

Davy Smaller Companies Equity Strategy

Strategy Information June 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 |
| Contact us | Name: James R. Grant Jr. Location: Chicago, IL Tel: +1 630 716 1719 Email: jim.grant@davy.ie |

Davy Smaller Companies Equity

| | |
|---------------------------------|-----------------------|
| Inception | May 2013 |
| Strategy AUM² | \$41.31mn |
| 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 June 30th, 2020

| Equity Strategies - USD | 3M | YTD | 1Yrs | 3Yrs | 5Yrs | 7Yrs | 10Yrs | Since Inception (May 2011) | Inception Date |
|-------------------------------------|-------|--------|-------|------|------|------|-------|----------------------------------|-------------------|
| Smaller Companies Equity (Gross) | 26.67 | -7.79 | -0.84 | 5.32 | 6.76 | 8.72 | - | 8.31 | 05/31/2013 |
| Smaller Companies Equity (Net) | 26.46 | -8.10 | -1.51 | 4.61 | 6.04 | 7.99 | - | 7.59 | |
| MSCI World SMID | 23.46 | -11.08 | -3.70 | 2.74 | 4.58 | 7.00 | - | 6.58 | |

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.

¹As at December 31st, 2019

²As at June 30th, 2020

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

Risk Metrics

3Yr as at June 30th, 2020

| Equity Strategies – USD | Strategy | Benchmark |
|--------------------------------|----------|-----------|
| Information Ratio | 0.6 | - |
| Sharpe Ratio ⁴ | 0.2 | 0.1 |
| Sortino Ratio | 0.2 | 0.1 |
| Standard Deviation | 21.8% | 19.7% |
| Maximum Drawdown | 27.2% | 28.0% |
| Beta vs Benchmark ⁵ | 1.0 | - |
| Upside Capture vs Benchmark | 121.7% | - |
| Downside Capture vs Benchmark | 108.8% | - |
| Batting Average | 0.7 | - |

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 June 30th, 2020

| Top 10 Holdings | Strategy ⁶ | ESG |
|-------------------------|-----------------------|-----|
| Teradyne Inc | 3.7% | BB |
| Descartes Systems Group | 3.5% | A |
| Masco Corp | 3.2% | A |
| Teleperformance | 3.0% | AAA |
| Sonic Healthcare | 2.9% | A |
| STERIS PLC | 2.9% | A |
| MSCI Inc | 2.8% | AA |
| Croda International PLC | 2.8% | AAA |
| Capcom Co Ltd | 2.7% | AA |
| Garmin LTD | 2.7% | BBB |
| Total | 30.0% | |

⁶ Absolute weights.

Portfolio Characteristics

As at June 30th, 2020

| Characteristics | Strategy | Benchmark |
|---------------------------------------|----------|-----------|
| P/E Trailing | 25.4 | 23.0 |
| P/E Forward | 23.9 | 23.3 |
| Dividend Yield | 1.2% | 2.2% |
| Price to Book | 4.1 | 1.7 |
| Price to Cash flow | 16.2 | 9.7 |
| Earnings Growth (last 3Yrs) | 13.2% | 6.9% |
| Market Cap - Mean (\$Bil) | 9.4 | 3.0 |
| Market Cap - Median (\$Bil) | 7.5 | 1.5 |
| Market Cap - Weighted Average (\$Bil) | 9.9 | 8.2 |

