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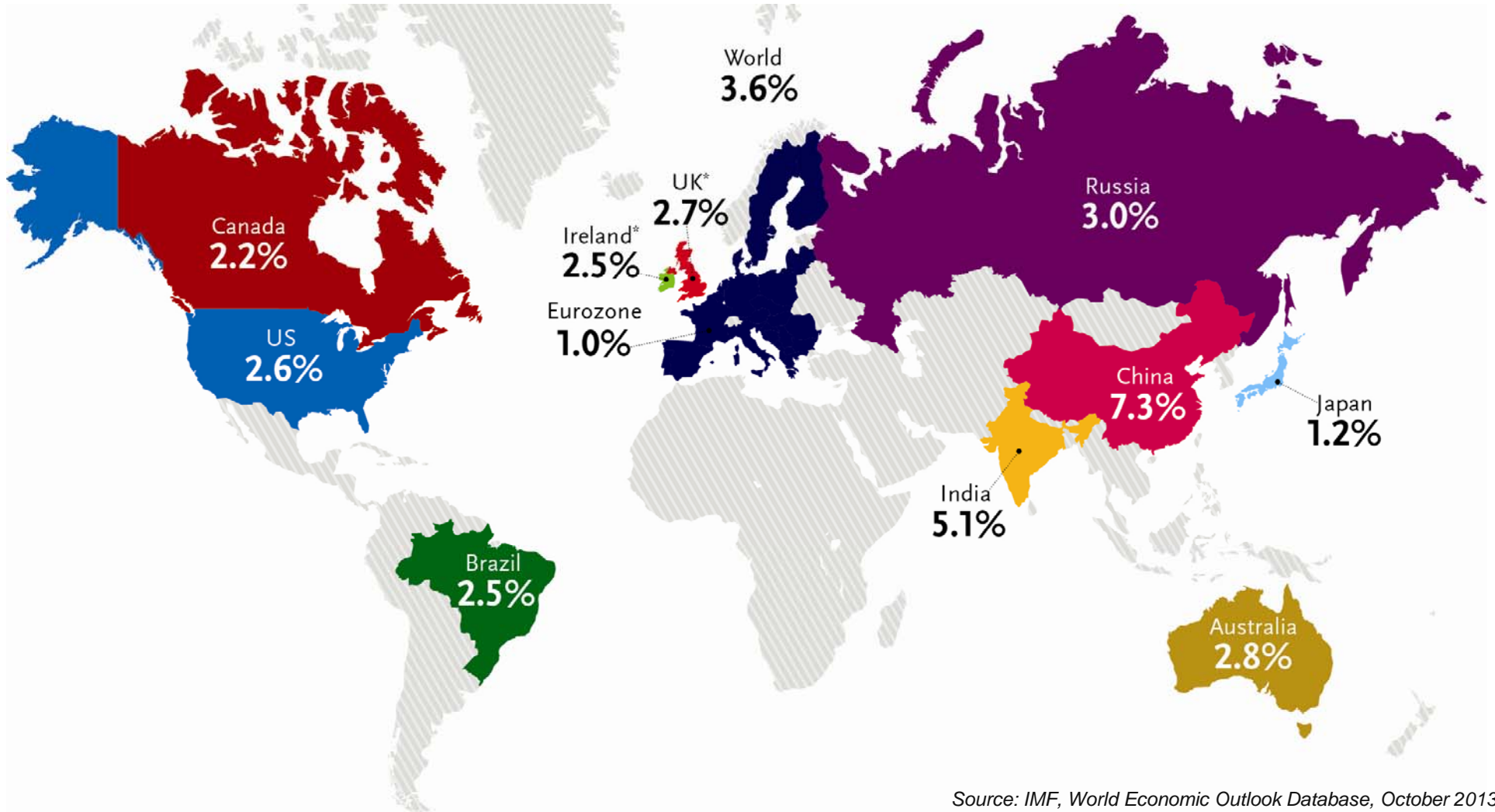
Outlook 2014: *Beyond the Crisis*

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Please also read Important Information at the end of this presentation.

The global economy will accelerate in 2014

Gross Domestic Product ('GDP') Growth Forecasts for 2014

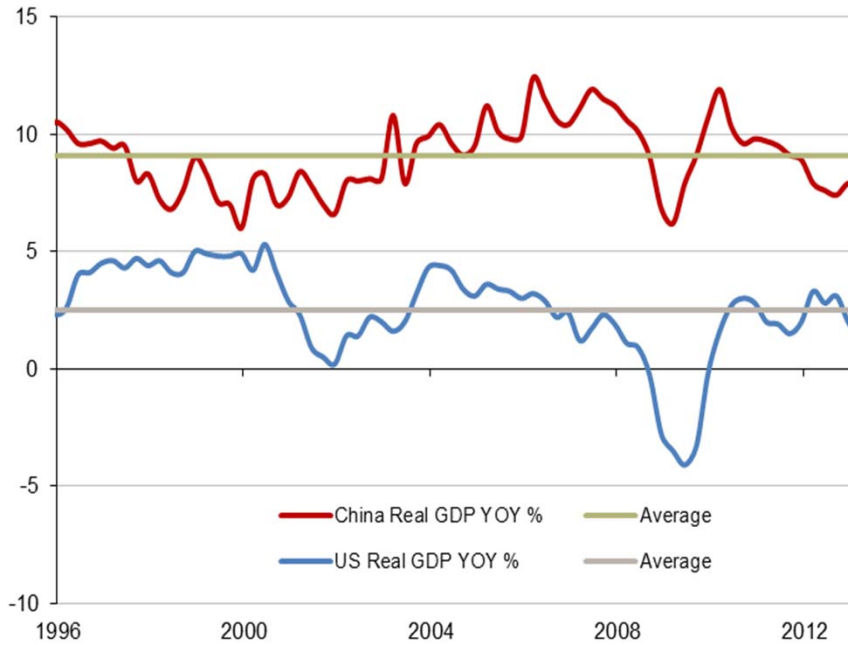


Source: IMF, World Economic Outlook Database, October 2013

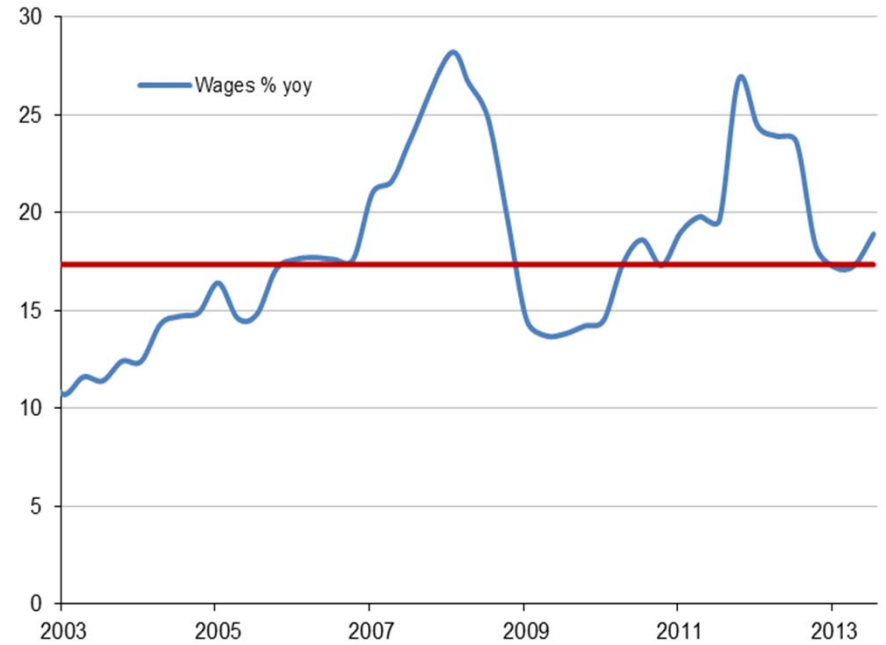
*Davy forecasts

China – Hard or Soft Landing?

