

DAVY GLOBAL ALPHA FUND

FROM
IRISH LIFE

Q4 2018 UPDATE

This fund is provided by Irish Life Assurance plc and is managed by Davy Asset Management.

PERFORMANCE	1 MONTH (%)	Q4 2018 (%)	1 YEAR (%)	3 YEARS P.A. (%)	5 YEARS P.A. (%)
DAVY GLOBAL ALPHA FUND* (NET OF FEES)	-7.6	-13.7	-4.7	3.5	7.9
MSCI WORLD INDEX	-8.5	-12.0	-4.1	4.5	8.5

Source: Irish Life Investment Managers Ltd (*Performance is quoted gross of tax and net of fund management charge) and Bloomberg as at 31st December 2018. The fund management charge and product charges will vary depending on the terms and conditions of your policy.

FUND OVERVIEW

The aim of the **Davy Global Alpha Fund** (the 'Fund') is to achieve capital growth through investing in industry leading equity funds. The Fund may be appropriate for conservative equity investors seeking to spread risk while retaining the potential for outperformance. It may be suitable as a core holding due to its regional diversification, style blend and focus on skilled managers.

FUND PERFORMANCE

The Davy Global Alpha Fund has continued with its concentration on funds focussed on high quality non-cyclical businesses. There was little change made to the asset mix during the fourth quarter of 2018. The bias in the Fund is to secular growth stocks and these faced some temporary headwinds during the quarter. Some of the Fund's top performers over the last 1 and 3 years in the US and UK had a more challenging fourth quarter, such as the **Merian UK Mid-Cap Fund** and the **Baillie Gifford North American Fund**. The Baillie Gifford Fund still delivered first quartile performance during 2018 and remains the top performing North American fund over 1,3 and 5 years. The **Blackrock Continental European Flexible Fund** also suffered from the pull back in growth stocks.

The pull back in mid and small cap names in the fourth quarter of 2018 impacted on the **Merian UK Mid Cap Fund**, **The Crux European Special Situations Fund**, **the Standard Life UK Small Companies Fund** (although remains a strong performer in its sector) and the **Schroder US Mid Cap Fund**.

Trade war concerns impacted negatively on Emerging Markets and the holding in the **Stewart Investor Global Emerging Markets Leaders Fund** was a detractor to performance although it out-performed the MSCI Emerging Markets Index. In Asia the two funds held outperformed the MSCI World Index despite Asia as a region suffering from the heightened trade tensions and the slowdown in China with both the **FSSA Asia Focus Fund** and the **Stewart Investors Asia Pacific Leaders Fund** producing outstanding top decile performance.

In Japan the **FSSA Japan Focus Fund** with its focus on secular growth names, many of which have international exposure, had a difficult fourth quarter but remains a long term significant winner for the Fund.

CONCLUSION

The global economy has undoubtedly moved to a slower rate of growth and this argues for a continued stance favouring high quality growth orientated companies. The Davy Global Alpha Fund continues to favour managers focussed on these type of business, which also have strong balance sheets so are therefore less vulnerable to a slowdown in economic growth rates or higher interest rates if these occur. We remain confident that the fund managers within the Global Alpha Fund, who all have strong long term records of outperformance within their respective regions, can deliver strong results over the medium term.

CALENDAR YEAR PERFORMANCE	2018 (%)	2017 (%)	2016 (%)	2015 (%)	2014 (%)
Davy Global Alpha Fund* (Net of Fees)	-4.7	11.1	4.7	14.8	14.8
MSCI World Index	-4.1	7.5	10.7	10.4	19.5
MSCI Emerging Markets Index	-12.5	17.9	11.9	-7.5	8.7
Baillie Gifford American Fund	13.3	23.6	27.3	13.5	17.6
JPM US Select Fund	-1.7	9.7	32.6	5.2	22.0
Schroder US Mid-Cap	-7.5	4.9	41.0	5.9	17.9
Merian UK MID-CAP Fund	-22.1	27.0	9.2	23.8	7.3
First State Asia Focus Fund	-2.7	22.2	6.8	-	-
First State Japan Focus Fund	-11.0	28.1	5.9	-	-
Stewart Investors GEM Leaders	-8.4	14.1	10.3	0.6	15.1
Stewart Investors Asia Pacific Leaders	5.4	13.5	19.6	1.9	19.9
Standard Life UK Smaller Companies Fund	-10.8	31.3	3.9	29.2	-7.8
JOHCM Continental European Fund	-11.3	9.5	2.0	16.4	7.8
BlackRock Continental European Flexible Fund	-	20.0	3.5	15.3	2.1
Crux European Special Situations Fund	-16.3	16.6	3.7	19.7	8.4

Source: Irish Life Investment Managers Ltd. (*Performance is quoted gross of tax and net of fund management charge), MSCI and Bloomberg as at 31st December 2018. The fund management charge and product charges will vary depending on the terms and conditions of your policy. Performance quoted in local currency unless otherwise stated.

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

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