

Davy ESG Equity Strategy

Strategy Information March 2020

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: \$7.6bn
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 ESG Equity

Inception	May 2011
Strategy AUM²	\$71.66mn
Benchmark	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 QUALITY³ 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 31st, 2020

Equity Strategies – USD	3M	YTD	1Yrs	3Yrs	5Yrs	7Yrs	Since Inception (May 2011)
ESG Equity (Gross)	-18.13	-18.13	-5.23	5.10	4.45	5.66	6.48
ESG Equity (Net of fees)	-18.27	-18.27	-5.86	4.40	3.75	4.95	5.76
MSCI World Index (NDTR)	-21.05	-21.05	-10.39	1.92	3.25	5.77	5.70

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.

Please see the performance disclosures at the end of the document.

¹ As at December 31st, 2019

² As at March 31st, 2020

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

Risk Metrics

3Yr as at March 31st, 2020

Equity Strategies – USD	Strategy	Benchmark
Information Ratio	1.5	-
Sharpe Ratio ⁴	0.3	0.0
Sortino Ratio	0.3	0.0
Standard Deviation	13.7%	14.8%
Maximum Drawdown	18.2%	21.1%
Beta vs Benchmark ⁵	0.99	-
Upside Capture vs Benchmark	103.8%	-
Downside Capture vs Benchmark	87.7%	-
Batting Average	0.72	-

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, 2020

Top 10 Holdings	Strategy ⁶	ESG
Microsoft Corp	6.5%	AAA
Alphabet Inc CL A	5.1%	AA
Apple Inc	4.7%	A
VISA Inc	3.8%	A
Iberdrola	2.9%	AAA
Deutsche Boerse	2.7%	AAA
Mondelez	2.4%	BBB
Home Depot	2.3%	AA
Unilever	2.2%	A
American Express	2.2%	AA
Total	34.8%	

⁶ Absolute weights.

Portfolio Characteristics

As at March 31st, 2020

Characteristics	Strategy	Benchmark
P/E Trailing	16.8	16.3
P/E Forward	15.4	15.1
Dividend Yield	2.7%	2.9%
Price to Book	2.5	2.0
Price to Cash flow	10.3	10.2
Earnings Growth (last 3Yrs)	11.1%	9.1%
Market Cap - Mean (\$Bil)	122.9	25.6
Market Cap - Median (\$Bil)	53.7	10.3
Market Cap - Weighted Average (\$Bil)	244.1	193.9

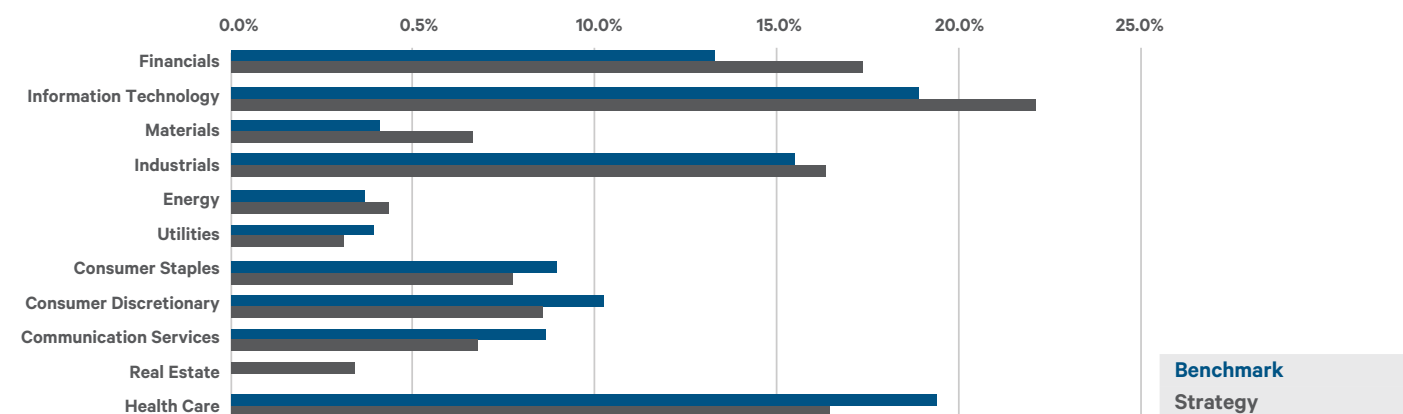
Regional Characteristics

As at March 31st, 2020

Region	Strategy	Relative
Asia Ex Japan	2.7%	-0.9%
Japan	7.8%	-0.7%
UK	10.0%	5.5%
Europe Ex UK	16.9%	1.3%
North America	60.8%	-6.9%

Sector Weights

Strategy versus Benchmark as at March 31st, 2020



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.

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

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