Pace of growth is slowing in China, but remains +7%

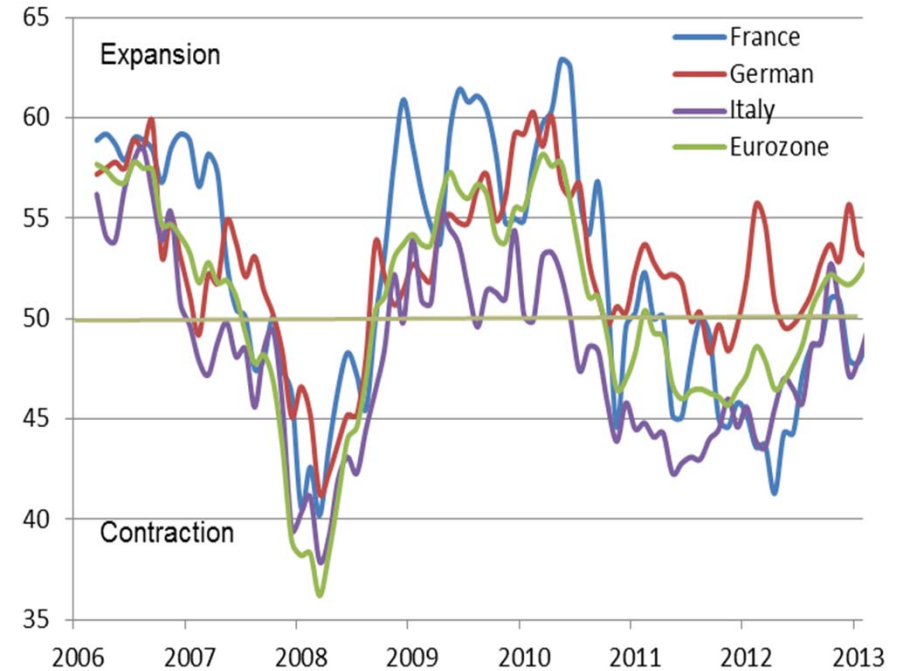


Chinese workers continue to enjoy strong wage growth



Source: Bloomberg, Davy

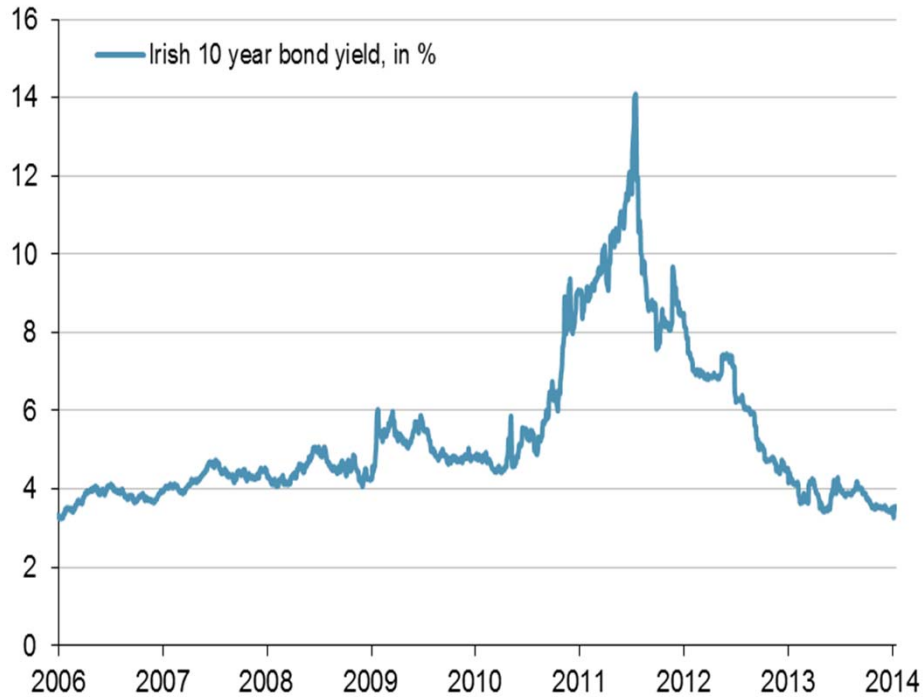
Unemployment remains at historically high levels but is stabilising Leading economic indicators are improving



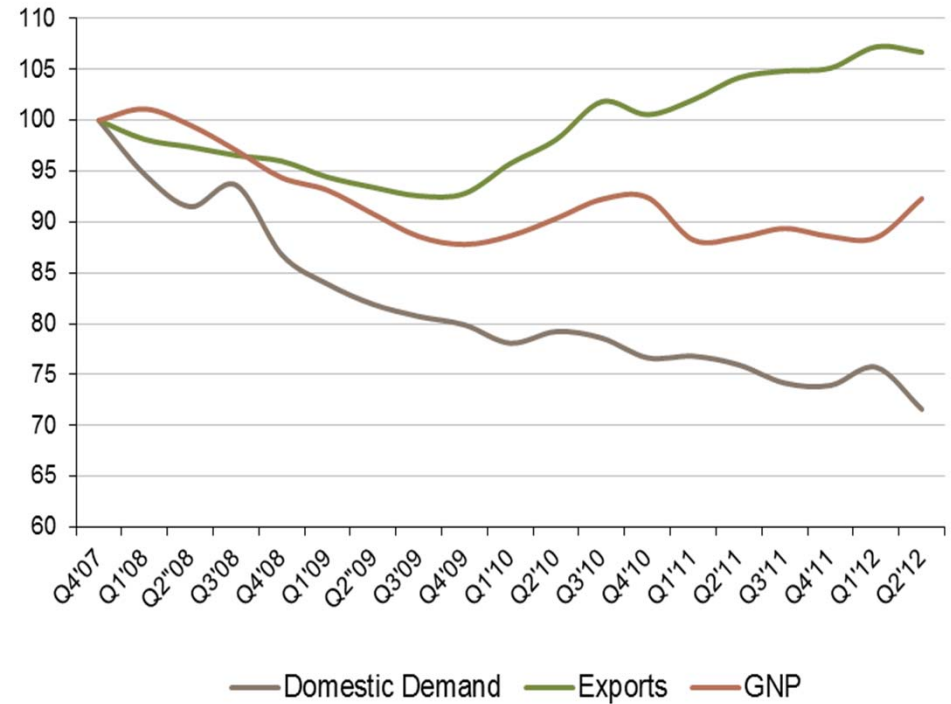
Source: ECB, PMI, Davy

Ireland – bailout exit has reduced borrowing costs

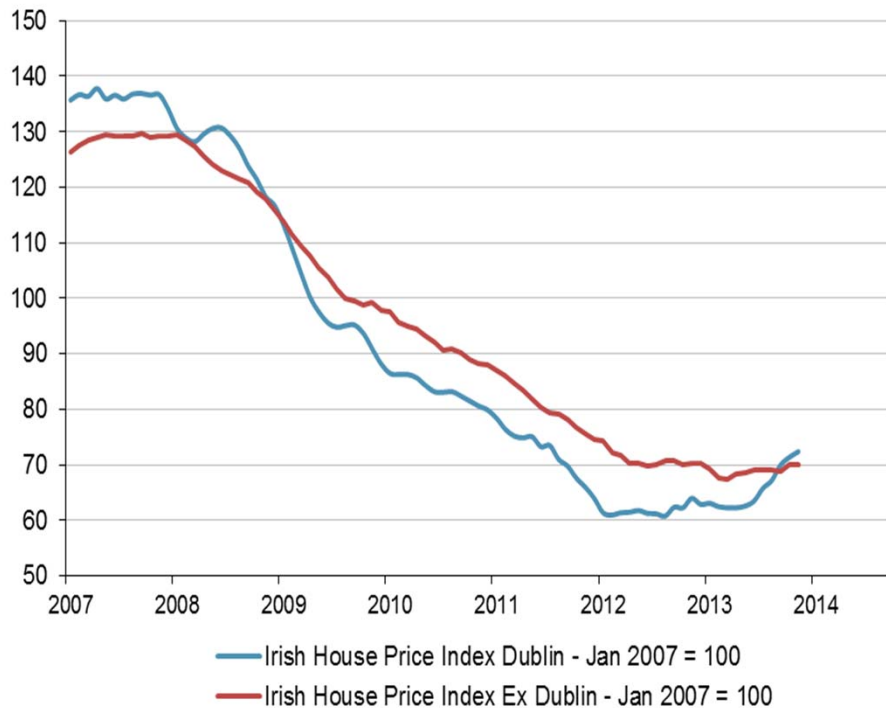
Irish bond yields have fallen to pre-crisis levels



