

**MAGA MICRO CAP FUND**  
**(a sub-fund of Davy Opportunity Trust)**

**ANNUAL REPORT**  
**AND**  
**AUDITED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2017**

**DAVY OPPORTUNITY TRUST  
MAGA MICRO CAP FUND**

**TABLE OF CONTENTS**

**PAGE**

Management and Other Information	1
Manager's Report and Statement of Manager's Responsibilities	2
Sub-Investment Manager's Report	5
Report of the Depositary to the Unitholders	7
Independent Auditor's Report	8
Financial Statements	
Statement of Comprehensive Income	10
Statement of Financial Position	11
Statement of Changes in Net Assets Attributable to Holders of Redeemable Participating Units	12
Notes to the Financial Statements	13
Appendix 1 – Portfolio and Statement of Investments (unaudited)	30
Appendix 2 – Remuneration Disclosures (unaudited)	32
Appendix 3 – Conflicts of Interest Statement (unaudited)	33
Appendix 4 – Exchange Rates (unaudited)	34

**DAVY OPPORTUNITY TRUST  
MAGA MICRO CAP FUND**

**MANAGEMENT AND OTHER INFORMATION**

**Alternative Investment Fund Manager and Manager\***

Davy Investment Fund Services  
Davy House  
49 Dawson Street  
Dublin 2  
Ireland

**Administrator, Registrar and Transfer Agent**

Northern Trust International Fund Administration  
Services (Ireland) Limited  
Georges Court  
54-62 Townsend Street  
Dublin 2  
Ireland

**Investment Manager and Distributor**

J&E Davy  
Davy House  
49 Dawson Street  
Dublin 2  
Ireland

**Independent Auditor**

KPMG  
Chartered Accountants, Statutory Audit Firm  
1 Harbourmaster Place  
IFSC  
Dublin 1  
Ireland

**Directors of the Manager\*\***

Tom Berrigan <sup>1</sup>  
Eamonn Doyle <sup>2</sup>  
Máire O'Connor <sup>3</sup>  
Robbie Kelleher <sup>2</sup>  
Brenda Buckley <sup>3</sup>  
Paul O'Shea <sup>2</sup>  
Edward Ward <sup>3</sup>

**Depository**

Northern Trust Fiduciary Services (Ireland) Limited  
Georges Court  
54-62 Townsend Street  
Dublin 2  
Ireland

**Legal Advisors**

William Fry  
2 Grand Canal Square  
Dublin 2  
Ireland

**Sub-Investment Manager**

Otus Capital Management L.P.  
27 Queen Anne's Gate  
London SW1H 9BU  
United Kingdom

<sup>1</sup> Executive Director

<sup>2</sup> Non-Executive Directors

<sup>3</sup> Independent and Non-Executive Directors

\*For the avoidance of doubt, all references in the remainder of this document to the "Manager" or "Alternative Investment Fund Manager ("AIFM")" shall be taken to refer to Davy Investment Fund Services in their capacity as AIFM and Manager to the Fund.

\*\*For the avoidance of doubt, all references in the remainder of this document to the Directors of the Manager shall be taken to refer to the above named in their capacity as "Directors of the AIFM" and "Directors of the Manager".

**DAVY OPPORTUNITY TRUST**  
**MAGA MICRO CAP FUND**

**MANAGER'S REPORT AND STATEMENT OF MANAGER'S RESPONSIBILITIES**

*For the year ended 31 December 2017*

**Principal Activities**

The Davy Opportunity Trust (the "Trust"), constituted on 17 November 2003, is an umbrella unit trust authorised by the Central Bank of Ireland pursuant to the provisions of the Unit Trusts Act 1990 and the Alternative Investment Fund ("AIF") Rulebook. The Trust now comprises of eleven portfolios ("Sub-Funds"), Davy Select Global Fund, Davy Select Ethical Fund, International Financial Services Growth Fund, The Euroglobal Property Fund, The Emerald Global Fund, Maga Micro Cap Fund, Finsbury Circle Real Estate Fund, IPIC Property Investments Fund, Davy IMRF II Fund, The Global Investment Fund and Green Liffey Investment Fund.

These financial statements are for Maga Micro Cap Fund (the "Fund") only. Separate financial statements are prepared for the other Sub-Funds within the Trust and are available free of charge from the Manager for existing unitholders of each Sub-Fund.

The investment objective of the Fund is to achieve positive returns primarily through investing and trading in equity securities issued by micro-cap companies in Europe.

**Results**

The results for the year and the financial position at year end are set out in the Statement of Comprehensive Income and the Statement of Financial Position on pages 10 and 11 of the financial statements.

**Business Review**

The business of the Fund is reviewed in detail in the Sub-Investment Manager's Report.

**Significant Events during the Year**

There were no significant events during the year which require adjustment to or additional disclosure in the financial statements.

**Subsequent Events**

There were no significant events subsequent to the year-end which require adjustment to or additional disclosure in the financial statements.

**Transactions with Connected Parties**

Any transaction carried out with a Qualifying Investor Alternative Investment Fund ("QIAIF") by a management company or depositary to the QIAIF, the delegates or sub-delegates of the management company or depositary, and any associated or group of such a management company, depositary, delegate or sub-delegate ("connected parties") must be carried out as if negotiated at arm's length. Transactions must be in the best interests of the unitholders.

The Directors of the Manager are satisfied that there are arrangements (evidenced by written procedures) in place, to ensure that the obligations set out in Chapter 2, Paragraph 1 of Section 1.xii of the AIF Rulebook, Dealings by management company, general partner, depositary, Alternative Investment Fund Manager ("AIFM"), investment manager or by delegates or group companies of these, of the AIF Rulebook are applied to all transactions with connected parties, and are satisfied that transactions with connected parties entered into during the year complied with the obligations set out in Chapter 2, Paragraph 1 of Section 1.xii.

**Material Changes**

Material changes are changes to information that would cause an investor to re-consider their investment in the Fund. In the opinion of the AIFM, material changes include changes in contractual arrangements that the Fund has in place. The following, while not a definitive full list, are changes that would be classified as material and would require at a minimum, notification to unitholders or require a unitholder's vote:

- Change in service provider to the Fund such as Depositary or Investment Manager
- Change in auditors to the Fund
- Change in Investment Objective of the Fund
- Change in Investment Policy of the Fund
- Change in Preferential status of any investor

**DAVY OPPORTUNITY TRUST**  
**MAGA MICRO CAP FUND**

**MANAGER'S REPORT AND STATEMENT OF MANAGER'S RESPONSIBILITIES (CONTINUED)**

*For the year ended 31 December 2017*

**Material Changes (continued)**

During the year, there were no changes to any of the service providers to the Fund. There were no changes to the investment objectives or investment policy of the Fund during the year.

The service providers to whom the AIFM has delegated functions are detailed in the Management and Other Information section. This information is also detailed comprehensively in the Supplement of the Fund. The Fund does not utilise the services of a Prime Broker.

The Fund did not have any special arrangements in place in relation to its units in issue.

No unitholder had any preferential treatment during the year. There were no changes to the redemption terms as detailed in the Supplement of the Fund.

Other than as described in the Annual Report, there were no material changes during the year.

**Risk Management Disclosures and Principal Risks**

***Investment Risk***

The Fund's equities and the value of the Fund's assets may be affected by uncertainties such as international political developments, changes in government policy, changes in taxation, restrictions on foreign investment, currency repatriation, currency fluctuations and other developments in the laws and regulations of countries in which investments may be made.

As investments may be made in assets denominated in a currency other than the currency of the Fund, there is a currency exchange risk which may affect the value of the units to the extent that the Fund makes investments in currencies other than its base currency. The value of the Fund's assets may be affected by uncertainties such as changes in volatility of underlying investment prices.

The value of investments may fall as well as rise and in the opinion of the AIFM, the principal risk is that investors may not recoup the original amount invested. Please refer to Note 9 and 10 in the Financial Statements for further detail on financial instruments and associated risks.

The Fund did not employ any borrowing during the year. The AIFM monitors acquisition of any controlling interests in non-listed entities. The Fund was managed in line with the Investment Guidelines and restrictions as set down in the Supplement of the Fund. No breaches of restrictions by the Fund were reported during the year.

***Operational Risk***

The Fund may be exposed to operational risks whereby the parties to whom key functions are delegated, do not carry out these functions in a proper manner.

All delegates shall have sufficient resources and shall employ sufficient personnel with the skills, knowledge and expertise necessary for the proper discharge of the tasks delegated to it and have an appropriate organisational structure to support the performance of the delegated tasks.

Contracts have been put in place with each delegate covering the remit of their designated functions. The AIFM conducts regular monitoring of delegates and ongoing oversight of their activities relevant to the Fund.

**Report on Activities**

These matters are covered in the Sub-Investment Manager's Report which is included as a part of the Annual Report.

**Soft Commission Arrangements**

The Fund did not enter into any soft commission arrangements during the years ended 31 December 2017 and 31 December 2016.

**DAVY OPPORTUNITY TRUST  
MAGA MICRO CAP FUND**

**MANAGER'S REPORT AND STATEMENT OF MANAGER'S RESPONSIBILITIES (CONTINUED)**

*For the year ended 31 December 2017*

**Statement of Manager's Responsibilities**

The Manager is responsible for preparing the Fund's financial statements, in accordance with applicable law and regulations.

Irish law requires the Manager of the Fund to prepare financial statements for each financial year. The Manager has elected to prepare the financial statements in accordance with applicable law and FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

The Fund's financial statements are required to give a true and fair view of the assets, liabilities and financial position of the Fund and of its changes in net assets attributable to holders of redeemable participating units for that period. In preparing these financial statements, the Manager:

- selects suitable accounting policies and then applies them consistently;
- makes judgements and estimates that are reasonable and prudent;
- states whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepares the financial statements on the going concern basis unless it is inappropriate to presume that the Fund will continue in business.

The Manager is responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the Fund and enable it to ensure that the financial statements comply with the Unit Trusts Act 1990. It has the general responsibility for taking such steps as are reasonably open to it to prevent and detect fraud and other irregularities.

The Board of Directors of the Manager has assessed the measures included in the voluntary Corporate Governance Code for Collective Investment Schemes and Management Companies as published by Irish Funds (formerly the Irish Funds Industry Association) in December 2011 the ("IF Code"). The Board has adopted and complied with all corporate governance practices and procedures in the IF Code with effect from 31 December 2012.

As part of its authorisation as an Alternative Investment Fund Manager ("AIFM"), the Manager relies on the Davy Group Remuneration Policy which is consistent with the European Securities and Market Authority's ("ESMA") remuneration guidelines and in particular the provisions of Annex II of Directive 2011/61/EU. The remuneration policy is outlined in Appendix 2.



