

Fund Description

The **Income Opportunities Fund** ('the Fund') is an actively managed multi-asset Fund that is focussed on generating income and maintaining the real value of capital invested over the long-term.

The Portfolio Managers follow Setanta's value investment philosophy, seeking to pick stocks at a price below the managers' assessment of intrinsic value. The Fund further distils this philosophy by targeting stocks where management have both the willingness and ability to distribute meaningful dividends to shareholders.

While the Fund does not target specific regional or sector weights, the managers seek to maintain a sensible level of diversification. Risk is minimised by focusing on valuation, financial and operational risk measures and therefore the degree of downside protection, rather than focusing on measures of market volatility or beta. The Fund usually holds between 20 to 40 stocks with expected holding periods of up to 5 years. While investment in attractively valued high yield equities (overwritten with call options) will be the primary strategy employed in the Fund, the Portfolio Managers seek long-term higher yielding value opportunities in other asset classes also.

The covered option overwriting strategy employed is active and at all times maintains a focus on total return.

The Income Opportunities Fund has two investment objectives:

- 1 To generate income at a target rate. (Declared annually at beginning of year).
- 2 To grow real capital value over the long term

Portfolio Managers

Richard Doyle CFA & David Pastor CFA



Investment Principles

- We do not believe the market is efficient.
- We aim to make investments at a price below our assessment of intrinsic value.
- We make an investment in a business rather than trade securities.
- We believe risk is the possibility of permanent impairment of value.
- We make investments for the long term.
- We invest where we see value and are not afraid to be contrarian and swim against the tide.
- We don't make forecasts, we consider scenarios.
- We demand financial strength from the companies we invest in.
- We will act with integrity and communicate with our clients in a manner representative of our investment style.
- We have the humility to know we make mistakes and embrace the need to continue learning through both experience and study.



WINNER
Equities Manager of the Year



WINNER
Equities Manager of the Year



WINNER
Equities manager of the year

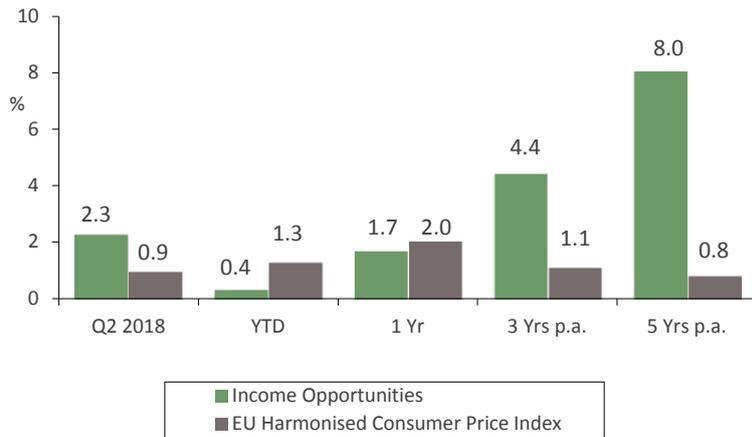


WINNER
Equities Manager of the Year



WINNER
Equities Manager of the Year

FUND PERFORMANCE – 30.06.18



YEARLY PERFORMANCE

Year %	2012	2013	2014	2015	2016	2017
Fund	11.7	14.7	8.4	10.6	9.7	2.9
Benchmark	2.2	0.8	-0.2	0.2	1.1	1.4

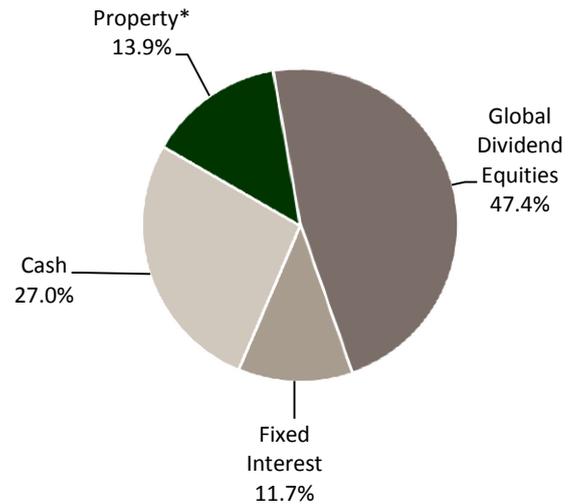
Performance Source: Setanta Asset Management Limited. Benchmark: European Harmonised Consumer Price Index. Fund returns are shown gross of management fees. The performance will be reduced by the impact of management fees paid, the amount of which varies.

* Inception as at 30.09.11

TOP 10 EQUITY HOLDINGS

COMPANY	SECTOR	% OF FUND
PROCTER & GAMBLE	CONSUMER STAPLES	2.5%
ORIGIN ENTERPRISES	CONSUMER STAPLES	2.2%
HARLEY DAVIDSON	CONSUMER DISCRETIONARY	2.0%
NWS HOLDINGS	INDUSTRIALS & MATERIALS	2.0%
PROXIMUS SA	TELECOMS & UTILITIES	1.9%
GLAXOSMITHKLINE	HEALTHCARE	1.9%
VODAFONE GROUP	TELECOMS & UTILITIES	1.7%
COCA-COLA AMATIL	CONSUMER STAPLES	1.6%
ENI SPA	ENERGY	1.6%
UNITED UTILITIES	TELECOMS & UTILITIES	1.6%

GEOGRAPHIC & ASSET SPLIT



*includes 2.0% in IRES REIT

HISTORIC INCOME

Year	Income Earned % of Fund Value
2011	6.2%
2012	5.6%
2013	5.5%
2014	4.8%
2015	5.5%
2016	4.7%
2017	4.1%

Annie Duke, a former professional poker player, wrote in her recent book, **'Thinking in Bets'**: "(...despite the popular wisdom that we achieve success through positive visualisation, it turns out that negative visualisation makes us more likely to achieve our goals....)".