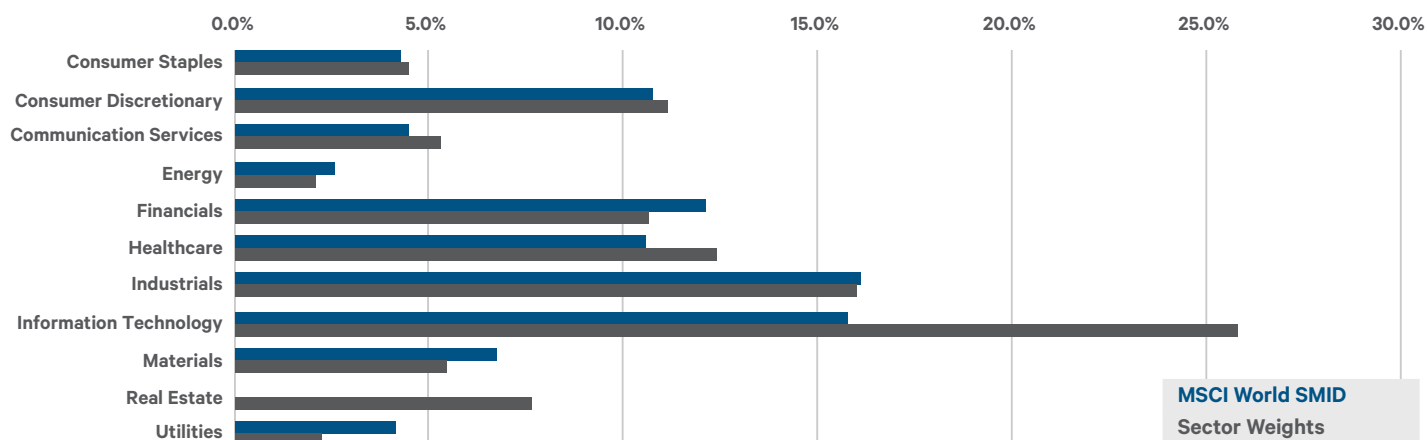
Regional Characteristics

As at June 30th, 2020

| Region | Strategy | Relative |
|---------------|----------|----------|
| Asia Ex Japan | 8.8% | 3.6% |
| Europe Ex UK | 26.7% | 9.5% |
| Japan | 6.4% | -5.7% |
| North America | 53.1% | -6.6% |
| UK | 3.9% | -2.0% |

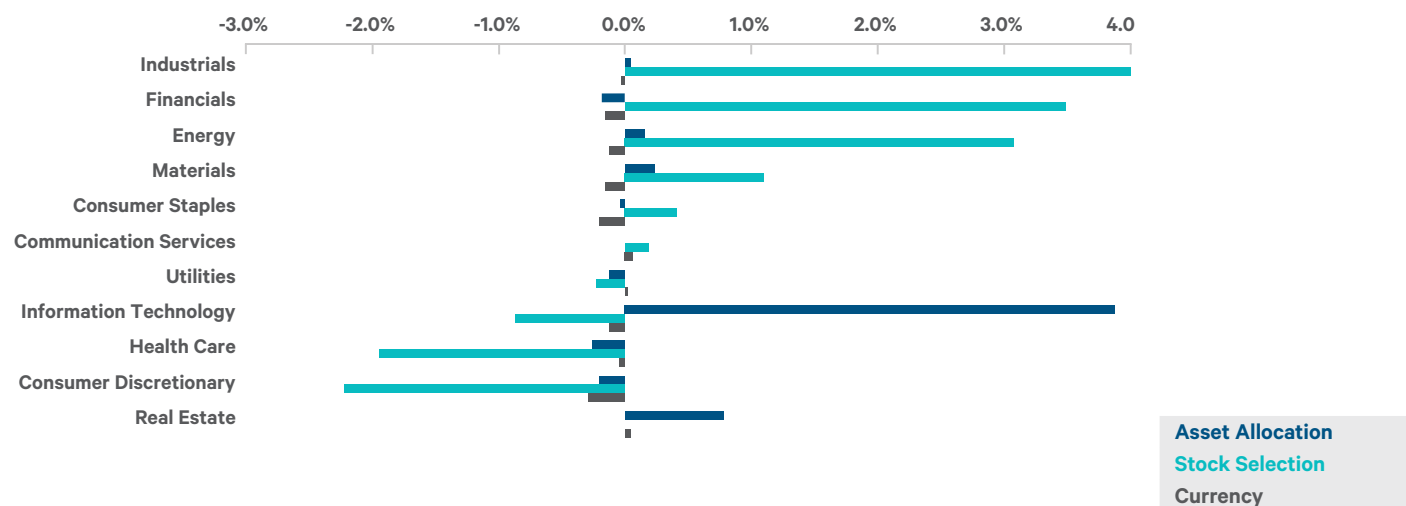
Sector Weights

Strategy Versus MSCI World SMID Index as at June 30th, 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.

Active Return Attribution GICS Sector
30th June 2017 - 30th June 2020



Source: Davy Global Fund Management, Bloomberg and MSCI as at 30th June 2020, returns in USD. Note attribution figures can be impacted by large flows. The 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

The Strategy Information Sheet is not intended to be comprehensive and is designed to provide summary information to existing investors in the Davy Smaller Companies Equity Strategy. It does not constitute an offer or solicitation for the purchase or sale of any financial instrument, trading strategy, product or service and does not take into account the investment objectives, knowledge and experience or financial situation of any particular person. Investors should obtain advice based on their own individual circumstances before making an investment decision.

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Davy Global Fund Management Limited
Davy House, 49 Dawson Street, Dublin 2, D02 PY05, Ireland.
T +353 1 679 7788 E assetmanagement@davy.ie

www.davygfm.com

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