

Global Brands Equity Strategy

Quarterly Update Q1 2019

For Investment Professionals Only

Performance	1 Month (%)	Q1 2019 (%)	1 Year (%)	3 Year (P.A.) (%)	5 Year (P.A.) (%)
Global Brands Equity Strategy* (Net of Fees)	4.85	17.27	13.04	8.09	10.74
MSCI World Index**	2.74	14.51	13.93	11.23	11.25

Source: Davy Asset Management (Class A Acc EUR) and Bloomberg as at 29th March 2019.

*The Global Brands Equity Fund was launched on 12th December 2014. Investors should note the Global Brands Equity Fund (UCITS) is newly established. The past performance reflects past performance data relating to the Global Brands Equity Fund (non-UCITS) which merged with the Global Brands Equity Fund (UCITS) (the "Merger"). Prior to the Merger when the Fund was not authorised as a UCITS, the investment policy, strategy and portfolio composition were largely the same. In the circumstances, the past performance data included in this document is believed to be an appropriate reference for investors.

**The benchmark index shown above does not include fees or operating expenses and you cannot invest in it.

Fund Overview

The aim of the **Global Brands Equity Fund** (the 'Fund') is to provide investors with long term capital growth by investing on a global basis in shares of companies which have strong brand characteristics. Such companies are expected to have competitive advantages including dominant market share and/or unique product characteristics that provide the potential for growth globally.

Fund Performance

The Fund returned 17.27% in the first quarter of 2019, outperforming the MSCI World Index by an impressive 2.8% after fees. This outperformance was driven by stock selection (+3.1%), asset allocation (+0.1%) and currency (+0.3%). The Fund outperformed the MSCI World Index by 2.1% in March, returning 4.8% compared to the Index return of 2.7%.

Stock selection (+3.1%) contributed positively to performance during the quarter. By sector, stock selection was broad based with Consumer Staples (+1.6%), Financials (+0.7%), Consumer Discretionary (+0.5%) and Technology (+0.2%) all contributing positively. In terms of stocks, significant contributors and detractors to performance during the quarter were **S&P Global** (+0.6%), **British American Tobacco** (BAT) (+0.5%), **eBay** (+0.5%) and **Newell Brands** (-0.5%).

S&P Global's outlook for 2019 called for global debt issuance to be down less than 1% in 2019 compared to a 6% decline reported in 2018. The company also announced it received first-of-its-kind approval to enter China's domestic bond market, opening a significant potential avenue for future growth. BAT recovered from its underperformance

in 4Q18 and management announced upbeat targets for revenue and profit growth over the next 5 years at a capital markets day in March. eBay contributed positively after management announced strategic initiatives to enhance performance, under pressure from activist investors, including the commencement of a strategic review of the company's portfolio of assets. Newell Brands underperformed after management downgraded guidance for expected proceeds from future asset disposals by around 20%, from \$5bn to \$4bn, due to market volatility. The company subsequently announced that President and CEO Mike Polk will retire from the company at the end of 2Q19.

Asset allocation had a +0.1% impact on relative performance during the quarter. The performance was driven by our underweight positions in Healthcare (+0.3%) and Financials (+0.3%), partially offset by our underweight position in Industrials (-0.2%).

Sample Portfolio Transactions

The Fund was active during the quarter adding to existing positions in Intercontinental Exchange, Brown-Forman, Bayer and Facebook while reducing our positions in Prudential, S&P Global, AIA and Nike.

The Fund remains defensively positioned with the aim of delivering asymmetric risk reward over time. We remain committed to our investment philosophy process and invest in companies that exhibit pricing power and generate high operating returns on invested capital, combined with attractive structural growth opportunities. We continue to find attractive investment opportunities in companies with strong fundamentals at reasonable valuations.

Calendar Year Performance	2018 (%)	2017 (%)	2016 (%)	2015 (%)	2014 (%)
Global Brands Equity Strategy (Net of fees)	-7.62	10.01	1.22	17.68	14.95
MSCI World Index	-4.11	7.51	10.73	10.42	19.50
S&P Global	1.36	59.30	10.55	12.27	15.45
Newell Brands	-37.52	-29.36	2.97	17.86	19.94
eBay Inc	-25.62	27.11	8.04	16.34	2.28
British American Tobacco PLC	-47.17	13.36	27.06	12.22	12.86

Source: Davy Asset Management (Class A Acc EUR) and Bloomberg as at 29th March 2019. Performance is quoted in local currency unless otherwise stated.

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

WARNING: Neither past experience nor the current situation are necessarily accurate guides to the future growth in value or rate of return of the Fund. The value of the investment can reduce as well as increase and, therefore, the return on the investment will also be variable. Changes in exchange rates may have an adverse effect on the value price or income of the product.

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The Global Brands 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 Asset Management, Davy House, 49 Dawson Street, Dublin 2, Ireland or <http://www.davyassetmanagement.com/funds/davy-ucits/important-information.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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