Davy Funds Plc
IQ EQ ESG Multi-Asset Fund

CLASS A Distributing Units
INVESTMENT OBJECTIVE

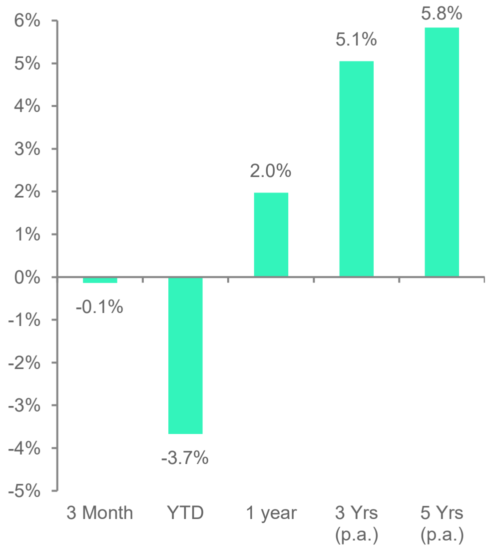
The primary investment objective of the IQ EQ ESG Multi-Asset Fund ('the Fund') is to seek, over time, to achieve capital appreciation in real terms. The Fund may, as a secondary objective, also seek to generate a moderate level of income, from year to year, consistent with the growth objective.

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.

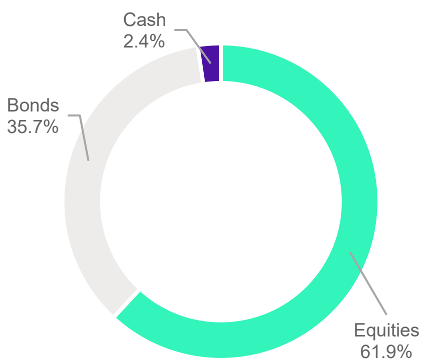
NOTE: All information below is provided as at 30.06.2025

INVESTMENT PERFORMANCE



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

ASSET ALLOCATION (% Fund)



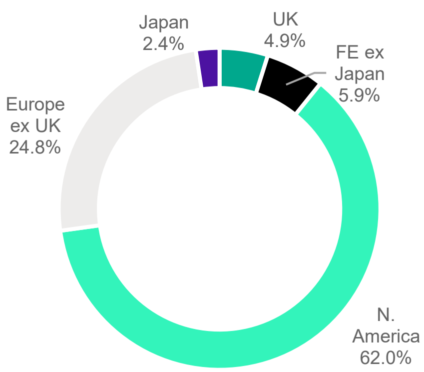
TOP 10 HOLDINGS (%)

10 Largest Equity Holdings (% of Total Fund)

Stock	Country	Weight
Microsoft Corp	USA	5.5%
Alphabet Inc	USA	3.5%
Oracle Corp	USA	3.2%
TSMC Ltd.	Taiwan	2.5%
SAP SE	Germany	2.2%
Visa Inc.	USA	2.0%
Iberdrola SA	Spain	1.9%
Siemens AG	Germany	1.8%
TJX Companies Inc.	USA	1.7%
Vinci SA	France	1.7%
Total		**26.0%**

GEOGRAPHIC ALLOCATION (%)

Portfolio Geographic Allocation (% Equity)



IQ EQ Fund Management (Ireland) Limited

Quarter 2, 2025

ABOUT THE FUND

Base Currency:
Euro

Fund Size (EUR):
19.21m

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 Q2 2025

MARKET COMMENT

Equity market volatility spiked during the second quarter following the announcement of wide-ranging “reciprocal tariffs” by President Trump on 2nd April. Within days the MSCI World Index (net) had fallen by as much as 11% in euro terms. A succession of row-backs by the Trump administration, combined with ongoing trade discussions with countries such as China, resulted in a recovery in equity markets by mid-May. There was a brief scare late in the quarter following an attack by Israel and the US on Iranian nuclear facilities. However, by quarter-end that conflict had de-escalated.

