Q3 2025 Update

# IQ EQ Strategic: Global Quality Equity Fund

## For Investment Professionals Only

| Performance | 1 month (%) | Q3 2025 (%) | 1 year (%) | 3 years p.a. (%) | 5 years p.a. (%) |
|---|---|---|---|---|---|
| IQ EQ Strategic: Global Quality Equity Fund[1] (net of fees) | 2.30 | 4.69 | 3.44 | 13.69 | 11.56 |
| MSCI World Index[2] | 2.82 | 7.17 | 11.37 | 16.44 | 14.37 |

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

[1]Investment Management of the IQ EQ Strategic Global Equity Fund was assumed by Davy Asset Management in 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.
[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 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.

## 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 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 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 Strategic: Global Quality Equity Fund** returned 4.69% in the quarter, while the MSCI World Index returned 7.17%. Stock Selection contributed negatively to relative performance, while Asset Allocation contributed positively, and Currency Effects had negligible impact. The negative contribution from Stock Selection was due to the poor performance of stocks held, such as Visa Inc. and Intuit Inc., as well as the positive performance of stocks not held by the Fund, such as Tesla Inc. The strongest performer for the Fund during the period was Alphabet Inc. The positive Asset Allocation outturn was driven primarily by sector overweight positioning in Information Technology, whereas the Fund's overweight position in Healthcare was the largest detractor from performance.

The ***top five contributors*** to relative performance during the quarter were: Alphabet Inc., Apple Inc., Nvidia Corp., Broadcom Inc., and ASML Holding NV.

The ***bottom five detractors*** from relative performance during the quarter were: Novo Nordisk A/S, Intuit Inc., Factset Research Systems Inc., Fortinet Inc., and Capcom Co. Ltd.

**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 that was answered was the outcome of the US 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.

**Apple Inc. ("Apple")** designs, manufactures, and markets a variety of smartphones, personal computers, tablets, wearables and accessories, while also offering payment, digital content, cloud and advertising services. The company holds a BBB ESG rating from MSCI, reflecting, in particular, the strength of its data security but also concerns over exploitation of vulnerable demographics in its outsourced Chinese supply chains. The latest earning results were surprisingly strong, with significant acceleration in revenue growth for both iPhone and Mac computer. Services growth was also impressive. Investors still await the roll-out of a more personalized Siri and other AI features which could lead to a new upgrade cycle. Apple has also mitigated risks related to US tariffs with large funding commitments to the American Manufacturing Program which will help fund a major expansion of US-centric investments, including its long-standing partnership with Corning Inc.

**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 which are driven by the increased consumption of high-fat foods and the sedentary nature of many forms of work. The company holds an A ESG rating from MSCI, a two-notch downgrade in July 2025, reflecting peer-lagging business ethics and lawsuits surrounding failures to warn of side effects from using Ozempic. Novo Nordisk's growth is largely underpinned by its GLP-1 drugs for diabetes and obesity. With competition increasing, the company revised its FY 2025 guidance downwards due to weaker-than-expected growth in its key obesity and diabetes drugs in the U.S. market. A new CEO, Mike Doustdar, has now taken over, a long-standing Novo Nordisk senior leader with a strong commercial track record. FY 2025 growth should still reach low double-digits, and 2026 will see the introduction of an oral GLP-1 solution, among other growth drivers.

**Intuit Inc. ("Intuit")** develops and markets business and financial management software solutions for small and medium sized businesses, financial institutions, consumers, and accounting professionals. The company, which serves customers worldwide, provides business management and payroll processing, personal finance, and tax preparation and filing software solutions. Intuit holds a AAA rating from MSCI ESG, reflecting its peer-leading corporate governance and client data privacy practices. The company reported quarterly results that were largely above expectations, except for its MailChimp product. FY 2025 guidance was mostly in line, with a more positive in-line picture compared to Desktop. However, this disappointed the market which saw the guidance as cautious. Overall, Intuit continues its pattern of consistent execution and innovation in the small-business and consumer software markets, with AI-fuelled innovation continuing, including further agentic AI products (i.e. autonomous AI systems) yet to be launched.

## Sample portfolio transactions

We added Argenx SE and Kongsberg Gruppen ASA to the portfolio, and disinvested from Hologic Inc. and UnitedHealth Group Inc.

## Calendar year performance

| Fund / Index / Stocks | 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 |
| Argenx SE | 74.7 | -1.4 | 10.5 | 30.3 | 68.5 |
| ASML Holding NV | 0.4 | 36.7 | -27.8 | 7837 | 52.1 |
| Broadcom Inc. | 110.4 | 104.2 | -13.3 | 56.4 | 44.9 |
| Capcom Co. Ltd. | 54.5 | 9.7 | 57.8 | -18.2 | 123.6 |
| Factset Research Systems Inc. | 1.6 | 20.0 | -16.8 | 47.5 | 25.1 |
| Fortinet Inc. | 61.4 | 19.7 | -32.0 | 142.0 | 39.1 |
| Hologic Inc. | 0.9 | -4.5 | -2.3 | 5.1 | 39.5 |
| Intuit Inc. | 1.2 | 61.7 | -39.1 | 70.3 | 46.1 |
| Kongsberg Gruppen ASA | 179.2 | 14.8 | 52.3 | 68.5 | 38.7 |
| 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 |
| UnitedHealth Group Inc. | -2.4 | 0.8 | 6.9 | 45.2 | 21.2 |

Source: IQ EQ Fund Management (Ireland) Limited (IQ EQ Strategic: Global Quality Equity 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.**

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

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The IQ EQ Strategic: Global Quality Equity Fund (formerly the Davy Strategic: Global Quality Equity Fund – name change effective from 1 May 2024) 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 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 Docklands, Dublin 2, D02 C9D0, Ireland or https://www.iqeq.com/davy-funds-plc/. 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.

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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 5,900 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.

IQ EQ Fund Management (Ireland) Limited is regulated by the Central Bank of Ireland. Details about the extent of our authorisation and regulation by the Central Bank of Ireland are available from us upon request.

*Information correct as of September 2025



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