

# Davy ESG Equity Strategy

## Strategy Information March 2021

This Strategy is provided and managed by Davy Global Fund Management

### Davy Global Fund Management ('Firm')

<b>About us</b>	<b>Davy Group Founded:</b> 1926 <b>Headquarters:</b> Dublin, Ireland <b>DGFM AUM<sup>2</sup>:</b> €9.5bn
<b>Investment Capabilities</b>	Global Equity Strategies: <ul style="list-style-type: none"> <li>▪ ESG Equity</li> <li>▪ Low Carbon Equity</li> <li>▪ Smaller Companies Equity</li> <li>▪ Custom strategies</li> </ul>
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### Davy ESG Equity

<b>Inception</b>	May 2011
<b>Strategy AUM<sup>2</sup></b>	\$109.8mn
<b>Benchmark</b>	MSCI World Index

### Portfolio Management Team



**Des Flood:** Portfolio Manager  
Industry start: 1987  
BA, MA, ASIP



**Brian Kennedy:** Portfolio Manager  
Industry start: 2009  
BA, MSc, CFA

### Investment Strategy

- The Davy ESG Equity strategy invests in high QUALITY<sup>3</sup> companies with stronger Environmental, Social and Governance (ESG) performance relative to peers, using a blend of quantitative and fundamental investment approaches. We call this approach 'Quantamental' investing.
- We believe ESG risks represent long-term material business risks and seek to invest in companies with strong ESG characteristics. ESG data provides a vital source of non-financial information which drives improved investment decision making.
- In our opinion, stocks which exhibit the characteristic of QUALITY will deliver consistent superior risk adjusted performance over the long term. The Strategy focuses on companies which offer a combination of high QUALITY and strong ESG performance to build a high conviction portfolio from the bottom up.

### Investment Process

- ESG is integrated across the investment process, including; idea generation, fundamental research, valuation, engagement, portfolio construction, risk management and reporting. Certain controversial business areas are also excluded from the investable universe.
- ESG research is used as part of a fundamental research process to identify and evaluate key sources of business risk. The strategy leverages a proprietary valuation method which rewards companies who effectively manage their ESG risks.
- The strategy considers ESG performance and ESG momentum in the portfolio construction, with companies with higher and improving ESG ratings having larger weightings in the portfolio.
- Company engagement is used to support fundamental research and drive improved performance on key ESG issues. All engagements are investor-led.

### Performance

Returns (%) as at March 31<sup>st</sup> 2021

Equity Strategies – USD	3M	YTD	1Yrs	3Yrs	5Yrs	7Yrs	10Yrs	Since Inception (May 2011)	Inception Date
ESG Equity (Gross)	4.49	4.49	50.53	14.87	13.77	10.03	-	10.29	05/31/2011
ESG Equity (Net)	4.31	4.31	49.52	14.10	13.01	9.29	-	9.55	
MSCI World	4.92	4.92	54.03	12.81	13.36	9.73	-	9.83	

Source: Davy Global Fund Management and MSCI. Periods over 1 year are annualized

Net performance for the strategy shown is that of ESG Equity Class A accumulating which is not available for investment in the United States, but the strategy is available through a separately managed account. Prior to December 2014 the Fund was priced weekly, where no official month end NAV is available an unofficial NAV is used to calculate performance. Fees for such separately managed accounts may vary from the fees assessed by the UCITs funds.

<sup>1</sup> As at March 31<sup>st</sup> 2021

<sup>2</sup> As at March 31<sup>st</sup> 2021

<sup>3</sup> "Quality Matters" White Paper – Chantal Brennan, Paraic Ryan, Hannah Cooney: 2016: Copy available on request from DGFM

## Risk Metrics

3Yr as at March 31<sup>st</sup>, 2021

Equity Strategies – USD	Strategy	Benchmark
Information Ratio	0.62	
Sharpe Ratio <sup>4</sup>	0.80	0.62
Sortino Ratio	1.38	1.04
Standard Deviation	16.7%	18.1%
Maximum Drawdown <sup>5</sup>	18.2%	21.1%
Beta vs Benchmark	0.91	-
Upside Capture vs Benchmark	98.6%	-
Downside Capture vs Benchmark	89.1%	-
Batting Average	61.1%	-

Source: Davy Global Fund Management and MSCI  
Product risk metrics based on gross performance.

