

Setanta Managed Fund

Q2 2025

Fund Description

The **Managed Fund** ("the Fund"), managed by Setanta Asset Management Limited ("Setanta"), is a unit-linked offering of Irish Life Assurance.

The Managed Fund is an actively managed multi-asset portfolio, which holds a combination of equities, fixed income, property, commodities, cash and absolute value. The Fund holds between 50-80% of its assets in equities, reflecting the breadth of the market and Setanta's expertise in the area. 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 investment objective of the Fund is to outperform the median of competitor Managed Fund offerings over the long term.

Portfolio Managers

David Ryan CFA, CAIA, FRM



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

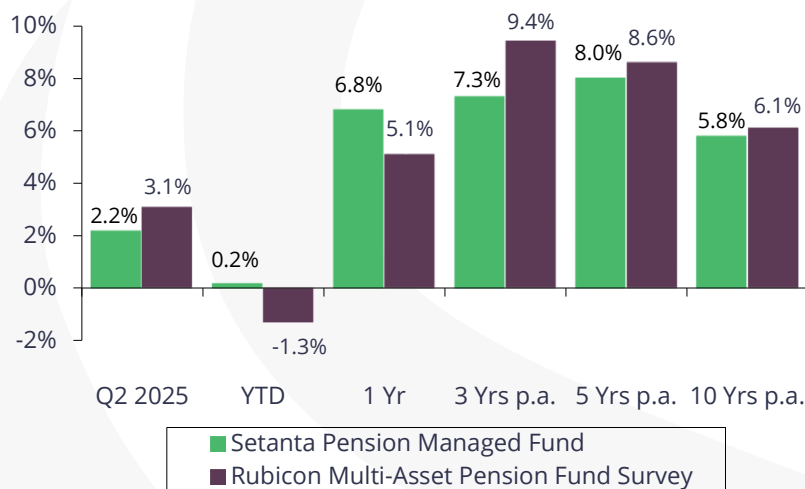
We consider scenarios rather than making forecasts

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)



Performance Source: Setanta Asset Management Limited. The actual Fund returns stated are based on the movements in the unit prices of an institutional series of the Fund (ILA/CLI Setanta Managed Fund [H012]) and are net of management fees. **Benchmark:** Rubicon Multi-Asset Pension Fund Survey. **Holdings Source:** Setanta. Sector allocations based on invested portfolio only (excludes cash). **Credit Rating Source:** S&P.

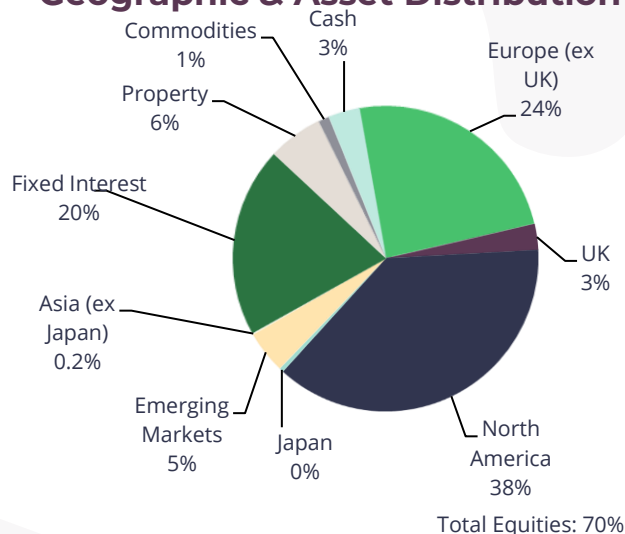
Top 10 Equity Holdings

COMPANY	SECTOR	% OF FUND
MICROSOFT	INFORMATION TECHNOLOGY	3.1%
ORACLE	INFORMATION TECHNOLOGY	2.9%
BOOKING HLDGS	CONSUMER DISCRETIONARY	2.7%
ALPHABET INC	COMMUNICATION SERVICES	2.6%
TAIWAN SEMICON MAN	INFORMATION TECHNOLOGY	2.5%
BERKSHIRE HATHAWAY	FINANCIALS	2.5%
META PLATFORMS INC	COMMUNICATION SERVICES	1.8%
RYANAIR LTD	INDUSTRIALS	1.6%
NIKE INC	CONSUMER DISCRETIONARY	1.6%
MARSH & MCLENNAN	FINANCIALS	1.4%

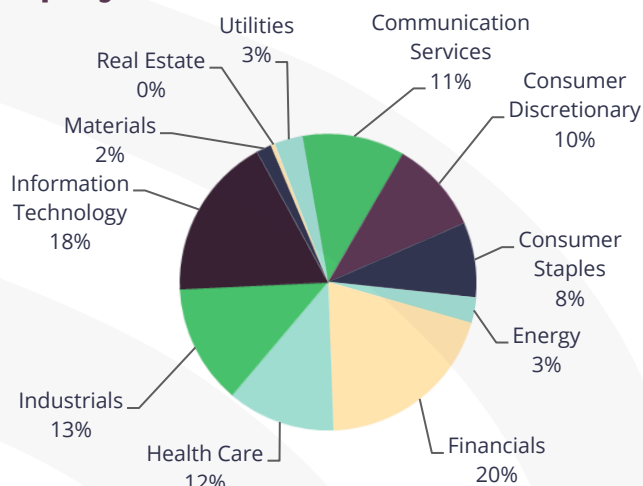
Yearly Performance

Year %	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Fund	9.5	0.5	14.2	18.5	17.8	7.9	12.2	6.8	-2.7	16.1	-3.1	20.4	-9.0	9.3	12.0
Benchmark	11.3	-3.6	14.3	16.6	15.6	9.5	5.9	7.3	-5.2	20.6	6.2	17.6	-12.8	12.9	17.3

