Davy Funds Plc
IQ EQ ESG Multi-Asset Fund

CLASS A Distributing Units
INVESTMENT OBJECTIVE

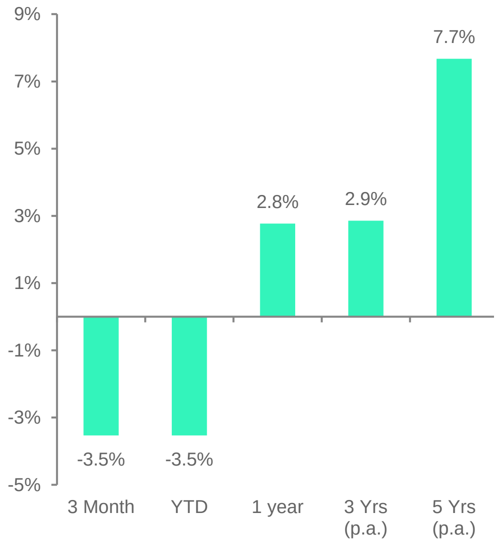
The primary investment objective of the IQ EQ ESG Multi-Asset Fund ('the Fund') is to seek, over time, to achieve capital appreciation in real terms. The Fund may, as a secondary objective, also seek to generate a moderate level of income, from year to year, consistent with the growth objective.

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.

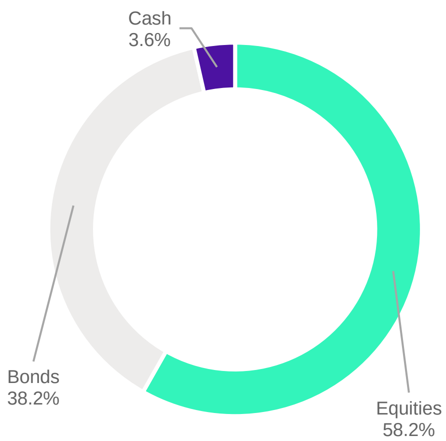
NOTE: All information below is provided as at 31.03.2025

INVESTMENT PERFORMANCE



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

ASSET ALLOCATION (% Fund)



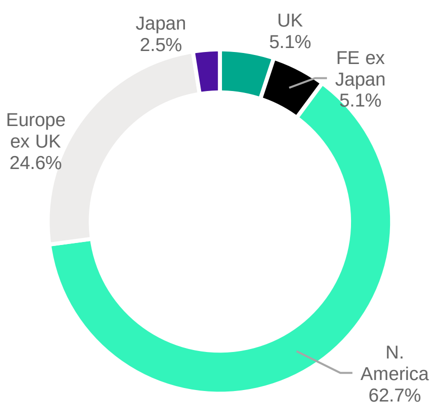
TOP 10 HOLDINGS (%)

10 Largest Equity Holdings (% of Total Fund)

Stock	Country	Weight
Microsoft Corp.	USA	4.3%
Alphabet Inc.	USA	3.2%
Visa Inc.	USA	2.1%
Oracle Corp.	USA	2.1%
SAP SE	Germany	2.0%
TSMC Ltd.	Taiwan	1.9%
TJX Companies Inc.	USA	1.8%
Iberdrola SA	Spain	1.7%
Siemens AG	Germany	1.6%
Deutsche Boerse AG	Germany	1.6%
Total		**22.3%**

GEOGRAPHIC ALLOCATION (%)

Portfolio Geographic Allocation (% Equity)



IQ EQ Fund Management (Ireland) Limited

Quarter 1, 2025

ABOUT THE FUND

Base Currency:
Euro

Fund Size (EUR):
18.34m

No. of Equity Holdings:
49

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 01 May 2024, the Fund was renamed the IQ EQ ESG Multi-Asset Fund.

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Davy Funds Plc
IQ EQ ESG Multi-Asset Fund Q1 2025

MARKET COMMENT

Global equities markets were volatile during the first quarter of 2025, with the MSCI World Index (net) falling by 5.8% in euro terms. Equity markets had made a promising start to the year, rising by almost 5% in the first seven weeks. However, a disappointing earnings report from US consumer bellwether Walmart in February, followed by several weak economic data releases, started a retreat in markets. The move lower gained momentum as the Trump administration announced plans for wide-ranging tariffs on US imports. Canada, Mexico and China, the US's three largest trading partners, were first to experience the effects of the new tariffs. After a brief respite, equities weakened again into the quarter-end as investors awaited President Trump's "reciprocal tariff" announcements.

