 (%)	2015 (%)
19.58	30.60	-8.60	8.12	6.92	7.58

Source: Davy Global Fund Management

Market Outlook

- Global equity markets recover Q1 losses
- MSCI World Index rises by 16.6%
- Unprecedented financial market support from governments and central banks

Portfolio Update

- The Fund returned 19.58% during the quarter
- Stock Selection highest contributor to returns
- The Fund was active during the quarter initiating and exiting a number of positions

Warning: Past performance is not a reliable guide to future performance. The value of your investment may go down as well as up. This product may be affected by changes in currency exchange rates.

Investment Management of the Davy Strategic Global Equity Fund was assumed by Davy Global Fund Management during the month of September 2018. In publishing this Quarterly Update, Davy Global Fund Management 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. On the 29th November 2019 Davy Asset Management merged with another entity in the Davy Group, Davy Investment Fund Services Ltd. The merged entity is Davy Global Fund Management.

Other Davy Funds PLC funds which might be of interest to you

- Davy Global Bond Fund
- Davy Discovery Equity Fund
- Davy ESG Equity Fund

¹ There is no guarantee the Fund will meet its objective.

² Taken over the year.

³ Q2 01/04/2020 - 30/06/2020
2019: 31/12/2018 - 31/12/2019
2018: 31/12/2017 - 31/12/2018

2017: 31/12/2016 - 31/12/2017
2016: 31/12/2015 - 31/12/2016
2015: 31/12/2014 - 31/12/2015

Market Outlook

Global equity markets recovered much of the losses incurred in February and March during the second quarter. The MSCI World Index rose by 16.61% in euro terms taking the year-to-date return to -5.82%. The rally was sparked by unprecedented financial market support from governments and central banks around the world. The US Federal Reserve led the way, slashing its key interest rate towards zero and committing to buying as many securities as necessary to keep interest rates low and provide dollar liquidity to a range of markets. As unemployment levels soared in the US, the Fed also announced that it would buy corporate bonds, including in the secondary market. The announcement led to easier credit conditions for companies and consumers.

Closer to home, the ECB was also buying bonds through its Pandemic Emergency Purchase Programme (PEPP) to ease liquidity pressures within the euro area, while the EU Commission was formulating a rescue package for Europe's worst-hit countries. All of this fiscal and monetary support halted the tailspin in financial markets and allowed investors to look through the crisis as lockdown measures were eased through May and June. At one point in June, the MSCI World index was back to within 3% of the level at which it had started the year, with Information Technology stocks leading the way, closely followed by the Consumer Discretionary sector. The relatively defensive Utilities and Consumer Staples sectors recorded modest single digit returns during the quarter.

Portfolio Update

The Fund returned 19.58% during the second quarter of the year, outperforming the MSCI World Index by 3%. Stock Selection, and Asset Allocation were both positive contributors to relative performance during the month, while Currency was a slight detractor.

The top contributing stocks during the quarter were: Facebook, Genmab, Hong Kong Exchanges, Chugai Pharmaceuticals, and L'Oreal. The bottom 5 stocks that detracted from performance were: NTT DOCOMO, Intel, KDDI, Visa, and Mastercard.

Facebook was a top contributor to Fund performance during Q2. The social media giant finished Q2 up 33% in euro terms. Facebook benefitted from a rebound in its advertising revenue during the quarter as well as increased engagement across its suite of apps off the back of the COVID-19 pandemic. The company also announced the launch of Facebook Shops, a new feature where small retailers can sell directly to customers on the platform; analysts estimate this could add anywhere between \$0.5bn and \$5bn to top-line revenue. Facebook and other social media platforms came under pressure toward the end of the quarter over inaction on the spread of misinformation on their sites, with some large corporations signalling they will be reviewing their advertising via social media unless this is addressed. As of the end of June Facebook had responded with the initial removal of over 400 groups on the platform.

Genmab, the Danish biotech company which focuses on cancer treatments, was one of the top contributors to the Fund for the quarter, rising 49.8% in Euro terms. The company posted a solid set of Q1 numbers in May. Revenue was DKK892m in the first quarter of 2020 compared to DKK591m in the first quarter of 2019. The increase of DKK301m, or 51%, was mainly driven by higher DARZALEX royalties. The company further maintained guidance for the fiscal year which was positively received. Share price performance was further supported in June following news of an alliance with Abbvie Inc., in which it is banking \$750m up-front and up to \$3.15bn in development, regulatory and commercial milestones for up to seven next-generation antibody-based therapeutics.