While we might shrink at the noble art of investing being compared to poker playing, we think that there's something in what Ms. Duke has to say! Basking in an optimistic view of the future gives us a warm and comfortable feeling and thus something that we like to do. For this very reason, we are all at risk of biasing our decision-making to the hope of good things happening. As Ms. Duke elaborates, in many instances, you can obtain better results by focusing on the thankless task of grinding through the obstacles and negative scenarios you may encounter in trying to achieve your objective.

In our opinion, successful investing is a fine balance of creating a reasonable investment case incorporating a healthy dose of scepticism and some 'negative visualisation' of what could go wrong. As portfolio managers of the Fund we try our hardest to guard against 'blue sky thinking'. This means that it is unlikely that any one of the Fund's holdings will be amongst the market's very best performers in any given year, but it also means that it is much more likely that the holdings in general should perform relatively well, and certainly much better than the worst performers. We believe that this is a good recipe for good long-term investment performance.

Recent Portfolio Addition

Sampo is a pan-Nordic financial conglomerate that was recently added to the Fund. Its principal interests are property and casualty (P&C) insurance and universal banking across Sweden, Finland, Denmark and Norway. Sampo is a holding company with two key assets: If and Nordea. Sampo's approach is to focus on return on investment; prioritise profitability over growth; and ensure that its holdings are providing dividends to the parent. It has an excellent record of capital allocation, both inter-, and intra- assets, since its creation around the turn of this century.

If has successfully created a genuinely pan-Nordic P&C business that successfully bridges the four major Nordic countries, their different currencies and different statuses within both the European Union and Eurozone. The Nordic property and casualty insurance market is an attractive one. Underwriters there, such as If, typically 'own' the relationship with the customer, rather than relying on brokers, which means that there is more profit available to the insurance writer (and the customer). Furthermore, the prevalence of high renewal rates favours competent incumbents, such as If. These characteristics, combined with If's highly disciplined underwriting of insurance risk, results in a strong underlying return on investment (typically in the mid-teens range).

Sampo's position in Nordea, a universal bank operating in the same Nordic countries, is held through a large equity stake. Nordea's market positions in each of the four major Nordic countries are strong, while the markets themselves are concentrated, typically having 2 – 3 larger banks. Through Sampo's influence, the bank very much prioritises profitability over growth, a prudent approach in this mature market. Nordea's capital base, a bank's bulwark against times of strife, is among the strongest in Europe, at close to 20% of its equity. While this has capped its return on equity at no more than 'good' levels, it is a figure in which we take comfort.

Risks to the investment case include Sampo's reliance on key personnel; exposure to some 'hot' property markets; a centralised lending model at Nordea; and, longer-term, a decline in the need for motor insurance. We nonetheless believe that these risks are adequately reflected in Sampo's valuation. We acquired our position at a price corresponding to a 5.0% dividend yield and just under a multiple of 17x average earnings of the past five years.

Contact Details:

Setanta Asset Management Limited,
Beresford Court,
Beresford Place, Dublin 1, Ireland.

Brendan Moran, Tel: + 353 1 704 2028
Email: brendan.moran@setanta-asset.com
www.setanta-asset.com

IMPORTANT INFORMATION

For this life assurance product, investors should refer to the relevant policy conditions available through Irish Life and via www.irishlife.ie. The strategy is also available on a segregated basis or a UCITS mutual fund via Beresford Funds plc. Investors should consider the investment objectives, risks, charges and expenses carefully before investing. See 'WARNING' and IMPORTANT INFORMATION' below.

Setanta Asset Management Limited is regulated by the Central Bank of Ireland, New Wapping Street, North Wall Quay, Dublin 1, Ireland. This factsheet, which is for information purposes only, does not form part of any contract. This is a marketing communication that (a) has not been prepared in accordance with legal requirements designed to promote the independence of investment research, and (b) is not subject to any prohibition on dealing ahead of the dissemination investment research. The information contained in this document is based on current legislation and is, therefore subject to change. The contents are intended as a guideline only and should not be construed as an interpretation of the law. You should always seek the advice of an appropriately qualified professional. Performance disclosures are stated above.

The MSCI information may only be used for your internal use, may not be reproduced or re-disseminated in any form and may not be used as a basis for or a component of any financial instruments or products or indices. None of the MSCI information is intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and may not be relied on as such. Historical data and analysis should not be taken as an indication or guarantee of any future performance analysis, forecast or prediction. The MSCI information is provided on an "as is" basis and the user of this information assumes the entire risk of any use made of this information. MSCI, each of its affiliates and each other person involved in or related to compiling, computing or creating any MSCI information (collectively, the "MSCI Parties") expressly disclaims all warranties (including, without limitation, any warranties of originality, accuracy, completeness, timeliness, non-infringement, merchantability and fitness for a particular purpose) with respect to this information. Without limiting any of the foregoing, in no event shall any MSCI Party have any liability for any direct, indirect, special, incidental, punitive, consequential (including, without limitation, lost profits) or any other damages

WARNING: Past performance is not a reliable indicator of future results. The price of units and the income from them may go down as well as up and investors may not get back the amount invested. The return may increase or decrease as a result of currency fluctuations. Forecasts are not a reliable indicator of future performance