Setanta Income Opportunities Fund

Q2 2025

Fund Description

The **Income Opportunities Fund** ('the Fund') is an actively managed portfolio primarily comprising global equities but with the flexibility to invest in assets which offer attractive income and reasonable value. These assets include fixed income, property (including REITs) and cash. The Fund is not constrained by limitations on the level of any given asset. In practice, the Fund has had its greatest weight in equities, reflecting the breadth of that market, Setanta's expertise in that area, and the option writing strategy employed by the Fund. Nevertheless, property, fixed income and cash have all played meaningful roles in past returns of the Fund, at times, comprising up to 50% of the Fund's assets. The portfolio is managed in accordance with the Setanta investment philosophy. That is, the managers seek to own good assets for the long-term at prices below what they think they're worth, carefully considering each investment's risk profile. 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.

The Fund employs an option writing strategy. This entails the sale of both call and put options in return for a cash premium, representing an income stream that boosts the underlying income yield of the Fund. This strategy is employed in a conservative fashion, as all options written are fully covered.

The Income Opportunities Fund has two investment objectives:

1. To generate an annual income yield at a target rate. This is declared at the start of each financial year.

2. To achieve capital appreciation 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

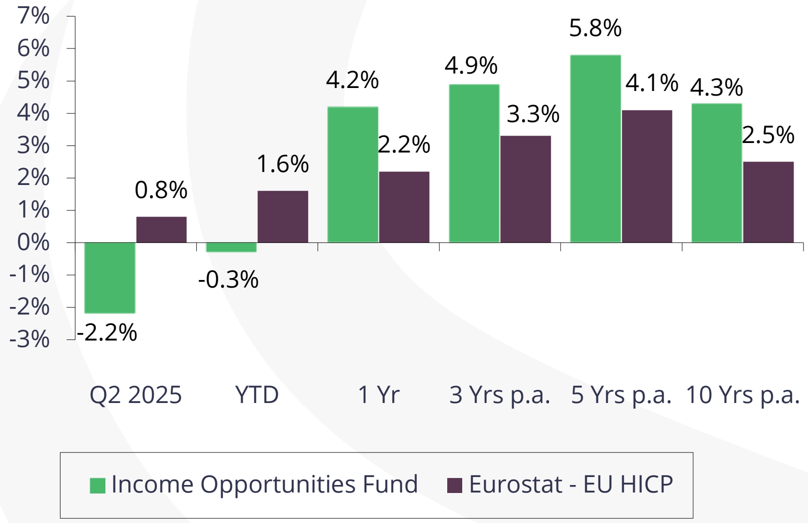
We consider scenarios rather than making forecasts

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 – 30.06.2025 (EUR)



Yearly Performance

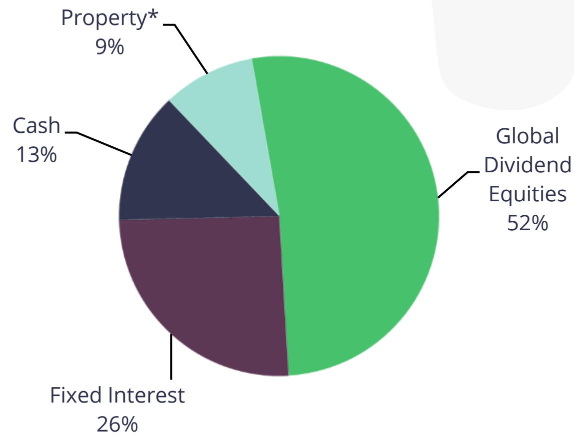
Year %	2020	2021	2022	2023	2024
Fund	-5.6	11.9	-0.3	6.5	6.7
Benchmark	-0.3	5.0	9.6	2.8	2.1

Performance Source: Setanta Asset Management Limited. The Fund returns stated are based on the movements in the unit prices of the ILA/CLI Income Opportunities Fund [P-INC1] and are gross of management fees. The performance will be reduced by the impact of management fees paid, the amount of which varies. **Benchmark:** Eurostat Harmonised Index of Consumer Prices (EUR). Inception as at 30.09.11 **Holdings Source:** Setanta.

Top 10 Equity Holdings

COMPANY	SECTOR	% OF FUND
RICHEMONT(CIE FIN)	CONSUMER DISCRETIONARY	2.1%
AIR LIQUIDE(L')	MATERIALS	1.9%
SAMPO	FINANCIALS	1.9%
PROCTER & GAMBLE	CONSUMER STAPLES	1.9%
SANDVIK	INDUSTRIALS	1.7%
MEDTRONIC PLC	HEALTH CARE	1.7%
NOVARTIS AG	HEALTH CARE	1.7%
BOLIDEN	MATERIALS	1.6%
CISCO SYSTEMS	INFORMATION TECHNOLOGY	1.6%
CHICAGO MERCANTIL	FINANCIALS	1.5%

Asset Distribution



*includes 1.1% in IRES REIT

Historic Income

	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%
2018	3.9%
2019	4.2%
2020	3.9%
2021	4.1%
2022	4.3%
2023	4.3%
2024	4.3%

Q2 2025 Commentary

Global Equity Markets Rally

Global equity markets rallied in local currency , recovering the ground lost in the first quarter of the year. The looming threat of economic dislocation due to tariff wars seemed to slowly ebb away through the quarter, and investors appeared to regain confidence in the long-lasting robustness of the US consumer. In Europe, Friedrich Merz was appointed German Chancellor with a mandate to unleash a potentially significant package of fiscal stimulus, while China continues to combat slow growth and deflationary dynamics in its local economy.