Manager

Davy Investment Fund Services  
49 Dawson Street  
Dublin 2  
Ireland

10 May 2018

**DAVY OPPORTUNITY TRUST**  
**MAGA MICRO CAP FUND**

**SUB-INVESTMENT MANAGER'S REPORT**

*For the year ended 31 December 2017*

**Review of Fund**

Maga Micro Cap Fund (the "Fund") is a long only vehicle that invests in quoted micro cap companies in Europe. The Fund uses a long-term investment horizon and aims to invest in 30 - 35 companies at any one time.

The Fund produced a net return of 17.4% (€ class) in 2017, after slightly negative performance in the second half of the year. This reflected a pull-back in some of the Fund's large positions that had performed very strongly in the first half and the lack of any large positive performers to offset that weakness.

The exposure to the UK was slowly increased over the year as the manager identified attractive value opportunities in that market. The Fund has no exposure to Germany at present, having sold the Fund's only position in that market in Q4. Otherwise, Sweden remains a large exposure for the Fund at 18%, reflecting large positions in IT services and engineering consultancies.

The largest sector exposure for the Fund remains Software and Services, at 38%. Over half this position is comprised of IT services companies, a long term thematic exposure for the Fund, with three of the top five positions in that sector.

The strongest contributors in the year were Paragon (adding +375bp), Know IT (+322bp) and Claranova (+196bp). Profits were taken on Paragon and Claranova, while Know IT remains the Fund's largest position. The main losers were Accrol Group (-146bp), Rejlers (-89bp) and Sqli (-77bp). Accrol was sold, while the positions in Rejlers and Sqli were increased.

**Performance**

**Euro unit class**

	NAV date	NAV per unit €	Performance since beginning of year %	Benchmark since beginning of year %	Benchmark
2017	31.12.17	220.74	+17.41%	+19.42%	MSCI Micro Cap Index
2016	31.12.16	188.01	+15.21%	+12.67%	
2015	31.12.15	163.19	+37.52%	+21.76%	
2014	31.12.14	118.67	+18.24%	+5.13%	
2013	31.12.13	100.36	+0.36%	+3.42%	
Launch	18.11.13	100.00	N/A	N/A	

**US Dollar unit class**

	NAV date	NAV per unit \$	Performance since beginning of year %	Benchmark since beginning of year %	Benchmark
2017	31.12.17	225.79	+19.17%	+19.42%	MSCI Micro Cap Index
2016	31.12.16	189.46	+16.14%	+12.67%	
2015	31.12.15	163.13	+37.57%	+21.76%	
2014	31.12.14	115.39	+15.01%	+5.13%	
2013	31.12.13	100.36	+0.36%	+3.42%	
Launch	18.11.13	100.00	N/A	N/A	

**GBP unit class**

	NAV date	NAV per unit £	Performance since beginning of year %	Benchmark since beginning of year %	Benchmark
2017	31.12.17	197.72	+18.11%	+19.42%	MSCI Micro Cap Index
2016	31.12.16	167.41	+15.51%	+12.67%	
2015	31.12.15	144.93	+38.08%	+21.76%	
2014	31.12.14	102.03	+2.03%	-6.66%*	
Launch	01.05.14	100.00	N/A	N/A	

\*Performance calculated from launch of GBP share class.

**DAVY OPPORTUNITY TRUST**

**MAGA MICRO CAP FUND**

**SUB-INVESTMENT MANAGER'S REPORT (CONTINUED)**

*For the year ended 31 December 2017*

**Performance (continued)**

The Fund performed in line with its benchmark in 2017, reflecting the strong performance in the first half and a weaker performance in the second half. The Micro Cap index had a strong year as growth stocks performed well and the manager is satisfied to have tracked the index during such a period.

**Outlook**

There remain many attractive opportunities within the micro cap market. We do not expect any change in strategy, with the Fund continuing to be invested in 30 - 35 attractively valued and good quality companies across Europe.

Otus Capital Management L.P.  
27 Queen Anne's Gate  
London SW1H 9BU  
United Kingdom

April 2018



**DAVY OPPORTUNITY TRUST  
MAGA MICRO CAP FUND**

**REPORT OF THE DEPOSITARY TO THE UNITHOLDERS**

*For the year ended 31 December 2017*

We, Northern Trust Fiduciary Services (Ireland) Limited, appointed Depositary to Maga Micro Cap Fund (the "Fund") provide this report solely in favour of the unitholders of the Fund for the year ended 31 December 2017 ("Annual Accounting Period"). This report is provided in accordance with current Depositary obligation under the Central Bank of Ireland Alternative Investment Fund ("AIF") Rulebook, Chapter 5 (iii). We do not, in the provision of this report, accept nor assume responsibility for any other purpose or person to whom this report is shown.

In accordance with our Depositary obligation under the AIF Rulebook, we have enquired into the conduct of the Alternative Investment Fund Manager ("AIFM") for this Annual Accounting Period and we hereby report thereon to the unitholders of the Fund as follows;

We are of the opinion that the Fund has been managed by the AIFM during the year, in all material respects:

- (i) in accordance with the limitations imposed on the investment and borrowing powers of the Fund by the constitutional document and by the Central Bank of Ireland under the powers granted to the Central Bank of Ireland by the investment fund legislation; and
- (ii) otherwise in accordance with the provisions of the constitutional document and the investment fund legislation.



**For and on behalf of**  
**Northern Trust Fiduciary Services (Ireland) Limited**  
Georges Court  
54-62 Townsend Street  
Dublin 2  
Ireland

10 May 2018



KPMG  
Audit  
1 Harbourmaster Place  
IFSC  
Dublin 1  
D01 F6F5  
Ireland

## INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF MAGA MICRO CAP FUND

### 1 Report on the audit of the financial statements

#### *Opinion*

We have audited the financial statements of Maga Micro Cap Fund ('the Fund') for the year ended 31 December 2017, which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Net Assets Attributable to Holders of Redeemable Participating Units and Statement of Cash Flows and related notes, including the summary of significant accounting policies set out in note 2. The financial reporting framework that has been applied in their preparation is Irish Law and FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

In our opinion, the accompanying financial statements:

- give a true and fair view of the assets, liabilities and financial position of the Fund as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- have been properly prepared in accordance with the Unit Trusts Act 1990.

#### *Basis for opinion*

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with ethical requirements that are relevant to our audit of financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority (IAASA), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **We have nothing to report on going concern**

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

#### *Other information*

The Manager is responsible for the other information presented in the Annual report together with the financial statements. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion on, except as explicitly stated below, any form of assurance conclusion thereon.



Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

## **2 Respective responsibilities and restrictions on use**

### ***Responsibilities of the Manager for the financial statements***

As explained more fully in the Manager's responsibilities statement set out on page 4, the Manager is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Fund, the Manager is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

### ***Auditor's responsibilities for the audit of the financial statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A fuller description of our responsibilities is provided on IAASA's website at [https://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description\\_of\\_auditors\\_responsibilities\\_for\\_audit.pdf](https://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsibilities_for_audit.pdf).

### ***The purpose of our audit work and to whom we owe our responsibilities***

Our report is made solely to the Fund's unitholders, as a body, in accordance with Section 15 of the Unit Trusts Act 1990. Our audit work has been undertaken so that we might state to the Fund's unitholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Fund and the Fund's unitholders as a body, for our audit work, for this report, or for the opinions we have formed.

**Garrett O'Neill**

**for and on behalf of**

**KPMG**

**Chartered Accountants, Statutory Audit Firm**

*1 Harbourmaster Place,*

*IFSC*

*Dublin 1*

**10 May 2017**

**DAVY OPPORTUNITY TRUST  
MAGA MICRO CAP FUND**

**STATEMENT OF COMPREHENSIVE INCOME**

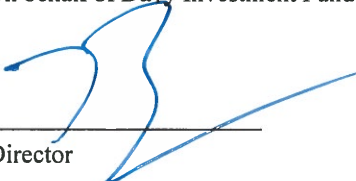
*For the year ended 31 December 2017*

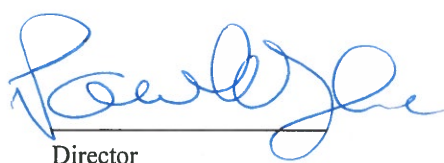
	Notes	Year ended 31 December 2017 €	Year ended 31 December 2016 €
<b>Income from investments at fair value through profit or loss:</b>			
Dividend income		1,446,447	988,326
Net gain/(loss) on financial assets and financial liabilities held at fair value through profit or loss	8	<u>9,372,188</u>	<u>7,487,592</u>
<b>Net investment income</b>		<b><u>10,818,635</u></b>	<b><u>8,475,918</u></b>
<b>Expenses</b>			
Manager fees	3,7	(121,514)	(85,190)
Sub-investment manager fees	3,7	(1,025,511)	(646,618)
Performance fees	3,7	(2,047,060)	(1,100,474)
Audit fees		(15,000)	(14,500)
Other fees		<u>(53,216)</u>	<u>(127,033)</u>
<b>Total operating expenses before finance costs and taxation</b>		<b><u>(3,262,301)</u></b>	<b><u>(1,973,815)</u></b>
<b>Net profit from operations before finance costs and taxation</b>		<b>7,556,334</b>	<b>6,502,103</b>
<b>Finance costs</b>			
Bank interest expense		<u>(43,012)</u>	<u>(20,840)</u>
<b>Net profit from operations before taxation</b>		<b>7,513,322</b>	<b>6,481,263</b>
Taxation	4	<u>(250,211)</u>	<u>(196,740)</u>
<b>Change in net assets attributable to holders of redeemable participating units</b>		<b><u>7,263,111</u></b>	<b><u>6,284,523</u></b>

All results are from continuing activities.

The accompanying notes and schedules form an integral part of these Financial Statements.