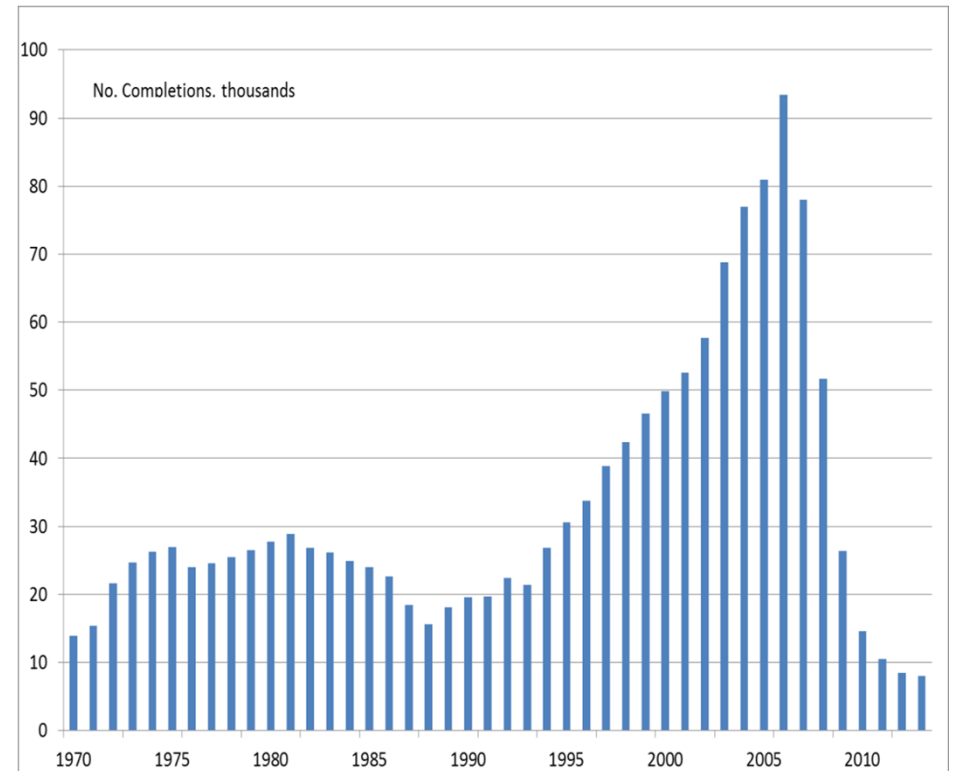
Domestic demand is expected to pick up in 2014



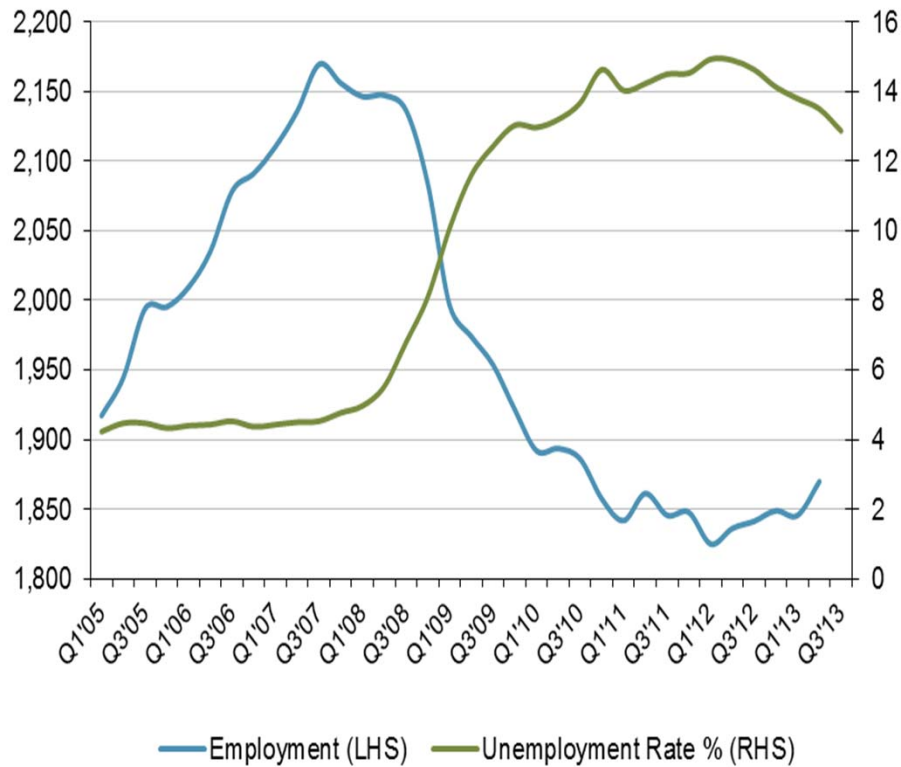
House prices have stabilised; rising in Dublin



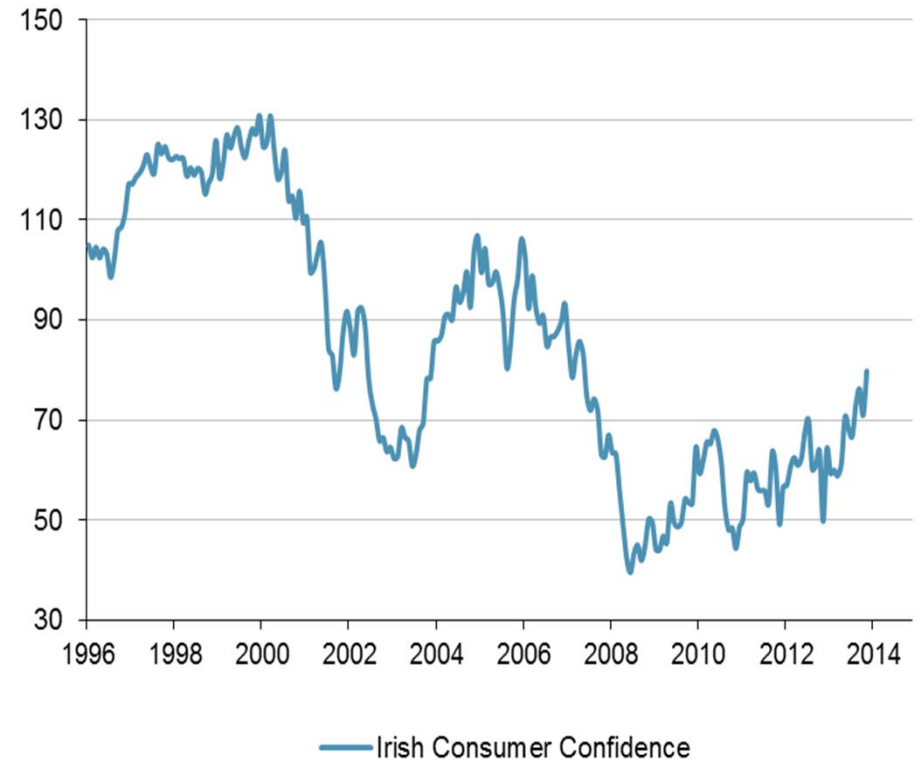
Housing completions are at the lowest level since the 1960's



