

GLOBAL EQUITY INCOME STRATEGY

Q4 2018 UPDATE

PERFORMANCE	1 MONTH (%)	Q4 2018 (%)	1 YEAR (%)	3 YEARS P.A. (%)	5 YEARS P.A. (%)
GLOBAL EQUITY INCOME STRATEGY* (NET OF FEES)	-7.80	-7.91	-4.98	1.39	5.34
MSCI WORLD INDEX**	-8.48	-12.03	-4.11	4.51	8.54

Source: Davy Asset Management (Class H Acc Eur) and Bloomberg as at 31st December 2018.

* The Global Equity Income Fund was launched on 18th December 2015. Investors should note the Global Equity Income Fund (UCITS) is newly established. The past performance reflects past performance data relating to the Prescient Select Global Equity Income Fund (non-UCITS) which merged with the Global Equity Income 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 Equity Income Fund** (the 'Fund') is to achieve long-term capital growth through investments in companies which expect to generate a higher than average dividend yield. The Fund targets a dividend yield 1% greater than the market dividend yield. The concept is that dividends are the foundation of total returns over the long term.

FUND PERFORMANCE

In the final quarter of the year the Fund returned -7.91% versus an index return of -12.03%, outperforming the benchmark by 4.25%. Stock selection and asset allocation made positive contributions to relative performance, +3.8% and +1.0% respectively while currency contributed negatively. Stock selection within the Healthcare sector was the largest contributor to performance.

US consumer goods company, **Procter and Gamble** released results during the quarter that suggest the turnaround at the company is on track. Organic sales growth was 4%, ~200bps ahead of market expectations. EPS guidance for the full year was also ahead of expectations.

The Fund's largest holding at the end of the quarter was **Microsoft**. The US software company is transitioning from a PC based packaged software vendor into a cloud-based software and services company with an increasing share of revenue coming from subscription services.

The Fund's overweight positions in Utilities and Consumer Staples were among the biggest contributors to the asset allocation outturn. The negative contribution from currency was primarily attributed to the Fund's underweight exposures to the Japanese yen and US dollar.

SAMPLE PORTFOLIO TRANSACTIONS

During the final quarter of 2018, the Fund reduced its holding in Microsoft somewhat. Stock price movement had brought the absolute weighting in the stock to 5% during the quarter.

With ongoing event risk and increased volatility, we believe that the equity income style will once again show its intrinsically defensive attributes. The underlying equity book generally has lower volatility, lower beta and higher market capitalisation.

CALENDAR YEAR PERFORMANCE	2018 (%)	2017 (%)	2016 (%)	2015 (%)	2014 (%)
Global Equity Income Strategy (Net of fees)	-5.0	0.3	9.4	9.5	13.7
MSCI World Index	-4.1	7.5	10.7	10.4	19.5
MICROSOFT CORP	20.8	40.7	15.1	22.7	27.5
PROCTER AND GAMBLE	3.6	12.7	9.4	-10.0	15.4

Source: Davy Asset Management (Class H Acc Eur) and Bloomberg as at 31st December 2018.

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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