

**Item 1: Cover Page**

**DAVY ASSET MANAGEMENT LTD.**

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Davy Asset Management Ltd. ("DAM") is an investment firm regulated by the Central Bank of Ireland under Regulation 11 (1) of the European Communities (Markets in Financial Instruments) Regulations 2007 and in the United States ("U.S.") the firm is an investment adviser registered with the United States Securities and Exchange Commission ("SEC"). Registration with the SEC does not imply a certain level of skill or training.

This brochure provides information about the qualifications and business practices of DAM. If you have any questions about the contents of this brochure, please contact us at 1-011-353-1-6143326. The information in this brochure has not been approved or verified by the SEC or by any state securities authority.

Additional information about DAM is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

This date of this brochure is March 31, 2014.

**Item 2: Material Changes**

Davy Asset Management Limited (DAM) was formerly Advance Investment Managers Limited.

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#### **Item 4: Advisory Business**

DAM (formerly Advance Investment Managers Limited) is a leading investment firm in Ireland, which manages assets on behalf of pension, charity, corporate, not-for-profit and private clients. J&E Davy ("Davy") acquired DAM in January 2014. DAM is wholly-owned by Green Bay Acquisitions Limited, which in turn is wholly owned by Davy.

For U.S. clients, DAM specializes in the management of global and international equity mandates, including global (world) and international (world excluding the U.S.) equity income and global and international equity socially responsible investing ("SRI"). SRI strategies are typically tailored to meet specific client restrictions, including the prohibition of specific securities. Non-SRI portfolios can also be customized to meet specific client requirements, including restrictions on investing in a specific stock, country or region.

All global and international equity portfolios are managed on a long only basis, with no shorting of securities allowed. Portfolios are typically comprised of 50 to 70 large capitalization, income/dividend focused securities.

DAM additionally provides a range of investment services to its non-U.S. clients, including balanced assets, regional equity, fixed income, forestry, real estate and cash mandates.

As of December 31, 2014, total assets under management for DAM were as follows:

Discretionary:	\$4,033,970,000
Non-Discretionary:	\$115,870,000

Please note that DAM does not participate in any wrap fee programs.

## **Item 5: Fees and Compensation**

DAM employs the following flat investment management fee structure for all U.S. client accounts:

Investment management fee per account: 0.75% of the value of the account

Investment management fees are negotiable in some cases. Fees are billed and payable quarterly in arrears or as otherwise agreed in the investment management contract. The value of the account is calculated as of the last business day of each calendar quarter and adjusted for time weighting of cash flows in excess of \$15,000. Investment management contracts are terminable upon 30 days prior written notice. Upon termination, a client will receive a pro rata invoice for management fees outstanding from the beginning of the billing period up to the date of termination. The client is independently responsible for contracting a custodian to maintain custody of the client's funds and for the costs related to that relationship. The client will also incur brokerage commissions and other transaction costs as part of regular portfolio trading, where commissions and costs are separate from DAM's investment management fee. Brokerage practices are discussed in Item 12 of this brochure.

**Item 6: Performance-Based Fees and Side-By-Side Management**

Not applicable.

**Item 7: Types of Clients**

DAM offers discretionary investment management services to the following types of clients:

- Corporates
- Corporate Pension Plans
- Public Pension Plans
- Charitable Organizations
- Investment Managers and Financial Intermediaries
- High Net Worth Individuals
- Family Offices
- Taft-Hartley Plans
- Endowments and Foundations
- Faith-based Investors
- Insurance Companies

DAM offers separate account services. The minimum account size for a separate account for a U.S. client is approximately \$10 million.