Unemployment is falling

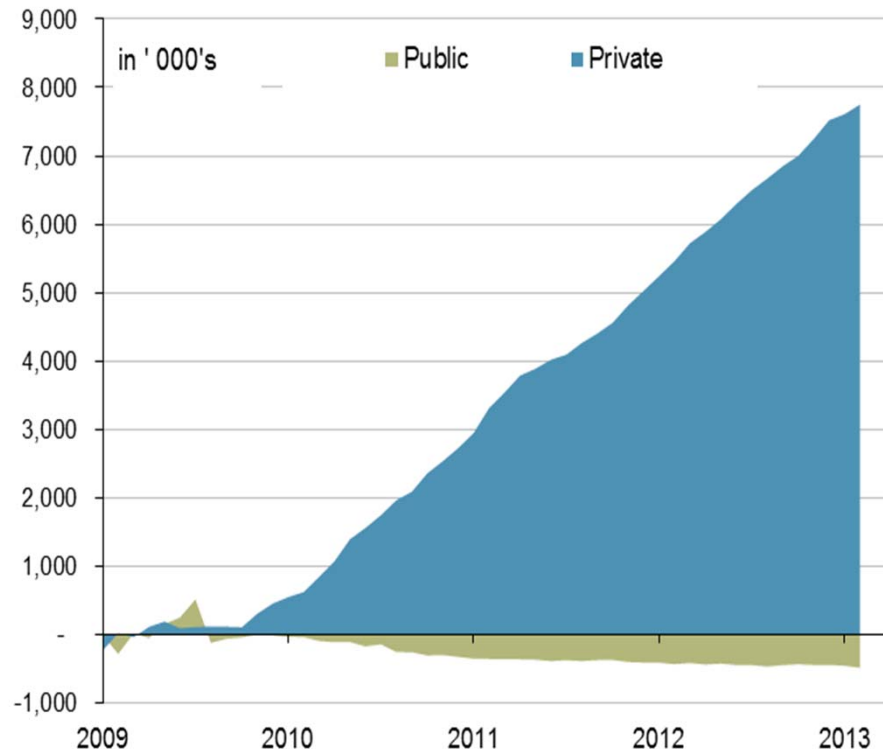


Consumer confidence is the highest in six years



US: Housing and jobs are driving the recovery

US labour market continues to improve;
7.8 million jobs since 2010



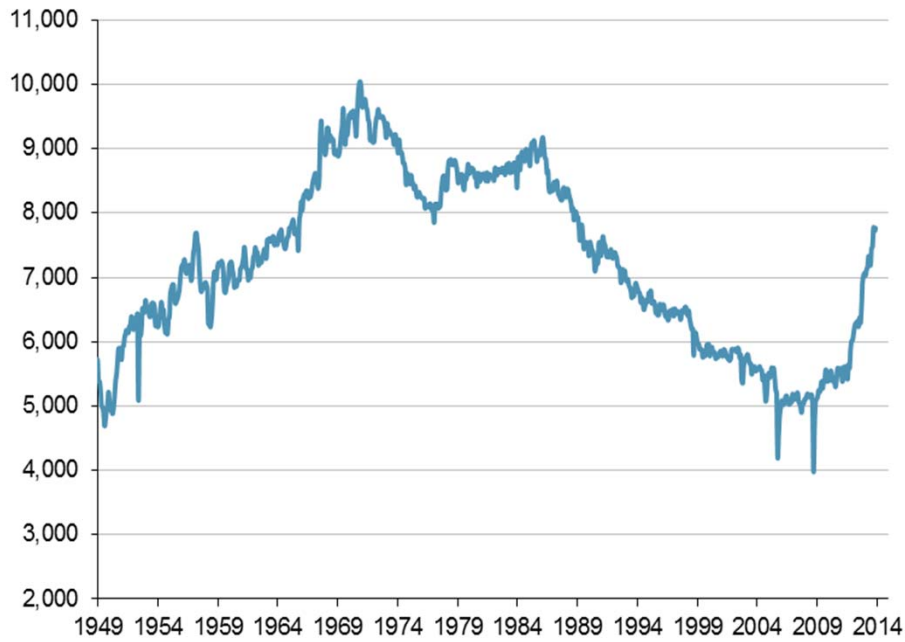
House prices up almost 15% in last year across
the 20 major cities



