

IQ EQ Strategic: Global Quality Equity Fund

For Investment Professionals Only

| Performance | 1 month (%) | Q4 2024 (%) | 1 year (%) | 3 years p.a. (%) | 5 years p.a. (%) |
|--|-------------|-------------|------------|------------------|------------------|
| IQ EQ Strategic: Global Quality Equity Fund ¹ (net of fees) | -0.84 | 5.15 | 23.26 | 7.02 | 14.16 |
| MSCI World Index ² | -0.66 | 7.61 | 26.60 | 9.71 | 12.98 |

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

¹Investment Management of the IQ EQ Strategic Global Equity Fund was assumed by Davy Asset Management during the month of September 2018 and subsequently by Davy Global Fund Management in November 2019. On 31 May 2019 the IQ EQ Strategic Global Equity Fund implemented its current investment strategy. For more information, please contact IQ EQ Fund Management (Ireland) Limited. On 10 July 2020 the name of the Davy Strategic Global Equity Fund was changed to the Davy Strategic: Global Quality Equity Fund. On 1 May 2024 the name was changed to the IQ EQ Strategic: Global Quality Equity Fund.

²The 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 investment objective of the **IQ EQ Strategic: Global Quality Equity Fund** (the "Fund") is to provide long-term capital growth by investing in global quality equities with consideration given to ESG criteria. The Fund adopts a Quantamental (quantitative and fundamental) approach to select and manage the investments.

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.

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

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

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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.

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.

Fund performance

The IQ EQ Strategic: Global Quality Equity Fund returned 5.15% in Q4, underperforming its benchmark MSCI World Index which rose 7.61%. Asset Allocation and Stock Selection detracted from relative performance during the quarter, while Currency Effects contributed positively. The negative Asset Allocation outturn was driven primarily by the Fund's overweight position in Healthcare companies which underperformed during the period, as well as the underweight position in the Financial sector where banks outperformed. The Materials sector provided the best relative performance for the Fund. The negative contribution from Stock Selection was due to the negative performance of stocks such as Monolithic Power Systems Inc and L'Oreal which are held in the Fund, along with the positive performance of stocks that are not held in the Fund, such as Tesla Inc. and Amazon.com Inc. Currency Effects had a net positive effect on performance due to the Fund's overweight in US dollar. The dollar strengthened against the euro during the quarter due to the relatively brighter prospects for the US economy. The Fund's strategy will continue to be driven by our Quality factor model.

The **top five equity contributors** to relative performance The bottom five equity during the quarter were: NVIDIA Corp., Alphabet Inc., Broadcom, Inc., Apple Inc., and Visa Inc.

The **bottom five equity detractors** from relative performance The bottom five equity during the quarter were: Monolithic Power Systems Inc., Novo Nordisk A/S, L'Oréal S.A., Regeneron Pharmaceuticals Inc., and Atlas Copco AB.

NVIDIA Corp. (“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 in 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 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 this quarter in November 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.

Alphabet Inc. (“Alphabet”) is composed of Google and a collection of businesses called ‘Other Bets’. Through its subsidiaries Alphabet provides web-based search, advertisements, maps, software applications, mobile operating systems, consumer content, enterprise solutions, commerce, and hardware products. Its BBB MSCI ESG rating reflects a mix of strong data security against an entrenched board and workplace controversies. Alphabet shares have gained year to date, despite heightened competition from both Gen AI search (Microsoft, OpenAI) and advertising (Meta and Amazon: social and retail media). The quarter saw the share price rebound from a sell-off over the summer. The stock initially sold off due to the antitrust lawsuit ruling which the company is appealing. However, in November, the company beat on earnings expectations its Gen AI model, Gemini, is improving engagement with the core search user base and driving growth in ads. AI should continue to play a greater role in improving search optimization and monetization over time

Monolithic Power Systems (“MPS”) is a fabless semiconductor company that provides high-performance, semiconductor-based power electronics solutions for powering networking and telecommunication infrastructure, wireless access points, notebook computers, home appliances, and other consumer electronic devices. MPS holds a BBB ESG rating from MSCI, reflecting positive clean technology initiatives and conflict minerals policy, but average corporate governance and a high staff turnover rate. The company's 3Q results came in well above expectations across all segments with no share loss from its leadership position. Due to already lofty market expectations, the stock sold off after the results were released. However, the stock still commands a premium to power-chip peers reflecting its ability to continue growing due to its competitive advantage across multiple end-markets including AI and Auto.

Novo Nordisk A/S (“Novo Nordisk”) is a high-quality pharmaceutical company, specialising in diabetes and obesity. This addresses two of the largest markets in the pharmaceutical space, driven by the increased consumption of high-fat foods and the sedentary nature of many forms of work. The company holds an AAA ESG rating from MSCI, reflecting peer leading product quality and staff management. The company's growth is largely underpinned by its GLP-1 drugs for diabetes and obesity. Late in Q4, Novo shares dropped on news that its experimental obesity shot, CagriSema, helped patients lose an average of 22.7% of their weight over 68 weeks. This was less than the predicted 25% weight loss, and in line with results from competitor medications. That said, CagriSema is still projected to be a blockbuster product, and Novo Nordisk retains a solid research pipeline with the capacity for further M&A.

Sample portfolio transactions

In line with the Fund's strategy of holding high-quality stocks with robust ESG characteristics, we exited positions in companies whose ESG and quality metrics had declined. In this period this included Information Technology name Qualcomm Inc.

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 Strategic: Global Quality Equity Fund (net of fees) | 23.3 | 21.3 | -18.0 | 36.3 | 16.0 |
| MSCI World Index (EUR) | 26.6 | 19.6 | -12.8 | 31.1 | 6.3 |
| Alphabet Inc. | 36.0 | 58.3 | -39.1 | 65.3 | 30.9 |
| Apple Inc. | 30.7 | 49.0 | -26.4 | 34.6 | 82.3 |
| Atlas Copco AB | 1.8 | 36.9 | -7.6 | 46.8 | 15.6 |
| Broadcom Inc. | 110.4 | 104.2 | -13.3 | 56.4 | 44.9 |
| L'Oreal S.A. | -23.0 | 37.0 | -18.9 | 35.7 | 19.3 |
| Monolithic Power Systems Inc. | -5.6 | 79.8 | -27.8 | 35.5 | 107.5 |
| Novo Nordisk A/S | -9.6 | 50.7 | 29.6 | 75.6 | 12.8 |
| NVIDIA Corp. | 171.2 | 239.0 | -50.3 | 125.5 | 122.3 |
| Novo Nordisk A/S | -9.6 | 50.7 | 29.6 | 75.6 | 12.8 |
| Qualcom Inc. | 8.3 | 35.1 | -38.6 | 22.3 | 77.0 |
| Regeneron Pharmaceuticals Inc. | -18.9 | 21.7 | 14.2 | 30.7 | 28.7 |
| Visa Inc. | 22.3 | 26.3 | -3.4 | -0.3 | 17.1 |

Source: IQ EQ Fund Management (Ireland) Limited (IQ EQ Strategic: Global Quality Equity 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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The MSCI World Quality Index is based on MSCI World, its parent index, which includes large and mid-cap stocks across 23 Developed Market (DM) countries. The index aims to capture the performance of quality growth stocks by identifying stocks with high quality scores based on three main fundamental variables: high return on equity (ROE), stable year-over-year earnings growth and low financial leverage. The MSCI Quality Indexes complement existing MSCI Factor Indexes and can provide an effective diversification role in a portfolio of factor strategies.

About us*

We are IQ-EQ, a leading investor services group employing over 5,500 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.

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*Information correct as of 31 March 2024

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