

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.

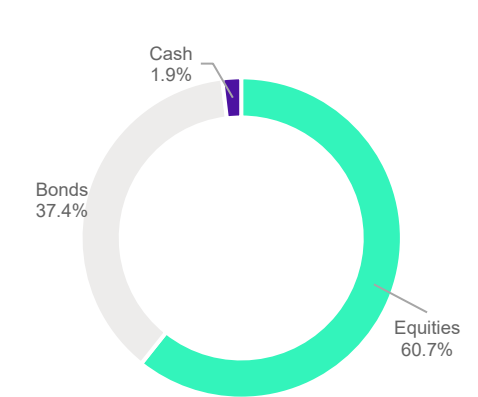
NOTE: All information below is provided as at 31.12.2025

INVESTMENT PERFORMANCE



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

ASSET ALLOCATION (% Fund)



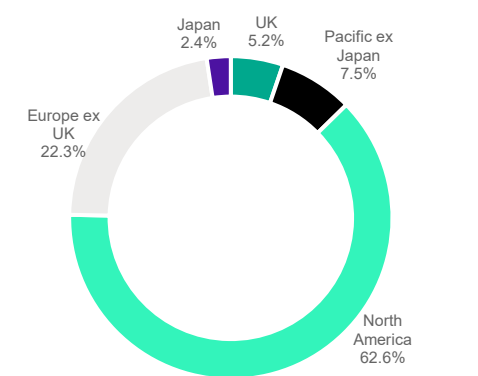
TOP 10 HOLDINGS (%)

10 Largest Equity Holdings (% of Total Fund)

Stock	Country	Weight
Alphabet Inc	USA	4.7%
Microsoft Corp	USA	4.6%
TSMC Ltd.	Taiwan	3.3%
Oracle Corp	USA	2.5%
Iberdrola SA	Spain	2.0%
TJX Cos Inc (The)	USA	1.9%
Siemens AG	Germany	1.9%
Visa Inc.	USA	1.8%
SAP SE	Germany	1.7%
VINCI SA	France	1.6%
Total		25.8%

GEOGRAPHIC ALLOCATION (%)

Portfolio Geographic Allocation (% Equity)



IQ EQ Fund Management (Ireland) Limited

Quarter 4, 2025

ABOUT THE FUND

Base Currency:

Euro

Fund Size (EUR):

19.94m

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

SFDR Classification

Article 8

Share Class

A

Ongoing Charges

1.03%

Structure:

UCITS*

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

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IQ EQ ESG Multi-Asset Fund Q4 2025

MARKET COMMENT

Equity markets rose by 3.2% during the fourth quarter as measured by the MSCI World Index (net), ending the period at the upper end of a 4% trading range and close to all-time highs. The index had reached those highs by the end of October and traded sideways for the rest of the quarter. A quarter percent cut in US interest rates in December – which was by no means a certainty earlier in the quarter – helped support equity markets. The gains took the full year 2025 return to 6.8% in euro terms.

October saw the start of the third-quarter earnings reporting season, which confirmed strong momentum in the earnings of technology-related companies. However, after a positive start to the quarter, the Technology sector faded towards the end of the year as investors reconsidered the Artificial Intelligence (“AI”) trade. Despite the pull-back, the sector retained its position as the largest contributor to equity returns in 2025, accounting for c.a.38% of the total global equity return.

Healthcare shares, which have underperformed the market in recent years, were the standout performers during the fourth quarter. The sector got a welcome boost early in October as Pfizer reached an agreement with the US government on drug pricing and tariffs. Investors, who were booking some profits on technology shares during November and December, were enticed by the relatively attractive valuations available in the Health Care sector.

The Real Estate sector was the only group with a negative return for the quarter. The sector has been out of favour in recent years due to persistently high interest rates in the US and oversupply in certain sub-sectors, such as Healthcare and Self-Storage.

The JP Morgan Global Bond Index (unhedged in euros) declined by 0.46% in the fourth quarter. It was a period marked by an unusually wide dispersion of returns across major Developed Market sovereign bonds. UK Gilts and Japanese Government Bonds (“JGBs”) stood at opposite ends of the return spectrum. UK Gilts delivered strong outperformance, as softer than expected inflation and employment data led markets to anticipate additional interest rate cuts from the Bank of England. In addition, investor sentiment was supported by a reasonably prudent budget and the UK Treasury’s decision to reduce long-dated issuance. In contrast, JGB’s came under pressure after the newly appointed Prime Minister, Sanae Takaichi, announced a larger-than-expected economic stimulus package, which will require increased government borrowing and therefore issuance of JGB’s.

FUND PERFORMANCE

The **IQ EQ ESG Multi-Asset Fund** returned 1.34% in Q4, net of management fees, in euro terms. Equities within the portfolio returned 2.85% (gross of management fees) for the quarter, while the bond component delivered a return of -0.37% (gross of management fees). At the end of the period, the asset breakdown was: 60.7% high-quality Equities; 37.4% Bonds, and 1.9% Cash.

Within the equity portfolio:

The equity component, which accounts for c.a. 61% of the strategy, returned +2.85% gross. This compares to the MSCI World Index return of +3.17%. The relative performance of the equity book was driven by negative stock selection, while sector allocation and currency were accretive to relative returns. Stock selection was particularly weak within the Information Technology sector. Oracle and SAP were the primary driver of this sectoral underperformance. Alphabet and Merck were the best performers within the equity book during the quarter."

The **top five equity contributors** to relative performance during the quarter were: Alphabet, Merck, Boliden, Iberdrola, Loblaw.

The **bottom five equity detractors** from relative performance during the quarter were: Oracle, Microsoft, SAP, Tractor Supply, Home Depot.