## **Item 8: Methods of Analysis, Investment Strategies and Risk of Loss**

### **DAM's Organization and Structure:**

DAM focuses on two areas, Asset Management and Relationship Management. This segregation allows each Asset Manager to concentrate on his or her assigned product or market sector, as appropriate. Examples of products include global equity income, global equities, mid cap equities and international fixed interest. Examples of market sectors include International Fixed Interest, U.K. Equities, U.S. Equities, Irish/Continental European Equities, Far Eastern Equities and Currencies. Each Relationship Manager is responsible for identifying and attending to the individual needs of his or her assigned client portfolios. Asset Managers and Relationship Managers communicate regularly to ensure that optimal investment strategies are used for each client's portfolio. DAM notes that investing in securities involves risk of loss that clients should be prepared to bear.

### **Investment Policy Determination:**

For U.S. clients, DAM specializes primarily in the management of global and international equity mandates, including global and international equity income and global and international equity SRI accounts on a separate basis. The geographic and sector allocation of a portfolio is reviewed on an on-going basis by the Chief Investment Officer, the portfolio manager, risk analyst and the client relationship personnel to ensure that the portfolio style is consistent with the client mandate and the investment views of the equity team.

The Investment Committee takes into account all of DAM's evolving views on economies and markets in light of prevailing circumstances in deciding on appropriate geographic and sector changes. These decisions are then communicated to the Portfolio Managers, who implement the decisions after consultation, when necessary, with Relationship Managers to ensure changes are consistent with client mandates.

### **Securities Selection:**

The Portfolio Managers have discretion over, and are responsible for, the acquisition and disposal of individual securities in a portfolio.

Portfolio Managers carry out their own research in their market sectors. Company and market analysis are also supported by in-house research and analysis. DAM emphasizes internal and fundamental research to support and appraise the research that is available from external sources. This research focuses on the financial health of the company, company valuation relative to its history and its sector, company strategy and market position relative to its competitors and a qualitative assessment of the management team. All of these factors are assessed with reference to DAM's judgment as to where we are in the economic/investment cycle. Stocks are selected with the goal of constructing an overall portfolio meeting the stated objectives. For example, DAM typically structures equity income portfolios with the goal of achieving a higher than average dividend yield, a lower than average volatility of return and a higher than average level of quality as measured by return on equity.



DAM applies risk and return metrics as part of the securities selection process to check for risk implications. This process also enables checks to be made to determine any inconsistent style biases which may be emerging within portfolios.

**Currency Exchange Transactions:**

DAM sometimes uses contracts to purchase or sell foreign currencies at a future date, known as “currency forward contracts”, to protect against adverse changes in currency exchange rates relating to the purchase or sale of securities for client portfolios, or to protect the value of specific portfolio positions. DAM also uses currency forward contracts in connection with corporate liquidity management.

**Item 9: Disciplinary Information**

Neither DAM nor any management person of DAM has been involved in a legal or disciplinary event that DAM deems material to a client's or prospective client's evaluation of DAM's advisory business or the integrity of its management.

## **Item 10: Other Financial Industry Activities and Affiliations**

DAM is wholly-owned by Green Bay Acquisitions Limited, which in turn is wholly owned by J&E Davy, a MiFID investment firm in Ireland. J&E Davy is wholly owned by J&E Davy Holdings, a non-trading Irish holding company.

Presently, the Davy Group consists of many regulated entities, including: J&E Davy, Davy Securities, Davy Corporate Finance, DAM Investment Managers, DAM Fund Management, Davy Asset Management, and Davy Investment Fund Services.

Established in 1926, the Davy Group is Ireland's leading provider of wealth management, asset management, capital markets and financial advisory services. The Davy Group is headquartered in Dublin, with offices in London, Belfast, Cork and Galway. Employing over 560 people, we offer a broad range of services to private clients, small businesses, corporations and institutional investors, and organise our activities around five interrelated business areas - Asset Management, Capital Markets, Corporate Finance, Private Clients and Research.

As the leading broker in the Irish market, Davy accounted for over 47%\* of all dealings in Irish equities on the Irish Stock Exchange in 2013 (up to end November). Davy is a primary dealer in Irish Government Bonds and acts as arranger on most Irish corporate bond issues. We advise 65%\* of companies on the Irish Stock Exchange, including 8 of Ireland's top 10 listed companies. We are Ireland's leading ESM and AIM adviser, representing approximately 75% of companies quoted on the ESM market\*, and 17 companies quoted on the AIM market of the London Stock Exchange\*\*.

