Setanta Global Dividend Fund (CAD)

Q2 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

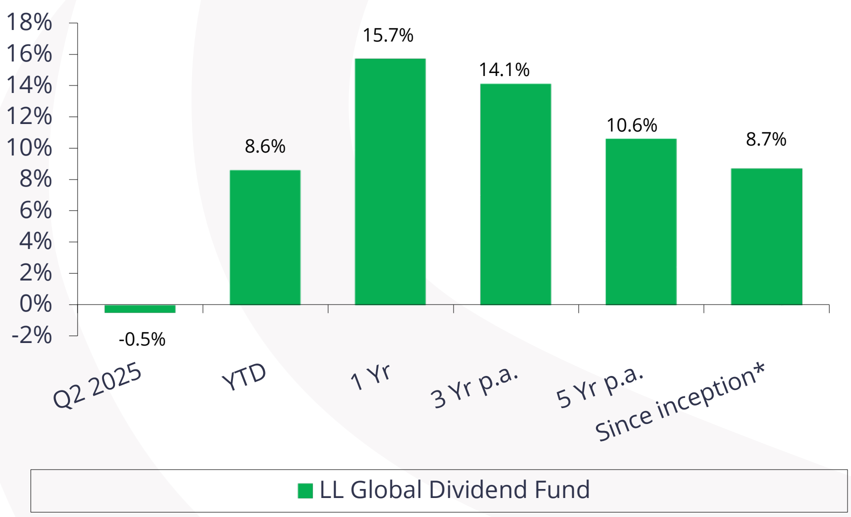
Businesses we own must have strong balance sheets

We make mistakes and always endeavour to learn from them

We will act with integrity in everything we do

SETANTA Asset Management

Fund Performance – 30.06.2025 (CAD)



Yearly Performance

Year %	2019	2020	2021	2022	2023	2024
Fund	15.6	2.3	12.0	-1.3	11.4	11.2

Performance Source: Setanta Asset Management Limited. The Fund returns stated are based on the movements in the unit prices of the London Life Global Dividend Fund 8.26SAM [IEC15005] and are gross of management fees. The performance will be reduced by the impact of management fees paid, the amount of which varies. **Holdings Source:** Setanta. Sector allocations based on invested portfolio only (excludes cash). **Fund Statistics Source:** Bloomberg. **Calculated using Index Method.

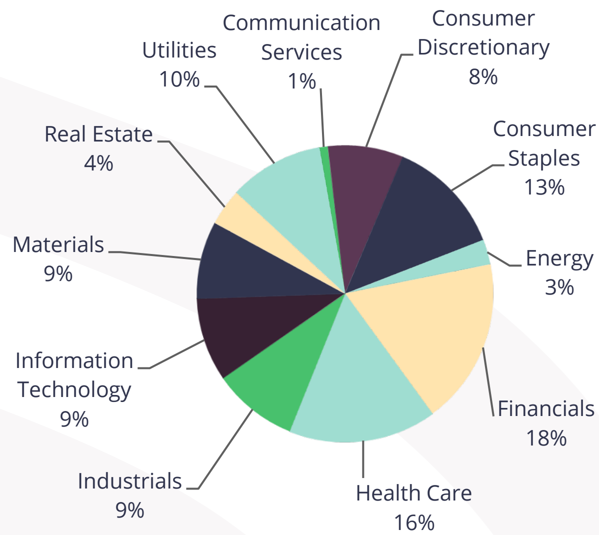
Top 10 Holdings

COMPANY	SECTOR	% OF FUND
TAIWAN SEMICON MAN	INFORMATION TECHNOLOGY	3.8%
NOVARTIS AG	HEALTH CARE	3.6%
T.E.R.N.A	UTILITIES	3.6%
ALLIANZ AG	FINANCIALS	3.4%
PROCTER & GAMBLE	CONSUMER STAPLES	3.2%
AIR LIQUIDE(L')	MATERIALS	3.1%
DCC	INDUSTRIALS	3.1%
JOHNSON & JOHNSON	HEALTH CARE	3.0%
SAMPO	FINANCIALS	3.0%
SANOFI	HEALTH CARE	2.9%

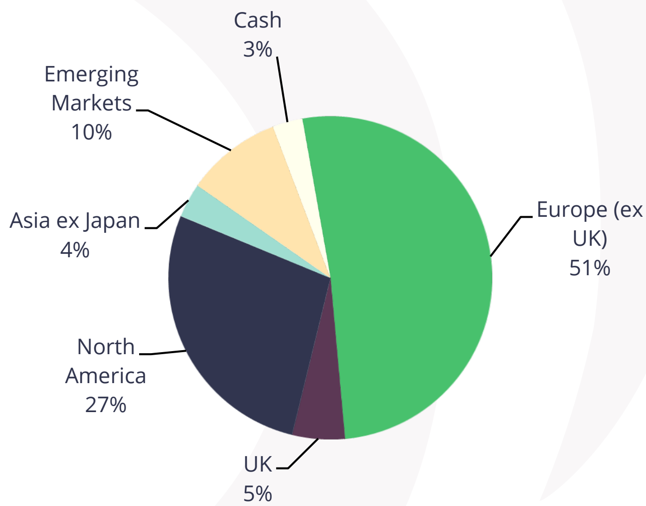
Fund Statistics

PRICE/BOOK	2.2
PRICE/EARNINGS RATIO (FY 1)	16.4
DIVIDEND YIELD %**	3.8
AVERAGE MARKET CAP C$BN	179.8
NO. OF HOLDINGS	42
DEBT/EQUITY %	66.9

Sector Distribution



Geographic Distribution



SETANTA Asset Management

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 -0.5% in CAD terms. This is a resilient performance in our view.
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.

As previously indicated, defensive stocks' relative performance was weak during the quarter, as the market rotated into more economically sensitive sectors. Among this group of traditionally defensive stocks, pharmaceutical companies' shares were under additional pressure as the Trump administration appeared to be considering tariffs on innovative drugs imported from outside the US. Fund holdings Johnson & Johnson and Sanofi were among the top detractors from Fund performance in the quarter.

Dividend Royalty

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

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

Q2 2025 Commentary

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.

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 Dividend Fund constituents!

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IMPORTANT INFORMATION

The Global Dividend Fund is managed by Setanta Asset Management Limited and is a representative account of the Global Dividend strategy. The performance shown is the performance of a representative account (London Life Global Dividend Fund 8.26SAM [IEC15005]). 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.

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