

Setanta Dividend Fund

Q1 2025

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.

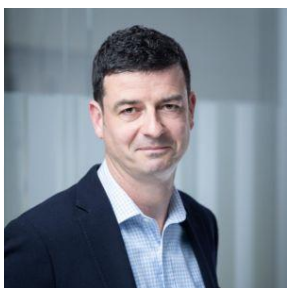
The Fund is an actively managed equity portfolio, which holds 30-50 global high yield stocks. The portfolio is managed in accordance with the Setanta investment philosophy. That is, the managers seek to own good businesses for the long-term at prices below what they think they're worth, carefully considering 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

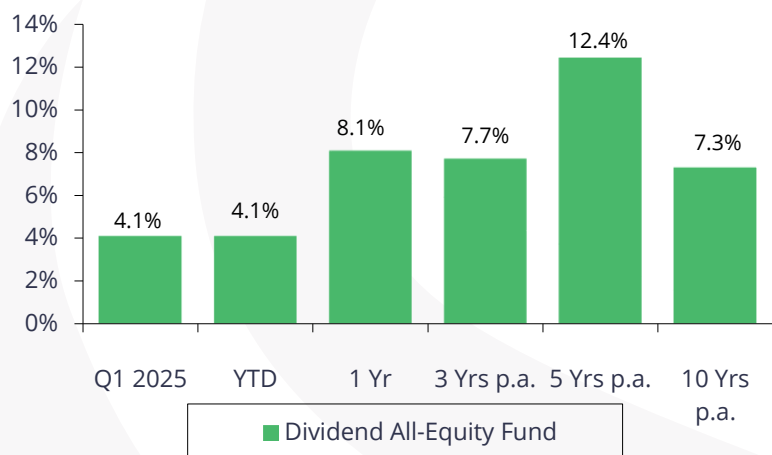
We consider scenarios rather than making forecasts

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 – 31.03.2025 (EUR)



Yearly Performance

Year %	2020	2021	2022	2023	2024
Fund	-4.8	21.3	-1.7	10.4	9.4

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.

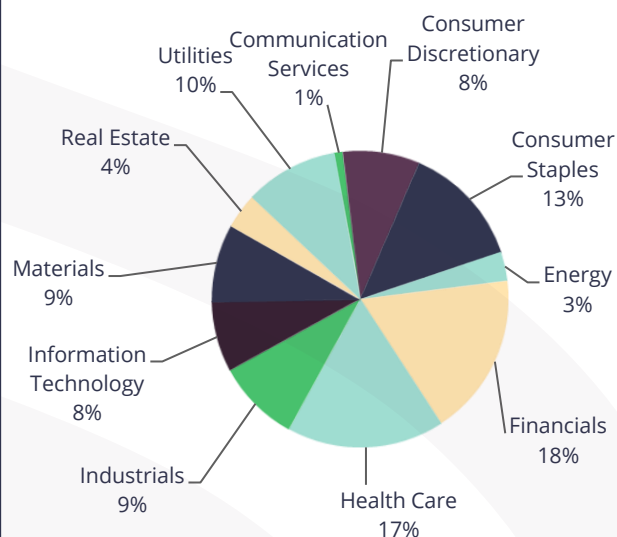
Top 10 Holdings

COMPANY	SECTOR	% OF FUND
SANOFI	HEALTH CARE	3.6%
PROCTER & GAMBLE	CONSUMER STAPLES	3.5%
NOVARTIS	HEALTH CARE	3.5%
JOHNSON & JOHNSON	HEALTH CARE	3.4%
DCC	INDUSTRIALS	3.3%
T.E.R.N.A	UTILITIES	3.3%
ALLIANZ AG	FINANCIALS	3.3%
EXXON MOBIL	ENERGY	3.1%
MEDTRONIC PLC	HEALTH CARE	3.0%
VISCOFAN SA	CONSUMER STAPLES	3.0%

