

# Davy Low Carbon Equity Strategy

## Strategy Information December 2020

This Strategy is provided and managed by Davy Global Fund Management

### Davy Global Fund Management ('Firm')

<b>About us</b>	<b>Davy Group Founded:</b> 1926 <b>Headquarters:</b> Dublin, Ireland <b>DGFM AUM:</b> \$10.3bn
<b>Investment Capabilities</b>	Global Equity Strategies: <ul style="list-style-type: none"> <li>ESG Equity</li> <li><b>Low Carbon Equity</b></li> <li>Smaller Companies Equity</li> <li>Custom strategies</li> </ul>
<b>Contact us</b>	<b>Name:</b> James R. Grant Jr. <b>Location:</b> Chicago, IL <b>Tel:</b> +1 630 716 1719 <b>Email:</b> jim.grant@davygfm.com

### Davy Low Carbon Equity

<b>Inception</b>	April 2018
<b>Strategy AUM<sup>2</sup></b>	\$25.1mn
<b>Benchmark</b>	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 Low Carbon Equity strategy, invests in high QUALITY<sup>3</sup> companies which demonstrate a combination of low carbon emissions and a high level of climate change mitigation, using a blend of quantitative and fundamental-based investment approaches which we call 'Quantamental' investing.
- We believe climate change represents the largest ESG business risk to companies in operation today and companies, which adapt to a low carbon future, while displaying high QUALITY fundamentals, represent superior long-term investments.
- 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 climate change mitigation to build a high conviction portfolio from the bottom up.

### Investment Process

- Climate change considerations are integrated across the investment process, including; idea generation, fundamental research, valuation, engagement, portfolio construction, risk management and reporting.
- The team uses a proprietary research methodology to identify companies effectively mitigating climate change in their business while adapting their products and services for a low carbon future.
- The strategy does not invest in companies which are involved in the exploration, extraction or burning of fossil fuels for profit.
- Company engagement is used to support fundamental research and drive improved performance on key climate change issues. All engagements are investor-led.

### Performance

Returns (%) as at December 31st 2020

Equity Strategies – USD	3M	YTD	1Yrs	2Yrs	5Yrs	7Yrs	10Yrs	Since Inception (April 2018)	Inception Date
Low Carbon Equity (Gross)	11.22	21.19	21.19	25.41	-	-	-	15.42	04/25/2018
Low Carbon Equity (Net)	11.12	20.77	20.77	24.97	-	-	-	15.02	
MSCI World	13.96	15.90	15.90	21.64	-	-	-	12.00	

Source: Davy Global Fund Management and MSCI. Periods over 1 year are annualized  
Net performance for the strategies shown is that of Davy Low Carbon Equity Class AA accumulating which is not available for investment in the United States, but the strategies are available through a segregated mandate. Fees for such segregated mandates may vary from the fees assessed by the UCITs funds.  
Please see the performance disclosures at the end of the document.

<sup>1</sup> As at December 31st 2020

<sup>2</sup> As at December 31st 2020

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

## Risk Metrics

2yr as at December 31st, 2020

Equity Strategies – USD	Strategy	Benchmark
Information Ratio	0.91	-
Sharpe Ratio <sup>4</sup>	0.79	0.54
Sortino Ratio	1.36	0.91
Standard Deviation	17.51%	19.14%
Maximum Drawdown <sup>5</sup>	18.08%	21.05%
Beta vs Benchmark	0.91	-
Upside Capture vs Benchmark	99.28%	-
Downside Capture vs Benchmark	85.44%	-
Batting Average	62.50%	-

Source: Davy Global Fund Management and MSCI  
Product risk metrics based on gross performance.

<sup>4</sup>Risk free instrument used in calculation – 3-month US Treasury Bill.

<sup>5</sup>Sourced Style Analytics based on 5 years.

## Holdings

As at December 31st, 2020

Top 10 Holdings	Strategy <sup>6</sup>	ESG
Microsoft Corp	5.9%	AAA
Alphabet Inc-CL A	4.7%	BBB
Apple Inc	4.5%	BBB
Thermo Fisher Scientific	2.9%	BBB
Iberdrola SA	2.8%	AAA
VISA Inc	2.7%	A
United Parcel Services	2.6%	BBB
Medtronic Plc	2.5%	BBB
TJX Companies Ltd	2.4%	A
TE Connectivity Ltd	2.4%	BBB
<b>Total</b>	<b>33.4%</b>	

<sup>6</sup>Absolute weights.

