

Davy Smaller Companies Equity Strategy

Strategy Information March 2021

This Strategy is provided and managed by Davy Global Fund Management

Davy Global Fund Management ('Firm')

About us	Davy Group Founded: 1926 Headquarters: Dublin, Ireland DGFM AUM¹: €9.5bn
Investment Capabilities	Global Equity Strategies: <ul style="list-style-type: none"> ESG Equity Low Carbon Equity Smaller Companies Equity Custom strategies
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Davy Smaller Companies Equity

Inception	May 2013
Strategy AUM²	\$68.48mn
Benchmark	MSCI World SMID Index

Portfolio Management Team



Chantal Brennan: Research Director
Industry start: 1994
BA, MA, MSc, ASIP, CEFFAS



Jeremy Humphries: Portfolio Manager
Industry start: 2007
BA, MSc

Investment Strategy

- The Davy Smaller Companies Equity Strategy, invests in high QUALITY³ smaller companies with market capitalizations between \$200 million to \$15 billion, using a blend of quantitative and fundamental investment approaches. We call this approach 'Quantamental' investing.
- The strategy aims to capture the beneficial characteristics of smaller companies who tend to be innovative and entrepreneurial, have the potential to grow faster than the broader market and are often overlooked because of their size. This results in a high conviction portfolio of 40+ stocks, which are typically high Growth and high QUALITY.
- Integrating Environmental, Social and Governance (ESG) risks is a powerful complement to the Firm's investment philosophy of QUALITY, helping to identify sustainable smaller companies by marrying leading fundamental characteristics with better long-term business risk management.

Investment Process

- The strategy follows a firmwide Quantamental investment process. Our proprietary model allows companies to be easily compared to each other, using our definition of QUALITY. This is central to the origination and authentication of all investment ideas.
- The strategy focuses on the highest QUALITY names in the investment universe, Ideas which meet the requisite QUALITY and Growth characteristics are subject to detailed bottom-up fundamental analysis.
- QUALITY and ESG criteria are fully integrated within the investment process including idea generation, fundamental research, stock valuation, risk management and engagement.
- 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 31st 2021

Equity Strategies – USD	3M	YTD	1Yrs	3Yrs	5Yrs	7Yrs	10Yrs	Since Inception (May 2013)	Inception Date
Smaller Companies Equity (Gross)	3.63	3.63	71.66	11.73	13.83	10.62	-	11.74	05/31/2013
Smaller Companies Equity (Net)	3.46	3.46	70.51	10.98	13.07	9.88	-	10.99	
MSCI World SMID	7.34	7.34	72.55	11.10	12.81	9.20	-	10.56	

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

Net performance for the strategies shown is that of Davy Discovery Equity Class A accumulating which is not available for investment in the United States, but the strategies are available through a segregated mandate. Prior to December 2014 the Funds were priced weekly, where no official month end NAV is available an unofficial NAV is used to calculate performance. Fees for such segregated mandates may vary from the fees assessed by the UCITs funds. Please see the performance disclosures at the end of the document.

¹ As at March 31st 2021

² As at March 31st 2021

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

Risk Metrics

3yr as at March 31st, 2021

Equity Strategies – USD	Strategy	Benchmark
Information Ratio	0.15	-
Sharpe Ratio ⁴	0.45	0.44
Sortino Ratio	0.69	0.69
Standard Deviation	23.0%	21.6%
Maximum Drawdown ⁵	27.2%	28.0%
Beta vs Benchmark	1.04	-
Upside Capture vs Benchmark	110.4%	-
Downside Capture vs Benchmark	109.2%	-
Batting Average	63.89%	-

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

⁴ Risk free instrument used in calculation – 3-month US Treasury Bill.

⁵ Sourced Style Analytics based on 5 years.

Holdings

As at March 31st, 2021

Top 10 Holdings	Strategy ⁶	ESG
Croda International PLC	3.1%	AAA
Capcom Co Ltd	3.1%	AA
Masco Corp	3.0%	A
Descartes Systems Group Inc	3.0%	AA
Teleperformance	3.0%	AAA
Sonic Health Care Systems	2.9%	A
Teradyne Inc	3.0%	BB
Cognex Corp	2.7%	AA
Garmin Ltd	2.7%	BBB
STERIS PLC	2.7%	A
Total	29.1%	

⁶ Absolute weights.