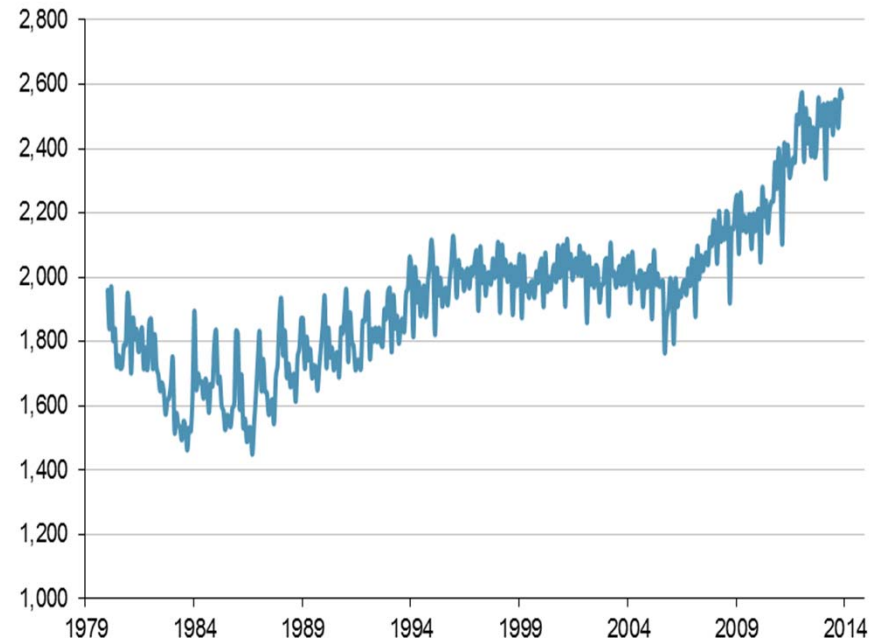
Source: Bloomberg, Davy

Oil and gas production have surged since the recession

US oil production up 60% since 2009



Natural Gas production has surged



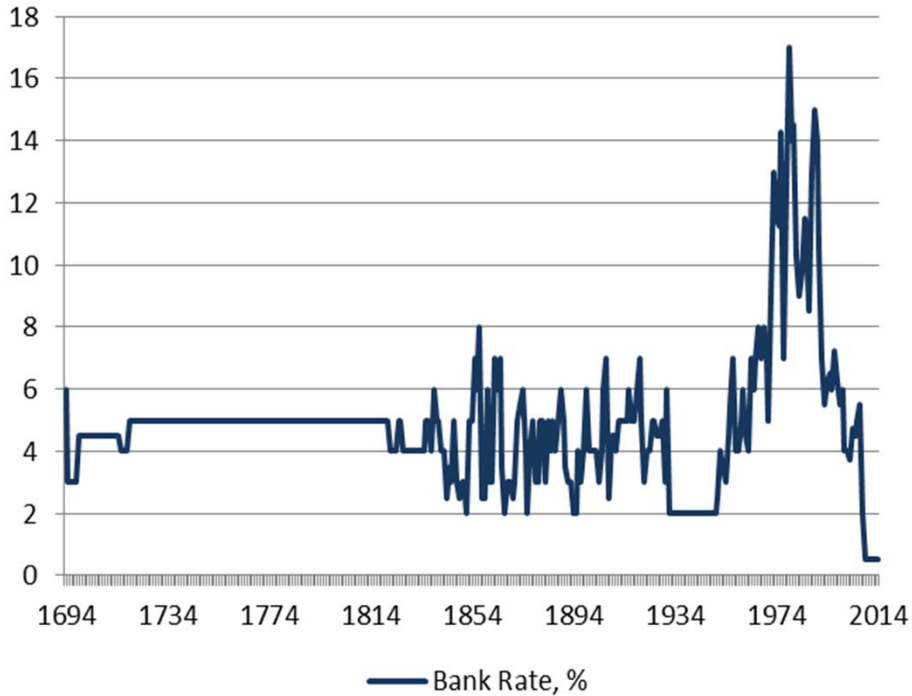
Source: Bloomberg, Davy

QE tapering is the biggest risk this year

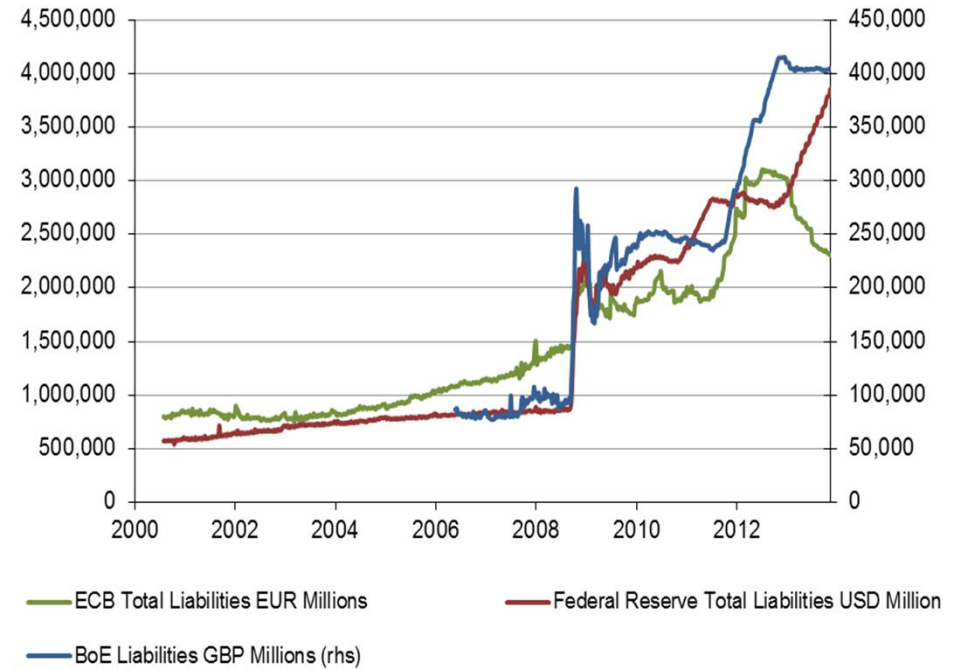


Source: Bloomberg, Davy

Central Banks have cut rates toward zero...



...and have expanded their balance sheets via QE



*(rhs) =right hand side

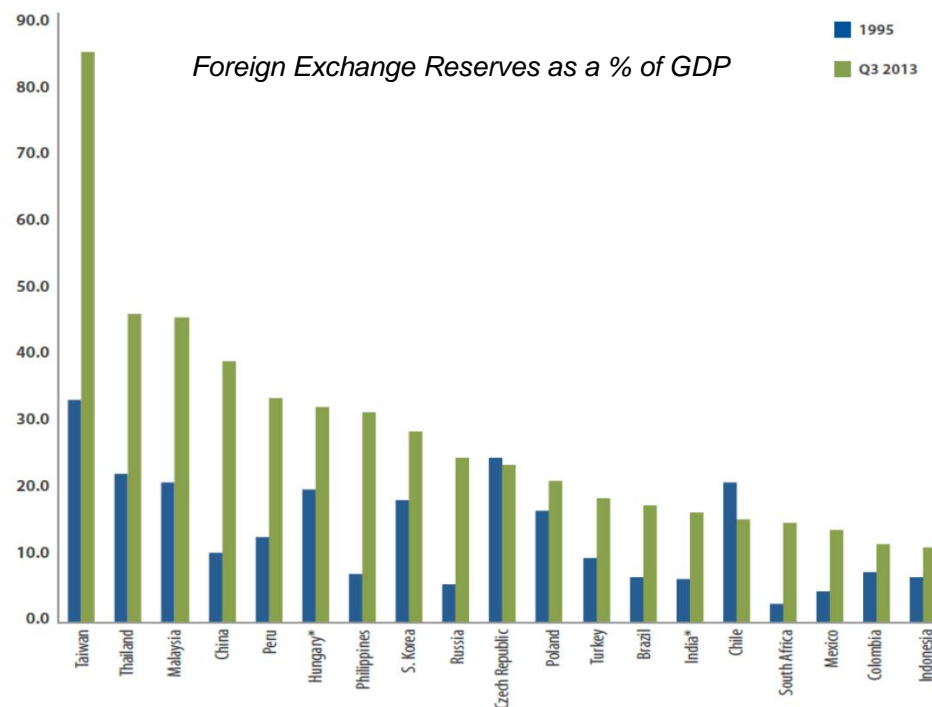
Source: BoE, Bloomberg, Davy

Emerging Markets: A crisis of 1990's proportions is unlikely

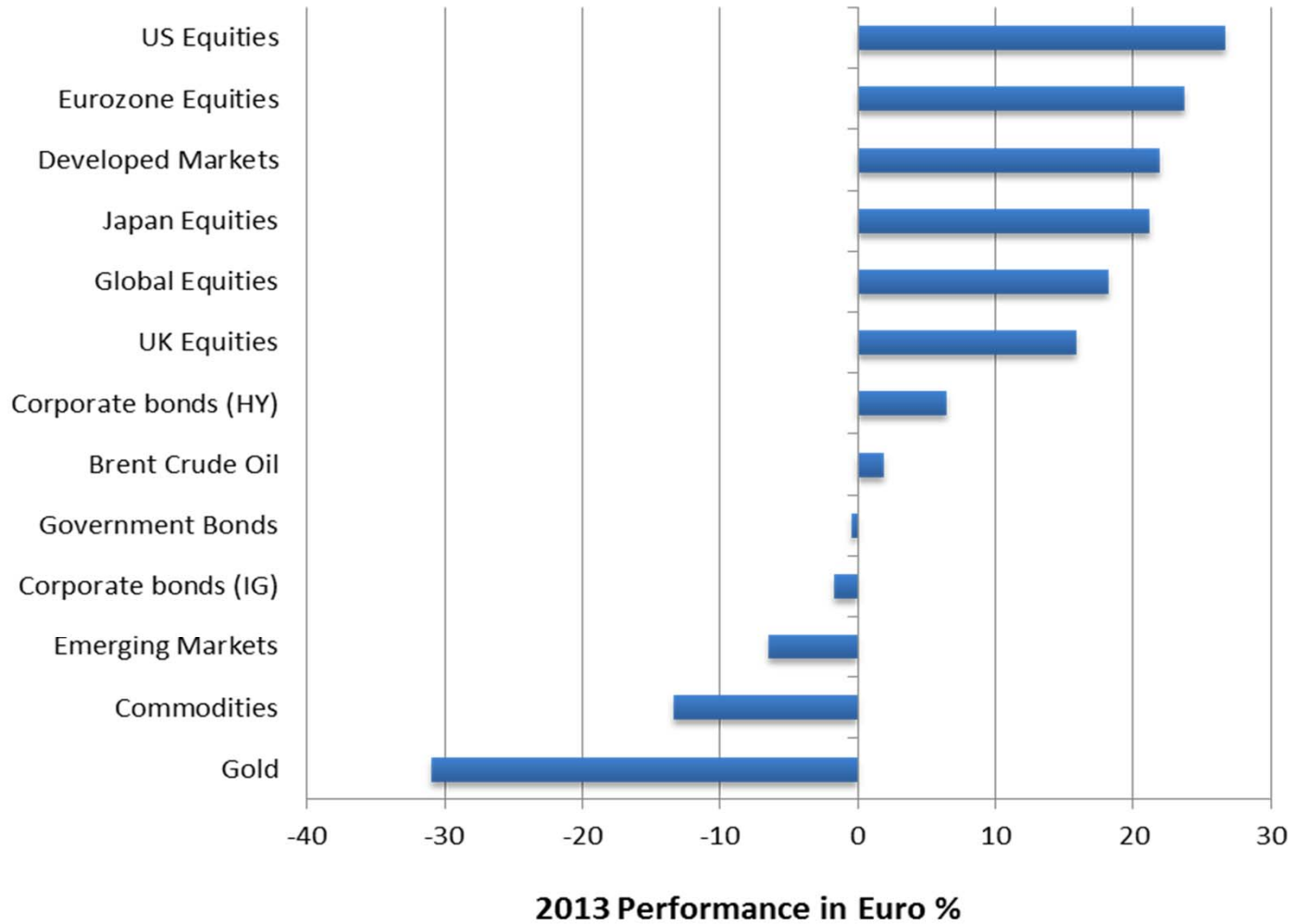
External debt has fallen since late 1990's