## Portfolio Characteristics

As at December 31st 2020

Characteristics	Strategy	Benchmark
P/E Trailing	28.1	33.4
P/E Forward	20.7	20.8
Dividend Yield	1.6%	1.8%
Price to Book	4.4	3.0
Price to Cash Flow	15.7	13.8
Earnings Growth (last 3 Yrs)	9.5%	8.3%
Market Cap - Mean (\$Bn)	194.6	39.0
Market Cap - Median (\$Bn)	52.7	16.7
Market Cap - Wgt. Average (\$Bn)	354.1	330.8

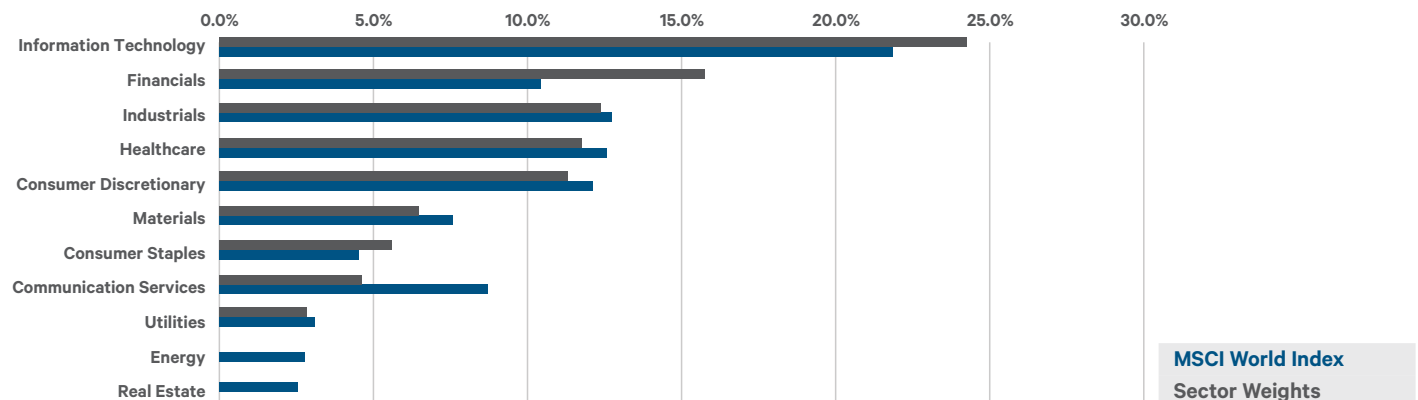
## Regional Characteristics

As at December 31st 2020

Region	Strategy	Relative
Asia Ex Japan	2.5%	-1.2%
UK	4.4%	0.6%
Japan	7.7%	-0.1%
Europe Ex UK	17.1%	1.7%
North America	64.2%	-5.1%

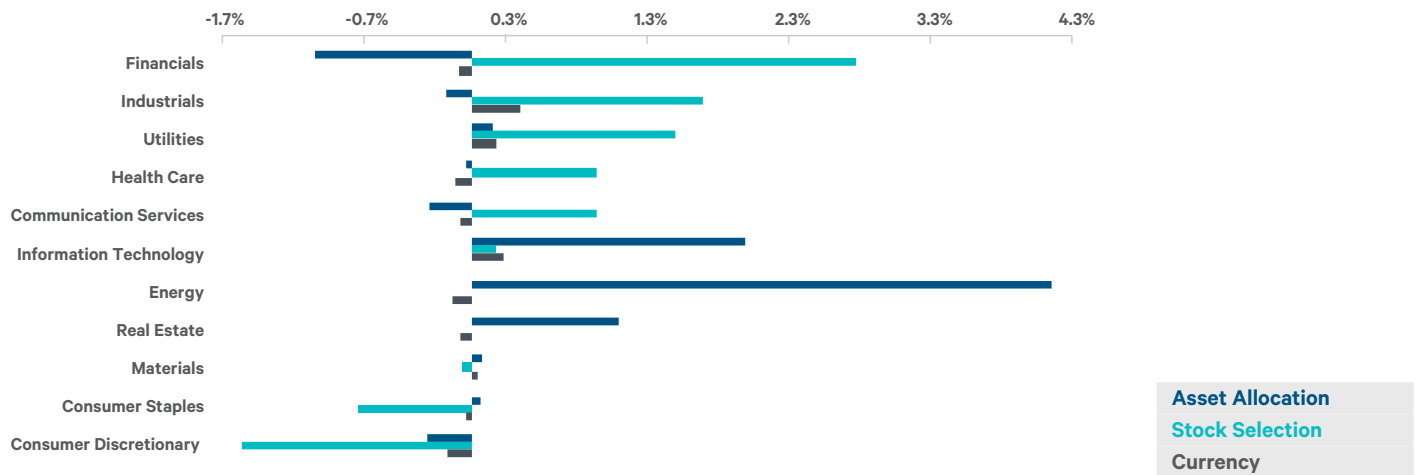
## Sector Weights

Sector Weights versus MSCI World Index as at December 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.

**Active Return Attribution GICS Sector**  
December 31st 2018 - December 31st 2020



Source: Davy Global Fund Management, Low Carbon Fund, Bloomberg Port and MSCI as at 31st December 2020, gross returns in USD. Note attribution figures can be impacted by large flows

**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 Low Carbon Equity Strategy: Product gross performance is sourced from monthly AA Accumulating share class NAV returns (gross of management fees) in US \$ terms. Product net performance is sourced from monthly AA 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**

The Strategy Information Sheet is not intended to be comprehensive and is designed to provide summary information to existing investors in the Davy Low Carbon 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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