Global equities ended the quarter up by 2.6% in euro terms, taking the year-to-date return to -3.4%. Euro-based global equity investors faced the headwind of a weaker dollar during the quarter, which restricted returns relative to their US counterparts by 9% as the dollar weakened from $1.08 to the euro at the start of the quarter to $1.17 by quarter end.

There was a relatively wide dispersion of returns among the global sectors during the quarter, with performances contrasting sharply with those of the first quarter. The Information Technology sector was the best performer, adding 13.4% and recovering much of the first-quarter losses. Nvidia, Microsoft and Broadcom were the prime drivers of the sector. The Communications Services sector also performed strongly, driven higher by Meta and Netflix.

Healthcare and Energy were the worst-performing sectors during the quarter. The former was negatively affected by plans from the Trump administration to limit the prices of drugs to the lowest prices available. The Energy sector slump followed the generally weaker oil price, which, in turn, reflected economic growth concerns following the April tariff announcements.

FUND PERFORMANCE

The **IQ EQ ESG Multi-Asset Fund** returned -0.14% in Q2, net of management fees, in euro terms. Equities within the portfolio returned 2.69% (gross of management fees) for the quarter, while the bond component contributed -4.30% (gross of management fees). At the end of the period, the asset breakdown was: 61.89% high-quality Equities; 35.75% Bonds, and 2.36% Cash.

Within the equity portfolio:

The equity component of the strategy, which accounts for ca. 62% of the strategy, returned 2.69% gross in the quarter, outperforming the MSCI World Index return of 2.58%. The equity relative performance was driven by Currency and Asset Allocation which more than offset weakness in Stock Selection. The positive impact from Currency was mainly driven by the underweight position in dollars held in the strategy, as the US dollar weakened from 1.08 to 1.17 against the euro. Asset Allocation also had a positive impact on returns. The strategy benefited most by having no positions in either the Energy or Real Estate sectors which underperformed. Being overweight the worst performing Healthcare sector and underweight the Communication Services sector which outperformed took partially from Asset Allocation. The drag from Stock Selection was most pronounced within the Industrials (Waste Management, Siemens) and Consumer Discretionary (Tractor Supply, TJX Companies) sectors. Strong Stock Selection within Technology (Oracle, TSMC) and Healthcare (IDEXX, Cencora) was not enough to offset overall weakness. The equity strategy was also impacted by the outperformance of the “Magnificent 7” – some of which we do not own for ethical or ESG reasons – with Nvidia and Tesla impacting most.

The **top five equity contributors** to relative performance during the quarter were: Oracle Corp., Microsoft Corp., Vinci SA, Iberdrola SA, and Taiwan Semiconductor Manufacturing Co. Ltd.

The **bottom five equity detractors** from relative performance during the quarter were: Merck & Co. Inc., Thermo Fisher Scientific Inc., Tractor Supply Co., PepsiCo Inc., and Waste Management Inc.

Oracle Corp. (“Oracle”), the US software giant, was the top contributor to performance in Q2 2025, up 44.4%. The shares had underperformed in Q1 as Chinese newcomer DeepSeek had cast doubt over AI spending. Oracle had also posted a lacklustre set of results in March. The market was also concerned that AI and datacentre demand may slow after Microsoft spoke of cutting datacentre capacity and not renewing leases. However, strong outlooks for AI, datacentres and cloud infrastructure from Microsoft, SAP and ServiceNow at the time of their results during Q2 underpinned a positive price reaction. Management also remains confident that the recent surge in bookings will boost revenue growth over the next few years. 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 (Oracle co-founder and currently Chief Technology Officer and Executive Chairman) 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.