Geographic & Asset Distribution



Equity Sector Distribution



Fixed Interest Portfolio

CREDIT RATING WEIGHTING		
CREDIT RATING TYPE	ASSET TYPE WEIGHTING	BENCHMARK WEIGHTING
AAA	22.24%	22.20%
AA	41.08%	35.90%
A	12.93%	18.70%
BBB	23.75%	23.20%
	100.0%	100.0%

Fund Commentary

The managed fund was return was +2.2% net in the second quarter.

All asset classes contributed positively to the fund despite significant volatility across markets in the second quarter.

Both equities and bond markets started the quarter with a sharp selloff in the wake of “Liberation Day” tariff announcements, which were much larger than anticipated. Bond yields rose and the S&P 500 (euro terms) fell over 11% in the week following the announcement.

As the trade tariffs were paused for 90 days to allow for negotiations, markets quickly recovered. A combination of renewed investor confidence due to resilient economic data and a strong earnings season helped global equities deliver strong positive performance.

Credit markets remained resilient amid global uncertainties, namely US trade policy and escalating geopolitical tensions in the Middle East. Government bonds contributed to the fund as the ECB continued to ease monetary policy and inflation continued to fall, particularly in Europe sending bond yields lower.

Emerging market local debt returns fell over the quarter with Emerging market currencies against the Euro outweighing the capital gains from falling yields.

The stabilisation of valuations and declining interest rates have helped Irish property generate positive returns. Although the uncertainty over tariff considerations have increased investors level of caution.

Market Commentary

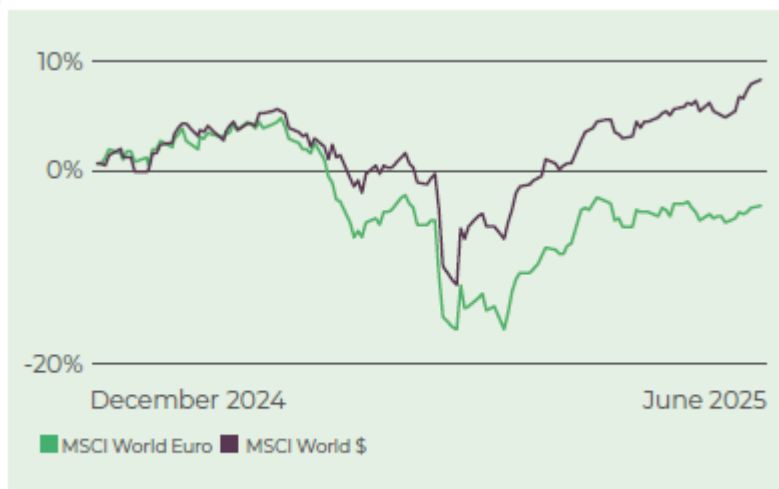
Q2 2025 was a rollercoaster for global markets, driven by trade tensions, central bank caution and geopolitical risks. The quarter began with shockwaves as the US imposed wide-reaching tariffs on key trading partners, including China and the EU – dubbed “Liberation Day” by President Trump.

“It's really a lose-lose situation that we have at the moment. The sooner the uncertainty can be removed and agreements can be found between the parties – on tariffs in particular, but on other issues as well, such as non-tariff barriers – the better off we will all be.”

Interview with Xinhua News Agency, Interview with Christine Lagarde, President of the ECB, conducted by Su Liang on 12 June 2025, 14 June 2025

Markets fell sharply but later rebounded when the US paused the tariffs for talks. With the July 9 deadline looming, trade remains a key risk. Risk assets have mostly looked through the noise and recovered over the quarter, some to new all-time highs. Though currency effects are particularly notable, with a much weaker dollar reducing returns for euro investors.