<sup>4</sup> Risk free instrument used in calculation – 3-month US Treasury Bill.

<sup>5</sup> Sourced Style Analytics based on 5 years.

## Holdings

As at March 31<sup>st</sup>, 2021

Top 10 Holdings	Strategy <sup>6</sup>	ESG
Microsoft Corp	6.7%	AAA
Alphabet Inc CL A	6.4%	BBB
Apple Inc	4.1%	BBB
VISA Inc	3.3%	A
Iberdrola SA	2.6%	AAA
Home Depot Inc	2.4%	AA
American Express	2.2%	AA
Nike Inc	2.2%	A
Hologic Inc	2.2%	AA
Oracle Corp	2.2%	BBB
<b>Total</b>	<b>34.4%</b>	

<sup>6</sup> Absolute weights.

## Portfolio Characteristics

As at March 31<sup>st</sup>, 2021

Characteristics	Strategy	Benchmark
P/E Trailing	29.5	34.0
P/E Forward	19.4	20.1
Dividend Yield	1.9%	2.1%
Price to Book	3.9	3.0
Price to Cash Flow	14.7	14.7
Earnings Growth (last 3 Yrs)	5.0%	2.7%
Market Cap - Mean (\$Bn)	197.5	41.2
Market Cap - Median (\$Bn)	62.3	17.8
Market Cap - Wgt. Average (\$Bn)	392.2	320.2

