

# IQ EQ Global Focus Fund

For Investment Professionals Only

| Performance                                           | 1 month (%) | Q3 2025 (%) | 1 year (%) | 3 years p.a. (%) | 5 years p.a. (%) |
|-------------------------------------------------------|-------------|-------------|------------|------------------|------------------|
| IQ EQ Global Focus Fund <sup>1</sup><br>(net of fees) | 1.47        | 3.84        | -0.80      | 7.63             | 6.24             |
| MSCI World Index <sup>2</sup>                         | 2.82        | 7.17        | 11.37      | 16.44            | 14.37            |

Source: IQ EQ Fund Management (Ireland) Limited (IQ EQ Global Focus Fund Class A Acc EUR) as at 30 September 2025

<sup>1</sup> 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.

<sup>2</sup>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.

rose by 7.17%. The move took the year-to-date return to 3.49%.

The Q2 earnings reporting season, which got underway in July, produced some impressive returns from companies associated with the development and implementation of Artificial Intelligence (“AI”), regardless of the large amounts of money that the companies are investing in this area. Companies such as Microsoft and Meta exceeded investor expectations during the quarter and announced significant increases in investment spending to capitalise on AI opportunities. In the Communications Services sector, Google parent Alphabet was responsible for the entire performance of that sector as the shares rose by over 40% during the period. Half of that move was attributed to a court decision which ruled that the company does not have to sell its Chrome web browser.

The Consumer Staples sector, which includes food, beverage and household goods makers, was the

## Market comment

Equity markets continued to rally through the third quarter, recovering from the lows made in April following the US administration’s “reciprocal tariffs” announcement. Progress was relatively steady and driven by the US market, which made new all-time highs in the quarter. After a torrid Q1, large-cap technology shares recovered through to Q3 driving the main indices higher – the so-called “Magnificent 7” were responsible for 52% of the total return of the MSCI World Index (net), which

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IQ EQ Fund Management (Ireland) Limited is an active fund manager.

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only sector to register a negative return during the quarter. The sector has been out of favour in recent years as investors have sought growth from sectors such as Information Technology and Consumer Discretionary, and as raw materials inflation has eroded margins.

## Fund Performance

The **IQ EQ Global Focus Fund** returned 3.84% in the quarter, compared with the MSCI World Index which rose by 7.17%. The equity portfolio returned 4% during the quarter, while the bond portfolio returned 1.9%. Within the equity book, Alphabet and TSMC were the best performers, while the biggest detractors from performance were Intuitive Surgical and Nestlé. Underweight positions in Consumer Staples and Financials contributed positively to Sector Selection within the equity book. However, this was outweighed by an underweight in Information Technology and an overweight in the Industrials sector. The Foreign Currency effect was minor as the main currency pairs were broadly unchanged during the period.

**The top five equity contributors** to relative performance during the quarter were: Alphabet Inc., Taiwan Semiconductor Manufacturing Co. Ltd., Cummins Inc., Allegion plc, and Gentex Corp.

**The bottom five equity detractors** from relative performance during the quarter were: Intuitive Surgical Inc., Nestlé S.A., Pandora A/S, CTS Eventim AG & Co. KGaA, and Rational AG.

**Alphabet Inc. ("Alphabet")** is composed of Google and a collection of subsidiaries, through which it 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. The company's latest earnings report was supportive of EPS growth, as Search, Cloud Services and YouTube revenues all beat forecasts. As a result, investor concern about the costs of Alphabet's AI infrastructure build-out have dissipated to a degree. The next major question to

be answered was the outcome of the UK government's case against the company's monopolistic position in Search. The company will now not need to sell its Chrome browser, as feared, and this outcome has provided a tailwind for the stock.

**Taiwan Semiconductor Manufacturing Co. Ltd. ("TSMC")** was a leading contributor to performance during the third quarter. The company's recent earnings reports have generally surprised investors positively, showing continued momentum, particularly in the AI and High-Powered Computing ("HPC") divisions. TSMC leads the world in the production of the high-powered chips that are required for the deployment of AI systems. Revenue and margin guidance has exceeded expectations, confirming that TSMC is in a very strong position to benefit from the global demand for AI semiconductors. Despite some concerns about tariffs and restrictions on the sale of semiconductors to China in recent months, the company confirmed that its investment plans were unchanged. TSMC is a high-quality company with excellent sustainability credentials, operating with an exceptionally strong competitive moat. That strength allows the company to pay out 70% of free cash flow to investors in dividends every year.