Foreign exchange reserves are significantly higher in almost all cases



Equities: stand-out asset class last year



Source: Bloomberg, Davy

Warning: Past performance is not an indication of future returns

Bonds are Extremely Expensive

Bond yields are at historically low levels



Source: Bloomberg, Davy

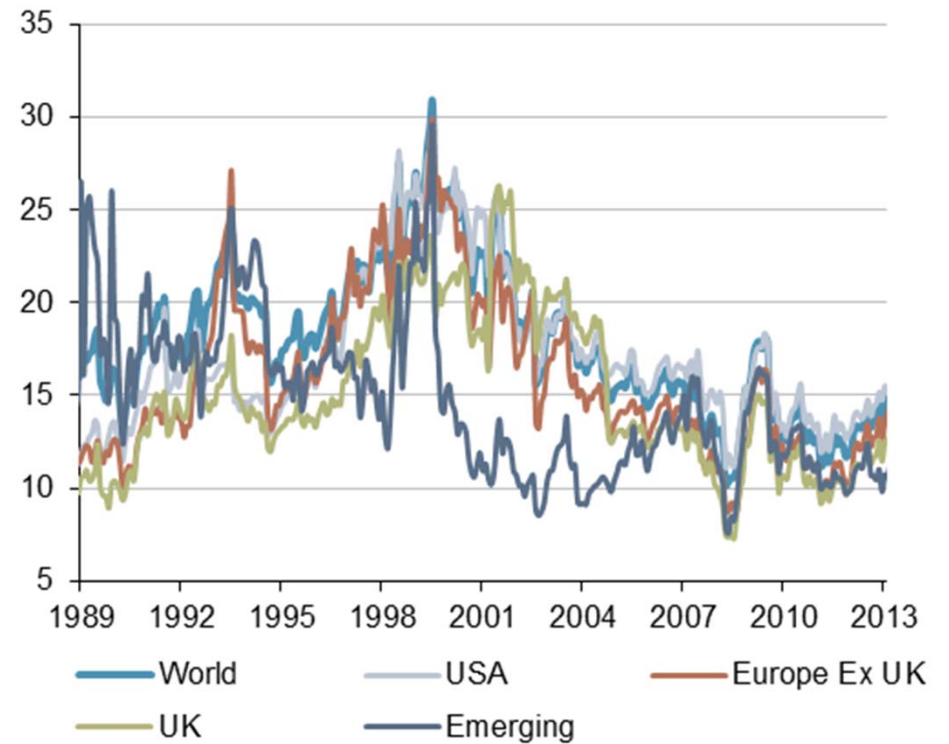
Equities are not expensive BUT also not cheap

Global Equities are not expensive with the exception of Shiller PE

Metric	Current	Average	History
Forward PE	14.9	16.1	1988
Trailing PE	17.4	18.0	1974
Trailing Normal PE	20.5	27.0	1984
P/B	2.0	2.1	1974
RoE	11.8%	11.8%	1974
Shiller PE*	27.7	18.1	1880

*Shiller PE US

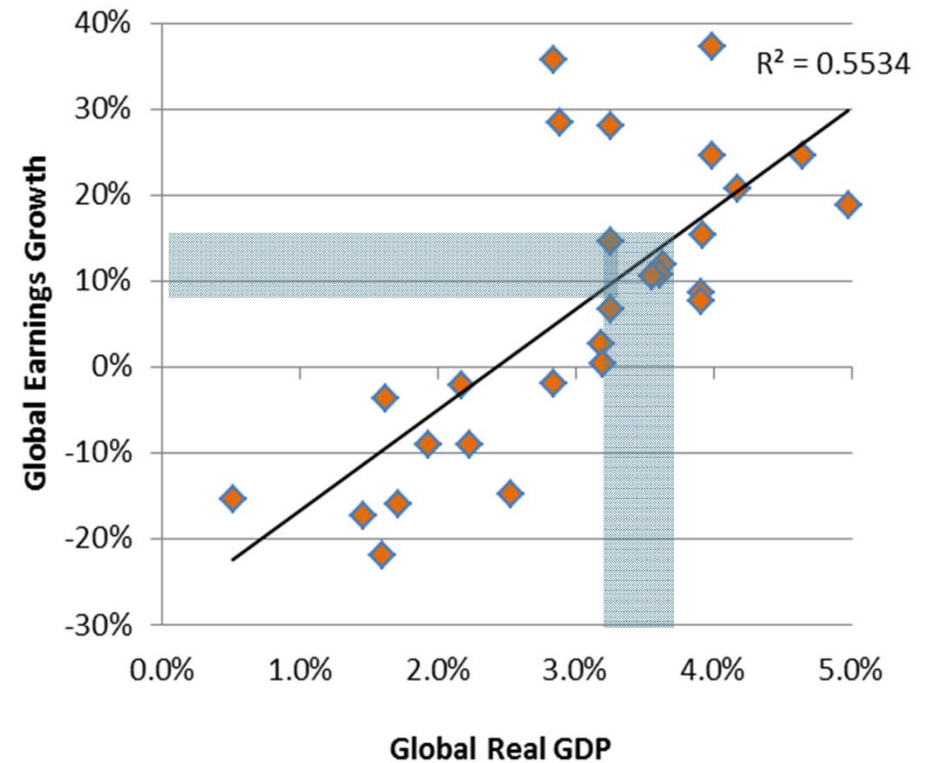
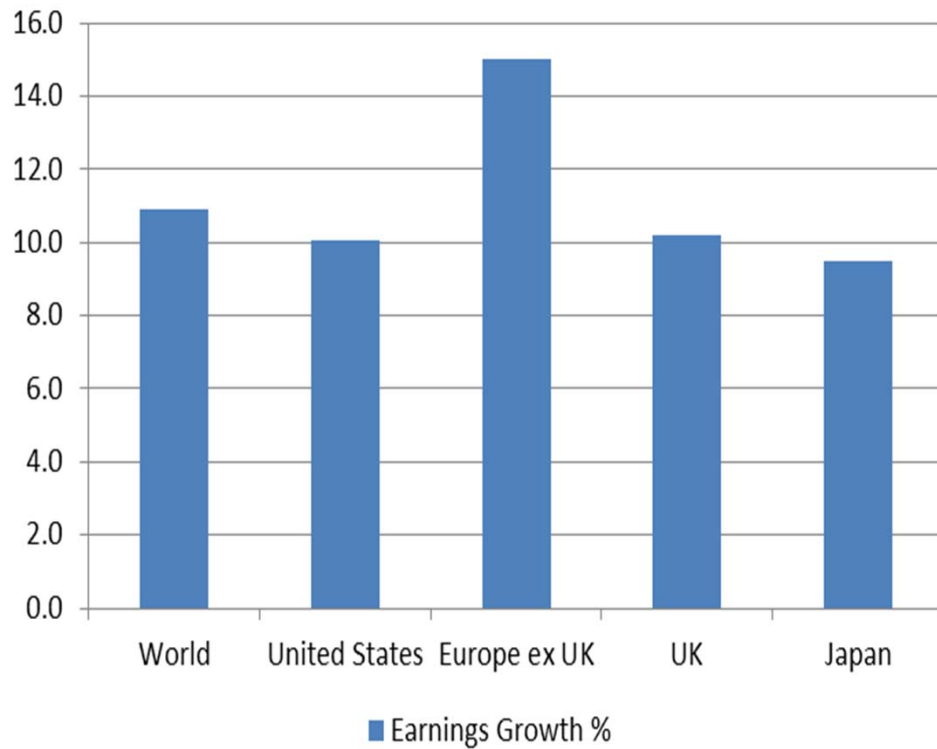
Forward P/E Multiples are closer to fair value