On behalf of Davy Investment Fund Services

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

Date: 10 May 2018

**DAVY OPPORTUNITY TRUST**

**MAGA MICRO CAP FUND**

**STATEMENT OF FINANCIAL POSITION**

*As at 31 December 2017*

	Notes	As at 31 December 2017 €	As at 31 December 2016 €
<b>Assets</b>			
Financial assets at fair value through profit or loss	9,10	70,310,985	50,149,295
Cash at bank and in hand	6	8,127,898	4,544,226
Dividends and interest receivable		16,053	—
Other assets		3,156	6,938
<b>Total Assets</b>		<b>78,458,092</b>	<b>54,700,459</b>
<b>Liabilities</b>			
Financial liabilities at fair value through profit or loss	9,10	350,066	192,749
Manager fees payable	3,7	63,619	14,863
Sub-investment management fees payable	3,7	90,618	64,994
Performance fees payable	3,7	1,814,861	1,097,818
Audit fees payable		15,000	14,500
Other payables		60,192	57,360
<b>Total liabilities (excluding net assets attributable to holders of redeemable participating units)</b>		<b>2,394,356</b>	<b>1,442,284</b>
<b>Net assets attributable to holders of redeemable participating units</b>		<b>76,063,736</b>	<b>53,258,175</b>

The accompanying notes and schedules form an integral part of these Financial Statements.

On behalf of Davy Investment Fund Services

Director

Director

Date: 10 May 2018

**DAVY OPPORTUNITY TRUST**  
**MAGA MICRO CAP FUND**

**STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE PARTICIPATING UNITS**

*For the year ended 31 December 2017*

	Year ended 31 December 2017 €	Year ended 31 December 2016 €
<b>Net assets attributable to holders of redeemable participating units at beginning of the year</b>	53,258,175	33,989,119
Proceeds from redeemable participating units issued	19,829,378	25,466,166
Costs of redeemable participating units redeemed	(4,286,928)	(12,481,633)
Change in net assets attributable to holders of redeemable participating units	7,263,111	6,284,523
<b>Net assets attributable to holders of redeemable participating units at the end of the year</b>	<b>76,063,736</b>	<b>53,258,175</b>
<b>Class EUR - unit transactions</b>		
Units in issue at the start of the year	163,385	102,620
Units subscribed during the year	57,622	113,486
Units redeemed during the year	(16,462)	(52,721)
<b>Units in issue at end of the year</b>	<b>204,545</b>	<b>163,385</b>
<b>Class USD - unit transactions</b>		
Units in issue at the start of the year	73,352	91,844
Units subscribed during the year	23,582	3,367
Units redeemed during the year	(1,181)	(21,859)
<b>Units in issue at end of the year</b>	<b>95,753</b>	<b>73,352</b>
<b>Class GBP - unit transactions</b>		
Units in issue at the start of the year	47,750	17,547
Units subscribed during the year	41,386	30,893
Units redeemed during the year	(31,184)	(690)
<b>Units in issue at end of the year</b>	<b>57,952</b>	<b>47,750</b>

The accompanying notes and schedules form an integral part of these Financial Statements.



**DAVY OPPORTUNITY TRUST**  
**MAGA MICRO CAP FUND**

**NOTES TO THE FINANCIAL STATEMENTS**

*For the year ended 31 December 2017*

**1. Reporting Entity**

The Davy Opportunity Trust (the “Trust”), constituted on 17 November 2003, is an umbrella unit trust authorised by the Central Bank of Ireland pursuant to the provisions of the Unit Trusts Act 1990 and the Alternative Investment Fund (“AIF”) Rulebook. The Trust now comprises of eleven portfolios (“Sub-Funds”), Davy Select Global Fund, Davy Select Ethical Fund, International Financial Services Growth Fund, The Euroglobal Property Fund, The Emerald Global Fund, Maga Micro Cap Fund, Finsbury Circle Real Estate Fund, IPIC Property Investments Fund, Davy IMRF II Fund, The Global Investment Fund and Green Liffey Investment Fund.

These financial statements are for Maga Micro Cap Fund (“the Fund”) only. Separate financial statements are prepared for the other Sub-Funds within the Trust and are available free of charge from the Manager for existing unitholders of each Sub-Fund.

The investment objective of the Fund is to achieve positive returns primarily through investing and trading in equity securities issued by micro-cap companies in Europe.

**2. Significant Accounting Policies**

**a) Basis of Preparation**

In preparing the financial statements for the financial year ended 31 December 2017, the Manager has applied Financial Reporting Standard 102 (“FRS 102”) *The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland* and these financial statements comply with that standard.

On initial application of FRS 102, in accounting for its financial instruments the Fund is required to apply either:

- The full requirements of FRS 102 relating to financial instruments;
- The recognition and measurement provisions of International Accounting Standard (“IAS”) 39 (*Financial Instruments: Recognition*) and only the disclosure requirements of FRS 102 relating to financial instruments; or
- The recognition and measurement provisions of International Financial Reporting Standard (“IFRS”) 9 (*Financial Instruments*) and only the disclosure requirements of FRS 102 relating to financial instruments.

The Manager has chosen to apply the recognition and measurement provisions of IAS 39 to the financial instruments that fall in the scope of Sections 11 and 12 of FRS 102. In addition, the presentation and disclosure requirements of FRS 102 have been applied as required. All references to Net Assets throughout this document refer to net assets attributable to holders of redeemable participating units.

The Fund meets all the conditions set out in FRS 102, Section 7, and consequently has availed of the exemption available to certain funds not to prepare a Statement of Cash Flows.

**Statement of Compliance**

The financial statements of the Maga Micro Cap Fund have been prepared in accordance with Financial Reporting Standard 102, *The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland* (“FRS 102”), as issued in August 2014 and as amended in March 2016, the Unit Trusts Act 1990 and the AIF Rulebook.

The financial statements have been prepared on the historical cost basis with the exception of financial assets and liabilities designated at fair value and measured at fair value through profit or loss.

**Fair Value Hierarchy**

The fair value hierarchy levels were revised under FRS 102, in line with the fair value hierarchy categorised under International Financial Reporting Standards (“IFRS”) as either level 1, 2 or 3. The amendments more closely align the relevant disclosure with IFRS and now use level 1, 2 and 3 and are effective for accounting periods beginning on or after 1 January 2017.

**Going Concern**

The financial position of the Fund and liquidity position are detailed in the financial statements. In addition, the notes to the financial statements address the Fund’s financial risk management objectives, details of its financial instruments and its exposures to credit risk and liquidity risk.

The Manager has a reasonable expectation that the Fund has adequate resources to continue in operational existence for the foreseeable future. Therefore, the Fund continues to adopt the going concern basis of accounting in preparing its financial statements.

## DAVY OPPORTUNITY TRUST

### MAGA MICRO CAP FUND

#### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

*For the year ended 31 December 2017*

#### 2. Significant Accounting Policies (continued)

##### *a) Basis of Preparation (continued)*

###### *Functional and Presentation Currency*

Functional currency is the currency of the primary economic environment in which the Fund operates. The Manager considers the Euro to be its functional currency, as the Euro most faithfully represents the economic effects of the underlying transactions, events and conditions.

The Financial Statements are presented in Euro ("€") which is the Fund's functional currency and presentation currency.

Foreign currency transactions are translated into the functional currency using the spot exchange rates prevailing at the dates of the transactions. Foreign currency assets and liabilities (both its monetary financial instruments and non-monetary financial assets measured at fair value through profit or loss) are translated into the functional currency using the exchange rate prevailing at the statement of financial position date. Foreign exchange gains and losses arising from translation are included in profit or loss in the Statement of Comprehensive Income.

The Fund's Sub-Investment Manager may employ strategies aimed at hedging against currency risk in order to hedge against certain currency risks, for example, where the currency of denomination of a class of Units differs from the base currency of the Portfolio. However, there can be no assurance that such hedging transactions will be effective. The costs and related liabilities/benefits arising from instruments entered into for the purposes of hedging the currency exposure for the benefit of any particular class of Units shall be attributable exclusively to that class.

Foreign exchange gains and losses related to cash and cash equivalents and cash at bank in hand are presented in the Statement of Comprehensive Income within net gains on financial assets at fair value through profit or loss. Foreign exchange gains and losses relating to the financial assets and liabilities carried at fair value through profit or loss are presented in the Statement of Comprehensive Income within net gains on financial assets at fair value through profit or loss.

###### *Use of Estimates and Judgements*

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the year in which the estimates are revised if the revision affects only that year or in the year of the revision and any future years if the revision affects both current and future years.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities predominantly relate to the fair value of financial instruments as discussed below.

Information about assumptions and estimation uncertainties that have a significant risk or resulting in material adjustment within the next financial year, as well as critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are included in Note 10.

##### *b) Fair Value Measurement*

In accordance with FRS 102, the Fund has opted to apply the recognition and measurement requirements of IAS 39 to financial instruments. In addition, and as required by the standard, the presentation and disclosure requirements of FRS 102 have also been applied.



**DAVY OPPORTUNITY TRUST  
MAGA MICRO CAP FUND**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

*For the year ended 31 December 2017*

**2. Significant Accounting Policies (continued)**

**c) Financial Instruments**

**(i) Classification**

The Fund classifies its financial assets and financial liabilities into the following categories:

- Financial assets and liabilities at fair value through profit or loss;
- Loans and receivables; and
- Other liabilities.

The category of financial assets and financial liabilities at fair value through profit or loss comprises:

- Financial instruments held for trading: Equities and all derivatives in a net receivable position (positive fair value), as well as options purchased, are reported as financial assets held for trading. All derivatives in a net payable position (negative fair value), as well as options written, are reported as financial liabilities held for trading.
- Financial instruments designated at fair value through profit or loss upon initial recognition: These include financial assets that are not held for trading purposes and which may be sold.

A financial instrument is classified as held for trading, if:

- It is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
- On initial recognition it is part of a portfolio that is managed together and for which there is evidence of a recent pattern of short-term profit taking; or
- It is a derivative, other than a designated and effective hedging instrument.

The Fund designates investments as financial assets at fair value through profit or loss on initial recognition where it manages these investments on a fair value basis in accordance with its documented investment strategy. Internal reporting and performance measurement of these securities are on a fair value basis.

Financial assets that are classified as loans and receivables may include accounts receivable and loans. Financial liabilities that are not at fair value through profit or loss include other liabilities and financial liabilities arising on redeemable participating units.

**(ii) Recognition and Derecognition**

Financial assets and financial liabilities at fair value through profit or loss are initially recognised on the trade date, which is the date on which the Fund becomes a party to the contractual provisions of the instrument. Other financial assets and financial liabilities are recognised on the date on which they are originated. Financial assets and financial liabilities at fair value through profit or loss are initially recognised at fair value, with transaction costs recognised immediately in profit or loss.

The Fund derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Fund neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset that is derecognised) and the consideration received (including any new asset obtained less any new liability assumed) is recognised profit or loss in the Statement of Comprehensive Income. Any interest in such transferred financial assets that is created or retained by the Fund is recognised as a separate asset or liability.

The Fund derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

**(iii) Initial Measurement**

Financial instruments are measured initially at fair value (transaction price) plus, in case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs on financial assets and financial liabilities at fair value through profit or loss are expensed immediately, while on other financial instruments they are amortised.

