

# Davy Funds Plc

## IQ EQ ESG Multi-Asset Fund

### CLASS A Distributing Units

### INVESTMENT OBJECTIVE

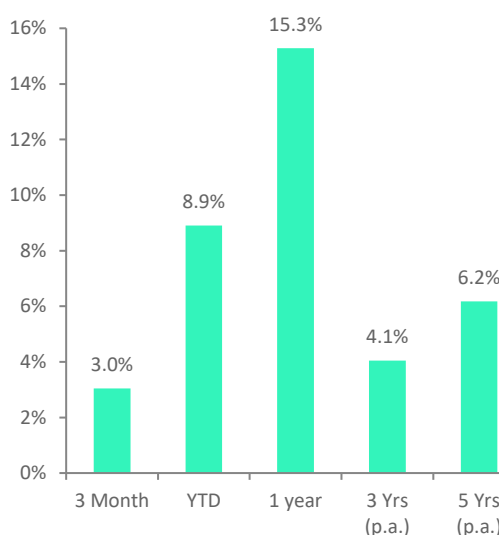
The primary investment objective of the IQ EQ ESG Multi-Asset Fund ('the Fund') is to seek, over time, to achieve capital appreciation in real terms. The Fund may, as a secondary objective, also seek to generate a moderate level of income, from year to year, consistent with the growth objective.

### INVESTMENT STRATEGY

The objective of the Fund will be achieved by investing across a range of asset classes including equities, bonds and fixed deposits. The Investment Adviser's ongoing investment policy will be to take due account of the nature of the trading activities carried out by such corporations from an ethical standpoint.

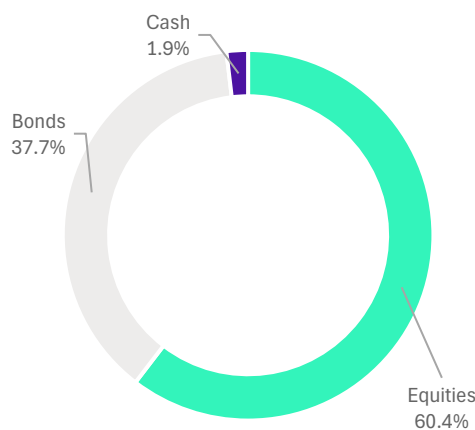
**NOTE: All information below is provided as at 30.09.2024**

### INVESTMENT PERFORMANCE



Source: Northern Trust  
Single Pricing, Net of Fees, Bi-Annual Income Distribution, Total Return in Euro.

### ASSET ALLOCATION (% Fund)



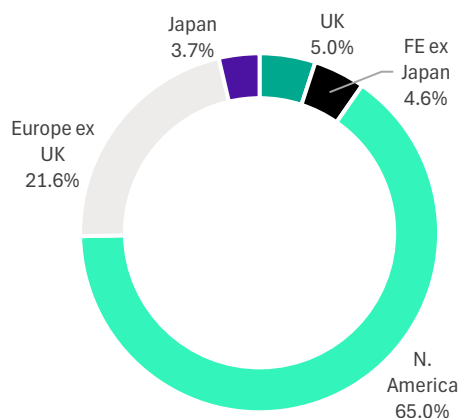
### TOP 10 HOLDINGS (%)

#### 10 Largest Equity Holdings (% of Total Fund)

Stock	Country	Weight
Microsoft Corp.	USA	4.8%
Alphabet Inc.	USA	3.7%
Oracle Corp.	USA	2.5%
TSMC Ltd.	Taiwan	1.9%
American Express Co.	USA	1.7%
TJX Companies Inc.	USA	1.7%
SAP SE	Germany	1.6%
Visa Inc.	USA	1.6%
Iberdrola SA	Spain	1.6%
Loblaws Companies Ltd.	Canada	1.5%
<b>Total</b>		<b>22.6%</b>

### GEOGRAPHIC ALLOCATION (%)

#### Portfolio Geographic Allocation (% Equity)



## IQ EQ Fund Management (Ireland) Limited

Quarter 3, 2024

### ABOUT THE FUND

#### Base Currency:

Euro

#### Fund Size (EUR):

18.76m

#### No. of Equity Holdings:

51

#### Investment Manager:

IQ EQ Fund Management (Ireland) Limited

#### Type of Unit:

Distributing

#### Valuation Point:

Close of business

#### Order Cut-Off Point:

Daily – All orders must be received by 16:00 p.m. (Irish time) one Business Day immediately preceding the relevant Dealing Day.