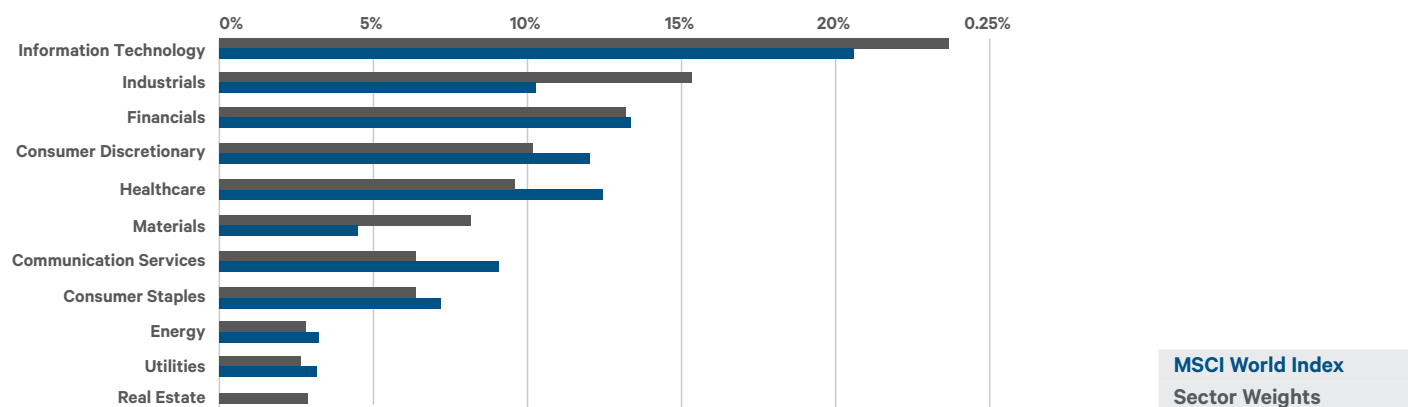
## Regional Characteristics

As at March 31<sup>st</sup>, 2021

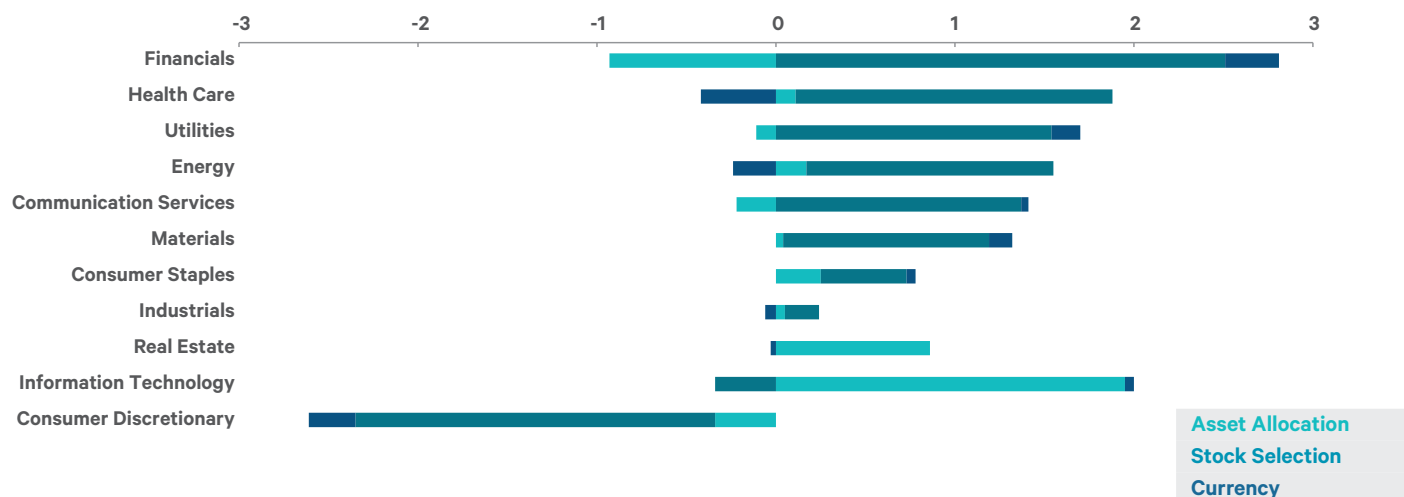
Region	Strategy	Benchmark
Asia Ex Japan	2.2%	3.6%
Japan	6.1%	7.5%
UK	7.9%	3.8%
Europe Ex UK	15.9%	15.2%
North America	67.0%	69.9%

## Sector Weights

Sector Weights versus MSCI World Index as at March 31<sup>st</sup>, 2021



**Active Return Attribution GICS Sector**  
 March 31<sup>st</sup>, 2018 to March 31<sup>st</sup>, 2021



Source: Davy Global Fund Management, ESG Fund, Bloomberg Port and MSCI as at 31st March 2021, gross returns in USD. Note attribution figures can be impacted by large flows

**Warning: If you invest in this product you may lose some or all of the money you invest. The value of your investment may go down as well as up. This product may be affected by changes in currency exchange rates.**

The holdings of the Strategy and the breakdowns are indicative in nature and have been provided for illustrative purposes only. Please note the Portfolio Management Team has full discretion to change these holdings and weightings at any point in time, as outlined in the Strategy documentation. Indicative information should not be relied on by potential investors to make investment decisions.

Davy ESG Equity Strategy: Product gross performance is sourced from monthly A Accumulating share class NAV returns (gross of management fees) in US \$ terms. Product net performance is sourced from monthly A Accumulating share class NAV returns and takes into account all charges taken from the Fund over a year. Base currency is Euro. Benchmark is MSCI World Index Net of Dividends (Code MSDEWIN Index in Bloomberg), in USD terms.

**Warning: Past performance is not a reliable guide to future performance**

**Please note: Gross returns will be reduced by fees and expenses**

**Please note: Fees for such segregated mandates may vary from the fees assessed by the UCITs funds**

The Strategy Information Sheet is not intended to be comprehensive and is designed to provide summary information to existing investors in the Davy ESG Equity Strategy. It does not constitute an offer or solicitation for the purchase or sale of any financial instrument, 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 before making an investment decision.

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