

## SHINING A LIGHT ON THE..... Davy Discovery Equity Fund

### AT A GLANCE

Investment Objective	
<p>The investment objective of the Fund is to provide long term capital growth primarily through investment in equity securities with geographical and sector diversification. There can be no assurance that the Fund will achieve its investment objective. The Fund intends to achieve its investment objective by primarily investing in a basket of 50-70 equity securities issued by medium sized companies listed or quoted throughout the world. The Investment Manager will seek to acquire an interest in companies that have established profitability early in their life cycle with the intention of retaining such holdings as each company grows its earnings (i.e. holding investment as companies grow profitability). The Fund will generally invest in companies with a market capitalisation of greater than €200 million and it may invest in smaller companies.</p>	

<b>Inception Date</b>	22 <sup>nd</sup> February 2011
<b>Fund Factsheet Link</b>	<a href="http://www.morningstar.co.uk/uk/funds/snapshot/snapshot.aspx?id=F00000VRLT">http://www.morningstar.co.uk/uk/funds/snapshot/snapshot.aspx?id=F00000VRLT</a>

Management	
Manager Name	Start Date
Chantal Brennan	1 <sup>st</sup> May 2015
Jeremy Humphries	16 <sup>th</sup> November 2015

### FUND PERFORMANCE

Performance from 1<sup>st</sup> January 2016 – 28<sup>th</sup> February 2021

	2016	2017	2018	2019	2020	2021
<b>Davy Discovery Equity Fund</b>	27.35%	18.77%	-9.72%	25.50%	16.09%	-1.14%
<b>FTSE World ex UK</b>	30.42%	13.45%	-2.68%	23.10%	14.15%	-0.69%

Performance over 12 months, 3 years, and since launch:

	1 year	3 years	Since launch
<b>Davy Discovery Equity Fund</b>	24.10%	28.82%	149.71%
<b>FTSE World ex UK</b>	20.01%	36.31%	154.22%

*You should note that past performance is not a reliable indicator of future returns and the value of your investments can fall as well as rise. The total return reflects performance without sales charges or the effects of taxation, but is adjusted to reflect all on-going fund expenses and assumes reinvestment of dividends and capital gains. If adjusted for sales charges and the effects of taxation, the performance quoted would be reduced.*

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Tracking Error	Active Share	Upside Capture Ratio	Downside Capture Ratio	Batting Average	Beta	Alpha	Equity Style
5.23	-	110.12	114.66	58.33	1.04	-0.19	Growth/Mid

Volatility Measurements	
3-Yr Std Dev (volatility)	19.71%
3-Yr Mean Return (average)	8.81%

Investment Style Details	
Giant	0.00%
Large	22.47%
Medium	65.18%
Small	10.11%
Micro	0.00%

Top 5 Holdings – 48 Equity Holdings		
Teradyne Inc	Technology	3.53%
Capcom Co Ltd	Communication Services	3.49%
The Descartes Systems Group Inc	Technology	3.24%
Teleperformance SE	Industrials	3.17%
Xylem Inc	Industrials	3.10%

Top 5 Sectors	
Technology	30.46%
Industrials	18.02%
Healthcare	15.53%
Financial Services	10.88%
Communication Services	8.13%

Top 5 Regions	
United States	42.68%
Sweden	7.72%
Germany	7.38%
Japan	6.47%
United Kingdom	6.46%

### UPDATE....

This is a concentrated small and mid-cap strategy that focuses on quality, but not at any price. Quality considers profitability, greater stability, and capital management. They also overlay this with quantamental which combines the freedom of judgment of fundamental investing with the bias-free objectivity of quantitative modelling. Also embedded into the strategy is ESG.

We discussed the drawdown in 2020 and they explained they exited a couple of names but used it as an opportunity to add names too. Many of the themes they had exposure to were accelerated as part of COVID.

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ESG has always been at the heart of what they do, and engagement is fundamental as it provides a vital source of information and can be a catalyst for change within companies. Examples of engagement include Ansys and Sonic Healthcare. In both cases they raised issues on privacy and data security and in both cases the companies took action to make changes.

They see sustainable growth through the lens of S.T.E.P. Changes – this is social change, technological disruption, economies (next generation) and plant. Examples of holdings would be Garmin, Powercall and Universal Robots. These themes have all been accelerated through COVID.

For investors, they see that they get quality growth at a reasonable price, the benefit of smaller company investing and high environmental, social and governance awareness. This also has a high active share class of 97% so it will be very different to the index and other global funds.

In summary, there are many options to invest in global strategies. This does offer something different. With the focus on small / mid cap and the high active share class, it means that it is likely to have different names which means as a blend this could be an interesting strategy to consider. We would be happy to add this to a watch list and compare to other similar strategies.

*The source of information in this note has been provided by Davy and is correct as at March 2021. These are notes from meeting the fund manager or representative and should not be seen as a recommendation to purchase any fund mentioned. Any reference to shares is not a recommendation to buy or sell. Should you wish to make a decision based on these notes we cannot take responsibility for this and you should carry out your own research before making a decision. We would also recommend that you receive advice before following up on any decision.*