#### Lipper ID:

65090638

#### Share Classes

A, B

#### Ongoing Charges

1.05%, 1.80%

#### Structure:

UCITS\*

\* On 17 October 2017 the assets of the Prescient Select Ethical Balanced Growth Fund, a sub-fund of the Prescient Select Portfolio (non-UCITS), were transferred to a new sub-fund of Davy Funds plc (UCITS), which was named the Davy ESG Multi-Asset Fund. On 01 May 2024, the Fund was renamed the IQ EQ ESG Multi-Asset Fund. The same Strategy applies to both sub-funds.

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# Davy Funds Plc

## IQ EQ ESG Multi-Asset Fund Q3 2024

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### MARKET COMMENT

Global equity markets rose by 2.14% in the third quarter, taking the year-to-date return to 17.64% in euro terms as measured by the MSCI World Index (net). It was a relatively volatile quarter, with two periods of declines: one in early August, the other in early September. The August rout was sparked by poor earnings outlooks from semiconductor makers and extreme volatility in Japanese financial markets caused by a surge in the yen. An unwind of the so-called “yen carry trade”, in which investors borrow in yen and buy global assets, caused volatility in many financial markets during July and August.

September’s downward lurch was due, once again, to disappointing forecasts from large technology companies. However, equity markets recovered into the quarter-end on a 0.5% cut in interest rates from the US Federal Reserve (Fed) and hopes that the Fed will engineer a soft landing for the US economy, which had shown weakening labour market conditions during the quarter.

Interest rate-sensitive sectors such as Utilities and Financials were among the best performing sectors during the quarter as US interest rates declined in September. There was some evidence from data released during the month of cooling in the US labour market, which drove the move lower in interest rates. The benchmark US 10-year Treasury yield fell from 4.4% to 3.8% during the quarter.

### FUND PERFORMANCE

The **IQ EQ ESG Multi-Asset Fund** returned 3.05% in Q3 2024, net of management fees, in euro terms. During the quarter equities within the portfolio returned 3.53% (gross of management fees), while the bond component to the Fund contributed 2.99% (gross of management fees). At the end of the month, the asset breakdown was: 60.40% high-quality Equities; 37.73% Bonds, and 1.87% Cash.

#### Within the equity portfolio:

The equity component of the strategy, which accounts for ca. 60% of the strategy, gained 3.53% gross over the quarter. This compares favourably to the MSCI World Index return of 2.14%. Stock Selection was the main driver of performance with Asset Allocation also contributing positively to returns. Currency was marginally negative. Selection was particularly strong within Technology (Oracle, Shimadzu) and Financials (American Express, Singapore Exchange), and weakest within Communication Services (Alphabet). The contribution from Asset Allocation came mostly from being underweight Energy and Technology, the two worst-performing sectors over the three months. Being underweight Real Estate, the second-best performing sector after Utilities, took most from Asset Allocation. The “Magnificent 7” performed in line with the market.

The **top five equity contributors** to relative performance during the quarter were: Oracle Corp., Iberdrola S.A., Fortune Brands Innovations Inc., American Express Company, and Singapore Exchange Ltd.

The **bottom five equity detractors** from relative performance during the quarter were: Alphabet Inc., Microsoft Corp., Merck & Co. Inc., TE Connectivity plc, and Waste Management Inc.

**Oracle Corp. (“Oracle”)**, the US software giant, having been a top contributor to returns in both Q1 and Q2, was again a top contributor over Q3, rising by 16.2%. The strong performance followed solid quarterly results reported in early September and confirmation of the company’s full-year guidance. Highlights from the results included 46% growth in cloud infrastructure, revenue growth of 8% - which was at the high end of the guidance, strong margin control, and a database deal with Amazon Web Services (AWS) which came sooner than expected, in the same week as the company’s annual conference, which showed off a strong line-up of technology innovation. At the conference management went further and raised revenue guidance for 2026 and initiated strong guidance for 2029. We believe that investor concerns about growth, the database business, and Oracle’s Cloud are fading. Oracle remains a top five holding in the portfolio. In terms of ESG, controversies remain in relation to the Board and ownership issues as Larry Ellison owns 42% of the company. However, the company’s ESG performance has improved driven by workforce management advances as it follows several best practices such as extensive compensation, non-monetary benefits, and stock purchase plans. On the positive side, Oracle excels in terms of Privacy & Data Security.