## DAVY OPPORTUNITY TRUST

### MAGA MICRO CAP FUND

#### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

*For the year ended 31 December 2017*

#### 2. Significant Accounting Policies (continued)

##### *c) Financial Instruments (continued)*

###### *(iv) Subsequent Measurement*

Subsequent to initial recognition, all instruments classified at fair value through profit or loss are measured at fair value with changes in their fair value recognised in profit or loss in the Statement of Comprehensive Income. Financial assets classified as loans and receivables are carried at amortised cost using the effective interest rate method less impairment losses, if any. All other assets and liabilities are carried at amortised cost. The amortised cost of a financial asset or liability is the amount at which the financial asset or financial liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus, in the case of a financial asset, any reductions for impairment or uncollectibility.

###### *(v) Fair Value Measurement Principles*

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, most advantageous market to which the Fund has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Fund measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. Financial assets are priced at their last traded prices.

If there is no quoted price in an active market, then the Fund uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique attempts to incorporate all of the factors that market participants would take into account in pricing a transaction.

The chosen valuation technique makes maximum use of market inputs, relies as little as possible on estimates specific to the Fund, incorporates all factors that market participants would consider in setting a price, and is consistent with accepted economic methodologies for pricing financial instruments. Inputs to valuation techniques reasonably represent market expectations and measures of the risk-return factors inherent in the financial instrument.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate used is a market rate at the statement of financial position date applicable for an instrument with similar terms and conditions. Where other pricing models are used, inputs are based on market data at the statement of financial position date.

Fair values for unquoted equity investments are estimated, if possible, using applicable price/earnings ratios for similar listed companies adjusted to reflect the specific circumstances of the issuer.

The fair value of forward foreign currency contracts is calculated as the difference between the contracted rate and the current forward rate that would close out the contract on the valuation date.

###### *(vi) Offsetting Financial Instruments*

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position when, and only when, the Fund has a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the assets and settle the liability simultaneously.

##### *d) Investment Income*

Interest income and expense are recognised within the Statement of Comprehensive Income using the effective interest rate method. Interest expense on loans and borrowings has been classified as finance costs within the Statement of Comprehensive Income.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or a shorter period where appropriate, to the net carrying amount of the financial asset or financial liability.

When calculating the effective interest rate, the Fund estimates cash flows considering all contractual terms of the financial instrument (for example, pre-payment options) but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

## DAVY OPPORTUNITY TRUST

### MAGA MICRO CAP FUND

#### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

*For the year ended 31 December 2017*

#### **2. Significant Accounting Policies (continued)**

##### ***d) Investment Income (continued)***

Dividend income is recognised in profit or loss on the date on which the right to receive payment is established.

##### ***e) Gains and Losses on Financial Assets***

Realised gains or losses on disposal of investments held for trading at fair value through profit or loss during the year and unrealised gains and losses on valuation of investments held at fair value through profit or loss at the year end are included within profit or loss in the Statement of Comprehensive Income. Realised gains and losses are calculated as the difference between the proceeds received and the original cost of the investment. Realised gains and losses are calculated using first in first out ("FIFO").

The unrealised gains represent the difference between the carrying amount of a financial instrument at the beginning of the period, or transaction price when purchased in the current reporting period and its carrying amount at the end of the period.

##### ***f) Fees and Charges***

In accordance with the prospectus, management fees, administration fees, depositary fees and other operating expenses are charged to the Statement of Comprehensive Income on an accruals basis as the related services are performed.

##### ***g) Redeemable Participating Units***

All Redeemable Participating Units issued by the Fund provide the investors with the right to require redemption for cash at the value proportionate to the unitholder's share in the Fund's net assets at the redemption date. Redeemable Participating Units issued by the Fund are classified as financial liabilities and are measured at amortised cost determined as being the present value of the redemption amount. In accordance with the Prospectus, the Fund is contractually obliged to redeem units at the Net Asset Value per Unit on the valuation date. The Fund has multiple unit classes as noted in Note 14.

##### ***h) Net Asset Value per Unit***

The Net Asset Value ("NAV") of the Fund will be expressed in the base currency of the Fund and calculated by reference to the value of assets at the close of business in the relevant market on the Business Day immediately preceding the relevant Dealing Day and by deducting from the value of the assets of the Fund the liabilities of the Fund (including, at the discretion of the Manager, a provision for Duties and Charges).

The Net Asset Value per Unit in the Fund will be calculated by dividing the Net Asset Value of the Fund attributable to a particular class of units in the Fund by the number of Units of that particular class then in issue or deemed to be in issue in the Fund on such Dealing Day and rounding to the nearest four decimal places. The Net Asset Value will be available to Unitholders on request. The calculation of the Net Asset Value of the Fund will be carried out by the Administrator in accordance with the requirements of the Trust Deed.

In circumstances where there is a delay in the valuation of any of the underlying assets of the Fund, the Manager may postpone the calculation of the Net Asset Value and an indicative Net Asset Value figure shall be made available to Unitholders on request from the Manager. Any such postponement shall operate up until the Final Valuation Day and, in these circumstances; the Net Asset Value shall be available on the Business Day following the Final Valuation Day.

##### ***i) Distribution Policy***

Where disclosed in the Supplement, it is intended that net investment income of the Fund (i.e. income from dividends, interest or otherwise, less the Fund's accrued expenses) will be distributed by way of distribution. Distributions payable to Unitholders will be reinvested at the time such distributions are paid by subscription for further units of the same class within the Fund, unless a Unitholder specifically requests in writing that dividends be paid in cash.

Distributions will be declared and recognised in the Statement of Comprehensive Income on the Distribution Date, and will be normally paid on the first Business Day following the month end during which the distributions were declared.



**DAVY OPPORTUNITY TRUST  
MAGA MICRO CAP FUND**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

*For the year ended 31 December 2017*

**2. Significant Accounting Policies (continued)**

**j) Cash at Bank and in Hand**

Cash comprises of cash in hand and deposits repayable on demand with any qualifying institution, less overdrafts from any qualifying institution repayable on demand. Deposits are repayable on demand if they can be withdrawn at any time without notice and without penalty, or if a maturity or period of notice of not more than twenty four hours or one working day has been agreed. Cash includes cash in hand and deposits denominated in foreign currencies.

Cash equivalents consist principally of short-term investments, including money market investments, which are readily convertible into cash and have original maturities of 3 months or less. Cash is valued at cost which approximates fair value. Bank overdrafts are classified as liabilities.

**3. Fees**

The Manager of the Fund is entitled to receive out of the assets of the Fund an annual management fee, accrued weekly and payable monthly in arrears, at an annual rate of €85,000 plus up to 0.20% of the Net Asset Value of the Fund in excess of €50 million. The Manager pays the Investment Manager out of its management fee. The Manager, Davy Investment Fund Services, earned a fee of €121,514 (2016: €85,190) during the year, of which €63,619 (2016: €14,863) was payable at the year end.

The Sub-Investment Manager, Otus Capital Management L.P., is entitled to receive out of the assets of the Fund an annual sub-investment management fee, accrued weekly and payable monthly in arrears, at an annual rate of 1.5% of the Net Asset Value of the Fund. The Sub-Investment Manager earned a fee of €1,025,511 (2016: €646,618) during the year, of which €90,618 (2016: €64,994) was payable at the year end.

The Fund's seed investor, The Maga Smaller Companies Fund, re-invests the rebated management fee monthly. Management fees rebated for the year ended 31 December 2017 were €139,133 (2016: €159,749), of which €8,801 (2016: €10,762) was pending at the end of the year.

The Manager of the Fund pays the Administrator and Depositary fees, out of its management fee, an annual fee as may be agreed between the parties from time to time. Northern Trust International Fund Administration Services (Ireland) Limited and Northern Trust Fiduciary Services (Ireland) Limited receive an administration and depositary fee respectively. Northern Trust International Fund Administration Services (Ireland) Limited received a fee of €37,231 (2016: €27,983) for the year. Administration fees of €9,881 (2016: €5,024) were payable at the end of the year. Northern Trust Fiduciary Services (Ireland) Limited received a fee of €16,923 (2016: €11,130) for the year. Depositary fees of €4,491 (2016: €7,604) were payable at the end of the year.

No remuneration, including fees, was paid by the Fund to the Directors of the Manager in the current financial year (2016: Nil).

**Performance Fees**

Otus Capital Management L.P. is entitled to receive out of the assets of the Fund a performance fee calculated on a unit-by-unit basis. The performance fee in respect of each unit in any calculation period will be equal to the relevant percentage of the appreciation in the Net Asset Value per Unit of the relevant class during that calculation period above a performance fee benchmark for that unit in respect of that calculation period.

The performance fee benchmark for the end of the first calculation period will be the subscription price during the initial offer as increased by applying to it a hurdle rate of 3 month Euribor plus 2 per cent (the "hurdle rate"). As the 3 month Euribor rate is negative, it has not been applied to the hurdle rate as agreed with the Sub-Investment Manager. If the Net Asset Value (before deducting the amount of any accrued liability for performance fee, but after deducting the amount of any accrued liability for sub-investment management fees) at the end of a calculation period exceeds the performance fee benchmark, a performance fee of 15% of that excess amount is payable.

When a performance fee is payable the performance fee benchmark for the next calculation period will be the final Net Asset Value per Unit of the relevant class at the end of the previous calculation period as increased by applying to it the hurdle rate. If the Net Asset Value per Unit at the end of a calculation period is equal to or lower than the performance fee benchmark, no performance fee is payable. The performance fee benchmark for the next calculation period is calculated by applying the hurdle rate to the previous performance fee benchmark.

Where the Net Asset Value per Unit at the end of a calculation period is equal to or lower than the performance fee benchmark, the difference between the performance fee benchmark and the Net Asset Value per Unit for that calculation period (a 'loss carryover') shall be carried over to the next calculation period.

**DAVY OPPORTUNITY TRUST**  
**MAGA MICRO CAP FUND**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

*For the year ended 31 December 2017*

**3. Fees (continued)**

The performance fee calculation is computed by operating an equalisation accounting system which ensures that each Unit is charged a performance fee or is treated as having a loss carryover (to be set against future appreciation in the value of that Unit) which equates precisely with that Unit's performance.

Performance fees for the year amounted to €2,047,060 (2016: €1,100,474), of which €1,814,861 (2016: €1,097,818) was payable at the end of the year as detailed in the Statement of Comprehensive Income and the Statement of Financial Position on pages 10 and 11. Performance fees presented include an equalisation element. The equalisation element contained within the 2017 performance fee total was €474,017 (2016: €83,916) of which €474,017 (2016: €83,916) was payable at the end of the year.