Source: Bloomberg, Davy, MSCI

What earnings can companies deliver?

Analysts forecast +11% earnings growth in 2014 3% GDP consistent with +10% *EPS* growth



Source: IBES, MSCI, Davy

Warning: Forecasts are estimates only and are not a reliable guide to future performance. Commissions, fees and other charges have not been taken into account in these forecasts.

Which of the following do you think poses the biggest risk to the global economy in 2014?

Economics: What is your view of...

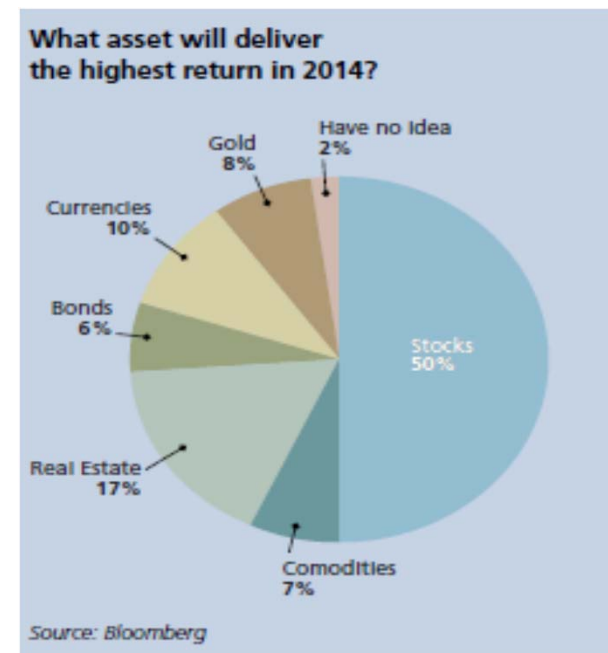
What asset class do you think offers the highest return over the next year?

Issue	%
Political gridlock in Washington on fiscal matters	35
A slowing Chinese economy	26
Europe's debt crisis	19
None of these	14
Hostilities between Israel and Iran	3
Terrorism	2
Have no idea	1
The regional instability and nuclear threat from North Korea	0
Escalating violence in Iraq	0
The civil war in Syria	0

Source: Bloomberg

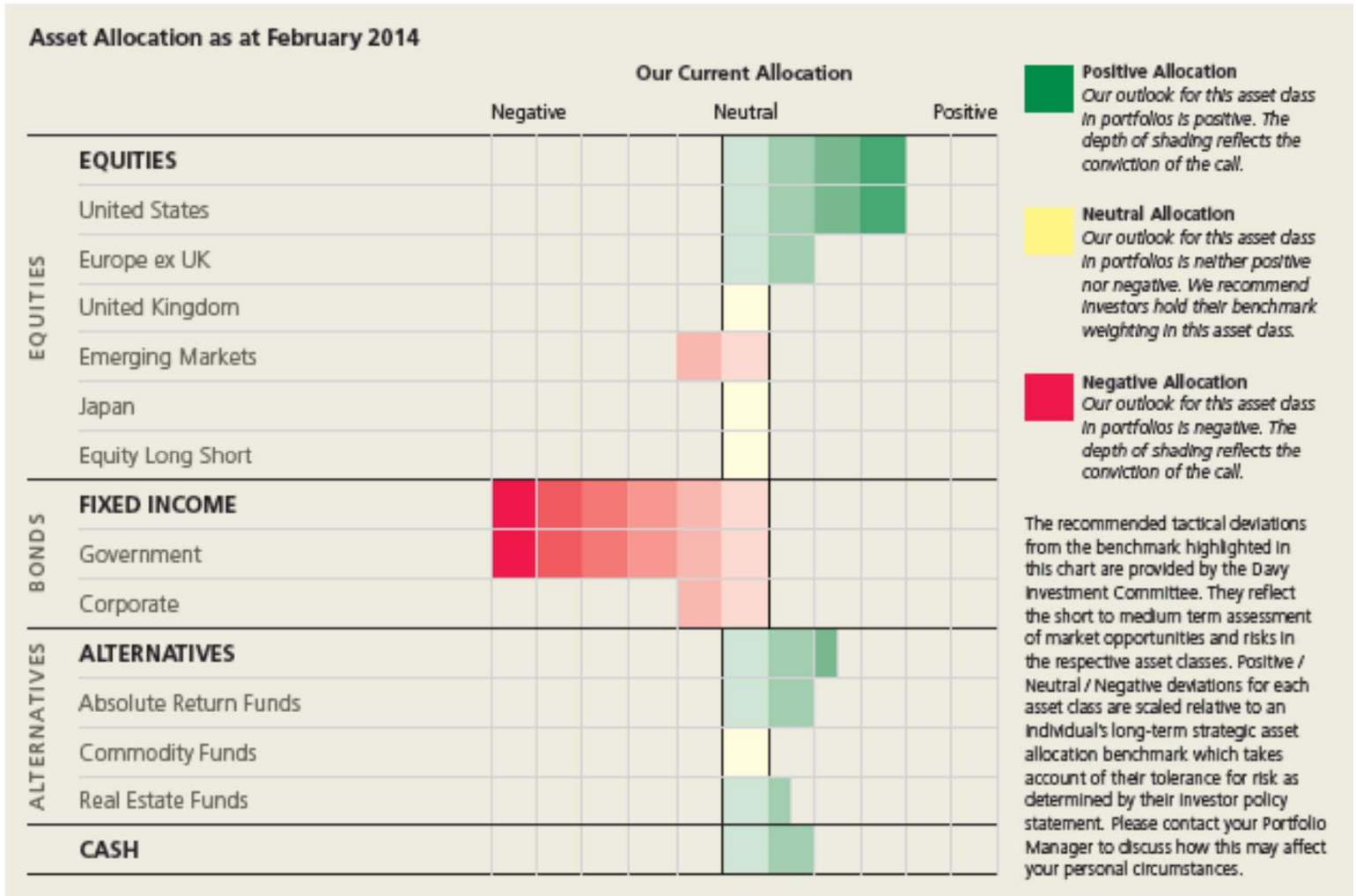
What is your view of	Improving %	Stable %	Deteriorating %	Have no idea %
The economy in the U.S.	54	32	13	1
The economy in the Eurozone	33	39	27	1
The global economy	33	49	17	1
The economy in China	19	44	35	2
The economy in Japan	44	38	14	4
The economy in Brazil	10	27	43	20