**Intuitive Surgical Inc. ("ISRG")** designs and manufactures advanced robotic surgical systems. Its Da Vinci platform, designed for single-incision surgery, is the global market leader. Patients experience smaller surgical incisions, and shorter hospital stays and recovery times, creating a compelling argument for hospitals, insurers, and surgeons. Importantly, ISRG addresses a large under-penetrated market as most surgeries are still carried out manually. The company reported strong revenue and earnings growth of 20% and 23% respectively in the second quarter of 2025. Balance sheet strength was underlined by a strong cash position of \$9.5bn at quarter end. However, the stock weakened at the results announcement on concerns about the potential impact of tariffs. At the results announcement, the company outlined that a tariff of 30% applied to imports to the US from China and a tariff of 10% on exports to China. Management also expects the impact from tariffs to increase over the next two quarters as the effects feed through.

**Nestlé S.A. (“Nestlé”)** 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 & liquid beverages (26% revenues), nutrition & health science (17%), pet care (21%), milk products & ice cream (11%), prepared dishes & cooking aids (12%), confectionery (9%), and waters (3%). Nestlé is a quality stock with a history of value creation and strong cash flow dynamics. However, its shares have experienced an extended period of underperformance, driven by higher commodity prices impacting margins and general customer resistance to higher prices. After having risen strongly since the start of the year, the shares fell by 9% in July following the release of the company’s Q2 earnings which indicated margin pressures due to higher input costs. However, the shares had started to recover in August on relatively upbeat forecasts from the company when Nestlé announced that its CEO, Laurent Freixe (appointed in September 2024), would be departing due to a workplace relationship with a subordinate, buffeting the shares into the end of the quarter.

## Sample portfolio transactions

We sold our holdings in Intuitive Surgical Inc. and Garmin Ltd., and invested in Vinci S.A. and Waste Management Inc.

## Calendar year performance

| Fund / Index / Holdings                            | 2024<br>(%) | 2023<br>(%) | 2022<br>(%)  | 2021<br>(%) | 2020<br>(%) |
|----------------------------------------------------|-------------|-------------|--------------|-------------|-------------|
| <b>IQ EQ Global Focus Fund (net of fees) (EUR)</b> | <b>16.2</b> | <b>14.6</b> | <b>-18.0</b> | <b>23.5</b> | <b>11.6</b> |
| <b>MSCI World Index (EUR)</b>                      | <b>26.6</b> | <b>19.6</b> | <b>-12.8</b> | <b>31.1</b> | <b>6.3</b>  |
| Allegion plc                                       | 4.7         | 22.3        | -19.2        | 15.0        | -5.4        |
| Alphabet Inc.                                      | 36.0        | 58.3        | -39.1        | 65.3        | 30.9        |
| CTS Eventim AG & Co. KGaA                          | 32.8        | 6.9         | -7.4         | 18.3        | -2.9        |
| Cummins Inc.                                       | 48.9        | 1.7         | 14.1         | -1.7        | 30.5        |
| Garmin Ltd.                                        | 63.3        | 43.1        | -30.2        | 15.9        | 25.8        |
| Intuitive Surgical Inc.                            | 54.7        | 27.1        | -26.1        | 31.8        | 38.4        |
| Nestlé S.A.                                        | -20.8       | -6.6        | -14.0        | 25.4        | 2.1         |
| Pandora A/S                                        | 43.3        | 96.4        | -38.5        | 22.0        | 145.0       |
| Rational AG                                        | 19.8        | 28.7        | -37.2        | 19.0        | 7.4         |
| Taiwan Semiconductor Manufacturing Co. Ltd         | 92.6        | 42.3        | -36.8        | 12.1        | 92.7        |
| 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 (IQ EQ Global Focus Fund Class A Acc EUR) and Bloomberg as at 30 September 2025. 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.**

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[www.iqeq.com/davy-funds-plc](http://www.iqeq.com/davy-funds-plc)

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

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## About us\*

We are IQ-EQ, a leading investor services group employing over 5,900 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 September 2025

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