

Setanta Dividend Fund

Q2 2024

Fund Description

The **Dividend Equity Fund** (‘the Fund’) is managed by Setanta Asset Management Limited (“Setanta”) and is a representative account of the Dividend strategy.

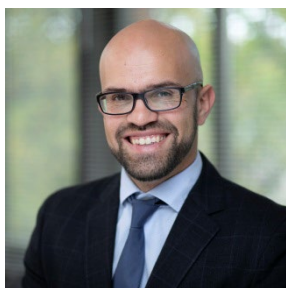
The Fund is an actively managed equity portfolio, which holds 30-50 global high yield stocks. The portfolio is managed in accordance with the Setanta investment philosophy. That is, the managers seek to own good businesses for the long-term at prices below what they think they’re worth, carefully considering each investment’s risk profile. The Fund further distils this philosophy by targeting stocks where management have both the willingness and ability to distribute meaningful dividends to shareholders.

The Fund is managed by three portfolio managers, who also look to leverage off the experience and knowledge of their colleagues. The aim is to achieve a sensible level of diversification on a sector and geographic basis. Stocks are chosen through bottom-up analysis, based on investment merit. The fund can hold up to 10% cash where investments of sufficient quality cannot be found. Rather than focusing on the historic level of volatility of an asset, the portfolio managers regard the probability of permanent impairment of capital as the most relevant measure of risk. In doing so, they seek to maximise downside protection by understanding the risks posed by the valuation, financial, and operational characteristics of the asset.

The investment objective of the Fund is to outperform the MSCI High Dividend Yield index over the long term.

Portfolio Managers

Richard Doyle, CFA; David Pastor, CFA; Caroline White, CFA



Our Investment Principles

We do not believe markets are efficient

We invest below our estimate of intrinsic value

We invest in businesses rather than buying stocks

Preservation of our clients’ capital is key

Investing is a marathon, not a sprint

We are not afraid to swim against the tide

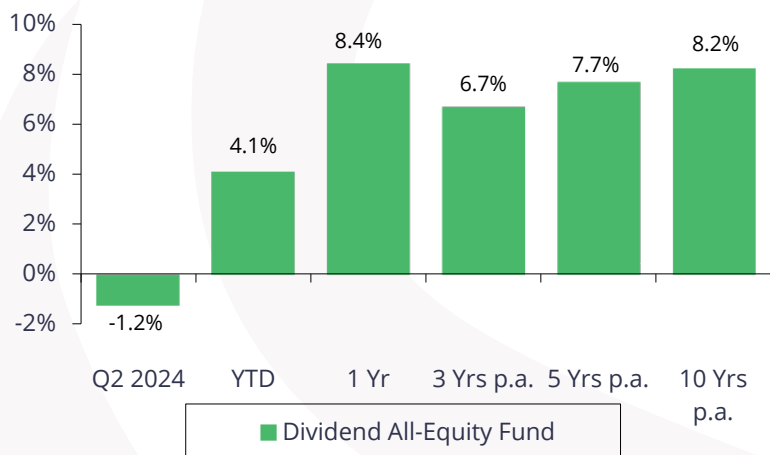
We consider scenarios rather than making forecasts

Businesses we own must have strong balance sheets

We make mistakes and always endeavour to learn from them

We will act with integrity in everything we do

Fund Performance – 30.06.2024 (EUR)



Yearly Performance

Year %	2019	2020	2021	2022	2023
Fund	24.0	-4.8	21.3	-1.7	10.4
Benchmark	25.4	-8.3	24.6	1.5	5.4

Performance Source: The Fund returns since 30.09.07 are based on the movements in the unit prices of the ILA/CLI Setanta Dividend Equity Fund [IEC7601] and are gross of management fees. The performance will be reduced by the impact of management fees paid, the amount of which varies. The unit prices prior to this are based on a net of fee price, adjusted for the management charge to replicate a gross of fee performance. **Holdings Source:** Setanta. Sector allocations based on invested portfolio only (excludes cash). **Fund Statistics Source:** Bloomberg (metrics include Financials). *Calculated using Index Method.

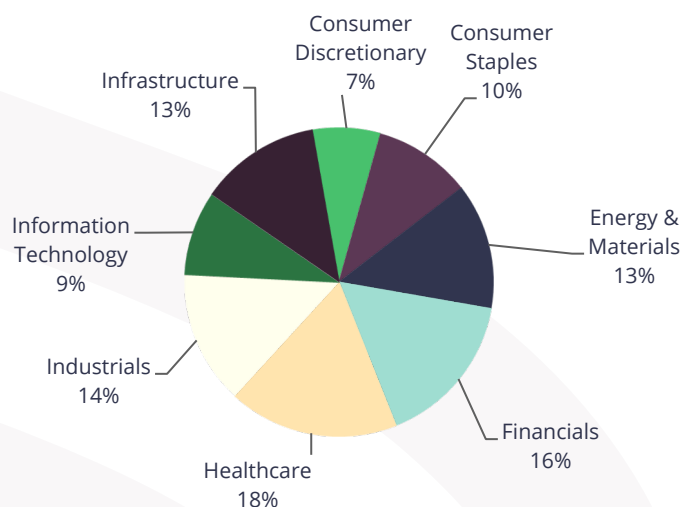
Top 10 Holdings

COMPANY	SECTOR	% OF FUND
NOVARTIS	HEALTH CARE	4.0%
PROCTER & GAMBLE	CONSUMER STAPLES	4.0%
DCC	INDUSTRIALS	3.8%
TAIWAN SEMICON	INFORMATION TECHNOLOGY	3.7%
SANOFI	HEALTH CARE	3.7%
ALLIANZ	FINANCIALS	3.7%
AIR LIQUIDE	ENERGY & MATERIALS	3.3%
SAMSUNG ELECTRONIC	INFORMATION TECHNOLOGY	3.3%
JOHNSON & JOHNSON	HEALTH CARE	3.2%
CRH	INDUSTRIALS	3.1%