The Fund's seed investor, The Maga Smaller Companies Fund, and all employees of the Sub-Investment Manager are rebated their performance fees. Annual performance fee rebates are reinvested into the Fund. Performance fees rebated to the seed investor and employees of the Sub-Investment Manager for the year ended 31 December 2017 were €347,688 (2016: €309,680), of which €258,851 (2016: €254,064) was payable at the end of the year.

Total remuneration paid to the auditor was as follows:

<b>Auditor's remuneration in respect of the period (exclusive of VAT)</b>	<b>2017</b>	<b>2016</b>
	<b>€</b>	<b>€</b>
Audit of financial statements	15,000	14,500
	<u>15,000</u>	<u>14,500</u>

**4. Taxation**

The Trust qualifies as an investment undertaking as defined in Section 739B of the Taxes Consolidation Act, 1997, as amended. The Fund will not be liable to Irish tax in respect of its income and gains, other than on the occurrence of a chargeable event. A chargeable event includes any distribution payments to unitholders or any encashment, redemption or transfer of units for the ending for the relevant period for which the investment was held.

Generally a chargeable event arises on any distribution, redemption, repurchase, cancellation, transfer of units or the ending of a 'Relevant Period'. A 'Relevant Period' is an eight year period beginning with the acquisition of units by the unitholder and each subsequent period of eight years beginning immediately after the preceding Relevant Period (8 year deemed distribution).

A gain on a chargeable event does not arise in respect of;

- (a) a unitholder who is not an Irish resident and not ordinarily resident in Ireland at the time of the chargeable event, provided the necessary signed statutory declarations are held by the Trust;
- (b) certain exempted Irish tax resident Investors who have provided the Trust with the necessary signed statutory declarations;
- (c) an exchange of units arising on a qualifying amalgamation or reconstruction of the Sub-Fund with another fund;
- (d) any transactions in relation to units held in a recognised clearing system as designated by order of the Revenue Commissioners of Ireland;
- (e) certain exchanges of units between spouses and former spouses on the occasion of judicial separation and/or divorce;
- (f) an exchange by a unitholder, effected by way of an arm's length bargain where no payment is made to the unitholder of units in the Fund for other units in the Fund;
- (g) certain transfers of units between civil partners; or
- (h) certain transfers of units arising only because of a change in the manager of funds administered by the Courts' Service.

Capital gains, dividends and interest (if any) received on investment made by the Fund may be subject to withholding taxes imposed by the country from which the investment income/gains are received and such taxes may not be recoverable by the Fund or its unitholders.

In the absence of an appropriate declaration, the Trust will be liable for Irish tax on the occurrence of a chargeable event, and the Trust reserves its right to withhold such taxes from the relevant unitholders.

Distributions of income and capital gains and interest on securities issued in countries other than Ireland may be subject to taxes including withholding taxes imposed by such countries. The Fund may not be able to benefit from a reduction in the rate of withholding tax by virtue of the double taxation treaties in operation between Ireland and other countries.

**DAVY OPPORTUNITY TRUST**  
**MAGA MICRO CAP FUND**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

*For the year ended 31 December 2017*

**4. Taxation (continued)**

Certain dividend and interest income received by the Fund is subject to withholding tax imposed in the country of origin. Withholding tax suffered during the year was €250,211 (2016: €196,740). The Fund's average withholding tax paid was 17.30% (2016: 19.91%).

**5. Distributions**

There were no distributions declared for the year ended 31 December 2017 or for the year ended 31 December 2016.

**6. Cash at Bank and in Hand and Bank Overdraft**

All cash at bank and in hand of €8,127,898 (2016: €4,544,226) was held with The Northern Trust Company ("TNTC") for the year ended 31 December 2017 and 31 December 2016. The credit rating of TNTC's parent entity, Northern Trust Corporation, based on Standard & Poor's short-term rating is A-1+ (2016: A-1) and AA- (2016: A+) for long-term rating.

**7. Transactions with Related Party and Other Key Service Agreements**

IAS 24 'Related Party Disclosures' requires disclosure of information relating to material transactions carried out with parties who are deemed to be related to the reporting entity. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making functional or operational decisions.

The Alternative Investment Fund Manager, Investment Manager and Distributor and related companies are deemed related parties under FRS 102. Fees incurred with related parties during the year are disclosed in the Statement of Comprehensive Income. Fees paid to related parties are disclosed in Note 3.

The Fund's seed investor, The Maga Smaller Companies Fund, holds 31,529 Class EUR units in the Fund at 31 December 2017 (31 December 2016: 45,893) representing 8.80% of the units in the Fund (31 December 2016: 16.13%). The Maga Smaller Companies Fund has all management and performance fees rebated by the purchasing of additional units of the Fund on a monthly and annual basis respectively. All employees of the Sub-Investment Manager have all performance fees rebated by the purchase of additional units of the Fund annually.

The Directors of the Manager are listed on page 1 and are considered to be the controlling parties of the Fund.

**8. Net gain/(loss) on financial assets and financial liabilities held at fair value through profit or loss**

The following tables detail the financial assets and financial liabilities held for trading at fair value through profit or loss and gains and losses from the financial assets and financial liabilities held for trading at fair value through profit or loss for the year ended 31 December 2017 and year ended 31 December 2016:.

	31 December 2017 €	31 December 2016 €
<b>Financial assets at fair value through profit or loss</b>		
<b>Held for trading</b>		
Equity investments	70,233,660	50,024,585
Forward currency contracts	77,325	124,710
<b>Total financial assets at fair value through profit or loss</b>	<b>70,310,985</b>	<b>50,149,295</b>
<b>Financial liabilities at fair value through profit or loss</b>		
<b>Held for trading</b>		
Forward currency contracts	350,066	192,749
<b>Total financial liabilities at fair value through profit or loss</b>	<b>350,066</b>	<b>192,749</b>
<b>Realised and unrealised gains/(losses) charged to profit or loss</b>		
Equity investments	10,649,621	6,535,260
Foreign exchange	(1,277,433)	952,332
<b>Total realised and unrealised gains charged to profit or loss</b>	<b>9,372,188</b>	<b>7,487,592</b>

**DAVY OPPORTUNITY TRUST****MAGA MICRO CAP FUND****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)***For the year ended 31 December 2017***8. Net gain/(loss) on financial assets and financial liabilities held at fair value through profit or loss (continued)**

	31 December 2017	31 December 2016
	€	€
Realised gains on investments	14,497,589	6,789,812
Realised losses on investments	(1,963,377)	(1,020,399)
Unrealised gains on investments	7,877,922	6,135,644
Unrealised losses on investments	(9,762,513)	(5,369,797)
<b>Net gains on investments</b>	<b>10,649,621</b>	<b>6,535,260</b>
Realised gains on foreign currencies	9,216,001	7,484,837
Realised losses on foreign currencies	(10,288,752)	(6,483,594)
Unrealised gains on foreign currencies	20	13,982
Unrealised losses on foreign currencies	(204,702)	(62,893)
<b>Net (losses)/gains on currencies</b>	<b>(1,277,433)</b>	<b>952,332</b>
<b>Net gains/(loss) on financial assets and financial liabilities</b>	<b>9,372,188</b>	<b>7,487,592</b>

Gains and losses presented above exclude bank interest income, dividend income and bank interest expense.

Net gains/(losses) on financial assets/liabilities include all realised and unrealised fair value changes and foreign exchange differences, but exclude interest and dividend income.

Realised gains/(losses) on investment disposals are calculated using the FIFO method.

The unrealised gains represent the difference between the carrying amount of a financial instrument at the beginning of the year, or transaction price when purchased in the current reporting year and its carrying amount at the end of the year.

**9. Risks Associated with Financial Instruments**

The Board of Directors of the Manager at all times retain responsibility for key management decisions regarding the risk management function.

The Manager and the Investment Manager have entered into an agreement, whereby the Investment Manager has agreed to supply services on a day to day basis to the Manager. The work of risk management is supplemented and supported by the Investment Manager's AIFM Management team and Funds' Operations team.

The Board of the Manager are responsible for:

- The risk policy including annual review of same;
- The identification of risks (via risk matrix);
- The setting of risk limits for each fund;
- Critical decisions regarding risk;
- Determining the nature and frequency of risk reports required; and
- Determining any amendments to the risk management systems where required as a result of deficiencies identified.

Measures to assess the Fund's sensitivity to its most relevant identified risks are discussed below.

**Identified risks**

The Fund has exposure to the following risks:

- Market price risk (including foreign currency risk, interest rate risk and other price risk);
- Credit risk; and
- Liquidity risk.

This note presents information and quantitative disclosures about the Fund's exposure to each of the above risks, and outlines the Fund's objectives, policies and processes for measuring and managing risks.



**DAVY OPPORTUNITY TRUST**  
**MAGA MICRO CAP FUND**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

*For the year ended 31 December 2017*

**9. Risks Associated with Financial Instruments (continued)**

In pursuing its investment objectives, the Sub-Fund may hold the following instruments:

- Equities and forward foreign currency contracts;
- Cash, liquid resources and short-term assets and liabilities that arise directly from its operations; and
- Unitholders' funds which represent investors' monies, which are invested on their behalf.

The Fund's investing activities expose it to various types of risks that are associated with the financial instruments and markets in which it invests.

***Market Price Risk***

Market risk embodies the potential for both gains and losses and includes foreign currency risk, interest rate risk and other price risk. Details of the nature of the Fund's investment portfolio at the statement of financial position date are disclosed in the Portfolio and Statement of Investments.

The Investment Manager meets regularly to consider the asset allocation of the portfolio in order to maximise the investment returns for the Fund whilst minimising the risk associated with particular industry investments whilst continuing to follow the investment objective. There is, however, no assurance that this objective will be achieved as the value of investments may fall as well as rise and investors may not recoup the original amount invested.

If current market prices had increased or decreased by 7.5% with all other variables held constant, this would have increased or reduced the net assets attributable to holders of redeemable units in Maga Micro Cap Fund by approximately €5,247,069 (2016: €3,746,741).

***(i) Foreign Currency Risk***

The Fund's assets may be invested in securities denominated in currencies other than the functional currency and any income received by the Fund from these investments will be received in those currencies, some of which may fall in value against the functional currency.

The Fund's foreign currency risk is managed on a daily basis by the Sub-Investment Manager who reviews the portfolio's foreign currency exposure in light of current market conditions at that time. Cash deposit balances are converted back into Euro on an ad-hoc basis to ensure the Fund has sufficient liquidity to meet any liabilities as they arise. The Sub-Investment Manager utilises forward foreign currency contracts to mitigate risk where possible.