Merck & Co. Inc. (“Merck”), the US healthcare name was the main detractor from performance, as the price declined by 18%. Merck is best known for its cancer drug Keytruda, diabetes drugs Januvia and Janumet, and its HPV vaccine Gardasil. However, sentiment towards the stock is poor at present due to pressure from the Trump administration on drug prices, vaccine use, tariffs, and Gardasil uncertainty. The weakness in Gardasil sales in China relates to excess inventories and weak discretionary spend. Q1 results in April beat expectations and management outlined tariff-mitigating strategies which included inventory build, and $9bn of investment to support US manufacturing and supply chain optimisation. Current guidance includes a €200m impact from existing tariffs (China, Canada and Mexico. We believe the company’s drug pipeline, or an acquisition, will be the key catalyst for share price appreciation as Merck tries to grow through the Keytruda patent expiry in 2028. Valuation remains attractive with a positive risk/reward. Merck continues to lead its peers in initiatives to improve access to healthcare, particularly in developing countries where it has pricing policies based on affordability for 40 products in over 120 countries. Merck also leads peers in talent management through engagement surveys and is recognised as an employer of choice. Product liability remains the major ESG risk for the sector.

Within the bond portfolio:

The bond portfolio returned -4.30% (gross) for the second quarter, underperforming its benchmark which returned -4.23%. Overweight positions in government agency and corporate bonds made positive contributions to relative performance. In addition, a long duration position in European Government Bonds, initiated after the sell-off in March, also outperformed. However, these were more than offset by curve positioning in US Treasuries and Japanese Government Bonds which underperformed.

The performance of global Developed Market bonds was quite mixed across geographies in the second quarter. European government bonds performed strongly. They bounced back after a sell-off in March (triggered by the prospect of increased bond issuance by NATO countries to fund defence spending) was overdone. However, long-dated US and Japanese government bonds struggled, as the market worried about having to digest larger net issuance from them over the coming quarters. The JP Morgan Global Bond Index (unhedged in euros) returned -4.23% for the period, with weakness in the US dollar also detracting from returns.

POSITIONING

There were no significant transactions in the **equity portfolio** during the quarter.

With regard to the **bond portfolio**, we think global yield levels are currently close to fair value given the prevailing macro environment and current level of geopolitical uncertainty. Therefore, the Fund is currently positioned neutral duration relative to its benchmark. We think the macro economy continues to show resilience and therefore the Fund remains overweight government agency, supranational and corporate bonds, which give a pick-up in yield relative to those in its benchmark. However, we remain cognisant that there are many risks to this view and stand ready to adjust Fund positioning if we think it is merited.

IQ EQ Fund Management (Ireland) Limited

Quarter 2, 2025

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Our *Summary of Investor Rights* can be found at https://iqeq.com/wp-content/uploads/2024/12/November-2024-Update-IQ-EQ-Summary-of-Investor-Rights.pdf

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%
Iberdrola S.A.	17.4%	13.6%	9.8%	-7.5%	32.7%
IDEXX Laboratories Inc.	-25.5%	36.1%	-38.0%	31.7%	91.4%
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%
PepsiCo Inc.	-7.6%	-3.3%	6.8%	20.5%	11.7%
SAP SE	71.5%	47.2%	-20.7%	18.4%	-9.6%
Siemens AG	14.1%	34.9%	-12.6%	33.3%	15.4%
Taiwan Semiconductor Manufacturing Co. Ltd.	92.6%	42.3%	-36.8%	12.1%	92.7%
Thermo Fisher Scientific Inc.	-1.7%	-3.4%	-17.3%	43.5%	43.7%
TJX Companies Inc.	30.6%	19.7%	6.7%	12.8%	12.2%
Tractor Supply Co.	25.4%	-2.6%	-4.0%	71.6%	52.3%
Vinci S.A.	-8.7%	26.5%	3.9%	17.7%	-16.6%
Waste Management Inc.	14.3%	16.2%	-4.5%	43.8%	5.5%

Source: IQ EQ Fund Management (Ireland) Limited, Northern Trust, and Bloomberg as at 30 June 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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