

IQ EQ Global Focus Fund

For Investment Professionals Only

Performance	1 month (%)	Q4 2024 (%)	1 year (%)	3 years p.a. (%)	5 years p.a. (%)
IQ EQ Global Focus Fund ¹ (net of fees)	-0.48	4.39	16.15	2.99	8.54
MSCI World Index ²	-0.66	7.61	26.60	9.71	12.98

Source: IQ EQ Fund Management (Ireland) Limited (IQ EQ Global Focus Fund Class A Acc EUR) as at 31 December 2024

¹ The IQ EQ Global Focus Fund is a UCITS fund and was launched on 28 February 2001. On 1 May 2024 the Fund name was changed from Davy Global Focus Fund to IQ EQ Global Focus Fund.

² The MSCI World Index shown above does not include fees or operating expenses and you cannot invest in it. The MSCI World Index captures large and mid-cap representation across 23 Developed Markets (DM) countries. With 1,650 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

Fund overview

The aim of the **IQ EQ Global Focus Fund** (the 'Fund') is to generate absolute returns over the medium term. Absolute returns are specific, consistent positive returns which are not necessarily dependent upon specific asset class exposure or upon continuous rising markets.

From a geographical perspective, the gains during the quarter were concentrated in the US market, which rose by 10.7% in euro terms while other markets, notably Europe, lagged due to the high likelihood of significant tariff increases from the new US administration. European equities fell by 2.7% during the quarter, weighed down by lower relative economic growth rates and fears over the aforementioned tariffs.

Market comment

Global equity markets rose by 7.6% in the fourth quarter, taking the full-year 2024 return to 26.6% in euro terms as measured by the MSCI World Index. Most fourth quarter gains were made during November following the results of the US elections. The Republican clean sweep at the polls was greeted favourably by equity investors due to expectations of lower corporate and personal tax rates in the US and greater deregulation which could, in turn, be good for corporate profits.

Technology and internet-related shares were strong performers in the quarter, as was the Financials sector which benefited from higher long-term interest rates in the period. Equity returns for the year were, once again, heavily dependent on a relatively small number of companies exposed to the development and implementation of Artificial Intelligence ("AI") systems. The top ten performers within the MSCI World Index during 2024 contributed 41% of the total return. Seven of those companies are directly exposed to the AI theme.

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 and fund documentation are available upon request in writing from: IQ EQ Fund Management (Ireland) Limited, 5th Floor, 76 Sir John Rogerson's Quay, Dublin 2, D02 C9D0.

Fund Performance

The **IQ EQ Global Focus Fund** 4.39% in Q4, as global equity markets rose by 7.61% in Euro terms.

Equities were supported by Donald Trump's victory in the US presidential election and the accompanying so-called "Red Sweep" which saw the Republicans take control of Congress. Shares were buoyed by expectations that Trump's policy programme will lift growth, lower taxes and cut regulation. Share gains were halted in December, however, as the Federal Reserve scaled back on the number of interest-rate to be expected in 2025, due to persistently "sticky" inflation. With bonds underperforming equities during the quarter, our fixed income allocation detracted from performance but still offered valuable diversification benefits. Within equities, our top performers were Taiwan Semiconductor Manufacturing Co., Nvidia (Information Technology), Alphabet (Communication Services), Cummins and Automatic Data processing (Industrials). Unsurprisingly, this resulted in regional performance being driven by North American stocks. The Fund will continue to focus on quality companies with high levels of profitability and positive ESG momentum when looking for attractive companies.

The **top five equity contributors** to relative performance during the quarter were: Taiwan Semiconductor Manufacturing Co. Ltd., NVIDIA Inc., Alphabet Inc., Automatic Data Processing Inc., and Cummins Inc.

The bottom five equity detractors from relative performance during the quarter were: Nestlé S.A., Rational AG, Adobe Inc., Roche Holding AG, and Kuehne & Nagel International AG.

Taiwan Semiconductor Manufacturing Co. Ltd. ("TSMC") is one of the world's largest semiconductor foundries and is an enabler of the computing revolution. It offers multiple architectures, chip platforms and design options. The company holds a peer-leading AAA ESG rating from MSCI, reflecting strong talent management and natural resource usage. It is one of the only top five global chip foundries to have maintained their sales growth in 2023, and this has continued on track through 2024, with revenues expected to grow c.25%. AI revenues are the main driver of this

growth, with its revenue share expected to increase to 21% by 2027. TSMC hit a fresh high in December as investors now expect it to maintain its leadership position in AI chip manufacturing. TSMC's 3nm, 5nm and 7nm advanced nodes are currently viewed as the backbone of AI and high-performance computing applications. However, the company recently announced its new 2nm chips, due to hit the market in 2026, which are said to offer further performance and efficiency upgrades.