At the reporting date, the Fund had the following exposure due to forward foreign currency contracts:

	<b>31 December 2017</b>	<b>31 December 2016</b>
Pounds sterling	-18%	-6%
US dollars	24%	25%
Norwegian krone	- 4%	-3%
Swedish Krona	- 18%	- 13%

The Fund calculates its Net Asset Value in Euro and there is therefore a currency exchange risk, which may affect the value of units. The currency exposure of the Fund including exposures within forward currency contracts is as follows:



**DAVY OPPORTUNITY TRUST**
**MAGA MICRO CAP FUND**
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

For the year ended 31 December 2017

**9. Risks Associated with Financial Instruments (continued)**
**Market Price Risk (continued)**
**(i) Foreign Currency Risk (continued)**

	Monetary assets/ liabilities	Non - monetary assets/liabilities at fair value through profit or loss	Forward Currency Contracts	Exposure before Puttable units denoted in foreign currencies	Puttable shares denoted in foreign currencies	Net Exposure
	€	€	€	€	€	€
<b>31 December 2017</b>						
Norwegian krone	364	3,047,722	(3,059,521)	(11,435)	—	(11,435)
Pounds sterling	47,802	26,961,833	(13,886,881)	13,122,754	(12,908,170)	214,584
Swedish krona	410	13,787,151	(13,517,637)	269,924	—	269,924
US dollars	259	—	18,266,989	18,267,248	(18,004,357)	262,891
	Monetary assets/ liabilities	Non - monetary assets/liabilities at fair value through profit or loss	Forward Currency Contracts	Exposure before Puttable units denoted in foreign currencies	Puttable shares denoted in foreign currencies	Net Exposure
	€	€	€	€	€	€
<b>31 December 2016</b>						
Norwegian krone	8,136	1,308,756	(1,335,624)	(18,732)	—	(18,732)
Pounds sterling	24,066	12,574,984	(3,142,528)	9,456,522	(9,364,619)	91,903
Swedish krona	5,449	6,588,246	(6,757,216)	(163,521)	—	(163,521)
Swiss franc	91	—	—	91	—	91
US dollars	—	—	13,431,619	13,431,619	(13,175,754)	255,865

At 31 December 2017 and 31 December 2016, had the exchange rate between the Euro and other currencies to which the Fund is exposed increased or decreased by 7.5% with all other variables held constant, the increase or decrease respectively in net assets attributable to holders of redeemable participating units is shown by the amounts below.

	31 December 2017	31 December 2016
	€	€
Norwegian krone	(858)	(1,405)
Pounds sterling	984,207	6,893
Swedish krona	20,244	(12,264)
Swiss franc	—	7
US dollars	1,370,044	19,190
<b>Total</b>	<b>2,373,637</b>	<b>12,421</b>

**(ii) Interest Rate Risk**

The Fund invests in both fixed and floating rate securities. Any change to interest rates may result in income and value either increasing or decreasing. The majority of the Fund's securities are non-interest bearing or floating rate securities. As a result, the Fund is subject to limited exposure to fair value interest rate risk due to fluctuations. The maturity dates of fixed income instruments correspond to their re-pricing dates.

The following tables detail the Fund's exposure to interest rate risks. They include the Fund's assets and liabilities at fair values, categorised by the earlier of contractual re-pricing or maturity date measured by the carrying value of the assets and liabilities:

**DAVY OPPORTUNITY TRUST**  
**MAGA MICRO CAP FUND**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

*For the year ended 31 December 2017*

**9. Risks Associated with Financial Instruments (continued)**

**Market Price Risk (continued)**

**(ii) Interest Rate Risk (continued)**

31 December 2017	Less than 1 month	1-3 months	3 months to 1 year	1 year or more	Non-interest bearing	Total
Assets	€	€	€	€	€	€
<i>Held for trading at fair value through profit or loss:</i>						
Equities	-	-	-	-	70,233,660	70,233,660
<i>Held for trading:</i>						
Derivative financial instruments	-	-	-	-	77,325	77,325
<i>Financial assets measured at amortised cost:</i>						
Cash at bank and in hand	8,127,898	-	-	-	-	8,127,898
Interest, dividends and other receivables	-	-	-	-	19,209	19,209
<b>Total assets</b>	<b>8,127,898</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>70,330,194</b>	<b>78,458,092</b>

**Liabilities excluding Redeemable Units**

<i>Held for trading:</i>						
Derivative financial instruments	-	-	-	-	350,066	350,066
<i>Financial liabilities measured at amortised cost:</i>						
Accrued expenses	-	-	-	-	2,044,290	2,044,290
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,394,356</b>	<b>2,394,356</b>
<b>Total interest sensitivity gap</b>	<b>8,127,898</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

31 December 2016	Less than 1 month	1-3 months	3 months to 1 year	1 year or more	Non-interest bearing	Total
Assets	€	€	€	€	€	€
<i>Held for trading at fair value through profit or loss:</i>						
Equities	-	-	-	-	50,024,585	50,024,585
<i>Held for trading:</i>						
Derivative financial instruments	-	-	-	-	124,710	124,710
<i>Financial assets measured at amortised cost:</i>						
Cash at bank and in hand	4,544,226	-	-	-	-	4,544,226
Interest, dividends and other receivables	-	-	-	-	6,938	6,938
<b>Total assets</b>	<b>4,544,226</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>50,156,233</b>	<b>54,700,459</b>

**Liabilities excluding Redeemable Units**

<i>Held for trading:</i>						
Derivative financial instruments	-	-	-	-	192,749	192,749
<i>Financial liabilities measured at amortised cost:</i>						
Accrued expenses	-	-	-	-	1,249,535	1,249,535
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,442,284</b>	<b>1,442,284</b>
<b>Total interest sensitivity gap</b>	<b>4,544,226</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

The Fund's financial liabilities also include the net assets attributable to holders of redeemable participating units of €76,063,736 (2016: €53,258,175) which are non-interest bearing.

Interest is earned or charged on cash at bank and in hand, excluding fixed term deposits, at a variable rate.

The fixed income part of the Fund's interest rate risk is monitored on an on-going basis via a weekly holdings report. The Sub-Investment Manager monitors the risk exposures within the Fund on an on-going basis while continuing to follow the investment objectives of the Fund.

An increase of 1.5% in interest rates during a full calendar year would increase the net assets attributable to holders of redeemable units and changes in net assets attributable to holders of redeemable units by €121,918 (2016: €68,163) based on the interest rate profile of the Fund as at the reporting date. A decrease of 1.5% would have an approximately equal but opposite effect.

**DAVY OPPORTUNITY TRUST****MAGA MICRO CAP FUND****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

For the year ended 31 December 2017

**9. Risks Associated with Financial Instruments (continued)****Market Price Risk (continued)****(iii) Other Price Risk**

Other price risk is the risk that the value of the instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or foreign currency risk), whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market. As the majority of the Fund's financial instruments are carried at fair value with fair value changes recognised in the Statement of Comprehensive Income, changes in market conditions will directly affect net realised and unrealised gains on financial assets/liabilities.

Other price risk is managed by the Fund's Sub-Investment Manager by constructing a diversified portfolio of instruments traded on various markets. In addition, price risk may be hedged using derivative financial instruments such as options or futures contracts. As at the statement of financial position date, the Fund held forward foreign currency contracts.

The following tables detail the breakdown of the investment assets and liabilities held by the Fund:

<b>Investment Assets</b>	<b>31 December 2017 % of Net Assets</b>	<b>31 December 2016 % of Net Assets</b>
Equity investments	92.34	93.93
Forward foreign currency contracts	0.10	0.23
<b>Total investments assets</b>	<b>92.44</b>	<b>94.16</b>

<b>Investment Liabilities</b>	<b>31 December 2017 % of Net Assets</b>	<b>31 December 2016 % of Net Assets</b>
Forward foreign currency contracts	(0.46)	(0.36)
<b>Total investments liabilities</b>	<b>(0.46)</b>	<b>(0.36)</b>

**Credit Risk**

Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund resulting in a financial loss to the Fund. The Fund's Investment Manager monitors the exposure to risk on an on-going basis.

At the reporting date, the Fund's financial assets directly exposed to credit risk amounted to the following:

	<b>31 December 2017 €</b>	<b>31 December 2016 €</b>
Cash at bank and in hand	8,127,898	4,544,226
Dividends and interest receivable	16,053	—
Forward foreign currency contracts	77,325	124,710
Other assets	3,156	6,938
<b>Total</b>	<b>8,224,432</b>	<b>4,675,874</b>

Credit risk arising on debt instruments is mitigated by investing primarily in rated instruments or instruments issued by rated counterparties. As at 31 December 2017 and 31 December 2016, the Fund held no debt instruments.

Credit risk arising on transactions with brokers relates to transactions awaiting settlement. Risk relating to unsettled transactions is considered small due to the short settlement period involved and the high credit quality of the brokers used. The Fund monitors the credit rating and financial positions of the brokers used to further mitigate this risk.

Northern Trust Fiduciary Services (Ireland) Limited ("NTFSIL") is the appointed Depositary of the Fund, responsible for the safe-keeping of assets. NTFSIL has appointed The Northern Trust Company ("TNTC") as its global sub-custodian. Both NTFSIL and TNTC are wholly owned subsidiaries of Northern Trust Corporation ("NTC"). As at 31 December 2017, NTC had a long term credit rating from Standard & Poor's of A+ (2016:A+).

**DAVY OPPORTUNITY TRUST**  
**MAGA MICRO CAP FUND**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

*For the year ended 31 December 2017*

**9. Risks Associated with Financial Instruments (continued)**

***Credit Risk (continued)***

TNTC (as global sub-custodian of NTFSIL) does not appoint external sub-custodians within the U.S., the U.K., Ireland and Canada. However, in all other markets, TNTC appoints local external sub-custodians. NTFSIL, in the discharge of its depositary duties, verifies the Fund's ownership of Other Assets, (as defined under Other Assets in Article 21 (8)(b) of Directive 2011/61/EU), by assessing whether the Fund holds the ownership based on information or documents provided by the Fund or where available, on external evidence.

TNTC, in the discharge of its delegated depositary duties, holds in custody (i) all financial instruments that may be registered in a financial instruments account opened on the books of TNTC and (ii) all financial instruments that can be physically delivered to TNTC. TNTC ensures all financial instruments (held in a financial instruments account on the books of TNTC) are held in segregated accounts in the name of the Fund, clearly identifiable as belonging to the Fund, and distinct and separately from the proprietary assets of TNTC, NTFSIL and NTC.