There was a marked divergence in equity market performance between regions and sectors during the quarter. From a geographical perspective, Europe was the best performing developed market region spurred on by an announcement from the EU Commission of plans to spend up to €800bn to strengthen Europe's defence capabilities. The MSCI Europe index rose by 6.1% during the quarter, led by the Financials and Industrials sectors. The MSCI US index, in contrast, fell by 8.6% in euro terms as artificial intelligence (AI)-related technology giants fell following Chinese startup DeepSeek's release of an AI model in January that purportedly rivalled existing US-developed models at a fraction of the hardware cost. Over two-thirds of the US market fall was attributed to the so-called "Magnificent Seven" stocks during the first quarter.

The Consumer Discretionary and Information Technology sectors were the worst performing sectors during the quarter. The Consumer Discretionary sector was driven lower by a collapse in Tesla's share price, which fell by over 38%. The Information Technology sector experienced a broad-based selloff, with weakness in Nvidia and Apple shares the most impactful.

The Financials, Energy and Consumer Staples sectors were the best performing sectors during the quarter, the latter driven higher by a strong rebound in the relatively defensive food, beverage and tobacco shares.

FUND PERFORMANCE

The **IQ EQ ESG Multi-Asset Fund** returned -3.54% in Q1, net of management fees, in euro terms. Equities within the portfolio returned -4.61% (gross of management fees) for the quarter, while the bond component contributed -1.36% (gross of management fees). At the end of the period, the asset breakdown was: 58.21% high-quality Equities; 38.24% Bonds, and 3.55% Cash.

Within the equity portfolio:

The equity component of the strategy, which accounts for ca. 58% of the strategy, returned -4.61% gross in the quarter, outperforming the MSCI World Index return of -5.86%. The outperformance was driven, in general terms, by an equal split between Stock Selection, Sector Allocation and Currency. Stock Selection was particularly strong within the Technology (SAP, Roper Technologies), Industrials (Vinci, Siemens) and Consumer Discretionary (TJX Cos, Tractor Supply) sectors. This was partially offset by weakness within Communication Services (Alphabet). The contribution from Sector Allocation was most positive by being underweight the Consumer Discretionary sector, the second-worst performing sector, and by being overweight the Industrials sector which outperformed. No holdings in the best-performing Energy sector took most from performance. Technology was the best-performing sector in the quarter where we have a neutral position. Being underweight a weak US dollar contributed positively to returns. Performance also benefited from the underperformance of the "Magnificent 7", some of which we do not own for ethical or ESG reasons, with notable declines in Nvidia, Apple and Tesla.

The **top five equity contributors** to relative performance during the quarter were: Deutsche Boerse AG, Iberdrola SA, Vinci SA, Siemens AG and Prudential plc.

The **bottom five equity detractors** from relative performance during the quarter were: Alphabet Inc., Oracle Corp., Taiwan Semiconductor Manufacturing Co. Ltd., Microsoft Corp., and Lululemon Athletica Inc.

Deutsche Boerse AG ("DB") was the top contributor to returns in the quarter, as the shares gained 22.3% to hit a new high at the end of the period. Stock exchanges come into their own during periods of market volatility, as happened when we saw heightened market volatility on DeepSeek AI news, and as President Trump ramped up tariff talk. Such volatility typically sees trading volumes, particularly derivatives trading volumes, increase. Mid-quarter, DB also posted Q4 results which were solid but also included a surprise €500m share buyback. DB scores highly in terms of governance relative to peers, with a board that is 100% independent of management and with female representation at 41%. The company also operates in regions where corruption levels are thought of as being low. Deutsche Boerse is seen as a leader in sustainability, where its role as an organiser of capital markets is particularly important in driving progress in climate change, such as providing liquidity for green bonds or encouraging improved environmental disclosure from exchange participants. Deutsche Boerse also owns International Shareholder Services ("ISS") which provides a proxy voting service.

Alphabet Inc. ("Alphabet"), having been the top contributor to returns in January, was a main detractor to returns in February and March. Indeed, the shares pulled back by 21.6% over the three-month period following fourth quarter results, falling 7% on the announcement as results missed expectations with Cloud revenues seen as disappointing. On a positive note, Search and YouTube saw growth re-accelerate. As with all the major artificial intelligence (AI) players, the company also raised guidance on CapEx by ca. $20bn to $75bn. The concern for the market is that, while Alphabet invests heavily in its GenAI portfolio, the incremental return on the capital invested has yet to be determined. The arrival of DeepSeek, the Chinese AI start-up model which is competitive to western chatbots, is also a threat as lower inferencing costs may accelerate the adoption of search alternatives. Furthermore, the lean operating structure of DeepSeek also reminds the market that the company is overstaffed, which could accelerate a cost-saving plan. Although Alphabet faces some new pressures, it remains a leader in many areas such as Privacy & Data Security and has opportunities in Clean Technology.

