

Davy Global Bond Fund

For Investment Professionals Only

Performance	1 Month (%)	Q4 2023 (%)	1 Year (%)	3 Years P.a. (%)	5 Years P.a. (%)
Davy Global Bond Fund (net of fees)	3.64	6.10	2.98	-5.25	-1.04
JP Morgan Global Bond Index ¹	2.99	5.19	3.52	-4.79	-1.08

Source: IQ EQ Fund Management (Ireland) Limited (Class A Acc EUR) as at 29 December 2023.

¹The JPM Global Bond (Euro Hedged) Index shown above does not include fees or operating expenses and you cannot invest in it.

Fund overview

The aim of the **Davy Global Bond Fund** (the 'Fund') is to protect capital against volatility, deflation, and bear markets by investing primarily in global sovereign bonds.

its benchmark, the JP Morgan Global Index (euro hedged), which returned 5.19%. The Fund's long duration positions in the US, UK, Eurozone and Australia were the main source of outperformance, gaining as yields fell across Developed Markets. The Fund's allocations to supranational, corporate and non-benchmark government related bonds also outperformed as risk appetite improved. These gains were partially offset by the Fund's underweight position in Japanese Government Bonds, which rallied in tandem with other bond markets.

Market comment

The fourth quarter of the year saw global developed market bonds bounce back dramatically from a six-month selloff. The rally was supported by: evidence that both growth and inflation in the US were finally cooling; lacklustre growth in other regions, particularly Europe; a welcome fall in oil prices, and very little pushback from central bankers to the fall in future interest rates priced by markets.

Positioning

We have been reducing the size of the long duration position as yields have moved lower. Despite this we think yields are unlikely to revisit the October highs and are still biased lower over the coming months. Therefore, we retain a long duration position in the Fund, and we are likely to use any significant correction higher in yields to increase its size (all else being equal).

Fund performance

The Davy Global Bond Fund returned 6.10% (net) during the fourth quarter outperforming

This is a marketing communication and NOT a contractually binding document. Please refer to the Prospectus and the KIID of the Fund and do not base any final investment decision on this communication alone. IQ EQ Fund Management (Ireland) Limited is an active fund manager.

Warning: Past performance is not a reliable guide to future performance. The value of your investment may go down as well as up. This product may be affected by changes in currency exchange rates. The Strategy is actively managed. SFDR disclosures are available upon request from 5th Floor, 76 Sir John Rogerson's Quay, Dublin 2, D02 C9D0.

We have become more constructive on taking spread risk in recent weeks. We think the probability of a US and global recession, while still above average, is lower following the recent fall in inflation rates and the easing of financial conditions.

One area where we appear to be seeing value and adding risk is in the government agency

sector. It would appear to us that in a rush to add beta to portfolios during the recent rally, many lower beta government agency bonds were overlooked by investors and now offer attractive relative value. In our opinion, they are currently a good risk adjusted investment, given we think there is still a higher-than-normal chance of a recession over the next 12 months.

Calendar year performance	2023 (%)	2022 (%)	2021 (%)	2020 (%)	2019 (%)
Davy Global Bond Fund (Net of fees) (EUR)	3.0	-14.5	-3.4	6.0	5.2
JPMorgan Global Bond Index (Euro Hedged)	3.5	-14.0	-3.1	4.9	4.6

Source: IQ EQ Fund Management (Ireland) Limited (Class A Acc EUR) and Bloomberg as at 29 December 2023. Performance is quoted in local currency unless otherwise stated.

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

This report does not constitute an offer for the purchase or sale of any financial instrument, trading strategy, product or service. No one receiving this report should treat any of its contents as constituting advice or a personal recommendation. It does not take into account the investment objectives or financial situation of any particular person. All investments involve a degree of risk. Equities may involve a high degree of risk and may not be suitable for all investors. Government bonds and cash deposits, although considered the safest assets, are not devoid of risk (e.g. inflation risk, credit risk, currency risk, etc.). There are different reasons why an investor would choose to invest in a particular asset class and each investor must consider the inherent risks therein based on his/her own personal circumstances.

No part of this document is to be reproduced without our written permission. This document has been prepared and issued by IQ EQ Fund Management (Ireland) Limited on the basis of publicly available information, internally developed data and other sources believed to be reliable. While all reasonable care has been given to the preparation of this information, no warranties or representation expressed or implied are given or liability accepted by IQ EQ Fund Management (Ireland) Limited or its affiliates or any directors or employees in relation to the accuracy fairness or completeness of the information contained herein. Any opinion expressed (including estimates and forecasts) may be subject to change without notice. We or any of our connected or affiliated companies or their employees may have a position in, or may have provided within the last twelve months, significant advice or investment services in relation to any of the securities or related investments referred to in this document.

IQ EQ Fund Management (Ireland) Limited, trading as IQ EQ Fund Management, is regulated by the Central Bank of Ireland. In Luxembourg, IQ EQ Fund Management is authorised by the Central Bank of Ireland and is subject to limited regulation by the Commission de Surveillance du Secteur Financier. Details about the extent of our authorisation and regulation by the Central Bank of Ireland and the Commission de Surveillance du Secteur Financier are available from us upon request.

The Davy Global Bond 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 an Undertaking for Collective Investment in Transferrable Securities (UCITS). The Prospectus, Supplement and Key Investor Document for the fund are available in English from IQ EQ Fund Management (Ireland) Limited, 5th Floor, 76 Sir John Rogerson's Quay, Dublin Docklands, Dublin 2, D02 C9D0, Ireland or <https://www.iqeq.com/davy-funds-plc/>. 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.

The JP Morgan Global Bond Index is used with permission. The Index may not be copied, used, or distributed without J.P. Morgan's prior written approval. Copyright 2020, J.P. Morgan Chase & Co. All rights reserved. The J.P. Morgan GBI series provides a comprehensive measure of local currency denominated fixed rate government debt issued in developed markets. The global series tracks 13 countries and the broad series tracks 27 countries. The series is available in a number of different segments and breakouts including - maturity sectors and individual countries as well as hedged and unhedged in over twenty currencies.

About us*

We are IQ-EQ, a leading investor services group employing over 4,750 people across 25 jurisdictions worldwide. We bring together that rare combination of global expertise with a deep understanding of the needs of our clients. We have the know how and the know you to support fund managers, global companies, family offices and private clients.

IQ EQ Fund Management (Ireland) Limited is regulated by the Central Bank of Ireland. In Luxembourg, IQ EQ Fund Management (Ireland) Limited is authorised by the Central Bank of Ireland and is subject to limited regulation by the Commission de Surveillance du Secteur Financier. Details about the extent of our authorisation and regulation by the Central Bank of Ireland and the Commission de Surveillance du Secteur Financier are available from us upon request.

*Information correct as of 24 February 2023

This document is provided for information purposes only and does not constitute legal, tax, investment, regulatory, accounting or other professional advice. For more information on the legal and regulatory status of IQ-EQ companies please visit www.iqeq.com/legal-and-compliance

Reference: NC_24022024_1
© IQ-EQ 2024

Find out more
www.iqeq.com

Follow us

