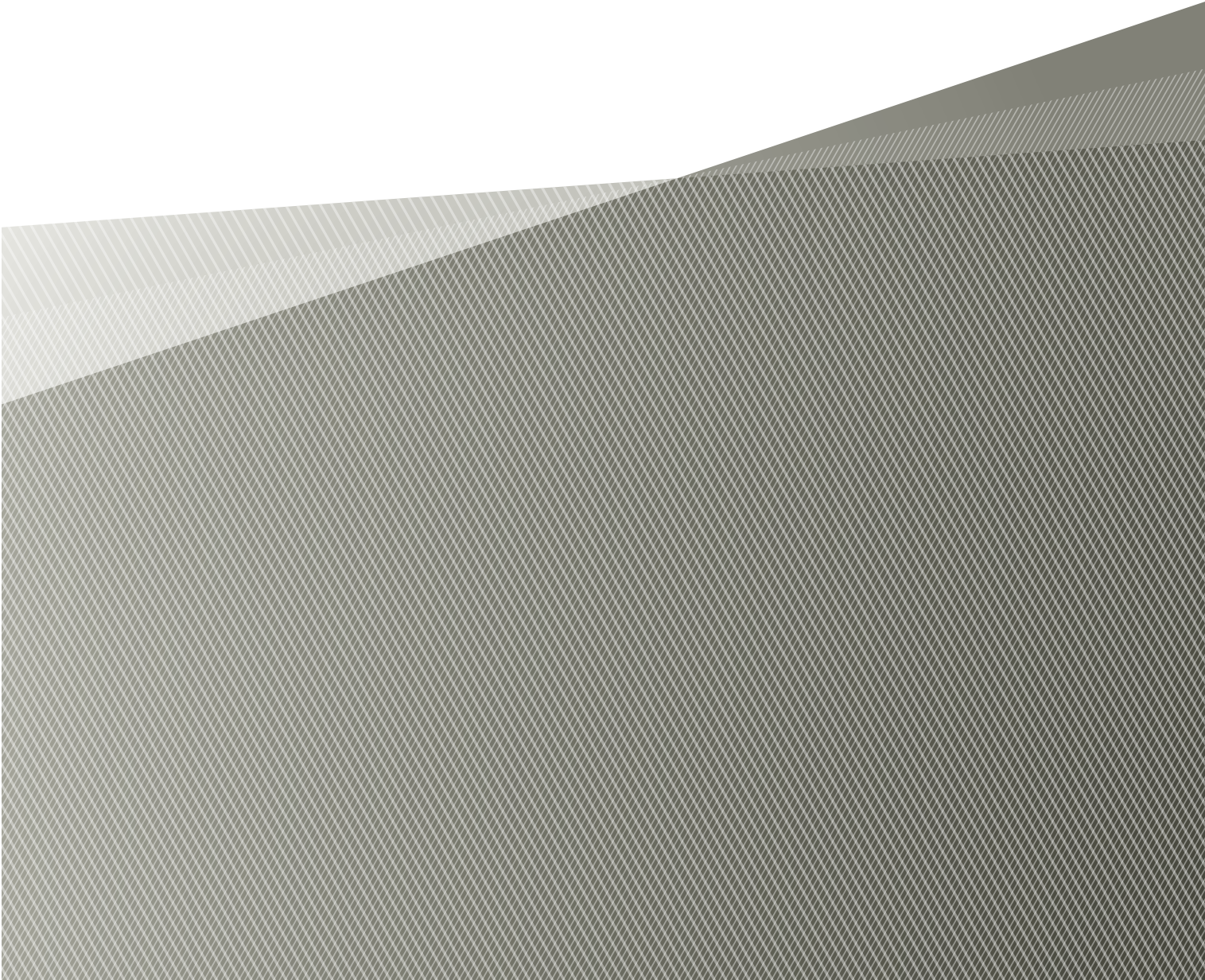




# Davy Exchange Traded Fund List



# Description

Exchange Traded Products (ETPs) is a term used to describe a specialised grouping of exchange traded investments that have a common structure. The term is used to categorise a grouping of Exchange Traded Funds (ETFs), Exchange Traded Commodities (ETCs), Exchange Traded Derivatives (ETDs), or Exchange Traded Notes (ETNs). We do not offer ETDs or ETNs at this time.

ETFs are regulated, open-ended investment funds that trade on a stock exchange, just like any other listed, tradable security. ETFs hold a portfolio of securities which aims to track and replicate the performance of a specific index.

ETFs combine many of the benefits of a unit trust with low costs and the tradability of a normal share. As a result, ETFs trade on exchanges in the same manner as shares and can be bought and sold during normal trading hours.