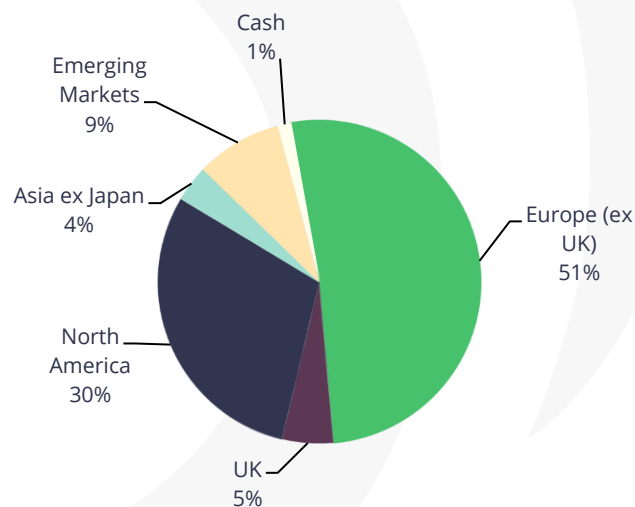
Fund Statistics

PRICE/BOOK	2.8
PRICE/EARNINGS RATIO (FY 1)	16.6
DIVIDEND YIELD %*	3.7
AVERAGE MARKET CAP €BN	116.6
NO. OF HOLDINGS	42
DEBT/EQUITY %	70.5
ACTIVE SHARE %	77.1

Sector Distribution



Geographic Distribution





Q1 2025 Commentary

As President Trump began his second term in office we wrote of the expectation for tariffs against China and Mexico. Since then he added Canada to the mix, taxed aluminium and steel imports, and extended his policies to the auto industry and worldwide, before later issuing a temporary pause for most. Concurrently he has presided over a swathe of divisive non-tariff events both domestically and internationally, from the repeal of funding for clean energy, US AID and other federal schemes in a bid to tackle wasteful spending, to the televised Zelenskyy fallout, the reversal of diversity & inclusion policies, the Greenland takeover thesis and his Team's leaked war chat. The NY Times summarised the mood at the conclusion of his first 70 days: *'his strategy of upending decades of established norms — include free trade pacts with some of America's closest allies — has already triggered retaliation from major trading partners, rattled markets and upended diplomatic ties. The economic strain has begun to show, and consumer anxiety is on the rise'*¹.

Given the far-reaching implications of the US political and economic moves in a globalised trade environment it is hard to comment on markets or investments without noting the ripple effect of US actions as the quarter draws to a close. Despite having been up over 4% in mid-February since the start of the year, both US and world markets gave up all those gains and finished the quarter in negative territory, with the S&P500 -4.3% and the MSCI World -1.7%.

We bear in mind the cautionary words of Mao Ning, spokeswoman for the Chinese Ministry of Foreign Affairs: *"Trade wars and tariff wars all start with harming others and end with harming oneself"*².

While we cannot predict the precise effect of tariffs or political developments, particularly given the fluidity of these, we can ensure that we have a well constructed diversified portfolio prioritising companies with strong balance sheets, a history of good returns and a good competitive position, at reasonable valuations. The Fund was up 4.1% over the quarter, ahead of its benchmark by 1.9%. The Fund was buoyed by strong performance from a number of European companies, amongst them Allianz, the diversified global life and non-life insurer, and conservative Swedish bank, Svenska Handelsbanken. TSM, the world leader in semiconductor chip manufacturing, was a detractor from performance due to weakness in its share price during the quarter. The strong outlook for GPU chip demand fuelled by the still incipient demand for Artificial Intelligence (AI) applications, was somewhat dented as the market digested news of highly efficient AI models developed by Deepseek, a Chinese startup company. Tariff negotiations may also be highly relevant for this high quality company.

Following recent share price weakness towards the end of the quarter we were able to take a position in Nike, the global sports goods manufacturer famous for its footwear and tick logo, at a reasonable dividend yield of 2%. Through decades of high profile campaigns with some of the world's leading sporting figures, Nike has built a formidable trusted brand, famed at the upper echelons for its performance credentials. In recent years Nike dropped the ball in terms of innovation and brand spend, at a time when inventory was building up in the channel. Despite the recent complacency Nike has averaged 35% return on its invested capital over the most recent 10-year period and it retains a 20% share of the sports shoes market, double that of its nearest competitor. With company veteran Elliott Hill now at the helm, a complete strategic reset underway and a huge cash balance with which to achieve it, we believe this is a unique opportunity to acquire the world leader at an attractive valuation.

¹<https://www.nytimes.com/article/trump-tariffs-canada-mexico-china.html>

²<https://www.nytimes.com/article/trump-tariffs-canada-mexico-china.html>



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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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