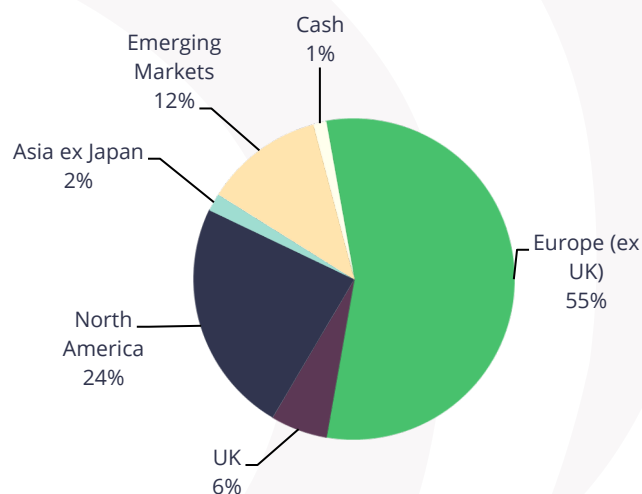
Fund Statistics

PRICE/BOOK	2.4
PRICE/EARNINGS RATIO (FY 1)	14.3
DIVIDEND YIELD %*	4.0
AVERAGE MARKET CAP €BN	114.7
NO. OF HOLDINGS	39
DEBT/EQUITY %	67.3
ACTIVE SHARE %	77.5

Sector Distribution



Geographic Distribution





Q2 2024 Commentary

Dividend Fund Q2 2024

After a sharp decline in April, equity markets cautiously resumed an upward trajectory later in the quarter, buoyed by renewed indications of rate cuts from authorities on both sides of the Atlantic. As many as two cuts are expected this year in the US where a slower pace of disinflation has deterred any action just yet; meanwhile the European Central Bank cut rates in June with further cuts expected in the Eurozone before year end. Uncertainty around upcoming elections added further volatility to the macro and financial environment, with both a potential Trump re-election and a strengthened far right French parliamentary contingent commanding headlines. Amidst this backdrop the Fund, and its benchmark, both finished down around 1% for the quarter.

As the world aims to reduce its emissions and add computing power to all aspects of life, the demand for electricity increases. An International Energy Agency report last year estimated that global power grids need to be doubled by 2050. While capacity additions are slow by nature, physical implications of growing electricity demand are becoming increasingly visible as time passes. Some countries, including Ireland and China, have placed restrictions on new consumption-heavy data centres. **National Grid**, a gas and electricity transmission and distribution business owned by the Fund, announced a £60 billion 5-year grid investment plan. **TSM**, the semiconductor giant, was again in the top echelons of contributors to return for the Fund last quarter, largely on the back of artificial intelligence demands, one of the many contributors to the world's rising electricity needs. The recent bid, later withdrawn, by mining behemoth BHP for Anglo American would have seen it become the world's largest producer of copper, a key electrification metal.

In addition to its zinc mining business, Fund holding **Boliden** owns Europe's largest copper mine and has announced plans to boost its copper smelting capacity. Having been weighed down last year by lower zinc prices and a number of operational mishaps, Boliden gained on the back of higher zinc prices during the quarter and was supported by the BHP reminder of the importance of copper. Boliden was one of the top contributors to Fund performance during the quarter.

Over the first six months of the year, we built a position in **Coloplast**. Coloplast develops, manufactures and markets products and services that help patients with intimate healthcare needs to live a fuller life. These include catheters and ostomy bags which assist with emptying of the bladder and colon. Coloplast's business model is based on developing superior products, delivering superior care services and having an effective sales and distribution channel (Coloplast has a direct-to-consumer relationship in many of its markets). In Coloplast's business innovation is important, but economies of scale, and efficiency make a difference in the quality of the business and ultimately the returns on capital it can deliver. We believe Coloplast is a very well-run company. It has a long track record of operational excellence, and organic growth ahead of the market (which has itself grown nicely over time). The shares have historically traded at a high valuation multiple. In recent months though, the company has had to contend with high cost inflation and the integration of two potentially very accretive acquisitions, overshadowing the continued strong performance of the underlying business. Over that period, the share price has been relatively weak. We bought shares at a dividend yield of 2.3%, an attractive level, in our view, given our expectation of a long runway of quality dividend growth.

*All figures, unless stated otherwise, are in euro terms; all figures relating to performance are gross of fees, unless stated otherwise.



Contact Details:

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

Brendan Moran, Tel: + 353 1 612 4962
Email: brendan.moran@setanta-asset.com
www.setanta-asset.com

IMPORTANT INFORMATION

The Dividend Equity Fund is managed by Setanta Asset Management Limited and is a representative account of the Dividend Equity strategy. The performance shown is the performance of a representative account (ILA/CLI Setanta Dividend Equity Fund [IEC7601]). 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 available on a separate account basis to institutional investors however current and prospective clients should not assume identical performance results to those shown would have been achieved for their account if it was invested in the strategy during the period. Clients of the firm may receive different performance than the representative account. Client performance may differ due to factors such as timing of investment(s), timing of withdrawal(s), client-mandated investment restrictions and the portfolio not being fully replicated for new accounts or new flows. Investors should consider the investment objectives, risks, charges and expenses carefully before investing. The investments underlying this financial product do not take into account the EU criteria for environmentally sustainable economic activities. See 'WARNING' and 'IMPORTANT INFORMATION' below.

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