Within the bond portfolio:

The JP Morgan Global Bond Index unhedged in euros fell 1.36% during the first quarter. The negative return was mainly due to the poor performance of Developed Market bonds and a weak dollar. European bonds were particularly weak, as the continent revealed plans to ramp up defence spending, which will require a significant increase in borrowing (bond issuance). In contrast, returns for US Treasuries were positive. They rallied towards the end of the quarter, as concerns about tariffs hurt confidence and the US economy showed signs of slowing.

The bond portfolio fell by 1.36% during the quarter, level with its benchmark. Positive contributors to relative performance included: long euro duration positions in both January and March; and overweight positions in non-benchmark government, government agency and corporate bonds. These were offset by curve positions in the US and the Eurozone, which detracted from performance.

POSITIONING

In the **equity portfolio** we sold out of UPS Inc. and Fortune Brands Innovations Inc. The proceeds of these sales were used to fund a new position in Cencora Inc., a US medical supply company. We also reduced the Alphabet Inc. weighting in the Fund and added to Merck & Co. Inc. The purpose of these actions was to add some more defensiveness to the strategy.

With regard to the **bond portfolio**, in mid-March we reduced credit risk in the Fund ahead of US President Trump’s tariff announcements on 2nd April (“Liberation Day”). We cut overweight/long duration positions in Spain, Italy and Chile. At the same time, we increased our weightings in higher-quality German Bunds and US Treasuries. We still retain overweight positions in higher beta government, government agency, supranational and short-dated corporate bonds. However, we are comfortable with their credit quality and holding them through the current volatility.

Regarding interest rate strategy, the Fund moved to a long duration position in mid-March. This was accomplished by purchasing long dated German Bunds after they sold off following Germany’s plans to increase defence and infrastructure investment. We thought the sell-off had gone too far, and moving the Fund to long duration ahead of “Liberation Day” made sense.

We think the current period of tariff uncertainty is unlikely to be resolved soon, and risk assets and credit may remain under pressure. Depending on how events unfold, this may present an opportunity to add credit exposure back to the Fund, but we will need to be patient. We are monitoring the situation carefully and stand ready to adjust Fund positioning if we think it is merited.

CALENDAR YEAR PERFORMANCE (%)

	2024	2023	2022	2021	2020
IQ EQ ESG Multi-Asset Fund A Distributing (Eur)*	**11.9%**	**7.0%**	**-10.2%**	**20.6%**	**5.2%**
MSCI World Index (Eur)	**26.6%**	**19.6%**	**-12.8%**	**31.1%**	**6.3%**
JP Morgan Global Bond Index (Eur)	**-0.2%**	**3.5%**	**-14.0%**	**-3.1%**	**4.9%**
Alphabet Inc.	36.0%	58.3%	-39.1%	65.3%	30.9%
Cencora Inc.	10.4%	25.3%	26.3%	38.0%	17.0%
Deutsche Boerse AG	21.8%	18.1%	11.9%	7.9%	1.3%
Fortune Brands Innovations Inc.	-9.1%	35.2%	-36.5%	26.0%	33.0%
Iberdrola SA	17.4%	13.6%	9.8%	-7.5%	32.7%
Lululemon Athletica Inc.	-25.2%	59.6%	-18.2%	12.5%	50.2%
Merck & Co. Inc.	-6.3%	1.0%	49.4%	1.8%	-7.2%
Microsoft Corp.	12.9%	58.2%	-28.0%	52.5%	42.5%
Oracle Corp.	60.0%	30.9%	-4.6%	36.9%	24.2%
Prudential Financial Inc.	-26.5%	-20.1%	-10.4%	-4.3%	-4.9%
Siemens AG	14.1%	34.9%	-12.6%	33.3%	15.4%
Taiwan Semiconductor Manufacturing Company Ltd.	92.6%	42.3%	-36.8%	12.1%	92.7%
United Parcel Service Inc.	-16.0%	-5.9%	-16.3%	30.0%	48.7%
Vinci SA	-8.7%	26.5%	3.9%	17.7%	-16.6%

Source: IQ EQ Fund Management (Ireland) Limited, Northern Trust, and Bloomberg as at 31 March 2025. 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, 5th 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.

 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.

IQ EQ Fund Management (Ireland) Limited

Quarter 1, 2025

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