Alphabet Inc. (GOOGL) is composed of Google and a collection of subsidiaries through which it provides web-based search, advertisements, mapping, software applications, mobile operating systems, consumer content, enterprise solutions, commerce, and hardware products. The company performed strongly in Q4 after releasing earnings that showed broad-based strength in revenues across all divisions. Growth in its Search business was an impressive 14.5%. Investors noted that the company ascribed the acceleration in search to the adoption of AI – a development that investors had seen as a potential threat to GOOGL as competitors, such as Microsoft, closed the gap in search. According to the company, AI is driving more search activity as users input more complicated searches confident in the knowledge that Google’s AI systems can produce accurate results. Alphabet followed that performance with strong reviews of its latest version of Gemini, the company’s AI model.

Oracle (ORCL) supplies enterprises with hardware, software and services to run their businesses effectively. The company’s products include databases, applications and cloud-based services. After much recent investment in cloud computing, this area now accounts for 85% of ORCL’s sales, while hardware is just 5%. In late-June the company issued its fiscal year 2025 annual results, which impressed investors. Moreover, the company issued forecast for strong growth in cloud and AI-related products and services. Looking ahead to fiscal year 2026, the company guided for revenue growth of 40% in cloud services, following on from 24% in fiscal 2025. This was followed up in August by an earnings report that forecast much higher than expected revenues from AI businesses, which sent the shares significantly higher. There is currently some scepticism about the company’s partnership with OpenAI and the funding requirement for the rollout of datacentres, which will be fitted out by Oracle and used by OpenAI. This, combined with profit taking, caused a fall in the shares in the fourth quarter, which erased the gains achieved in the third quarter.

Davy Funds Plc

IQ EQ ESG Multi-Asset Fund Q4 2025

Within the bond portfolio:

The bond portfolio was down 0.37% in the fourth quarter, outperforming its benchmark, the JP Morgan Global Bond Index (unhedged in euros), which declined by 0.46%.

The main positive contribution to performance came from sector allocation (overweight positions in government agencies and corporate bonds) and security selection. While curve positioning in the Eurozone and UK detracted from performance, this was offset by curve positioning in the US and Australia.

POSITIONING AND OUTLOOK

Looking ahead, the first couple of months in 2026 could be very important in setting the tone for the rest of the year. This period will include key data releases which may help ascertain the health of the US labour market. We will also learn whether the US government faces another shutdown on 31 January (not our base case), who will be appointed as the next Federal Reserve Chair, and the ruling of the US Supreme Court, which may overturn Trump's use of emergency powers (IEEPA) to impose tariffs.

Our base case remains that, despite weak hiring and considerable uncertainty for businesses amid policy changes from the US administration, the world's largest economy will avoid recession. We believe the US and global economy continue to be supported by: 'wealth effects' derived from strong financial market performance, the ongoing Artificial Intelligence capital expenditure boom, fiscal stimulus, and the lagged impact of recent interest rate cuts.

While we believe that equity markets can make further gains in 2026, we expect that equity market performance will be broader than it was in 2025, when 64% of the total MSCI World equity market return was delivered by just the top ten performers. Most of these stocks, such as Nvidia, Broadcom and Microsoft were regarded as winners in the development and deployment of Artificial Intelligence. Our equity portfolio is positioned to benefit from a broadening of market performance.

The bond portfolio's interest rate positioning (duration) remains neutral. Yields have been hovering at levels we broadly see as fair, given the current macro-economic backdrop. Regarding sector allocation, we continue to favour overweight positions in government agency, supranational, and corporate bonds.

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SFDR disclosures and fund documents can be found on our website at: www.iqeq.com/davy-funds-plc

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CALENDAR YEAR PERFORMANCE (%)

	2025	2024	2023	2022	2021
IQ EQ ESG Multi-Asset Fund A Distributing (Eur)*	1.85%	11.88%	6.99%	-10.22%	20.57%
MSCI World Index (Eur)	6.77%	26.6%	19.6%	-12.8%	31.1%
JP Morgan Unhedged Global Bond Index (Eur)	-6.05%	2.78%	0.50%	-11.79%	0.60%
Alphabet Inc.	66.0%	36.0%	58.3%	-39.1%	65.3%
Deutsche Boerse Group	2.0%	21.8%	18.1%	11.9%	7.9%
EssilorLuxottica S.A.	16.4%	32.3%	9.3%	-8.1%	47.9%
IDEXX Laboratories Inc.	63.6%	-25.5%	36.1%	-38.0%	31.7%
International Flavors & Fragrances Inc.	-18.4%	6.3%	-19.5%	-28.4%	41.5%
Oracle Corp.	18.2%	60.0%	30.9%	-4.6%	36.9%
SAP SE	-11.0%	71.5%	47.2%	-20.7%	18.4%
Taiwan Semiconductor Manufacturing Co. Ltd.	55.9%	92.6%	42.3%	-36.8%	12.1%
TE Connectivity plc	61.6%	3.5%	24.6%	-27.7%	35.1%
Thermo Fisher Scientific Inc.	11.8%	-1.7%	-3.4%	-17.3%	43.5%
TJX Companies Inc.	28.7%	30.6%	19.7%	6.7%	12.8%
Vinci S.A.	25.2%	-8.7%	26.5%	3.9%	17.7%
Visa Inc.	11.8%	22.3%	26.3%	-3.4%	-0.3%

Source: IQ EQ Fund Management (Ireland) Limited, Northern Trust, and Bloomberg as at 31 December 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.

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IQ EQ Fund Management (Ireland) Limited

Quarter 4, 2025

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