A wide range of asset classes are covered by ETFs. As well as providing investment exposure to global equity indices, such as the S&P500 or Emerging Markets, ETFs also provide exposure to bonds as well as an ever-increasing coverage of sectors, regions and currencies.

ETFs, like investment funds, incur a management fee, although the fees are typically lower than investment funds. They also have the added benefit of fully transparent, on-exchange price formation and ease of dealing.

ETFs are typically structured as Undertakings for Collective Investment in Transferable Securities (UCITS) and, therefore, are governed by the provisions of the UCITS III Directive.

An Exchange Traded Commodity (ETC) is an investment vehicle that tracks the performance of an underlying commodity or basket of commodities, such as Crude Oil or Gold. It is a variation on the ETF. Similar to ETFs and traded and settled exactly like normal shares, ETCs allow investors to gain exposure to commodities, on-exchange, during market hours.

Similar to shares, investing in ETFs or ETCs is not without risk. ETF and ETC prices can be volatile. The overall market may fall, or the ETFs or ETCs that you invest in may perform badly. The value of your investment may go down as well as up. Past performance is no indication of future performance. Investments denominated in a currency other than your base currency can be affected by exchange rate movements when converted back to the base currency.

Davy has selected one leading ETF and ETC provider for each asset class (see below). We can also offer access to the full suite of ETFs offered by each provider.

The ETF and ETC providers for the Davy platform were selected after reviewing the following criteria:

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**1 UCITS III compliant funds**

Only ETFs and ETCs that are structured UCITS<sup>1</sup> and, therefore, are governed by the provisions of the UCITS III Directive were selected.

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**2 Domicile**

Only ETFs and ETCs domiciled in Ireland, the OECD<sup>2</sup>, the EEA<sup>3</sup>, or DTA<sup>4</sup> jurisdictions (so called “good” jurisdictions) were selected for inclusion.

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**3 The total level of assets under management of each provider**

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**4 The diversity, liquidity and range of coverage across the following asset classes:**

- ▶ Equities
- ▶ Bonds
- ▶ Commodities
- ▶ Currencies
- ▶ Cash (Money Market)

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**5 Competitiveness of fees**

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Our selection criteria and list of providers will be kept under review. We reserve the right to change the providers at our discretion. Further information is available on request.

<sup>1</sup> UCITS: Undertakings for Collectives Investments in Transferable Securities

<sup>2</sup> OECD: Organisation for Economic Co-operation and Development (currently consists of 34 member countries)

<sup>3</sup> EEA: European Economic Area (25 European Member States plus Norway, Iceland and Liechtenstein)

<sup>4</sup> DTA: countries with which Ireland has a Double Taxation Agreement

A summary of the ETF and ETC providers selected by Davy is listed below:

## **Equities**

### *Lyxor Asset Management*

Lyxor Asset Management is a wholly-owned subsidiary of Société Générale, belonging to the Corporate and Investment banking arm of the group. Lyxor Asset Management offers one of the most diversified and liquid ranges of ETFs in the world. The company is one of the top players in the European ETF industry.

## **Bonds**

### *iShares*

iShares are a family of ETFs, managed by BlackRock, which is one of the world's largest global managers of ETFs. Each iShares Index Fund seeks to obtain returns on investments that generally correspond to the performance of a given index of reference.

## **Commodities**

### *Source*

Source is a specialist provider of Exchange Traded Products. Source's partners include Bank of America, Merrill Lynch, Credit Suisse, Goldman Sachs, J.P. Morgan, Morgan Stanley and Nomura. Source's open architecture, multi-partner platform aims to deliver enhanced liquidity, increased transparency, diminished counterparty risk and improved market performance.

Source Exchange Traded Commodities enable investors to gain exposure to commodities without needing to trade futures, take delivery of physical commodities or incur significant credit risk. Source Commodity ETCs are secured by US Treasury Bills and cash and are linked to the S&P GSCITM family of indices which include broad indices, sub-indices, individual commodity indices such as copper or corn as well as enhanced indices for certain commodities including crude oil.

## **Currency and Money Markets**

### *db X-trackers*

db X-trackers are ETFs offered by Deutsche Bank via its db X-trackers division, which is one of the top three ETF providers in Europe and amongst the top five globally.

All db X-trackers ETFs are UCITS III compliant funds domiciled in Luxembourg.

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*J&E Davy, trading as Davy, is regulated by the Central Bank of Ireland. Davy is a member of the Irish Stock Exchange, the London Stock Exchange and Euronext. For business in the UK, Davy is authorised by the Central Bank of Ireland and subject to limited regulation by the Financial Services Authority. Details about the extent of our regulation by the Financial Services Authority are available from us on request.*