Source: Bloomberg



Source: Bloomberg, IMF, Davy

Tactical Asset Allocation – Model Portfolios



Source: Davy

Open Strategic Calls



AMERICA:
THE EMPIRE STRIKES BACK



TECHNOLOGY 2.0



US ENERGY
RENAISSANCE



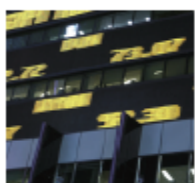
THE SEARCH
FOR YIELD



THE RISE OF
THE ASIAN CONSUMER



PHARMACEUTICAL
& BIOTECH



VALUE INVESTING
IN EUROPE



BRANDS:
PRICING POWER



IRELAND:
EMERGING FROM
THE ASHES



MERGERS &
ACQUISITIONS

NEW

Sowing the seeds of the next crisis?



The unintended consequences of QE

Housing Bubbles in...

- *Australia*
- *China*
- *Hong Kong*
- *Switzerland*
- *Norway*
- *London*

EM & Commodity Currencies...

- *Turkish Lira/ Argentinian Peso/Indian Rupee/Indonesia Rupiah & Commodity producing nations Aussie \$/Norwegian Krone/Canadian \$*

FT Headlines warning about...

- *95% mortgages*
- *CDO's/Covenant Lite*

Source: Davy

Important Information: Risks

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No Assurance of Investment Return: There is no guarantee that the investments discussed in this presentation will achieve results comparable to those achieved in the past, that targeted performance will be met or that capital will be returned to investors. Neither past experience nor the current situation are necessarily accurate guides to the future. The value of the investment can go down as well as up and the return upon the investment will therefore necessarily be variable. Investors should determine whether an investment is appropriate to their personal circumstances.

Suitability: The investments discussed in this presentation may involve a high degree of risk and may not be suitable for all investors. Each potential investor must determine the suitability of the investment in light of his/her/its own circumstances.

Liquidity: Liquidity risk is the risk that an asset cannot be traded because there is no market for it at an acceptable price. Investors should be prepared to bear the risks of holding the investments discussed in this presentation for the medium to long term. An illiquid market may have an adverse impact on the price at which an investment can be sold in any market and investors may receive substantially less than their original purchase price.

Currency Risk: An investment may be exposed to currency exchange risk. Changes in exchange rates between currencies or the conversion from one currency to another may cause the value of an investment to diminish or increase. Changes in exchange rates may have an adverse effect on the value price or income of the investment.

Inflation Risk: Inflation risk is the erosion of value in real terms that occurs during a general increase in prices and corresponding fall in the purchasing power of money during inflationary times. Inflation will impact on the real return of the investments discussed in this presentation.

Credit/Issuer Risk: The value of an investment may be adversely affected if it is exposed to an institution which suffers insolvency or other financial difficulties (default).

Economic, Social & Political Risk: An investment in regions or countries that are considered to be developing markets may be subject to potentially higher economic, social and political risk than investments in developed countries.

Market Data

Equity Markets Price Return (%)	2008	2009	2010	2011	2012	2013
ISEQ €	-66.2	27.0	-3.0	0.6	17.1	33.6
FTSE 100 £	-31.3	22.1	9.0	-5.6	5.8	14.4
DJ EURO STOXX €	-46.3	23.4	-0.1	-17.7	15.5	20.5
S&P 500 \$	-38.5	23.5	12.8	0.0	13.4	29.6
Dow Jones Industrial \$	-33.8	18.8	11.0	5.5	7.3	26.5
NASDAQ \$	-40.5	43.9	16.9	-1.8	15.9	38.3
Hang Seng HK\$	-48.3	52.0	5.3	-20.0	22.9	2.9
Nikkei 225 ¥	-42.1	19.0	-3.0	-17.3	22.9	56.7
Topix ¥	-41.8	5.6	-1.0	-17.4	18.0	51.5
MSCI Emerging Markets \$	-47.3	58.7	11.9	-14.9	13.9	0.9
MSCI All Country World Index €	-40.9	26.2	8.3	-8.5	13.2	22.9
10-Year Government Bond Yields (%)	2008	2009	2010	2011	2012	2013
US	2.2	3.8	3.3	1.9	1.8	3.0
German	3.0	3.4	3.0	1.8	1.3	1.9
UK	3.0	4.0	3.4	2.0	1.8	3.0
Japan	1.2	1.3	1.1	1.0	0.8	0.7
Ireland	4.3	4.8	9.1	8.4	4.5	3.5
Italy	4.4	4.1	4.8	7.1	4.5	4.1
Spain	3.8	4.0	5.5	5.1	5.3	4.2
Portugal	4.0	4.1	6.6	13.4	7.0	6.1
Corporate Bond Yields* (%)	2008	2009	2010	2011	2012	2013
European Investment Grade	7.1	4.0	3.8	4.4	2.0	2.1
US Investment Grade	7.8	4.9	4.1	3.9	2.8	3.4
European High Yield	25.9	10.2	8.3	12.1	5.6	4.9
US High Yield	19.5	9.2	7.9	8.5	6.7	6.4

All data is sourced from Bloomberg as at market close 31st December 2013 and returns are based on price indices in local currency terms, unless otherwise stated.

* Source: Bank of America Merrill Lynch

WARNING: Past performance is not a reliable guide to future performance. The value of your investment may go down as well as up. Returns on investments may increase or decrease as a result of currency fluctuations.

Market Data (cont'd)

Interest Rates	2008	2009	2010	2011	2012	2013
3-Month Euribor €	2.9	0.7	1.0	1.4	0.2	0.3
3-Month Libor £	2.8	0.6	0.8	1.1	0.5	0.5
US Libor \$	1.4	0.3	0.3	0.6	0.3	0.2
Central Bank Rates	2008	2009	2010	2011	2012	2013
ECB	2.5	1.0	1.0	1.0	0.8	0.3
Bank of England	2.0	0.5	0.5	0.5	0.5	0.5
US Federal Reserve	0.3	0.3	0.3	0.3	0.3	0.3
Currency Rates	2008	2009	2010	2011	2012	2013
EUR/USD	1.4	1.4	1.3	1.3	1.3	1.4
EUR/GBP	1.0	0.9	0.9	0.8	0.8	0.8
USD/GBP	1.5	1.6	1.6	1.6	1.6	1.7
USD/JPY	90.8	93.1	81.2	77.0	86.8	105.3
EUR/CHF	1.7	1.5	1.5	1.3	1.2	1.2
EUR/AUD	1.7	2.0	1.6	1.3	1.3	1.5
IPD All Property Total Return™ (%)	2008	2009	2010	2011	2012	2013
Ireland	-34.5	-23.2	-2.4	-2.4	2.0	7.3
UK	-22.5	2.2	14.5	8.1	1.8	8.7
United States	-7.9	-18.7	14.8	14.5	8.0	8.8
Commodities (%)	2008	2009	2010	2011	2012	2013
Gold \$	5.8	24.4	29.5	10.1	7.1	-28.0
DJ UBS Commodity Index \$	-35.7	18.9	16.8	-13.3	-1.1	-9.5

All data is sourced from Bloomberg as at market close 31st December 2013 and returns are based on price indices in local currency terms, unless otherwise stated.

** IPD All Property Total Return data is not year-to-date but as at 30th September 2013 for Ireland and US, and 31st December 2013 for UK

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