Davy is responsible for over 80% of funds raised on the Irish Stock Exchange over the past four years\* and has been consistently recognized by the world's top names in financial services for the quality of research and service. (\*Source: *Irish Stock Exchange, London Stock Exchange, Bloomberg*; \*\*Source: *London Stock Exchange, Bloomberg*.)

With respect to U.S. clients, DAM acts independently of its affiliates.

Potential conflicts arising from transactions involving DAM's affiliates are discussed in Item 11 of this brochure.

## **Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

DAM's Code of Ethics sets forth the high ethical standards that DAM abides by as an investment adviser. The Code of Ethics prohibits activities such as insider trading and establishes procedures to protect against conflicts of interest, including certain restrictions on personal trading, receipt of gifts, and outside employment by DAM's employees. Any client or prospective client may obtain a copy of DAM's Code of Ethics upon written request to DAM.

In relation to conflicts of interest, DAM has a number of obligations across its regulatory requirements in relation to identifying, managing and disclosing potential and existing conflicts of interests to its clients. DAM is required to maintain a conflicts of interest policy and ensure compliance with that policy. In terms of its overarching requirements, DAM shall act honestly, fairly and professionally in accordance with the best interest of its clients. DAM takes this into account when providing services to its clients. In-line with its requirements, DAM takes all reasonable steps to identify conflicts of interests that arise in the course of providing services within the firm, between the firm and third parties, between the firm and its clients and/or between one client and another according to its policy.

Where an actual or potential conflict of interest arises, DAM evaluates all of the circumstances involved. After identifying and evaluating the nature of the conflict, DAM bases its investment decision solely on considerations deemed to be in the best interests of its clients and requires that all transactions be conducted on an arm's-length basis.

DAM notes that its affiliates provide a full range of investment services and other financial services. As a result of these numerous relationships, DAM acknowledges that it will encounter actual or potential conflicts of interest periodically. In particular, J&E Davy, the firm's affiliate, has been appointed as an approved broker of the firm and transactions are transmitted to J&E Davy in accordance with its Execution Policy.

Lastly, while DAM believes that its Code of Ethics implements appropriate measures to address conflicts of interest, clients and prospective clients should recognize that no set of rules can possibly anticipate or alleviate every potential conflict.

## **Item 12: Brokerage Practices**

DAM considers the following factors when selecting a broker-dealer and negotiating commissions: (i) the financial standing of the firm; (ii) whether the firm provides comprehensive coverage of the particular investment market; (iii) whether the securities prices offered by the firm represent fair market value; (iv) the firm's standard of research coverage; and (v) the firm's standard of back-office and settlement arrangements. All of DAM's dealing arrangements are subject to best execution inclusive of commissions and therefore no higher commissions are paid to brokers for research products and services. Research products and services are used for all client accounts.

DAM uses research obtained from broker-dealers to supplement its own research if it is relevant to the particular market and comprehensive in terms of market prospects. DAM monitors the recommendations of broker-dealers in regard to specific stocks and their views on sector and economic prospects against their outcome, and reviews the composition of its panel of broker-dealers in light of the findings of these ongoing exercises. DAM is of the opinion that, because the research provided by broker-dealers must be analysed and reviewed, its receipt and use does not tend to reduce expenses but it may benefit clients by supplementing DAM's own research. In the opinion of DAM, it is not possible to measure separately the benefits to each of its accounts from the research provided by broker-dealers.

In providing discretionary investment management services to clients, DAM generally is responsible for decisions to buy and sell securities and for the placement of portfolio business and the negotiation of commissions, if any, paid on such transactions. DAM effects portfolio transactions for its clients in a manner deemed fair and reasonable and not according to any formula. The primary consideration in all portfolio transactions is to execute transactions most efficiently.