In addition TNTC, as banker, holds cash of the Fund on deposit. Such cash is held on the Statement of Financial Position of TNTC. In the event of insolvency of TNTC, in accordance with standard banking practice, the Fund will rank as an unsecured creditor of TNTC in respect of any cash deposits. Insolvency of NTFSIL and or one of its agents or affiliates may cause the Fund's rights with respect to its assets to be delayed or limited.

The Responsible Party manages risk by monitoring the credit quality and financial position of the Depositary and such risk is further managed by the Depositary monitoring the credit quality and financial positions of sub-custodian appointments.

The Fund's Sub-Investment Manager analyses credit concentration on a holding by holdings basis.

***Liquidity Risk***

The Fund's assets comprise principally of equities. The majority of equities can be readily sold or converted to cash or cash balances as they are listed on major European stock exchanges. The main liability of the Fund is the redemption of any units that investors wish to sell.

As a limited liquidity fund, the Fund's Prospectus provides for the monthly creation of units. Redemption requests may be made monthly, i.e. on each Dealing Day, with a 90 day notice period.

Any Unitholder who makes their initial subscription for Units after 27 November 2015 and whose aggregate subscriptions equal or exceed US\$10,000,000 (or its foreign currency equivalent, as calculated at the time of subscription), will be permitted to redeem such Units on the last Dealing Day of each calendar quarter only. In addition, such a Unitholder may redeem a maximum of 25% of Units on any such Dealing Day. No redemption fee is payable in respect of any such Units. Subject to the foregoing, redemptions are otherwise subject to the terms of this Supplement.

For so long as the aggregate subscriptions of a Unitholder who makes their initial subscription for Units after 27 November 2015 are less than US\$10,000,000 (or its foreign currency equivalent, as calculated at the time of subscription), that Unitholder can continue to redeem Units on each Dealing Day.

The Fund's liquidity risk is managed on a monthly basis by the Sub-Investment Manager in accordance with policies and procedures in place.

The Fund maintains investments in cash deposits with maturities less than 3 months to maintain liquidity and to pay accounts payable and accrued expenses. At the reporting date, the Fund had such investments of €8,127,898 (2016: €4,544,226) in cash at bank and in hand.

**DAVY OPPORTUNITY TRUST**  
**MAGA MICRO CAP FUND**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

*For the year ended 31 December 2017*

**9. Risks Associated with Financial Instruments (continued)**

***Liquidity Risk (continued)***

The table below analyses the Fund's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date.

<b>31 December 2017</b>	<b>Carrying</b>	<b>Contractual</b>				
<b>Liabilities</b>	<b>Amount</b>	<b>Cashflows</b>	<b>&lt;1 Month</b>	<b>1-12 Months</b>	<b>2-5 Years</b>	<b>5 Years or more</b>
	<b>€</b>	<b>€</b>	<b>€</b>	<b>€</b>	<b>€</b>	<b>€</b>
Financial liabilities held for trading at fair value through profit or loss - derivatives	350,066	350,066	350,066	—	—	—
Investment management fees payable	63,619	63,619	63,619	—	—	—
Sub-investment management fees payable	90,618	90,618	90,618	—	—	—
Audit fees payable	16,004	16,004	—	16,004	—	—
Performance fees payable	1,814,861	1,814,861	1,814,861	—	—	—
Other payables	59,188	59,188	—	59,188	—	—
Liabilities to holders of redeemable participating units	76,063,736	76,063,736	—	76,063,736	—	—
	<b>78,458,092</b>	<b>78,458,092</b>	<b>2,319,164</b>	<b>76,138,928</b>	<b>—</b>	<b>—</b>
<b>31 December 2016</b>	<b>Carrying</b>	<b>Contractual</b>				
<b>Liabilities</b>	<b>Amount</b>	<b>Cashflows</b>	<b>&lt;1 Month</b>	<b>1-12 Months</b>	<b>2-5 Years</b>	<b>5 Years or more</b>
	<b>€</b>	<b>€</b>	<b>€</b>	<b>€</b>	<b>€</b>	<b>€</b>
Financial liabilities held for trading at fair value through profit or loss - derivatives	192,749	192,749	192,749	—	—	—
Investment management fees payable	14,863	14,863	14,863	—	—	—
Sub-investment management fees payable	64,994	64,994	64,994	—	—	—
Audit fees payable	14,500	14,500	—	14,500	—	—
Performance fees payable	1,097,818	1,097,818	1,097,818	—	—	—
Other payables	57,360	57,360	—	57,360	—	—
Liabilities to holders of redeemable participating units	53,258,175	53,258,175	—	53,258,175	—	—
	<b>54,700,459</b>	<b>54,700,459</b>	<b>1,370,424</b>	<b>53,330,035</b>	<b>—</b>	<b>—</b>

**10. Fair Value of Financial Assets and Liabilities**

For financial instruments held at fair value in the Statement of Financial Position, the Fund discloses for each class of financial instrument, an analysis of the level in the fair value hierarchy, into which the fair value measurements are categorized.

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund has the ability to access at the measurement date;
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) including inputs in markets that are not considered to be active;
- Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement.



# DAVY OPPORTUNITY TRUST

## MAGA MICRO CAP FUND

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2017

#### 10. Fair Value of Financial Assets and Liabilities (continued)

The determination of what constitutes 'observable' requires significant judgement by the Manager. The Manager considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. Availability of observable market prices and model inputs reduces the need for management judgement and estimation and also reduces the uncertainty associated with determination of fair values. Availability of observable market prices and inputs varies depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets.

The following tables analyse the fair value hierarchy of the Fund's financial assets and financial liabilities measured at fair value at 31 December 2017 and 31 December 2016:

#### 31 December 2017

Assets	Level 1	Level 2	Level 3	Total
<i>Financial assets at fair value through profit or loss:</i>				
<i>Financial assets held for trading:</i>	€	€	€	€
– Equities	70,233,660	–	–	70,233,660
– Derivatives	–	77,325	–	77,325
<b>Total assets</b>	<b>70,233,660</b>	<b>77,325</b>	<b>–</b>	<b>70,310,985</b>
<b>Liabilities</b>				
<i>Financial liabilities held for trading:</i>				
– Derivatives	–	(350,066)	–	(350,066)
<b>Total liabilities</b>	<b>–</b>	<b>(350,066)</b>	<b>–</b>	<b>(350,066)</b>

#### 31 December 2016

Assets	Level 1	Level 2	Level 3	Total
<i>Financial assets at fair value through profit or loss:</i>				
<i>Financial assets held for trading:</i>	€	€	€	€
– Equities	50,024,585	–	–	50,024,585
– Derivatives	–	124,710	–	124,710
<b>Total assets</b>	<b>50,024,585</b>	<b>124,710</b>	<b>–</b>	<b>50,149,295</b>
<b>Liabilities</b>				
<i>Financial liabilities held for trading:</i>				
– Derivatives	–	(192,749)	–	(192,749)
<b>Total liabilities</b>	<b>–</b>	<b>(192,749)</b>	<b>–</b>	<b>(192,749)</b>

#### 11. Efficient Portfolio Management

The Investment Manager may enter into hedging transactions at their sole discretion and solely for the purposes of efficient portfolio management. During the years ended 31 December 2017 and 31 December 2016, there were no techniques utilised for the purposes of efficient portfolio management.

#### 12. Commitments

The Fund had no commitments as at 31 December 2017 or at 31 December 2016.

#### 13. Capital Management

The Fund considers units redeemable to participating unitholders as capital. The redeemable units issued provide an investor with the right to require redemption for cash at a value proportionate to the investor's share in the Fund's net assets at each redemption date and are classified as liabilities.

The Fund's objectives in managing the redeemable units are to ensure a stable base to maximise returns to all investors and to manage liquidity risk arising from redemptions. The Fund's investment objective is outlined in Note 1.

The Fund's management of the liquidity risk arising from redemptions is discussed in Note 9.

**DAVY OPPORTUNITY TRUST****MAGA MICRO CAP FUND****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

*For the year ended 31 December 2017*

**13. Capital Management (continued)**

The Fund is not subject to any externally imposed capital requirements.

**14. Net Asset Value per Participating Unit**

The Net Asset Value per Unit is determined by dividing the value of the net assets of the Fund by the number of units in issue at the year end.

	31 December 2017	31 December 2016	31 December 2015
<b>Class EUR</b>			
Net Asset Value	€45,151,209	€30,717,802	€16,746,822
Units in issue	204,545	163,385	102,620
Net Asset Value per unit	€220.74	€188.01	€163.19
<b>Class USD</b>			
Net Asset Value	\$21,619,633	\$13,897,126	\$14,982,106
Units in issue	95,753	73,352	91,844
Net Asset Value per unit	\$225.79	\$189.46	\$163.13
<b>Class GBP</b>			
Net Asset Value	£11,458,237	£7,993,626	£2,543,050
Units in issue	57,952	47,750	17,547
Net Asset Value per unit	£197.72	£167.41	£144.93

**15. Cross Liability of Funds**

The assets of the Fund cannot be used to discharge the liability of the other Sub-Funds of the Trust.

**16. Portfolio Changes**

A complete listing of the portfolio purchases and sales during the year is available to unitholders on request from the Manager free of charge.

**17. Significant Events During the Year**

There were no significant events during the year which require adjustment to or additional disclosure in the financial statements.

**18. Subsequent Events**

There were no significant events subsequent to the year end which require adjustment to or additional disclosure in the financial statements.

**19. Approval of Financial Statements**

The financial statements were approved by the Directors of the Manager on 10 May 2018.