Portfolio Characteristics

As at March 31st, 2021

Characteristics	Strategy	Benchmark
P/E	27.1	62.9
P/E Forward	24.2	22.0
Dividend Yield	1.7%	2.0%
Price to Book	5.1	2.3
Free Cash Flow Yield	5.1%	4.1%
Earnings Growth (last 3 Yrs)	7.7%	2.6%
Market Cap - Mean (\$Bn)	10.6	4.2
Market Cap - Median (\$Bn)	9.1	2.1
Market Cap - Wgt. Average (\$Bn)	11.5	11.2

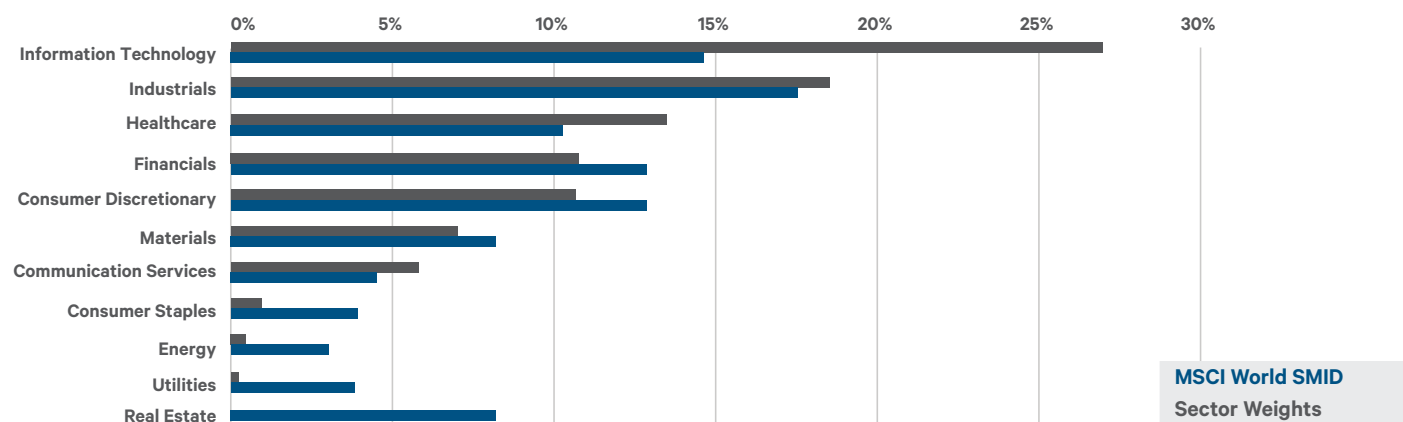
Regional Characteristics

As at March 31st, 2021

Region	Strategy	Benchmark
UK	3.1%	6.0%
Japan	7.5%	11.0%
Asia Ex Japan	11.2%	4.8%
Europe Ex UK	26.0%	16.4%
North America	50.2%	61.9%

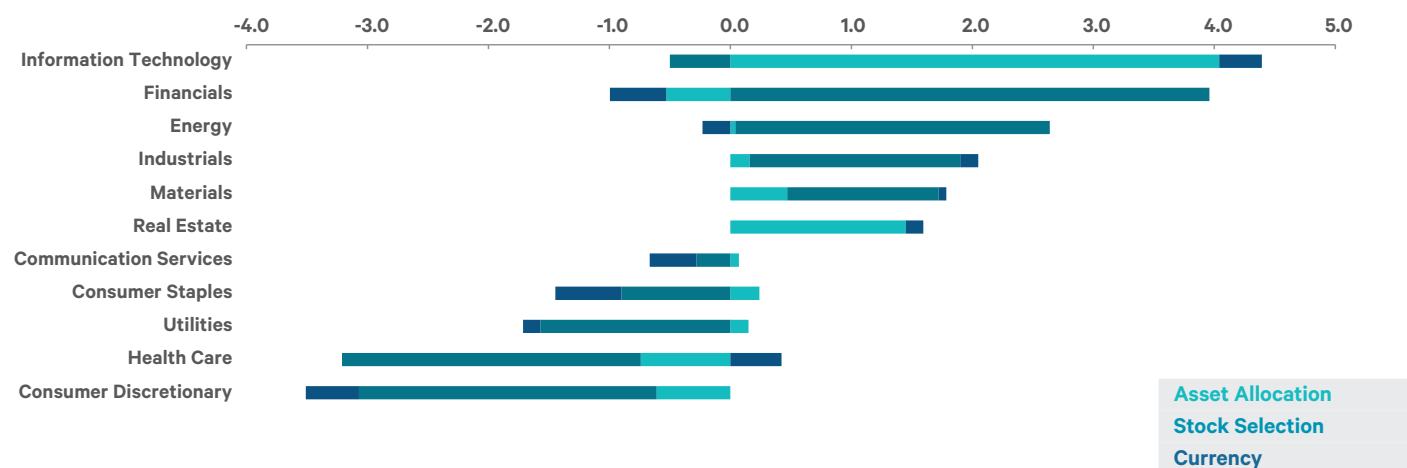
Sector Weights

Strategy Versus MSCI World SMID Index as at March 31st, 2021



Please note: Statistics extracted from the UCITS fund format are for illustrative purposes only and are not available for sale in the United States. However, the strategies are available for sale through a segregated mandate.

Active Return Attribution GICS Sector
 March 31st, 2018 to March 31st, 2021



Source: Davy Global Fund Management, Bloomberg and MSCI as at 31st March 2021, returns in USD. Note attribution figures can be impacted by large flows. The Davy Smaller Companies Equity Strategy represents the performance of the Davy Discovery Equity Fund.

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 Smaller Companies 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 SMID Index Net of Dividends (Code MXWOSM 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

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