Equity Markets Year to date in Euro and Dollar Terms

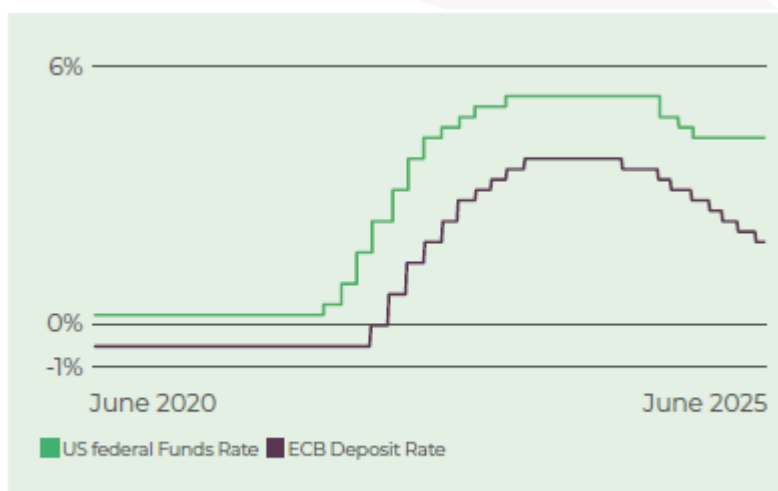


Source: Bloomberg/Setanta

The European Central Bank (ECB) cut rates twice to 2%, its eighth in the current cycle. This could well be the central bank's last; while uncertainty surrounding trade policies is expected to weigh on business investment and exports, rising government investment in defence and infrastructure will increasingly support growth.

Evidence of higher real incomes and a robust labour market along with favourable financing conditions should also make the economy more resilient to global shocks.

ECB/Federal Reserve short-term interest rates



Source: Bloomberg/Setanta

A sharply stronger euro is starting to cause some concern about knock-on effects on growth and inflation. The euro is now worth \$1.18, up over 12% year to date.

Commentary

The euro has continued to strengthen, even with much lower interest rate differentials compared to the US. A stronger euro makes imports cheaper, which dampens inflation while also acting like a tax on eurozone exporters, straining growth. Luis de Guindo (ECB Vice President), sees the current level as manageable but warned that a euro above \$1.20 would be “much more complicated”. This is definitely a currency pair to watch, as there will be knock-on effects eventually.

“In economics, things take longer to happen than you think they will, and then they happen faster than you thought they could” – Rudiger Dornbusch, German American economist

EUR/USD Currency Pair/2-Year Bond Yield Differentials



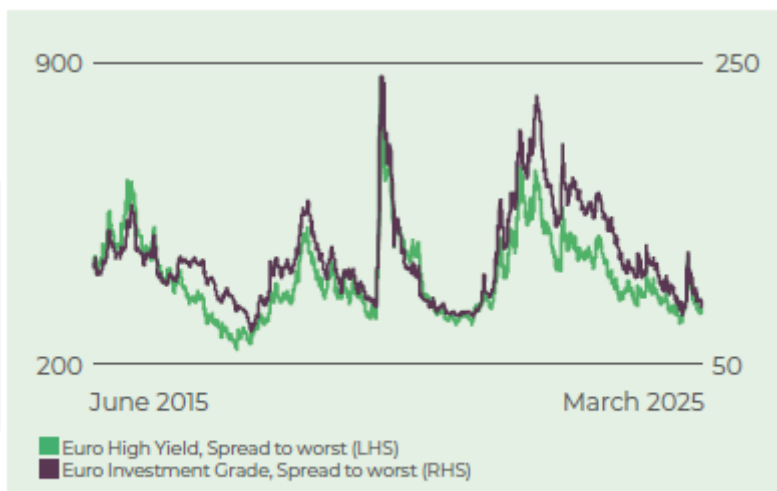
Source: Bloomberg/Setanta

In contrast, the Fed held off on rate cuts despite market hopes, as US inflation stayed sticky and the Fed remained concerned about the effects of tariffs on prices. Markets have moved to price in at least two cuts by the Fed before year-end and more into 2026, helping equities to move higher alongside a robust earnings season.

Bonds were more mixed. Eurozone government debt did well, but US Treasuries faced selling pressure. There are growing concerns around Trump's “One Big Beautiful Bill”, leading to increased Treasury supply, boosting deficits and debt to GDP.

Emerging market bonds attracted interest amid improving credit outlooks, while investment-grade and sub-investment-grade credit tightened over the quarter to 320bps and 90bps respectively over governments in spread levels (offering minimal protection in the event of any economic slowdown or credit scares).

European Investment-Grade/High-Yield credit spreads



Source: Bloomberg/Setanta

Geopolitical tensions rose sharply, with concerns over Iran/Israel tensions, particularly after the US strikes on Iranian nuclear sites and Iran's threat to close the Strait of Hormuz, through which roughly 20% of global oil passes each day. Oil prices briefly surged, adding to inflation fears, before retreating back towards \$65 as tensions de-escalated.

Crude Oil Future Contract



Source: Bloomberg/Setanta

For the second half of the year, markets will be watching many things, but four key areas of focus will likely be the resolution (or escalation) of tariffs, central bank policy shifts, continued tech sector leadership in the US and geopolitical flashpoints. Markets in general have little risk premium priced in, especially across the main equity and credit markets. Diversification across geographies and asset classes should help in the case of any repricing of this risk.

"You can avoid reality, but you cannot avoid the consequences of avoiding reality" – Ayn Rand, Russian American novelist and philosopher

David Ryan, CFA - Head of Multi-Asset Funds

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IMPORTANT INFORMATION

The Managed Fund is managed by Setanta Asset Management Limited and is a representative account of the Managed strategy. The performance shown is the performance of a representative account (ILA/CLI Setanta Managed Fund [H012]). 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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