**Alphabet Inc. (“Alphabet”)**, was a main detractor to returns in the third quarter, declining by 12.4%. Alphabet is the holding company of Google, the firm behind the world’s most-used search engine, Android, as well as a plethora of other internet services including YouTube, Google Pay, and Other Bets which includes emerging businesses. Following a weak performance in July, the much-awaited antitrust case in the United States reached a landmark decision in August. A federal judge ruled that Google acted illegally to maintain its monopoly as an online search engine, causing shares to fall by nearly 5% after the ruling. The pullback in the shares reflects fears of an impairment to the business to a level that is cheap relative to the market. However, we will wait to review the US Department of Justice’s remedy to Search which is due in early October. The share price reacted well to other news on developments such as an Indian startup using Google AI to identify tuberculosis, though it was not enough in terms of magnitude to offset share price performance. On the ESG front, Alphabet is a leader in many areas such as Privacy & Data Security, and opportunities in Clean Technology. In welcome news, the company announced plastic-free packaging for its Pixel, Nest, and Fitbit devices ahead of its 2025 goal.

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# Davy Funds Plc

## IQ EQ ESG Multi-Asset Fund Q3 2024

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### Within the bond portfolio:

Bond markets globally had a very strong third quarter with the JP Morgan Global Bond Index unhedged in euros (note: this is the bond portfolio's benchmark) finishing up 3.04%. This was driven by the US Treasury market, which rallied following data that showed US companies were hiring fewer workers. This, combined with benign inflation readings, prompted the US Federal Reserve (Fed) to finally begin its easing cycle with a relatively large 50 basis points interest-rate cut in September. The Fed also signalled more cuts were on the way as it sought to reduce the risk of a recession.

The bond portfolio returned 2.99% during the quarter, slightly underperforming its benchmark by 0.04%. The portfolio's curve positioning was the main detractor from returns. This was partially offset by overweight positions in non-benchmark sovereign, government agency, supranational and corporate bonds which contributed positively to performance.

### POSITIONING

In the **equity portfolio** there no significant transactions during the quarter.

With regard to the **bond portfolio**, recent data has painted a mixed picture of the global economy, but in the absence of an unforeseen shock, our base case is that a recession will be avoided. Duration (interest rate) exposure is relatively modest with the Fund's only long position in the United States. We also continue to retain overweight positions in non-benchmark government, government agencies, municipals, supranationals and corporate bonds. However, we stand ready to adjust Fund positioning if data warrant a change in view.

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## CALENDAR YEAR PERFORMANCE (%)

	2023	2022	2021	2020	2019
<b>IQ EQ ESG Multi-Asset Fund A Distributing (Eur)</b>	<b>4.9%</b>	<b>-10.2%</b>	<b>20.6%</b>	<b>5.2%</b>	<b>21.3%</b>
<b>MSCI World Index (Eur)</b>	<b>19.6%</b>	<b>-12.8%</b>	<b>31.1%</b>	<b>6.3%</b>	<b>30.0%</b>
<b>JP Morgan Global Bond Index (Eur)</b>	<b>3.5%</b>	<b>-14.0%</b>	<b>-3.1%</b>	<b>4.9%</b>	<b>4.6%</b>
Alphabet Inc.	58.3%	-39.1%	65.3%	30.9%	28.2%
American Express Company	28.7%	-8.5%	36.9%	-1.2%	32.5%
Fortune Brands Innovations Inc.	35.2%	-36.5%	26.0%	33.0%	74.9%
Iberdrola S.A.	13.6%	9.8%	-7.5%	32.7%	36.7%
Merck & Co. Inc.	1.0%	49.4%	1.8%	-7.2%	22.3%
Microsoft Corp.	58.2%	-28.0%	52.5%	42.5%	57.6%
Oracle Corp.	30.9%	-4.6%	36.9%	24.2%	19.3%
Shimadzu Corp.	6.7%	-21.9%	22.1%	17.7%	59.9%
Singapore Exchange Ltd.	13.7%	-0.3%	3.5%	8.4%	28.6%
TE Connectivity plc	24.6%	-27.7%	35.1%	29.0%	29.4%
Waste Management Inc.	16.2%	-4.5%	43.8%	5.5%	30.5%

Source: IQ EQ Fund Management (Ireland) Limited, Northern Trust, and Bloomberg as at 30 September 2024. Performance is quoted in local currency unless otherwise stated. IQ EQ ESG Multi-Asset Fund Class A Distributing (Eur) data are the total returns from single pricing and net of fees, with a bi-annual income distribution.

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The IQ EQ ESG Multi-Asset 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 a UCITS pursuant to the Regulations. Davy Funds plc is 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, 5<sup>th</sup> Floor, 76 Sir John Rogerson's Quay, Dublin 2, Ireland D02 C9D0, or <https://www.iqeq.com/ucits>. 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.

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## IQ EQ Fund Management (Ireland) Limited

Quarter 3, 2024

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