NTT DOCOMO, the largest Japanese mobile operator, was one of the main detractors from Fund performance. The company declined over 16% in the period, reversing all of the very strong gains made in the first quarter. Defensive names such as NTT DOCOMO tend to lag in strong markets. Results at the end of April matched expectations, though there was some disappointment that the dividend was not raised. The company launched its 5G offering in March. However, the impact from COVID-19 is likely to weigh on roaming revenues due to less travel and fewer upgrades by subscribers. As a result the company did not provide guidance for 2020.

Intel was a detractor from Fund performance during the quarter. The chipmaker largely underperformed the Information Technology sector in Q2, and did not benefit from the significant rebound in the sector. As had been widely expected, given recent press reports at WWDC (World Wide Developers Conference) in June, Apple announced that it would be designing its own chips for its Mac PC line going forward – these chips will replace Intel's. It is estimated that the move by Apple could cost Intel a low single-digit percentage of total revenue by 2022. However, the consequences of Apple's move will be offset somewhat by the growing data centre opportunities in the coming years.

During the quarter the Fund exited positions in the following stocks: Konami Holdings, Starbucks, 3i, TJX, Ross Stores, Burberry, VF Corp, Bristol Myers Squibb, and SATs Ltd., and initiated positions in: Square Enix, Marsh & McLennan, Kering SA, Tractor Supply, Garmin, Cintas, Snap-On, Regeneron, and Spirax-Sarco. All trades were made in line with the QUALITY philosophy of the Fund.

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/Bond Market Performance 2015 - 2020**

Region	Index	Curr	Q2 2020 (%)	2019 (%)	2018 (%)	2017 (%)	2016 (%)	2015 (%)
World (MSCI World Index)	MSDEWIN	EUR	16.6	30.0	-4.1	7.5	10.7	10.4
JP Morgan Global Bond Index	JHUCGBIG	EUR	0.5	4.6	-0.3	0.4	2.2	1.0
MSCI Quality index	M1WOQU	USD	19.6	36.1	-5.5	25.9	4.5	3.7
Facebook	FB US	USD	36.1	56.6	-25.7	53.4	9.9	34.1
NTT DOCOMO	9437 JP	JPY	-14.7	28.3	-3.6	3.4	10.3	45.2
Genmab	GMAB DC	DKK	61.2	38.8	3.7	-12.3	27.8	154.6
Intel	INTC US	USD	11.2	30.7	4.2	30.8	8.8	-2.2
Hong Kong Exchanges	388 HK	HKD	41.1	14.6	-2.9	33.9	-5.2	18.4
Visa	V US	USD	20.1	43.3	16.5	47.2	1.4	19.1
L'Oreal	OR FP	EUR	19.6	33.3	10.8	8.6	13.8	13.3
KDDI Corp	9433 JP	JPY	1.4	29.2	-3.3	-2.4	-3.9	26.9
Mastercard	MA US	USD	22.6	59.2	25.3	47.7	6.9	13.8
Chugai Pharma	4519 JP	JPY	39.0	60.5	12.1	74.1	-19.7	45.0

Source: Bloomberg

**Performance as at year end 2015 - 2019 and for the relevant quarter end 2020

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Structure: The Davy Strategic Global Equity Fund is a sub-fund of Davy Funds plc, an open-ended umbrella investment company with variable capital and segregated liability between sub-funds incorporated with limited liability under the Companies Acts 2014, authorised by the Central Bank of Ireland as a UCITS pursuant to the Regulations. Davy Funds plc is authorised by the Central Bank of Ireland as an Undertaking for Collective Investment in Transferrable Securities (UCITS). The Prospectus, Supplement and Key Investor Document for the fund are available in English from Davy, Davy House, 49 Dawson Street, Dublin 2, Ireland or <https://www.davy.ie/fund-fact-sheets/davy-funds-plc.html>. Investors should be aware that some of the Directors of the Company (Davy Funds plc) are also employed by the Investment Manager, Promoter and Distributor. Further information in relation to the management of potential conflicts of interest is available upon request.

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