DAM may aggregate portfolio transactions for client accounts. Whenever aggregate decisions are made to purchase or sell securities, DAM will attempt to allocate portfolio transactions equitably among accounts. All allocation decisions are made prior to the execution of the transactions. In making such allocations, the main factors considered will be the respective investment objectives, the relative size of portfolio holdings of the same or comparable securities, the availability of cash for investment, the size of investment commitments generally held, and the opinions of the persons responsible for recommending investments to the accounts. In some cases this procedure could have an adverse effect on the price or amount of securities available to a particular account. In the opinion of DAM, however, the results obtained by application of the procedures will, on the whole, be in the best interest of its clients. DAM may, from time to time, sell a security for a client account and simultaneously purchase the security for another client account, when the transactions are conducted in accordance with applicable laws and regulations and deemed to be consistent with the investment objectives and policies of each account.

DAM may aggregate currency transactions for different client accounts. DAM will equitably rotate the selection of client counterparties and equitably allocate transactions where different clients use the same counterparty. DAM will not buy a currency from one account and sell it to another account. DAM currently does not have any directed brokerage arrangements with its U.S. clients.

### **Item 13: Review of Accounts**

DAM's Portfolio Managers/ Product Specialists and the Relationship Managers review accounts on an on-going basis with formal reviews taking place at each month and calendar quarter end. This ensures that the investment strategy implemented for each client is in line with the investment policy determined in accordance with the process outlined in Items 4 and 8 of this brochure. The review of client accounts is facilitated by the maintenance of investment models and specific investment portfolios.

When a client appoints DAM as its investment manager, DAM has discussions with the client or its representatives that establish clear investment objectives which take account of the specific requirements of the client. Thereafter, DAM has regular meeting with its client or the client's representative to examine the progress of the portfolio. A client can arrange with DAM to include in the investment report special reporting requirements tailored for that client. In most cases, clients request and receive quarterly written reports, while in some cases reports are issued on a monthly or semi-annual basis. These periodic written reports typically contain automatically generated information on the portfolio's security holdings and asset values, transaction history and rate of return for the period covered, along with general market and economic commentary. Relationship Managers maintain regular communications with clients.

**Item 14: Client Referrals and Other Compensation**

Not applicable.

**Item 15: Custody**

DAM does not provide custody of client assets for its U.S. clients. DAM's clients typically arrange for their custodians to forward records to DAM, and DAM compares records received from the custodians against its own records on a regular basis.



## **Item 16: Investment Discretion**

DAM provides discretionary investment management services to its clients. DAM exercises discretion over the buying and selling of securities in-line with agreed client mandates and the negotiation of commissions payable to brokers in connection with those transactions. DAM's primary considerations when exercising discretion are to seek the most favourable prices and to execute the transactions efficiently.

For U.S. clients, DAM specializes in the management of global and international equity mandates, including global and international equity income and global and international equity SRI. SRI strategies are typically tailored to meet specific client restrictions, including the prohibition of specific securities. Non-SRI portfolios can also be customized to meet specific client requirements, including restrictions on investing in a specific stock, country or region. Prior to entering into an advisory agreement with a new client, DAM and the client discuss and agree upon (a) the client's investment strategies and how those strategies will be implemented, and (b) any desired SRI screening or restrictions, including screening criteria.

**Item 17: Voting Client Securities**

When a client independently appoints a custodian to maintain custody of its assets, any proxy voting arrangement can be established directly between the custodian and the client or a representative appointed by the client.

Separately, clients often grant DAM authority to respond to corporate action matters (i.e., actions affecting investment management decisions or the client's economic position) on their behalf. In general, decisions to vote for or against corporate actions will be based on the perceived financial results to the client. Controversial proposals or situations involving a potential conflict of interest will be reviewed by DAM on a case-by-case basis. DAM does not usually solicit or receive instructions from clients on how to respond to a particular corporate action matter.

Upon written request, DAM will furnish to a client records of DAM's responses to corporate action matters on behalf of that client.

**Item 18: Financial Information**

Not applicable.