NVIDIA Corporation ("Nvidia") is a high-quality manufacturer of semiconductors used for computer gaming and by servers in data centres. Its AAA ESG rating reflects its exposure to Opportunities in Clean Tech. Nvidia is capitalising on the shift towards technologies such as AI and machine learning. Its chips are increasing demand for accelerated compute/networking platforms and software solutions, with the company positioned as the one-stop shop. This has resulted in strong profitability and cash generation, making it a 'high-quality' stock and a core holding in the Global Focus Fund. Nvidia reported a strong quarter as broadening AI adoption is creating a demand imbalance across multiple product areas. The share price suffered volatility last quarter due to potential production challenges with its Blackwell AI chips and investors rotating funds towards value stocks in the market. However, the stock has surged towards fresh highs in November this quarter as the company confirmed its shipping expectations for its new chips in 2025. The market now believes that Nvidia's leadership position within AI is extending as two of its largest competitors, Intel and AMD, disappointed in the segment.

Nestlé S.A. ("Nestlé") is a quality stock with an AA ESG rating from MSCI. It is one of the largest global consumer goods firms whose major brands include Nescafé, Nespresso, Vittel, KitKat, Maggi and Purina. It has a broad product range with powdered and liquid beverages (26% revenues), nutrition and health science (17% revenues), pet care (21% revenues), milk products and ice cream (11% revenues), prepared dishes and cooking aids (12% revenues), confectionery (9% revenues) and waters (3% revenues). Poor performance in the latter half of 2024 can be attributed to fewer consumers buying cheaper products. As such, management

has lowered the full-year guidance and outlook for 2025, while the new CEO has reported progress from the restructuring carried out to-date, which should cement the market's medium-term growth targets for the business.

Rational AG ("Rational") is a high-quality manufacturer of specialised industrial kitchen equipment for restaurants, with an MSCI ESG rating of A. The stock has undergone a significantly positive re-rating in 2024 as the risk of a possible recession in Europe has waned. The stock is currently trading at a multiple of 40x and is considered a leader in the niche market for thermal food preparation. It also has a high-quality balance sheet and a strong platform for international growth. Its performance this quarter was weaker than expected as management trimmed FY24 sales guidance with lower volumes expected through the winter months. We believe there was also some profit-taking after the share price hit an all-time high in October, following consecutive earnings beats throughout 2024. Despite the trimmed guidance, we believe Rational will continue to deliver over the long term given its competitive advantages within the catering industry, the financial flexibility afforded by its strong balance sheet and its exposure to secular trends such as growing restaurant traffic and the greater convenience afforded to customers by grab-and-go caterers.

Sample portfolio transactions

There were no significant transactions during the quarter.

The QQE perspective

Our Quality model is comprised of four sub-pillars reflecting the attributes that we believe will drive long-term performance for our clients: Profitability, Persistence, Protection and People. The performances of the four pillars reflect investor preferences, which for most of 2024 have been for steady, consistent profits. A slight dip in the performance of the Persistence pillar in the third quarter turned out to be short-lived as investors rushed back into technology-related stocks in December. Relatively low volatility companies with consistent payouts, as represented by our Protection and People pillars, were left behind in the rush into mainly AI-related shares. Valuation is clearly not a priority for investors at the moment, otherwise the level of concentration in market performance would not be as high as it has been in the past two years. For the moment at least, investors have no doubt that a small group of mainly large-cap companies will be able to monetise the opportunity that AI is presenting. The upcoming earnings season, where company managements will report on progress and give year-ahead forecasts, will be of critical importance to investors that have already placed their bets on the success of the AI trend.

Calendar year performance	2024 (%)	2023 (%)	2022 (%)	2021 (%)	2020 (%)
IQ EQ Global Focus Fund (net of fees) (EUR)	16.2	14.6	-18.0	22.8	-1.2
MSCI World Index (EUR)	26.6	19.6	-12.8	31.1	6.3
Adobe Inc.	-25.5	77.3	-40.7	13.4	51.6
Alphabet Inc.	36.0	58.3	-39.1	65.3	30.9
Automatic Data Processing Inc.	28.4	-0.2	-1.3	42.6	6.0
Cummins Inc.	48.9	1.7	14.1	-1.7	30.5
Kuehne + Nagel International AG	-25.4	41.9	-24.2	49.0	25.9
Nestlé S.A.	-20.8	-6.6	-14.0	25.4	2.1
NVIDIA Corp.	171.2	239.0	-50.3	125.5	122.3
Rational AG	19.8	28.7	-37.2	19.0	7.4
Roche Holding AG	8.8	-12.8	-21.4	26.3	1.3
Taiwan Semiconductor Manufacturing Co. Ltd	92.6	42.3	-36.8	12.1	92.7

Source: IQ EQ Fund Management (Ireland) Limited (IQ EQ Global Focus Fund Class A Acc EUR) and Bloomberg as at 31 December 2024. 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.

SFDR disclosures and fund documents can be found on our website at: www.iqeq.com/davy-funds-plc

Our Summary of Investor Rights can be found at our website at: [IQ-EQ1239 PolicyAndProcedure Complaints-Policy 2023 FA 02](#)

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About us*

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*Information correct as of April 2024

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Reference: NC_24022024_1
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