Industry News: The AI Revolution

In industry news, the AI revolution is already having an outsized early impact on several economic sectors. Investment in AI infrastructure, which will power intelligent machine services, is having tangible effects on numerous multi-billion dollar companies. In the future, this technology will potentially have broad and difficult-to-predict implications, not only for providers of IT software and hardware but also for vast swathes of the global economy.

Monetary Policy and Market Sentiment

Despite some indications of moderating inflation pressure, the Fed held rates steady over the quarter at 4.5%. In Europe, inflation appeared to be under control and the policy rate was cut during the quarter. Market participants seem to be discounting a fairly benign environment of lower inflation and stable economic growth in the medium term, as implied by US and European bond markets. Additionally, their assessment of the financial health and prospects of corporations gradually improved through the quarter, as proxied by global credit spreads. In this context defensive sectors, such as Healthcare, Consumer Staples or Utilities underperformed, while IT and Industrials made solid gains over the period.

Fund Performance

The Fund return for the quarter was -2.2% in Euro terms. This is a resilient performance in our view, in a period where the US Dollar's depreciation relative to the Euro was a significant factor.

The Fund's bond portfolio benefitted from the relative stability in interest rate and credit markets detailed above. Average bond price appreciation added nicely to the portfolio's attractive running income yield of 3.5% although this performance was somewhat offset by the aforementioned US Dollar weakness in the quarter.

The Fund's holding in global dividend equities also performed solidly. Among top contributors, TSMC's share price recovered nicely over the quarter as the market digested mounting evidence of large investments in AI projects and the expected corresponding demand for high-performance computing chips, a market where TSMC has a near monopoly. In early July, and in keeping with its regular schedule, the company announced record-beating sales of USD 32 billion for the second quarter of 2025, a 39% increase over the same period in 2024.

** All references to fund performance are gross of fees and all figures are in euro terms (unless otherwise stated).*

Q2 2025 Commentary

Dividend Royalty

Amidst the significant excitement around novel technologies and associated business disruption, there are plenty of solid companies making steady progress.

As investors in profitable, quality, dividend-paying companies, we prize business predictability and long term visibility. A diversified selection of well-managed, well-invested, strong businesses with good global prospects remains, in our view, one of the strongest candidates to capture the benefits of investor returns from global productivity and economic growth, while avoiding undue uncertainty and volatility.

Procter & Gamble (P&G), a portfolio holding, announced it was raising its quarterly dividend payments by 5%, marking its 69th year of consecutive dividend increases and 135 years of dividend payment history.

While this was published in a regular update, likely to go unnoticed, we believe this is an exciting announcement worthy of celebration. P&G's long track record of dividend payments is, in our view, a testament to the company's "commitment to return cash to shareholders," as the press release states. More importantly, it reflects the underlying mechanics that have powered the company's ability to produce long-lasting growth and underpin our expectations for future value creation and dividend growth.

Procter & Gamble operates in several markets with stable demand growth prospects, in a broad mix of developed and developing countries. Demand for Tide washing liquid is unlikely to grow exponentially from one year to the next, but it is quite likely to reliably tick up over time. At Procter & Gamble's capital markets day in November 2024, the USD 145 billion Fabric and Home Care sector (under which Tide sales are reported) was estimated to have grown by 4.7% per year since 2018, a steady pace in a strong period for the sector. P&G brands did even better, achieving a 5.5% compound growth in sales.

Importantly, detergent is not all P&G does. With a wide portfolio of leading household brands such as Pampers, Fairy, Olay, and Oral-B, the company has strong positions across several strategic segments, providing diversification while sticking to a set of desirable characteristics. These include belonging to the consumer goods category, having everyday use, and maintaining an intimate, direct relationship with the consumer. P&G has done a good job of curating and refining this portfolio of brands over time.

These have historically proven to be attractive businesses where product and marketing innovation creates consumer value. We believe that P&G has been very good at consistently reinvesting along those lines, resulting in a healthy stable of quality, desirable branded products. Unrelenting investment over time and a keen strategic vision have contributed to a high degree of differentiation and a strong position to fend off competition.

Another attractive trait for us is that P&G has sought to retain a nowadays fairly rare AA credit rating from the likes of S&P and Moody's, a rubric only assigned to high-quality bonds with very low credit risk. Such a credit rating denotes not only a stable, high-quality business but also very modest levels of indebtedness or other encumbrances on the business.

The company generates around USD 16 billion in free cash flow a year (defined as annual operating cash flow less any capital expenditure required by the business). This is plenty to cover the stock's 2.6% dividend yield and a healthy chunk of annual share buybacks, which in turn supports a continued expectation for mid-single-digit dividend growth.

** All references to fund performance are gross of fees and all figures are in euro terms (unless otherwise stated).*

In another set of good news, we note that P&G is not alone in pushing through with a multi-decade track record of dividend growth. Johnson & Johnson, another portfolio holding, announced its 63rd year of consecutive dividend growth, raising it by 4.7%, another outstanding achievement, and in good company among the Setanta Income Opportunities Fund constituents!

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 Income Opportunities Fund is managed by Setanta Asset Management Limited and is a representative account of the Income Opportunities strategy. The performance shown is the performance of a representative account (ILA/CLI Income Opportunities Fund [P-INC1]). 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 ICAV. 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.

Setanta Asset Management Limited is regulated by the Central Bank of Ireland, New Wapping Street, North Wall Quay, Dublin 1. 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.

** All references to fund performance are gross of fees and all figures are in euro terms (unless otherwise stated).*