**DAVY OPPORTUNITY TRUST**  
**MAGA MICRO CAP FUND**

**APPENDIX 1 - PORTFOLIO AND STATEMENT OF INVESTMENTS (UNAUDITED)**

*As at 31 December 2017*

Holdings	Financial assets at fair value through profit or loss	Fair Value €	% of Net Assets
	<b>Equities: 92.34% (2016: 93.93%)</b>		
	<b>Belgium: 4.03% (2016: 4.65%)</b>		
113,696	RealDolmen	3,066,381	4.03
	<b>Total Belgium</b>	<b>3,066,381</b>	<b>4.03</b>
	<b>Finland: 2.31% (2016: 2.10%)</b>		
159,137	Siili Solutions	1,760,055	2.31
	<b>Total Finland</b>	<b>1,760,055</b>	<b>2.31</b>
	<b>France: 9.80% (2016: 9.99%)</b>		
87,766	ATEME	1,418,299	1.86
55,241	Focus Home Interactive	1,731,253	2.28
4,501	Precia	985,719	1.30
93,752	Sqli	3,316,008	4.36
	<b>Total France</b>	<b>7,451,279</b>	<b>9.80</b>
	<b>Germany: 0.00% (2016: 18.41%)</b>		
	<b>Italy: 6.98% (2016: 9.51%)</b>		
137,226	Italian Wine Brands	1,726,303	2.27
243,108	Piteco	1,252,006	1.64
389,574	Tecnoinvestimenti	2,333,549	3.07
	<b>Total Italy</b>	<b>5,311,858</b>	<b>6.98</b>
	<b>Netherlands: 11.63% (2016: 10.76%)</b>		
1,256,224	DPA	2,165,730	2.85
60,334	Envipco	494,739	0.65
1,751,911	Ordina	2,725,973	3.58
173,047	Stern Groep	3,460,940	4.55
	<b>Total Netherlands</b>	<b>8,847,382</b>	<b>11.63</b>
	<b>Norway: 4.01% (2016: 2.47%)</b>		
1,047,112	Crayon	1,524,543	2.01
207,782	Medistim	1,523,179	2.00
	<b>Total Norway</b>	<b>3,047,722</b>	<b>4.01</b>
	<b>Sweden: 18.13% (2016: 12.38%)</b>		
788,030	Acando	2,236,274	2.94
305,573	Know It	4,833,073	6.36
456,833	Railcare	831,742	1.09
353,820	Rejlers	2,042,331	2.69
514,385	Semcon	2,495,656	3.28
2,650,734	Strax	1,348,075	1.77
	<b>Total Sweden</b>	<b>13,787,151</b>	<b>18.13</b>
	<b>United Kingdom: 35.45% (2016: 23.66%)</b>		
201,406	Accrol	81,681	0.11
184,220	Bloomsbury Publishing	392,234	0.52
1,990,776	Centaur Media	1,020,424	1.34
505,862	Character Group	2,535,940	3.33
828,140	City Pub	1,581,322	2.08
2,819,795	CityFibre Infrastructure	1,874,202	2.46
1,797,981	Epwin	1,688,760	2.22
373,147	Everyman Media	876,462	1.15
1,280,226	Fairfx	1,146,570	1.51



**DAVY OPPORTUNITY TRUST**  
**MAGA MICRO CAP FUND**

**APPENDIX 1 - PORTFOLIO AND STATEMENT OF INVESTMENTS (UNAUDITED) (CONTINUED)**

*As at 31 December 2017*

Holdings	Financial assets at fair value through profit or loss					Fair Value €	% of Net Assets
	<b>Equities: 92.34% (2016: 93.93%) (continued)</b>						
	<b>United Kingdom: 35.45% (2016: 23.66%) (continued)</b>						
632,185	Fairpoint*					—	—
1,374,659	IMImobile					3,747,635	4.93
3,153,253	Macfarlane					2,761,888	3.63
1,017,863	PROACTIS					1,955,062	2.57
660,468	Ramsdens					1,331,839	1.75
1,553,138	SiS Science in Sport					1,303,506	1.71
521,626	Up Global Sourcing					470,106	0.62
1,274,097	Van Elle					1,266,672	1.67
1,267,653	Volution					2,927,529	3.85
	<b>Total United Kingdom</b>					<b>26,961,832</b>	<b>35.45</b>
	<b>Total Equities</b>					<b>70,233,660</b>	<b>92.34</b>
	<b>Forward foreign currency contracts: 0.10% (2016: 0.23%)</b>						
Counterparty	Currency Buys	Currency Sells		Currency Rate	Maturity Date	Fair Value €	% of Net Assets
Northern Trust	EUR	27,035,875 GBP	23,950,000	1.1288	31/01/2018	73,531	0.10
Northern Trust	EUR	191,998 USD	227,000	0.8458	04/01/2018	2,958	—
Northern Trust	EUR	141,654 GBP	125,000	1.1332	04/01/2018	836	—
	<b>Total unrealised gains on forward foreign currency contracts</b>					<b>77,325</b>	<b>0.10</b>
	<b>Total financial assets at fair value through profit or loss</b>					<b>70,310,985</b>	<b>92.44</b>
	<b>Financial liabilities at fair value through profit or loss</b>						
	<b>Forward foreign currency contracts: (0.46%) (2016: (0.36%))</b>						
Counterparty	Currency Buys	Currency Sells		Currency Rate	Maturity Date	Fair Value €	% of Net Assets
Northern Trust	GBP	118,000 EUR	134,001	1.1356	04/01/2018	(1,069)	—
Northern Trust	USD	222,000 EUR	188,130	0.8474	04/01/2018	(3,253)	—
Northern Trust	EUR	3,035,814 NOK	30,050,000	0.1010	31/01/2018	(21,336)	(0.03)
Northern Trust	GBP	11,630,000 EUR	13,187,212	1.1339	04/01/2018	(85,544)	(0.11)
Northern Trust	EUR	13,415,326 SEK	132,900,000	0.1009	31/01/2018	(102,894)	(0.14)
Northern Trust	USD	21,940,000 EUR	18,407,121	0.8390	04/01/2018	(135,970)	(0.18)
	<b>Total unrealised losses on forward foreign currency contracts</b>					<b>(350,066)</b>	<b>(0.46)</b>
	<b>Total Value of Investments (2016: 93.80%)</b>					<b>69,960,919</b>	<b>91.98</b>
	<b>Cash at Bank and in Hand (2016: 8.53%)</b>					<b>8,127,898</b>	<b>10.69</b>
	<b>Other Net Liabilities (2016: (2.33%))</b>					<b>(2,025,081)</b>	<b>(2.67)</b>
	<b>Net Assets Attributable to Holders of Redeemable Participating Units</b>					<b>76,063,736</b>	<b>100.00</b>

\*Nil priced security

**DAVY OPPORTUNITY TRUST**  
**MAGA MICRO CAP FUND**

**APPENDIX 2 - REMUNERATION DISCLOSURES (UNAUDITED)**

Davy Investment Fund Services (“DIFS”), the Alternative Investment Fund Manager (the “AIFM”), relies on the Davy Group Remuneration Policy which has been drafted taking into consideration Annex V of the Capital Requirements Directive (“CRD”), the Committee of European Banking Supervisors (“CEBS”) guidelines, the European Securities and Markets Authority (“ESMA”) guidelines on sound remuneration policies under AIFMD (ESMA/2013/232) (the “AIFMD remuneration guidelines”) and the ESMA guidelines on remuneration policies and practices (ESMA/2013/606) (the “MiFMD remuneration guidelines”) which came into effect on 28 January 2014.

Davy has in place a Remuneration Committee (the “Committee”) which is responsible for completing periodic reviews, which are at least annual, of the principles of the policy. The Committee is also responsible for implementation of same.

The policy complies with the remuneration principles in a way which is proportionate and to the extent that is appropriate to the overall size of the Davy Group, taking into account the nature, scope and complexities of the business. The aim of the policy is to promote sound and effective risk management in line with the business strategy, objectives, values and long-term interests of the group and its stakeholders.

It is important to note that:

- Staff engaged in control functions are independent, have appropriate authority and are remunerated in accordance with the achievement of the objectives linked to their functions, independent of the performance of business areas;
- Where a component of an employee’s remuneration is performance related the total amount of remuneration is based on a combination of the assessment of the performance of the individual and of the business unit concerned and of the overall results of the firm;
- When assessing individual performance, financial and non-financial criteria are taken into account;
- Fixed and variable components of total remuneration are appropriately balanced and the fixed component represents a sufficiently high proportion of the total remuneration to allow the operation of a fully flexible policy, on variable remuneration components, including the possibility to pay no variable components; and that
- The policy is consistent with and promotes sound and effective risk management and does not encourage risk taking which is not consistent with the risk profiles of the Trust.

A variety of factors both financial and non-financial measures influence the level of remuneration that the Investment Manager receives and the investment management role and activity is also governed by its Best Execution Policy and Conflict of Interest Policy.

The remuneration details are disclosed below:

- The total remuneration for the AIFM, (DIFS, and its delegated Investment Manager - J&E Davy in relation to the activities of the Davy Opportunity Trust and its sub-fund is €446,487.
- This was allocated as 90% Fixed (€399,887) and 10% Variable (€46,600).
- The average number of staff engaged during the year was 5.
- The number of relevant staff relating to the investment management activities of the Front Office was 1.
- These are the latest available remuneration numbers.

**DAVY OPPORTUNITY TRUST**  
**MAGA MICRO CAP FUND**

**APPENDIX 3 - CONFLICTS OF INTEREST (UNAUDITED)**

The AIFM has established, implemented and applies effective written conflicts of interest policy taking into account the nature, scale and complexity of its business and that of the Fund.

The Directors, the AIFM, the Investment Manager, the Administrator and the Depositary and their respective affiliates, officers, directors and unitholders, employees and agents (collectively the “Parties”) may or may not be involved in other financial, investment and professional activities which may on occasion cause a conflict of interest with the management of the Trust and/or their respective roles with respect to the Trust. These activities may include managing or advising other funds (including other collective investment schemes), purchases and sales of securities, banking and investment management services, brokerage services, valuation of unlisted securities (in circumstances in which fees payable to the entity valuing such securities may increase as the value of assets increases) and serving as directors, officers, advisers or agents of other funds or companies, including funds or companies in which the Trust may invest. In particular, the AIFM and other companies within the Davy Group may be involved in advising or managing other investment funds (including other collective investment schemes) or other real estate portfolios which have similar or overlapping investment objectives to or with the Trust. Each of the Parties will use its reasonable endeavours to ensure that the performance of their respective duties will not be impaired by any such involvement they may have and that any conflicts which may arise will be resolved fairly and in the best interests of Unitholders.

**DAVY OPPORTUNITY TRUST****MAGA MICRO CAP FUND****APPENDIX 4 - EXCHANGE RATES (UNAUDITED)**

	<b>31 December 2017</b>	<b>31 December 2016</b>
Norwegian krone	9.8218	9.0790
Pounds sterling	0.8877	0.8536
Swedish krona	9.8316	9.5820
Swiss francs	1.1702	1.0720
US dollars	1.2008	1.0547

**Average exchange rates**

	<b>31 December 2016 to 31 December 2017</b>	<b>31 December 2015 to 31 December 2016</b>
Norwegian krone	9.3332	9.2948
Pounds sterling	0.8765	0.8193
Swedish krona	9.6388	9.4676
Swiss francs	1.1118	1.0898
US dollars	1.1301	1.1065