

Setanta EAFE Equity Strategy (USD)

Q2 2025

Strategy Description

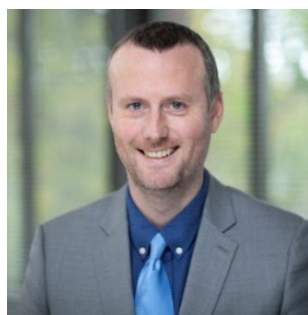
The **EAFE Equity Strategy** ('the Strategy') is managed by Setanta Asset Management Limited ("Setanta"). The Strategy is available to US Investors on a separate account basis.

The Strategy is an actively managed equity portfolio, with a long-term investment horizon. Our aim is to invest in EAFE (Europe, Asia and Far East) companies that are trading below their intrinsic value. Our investment process seeks to invest in companies that exhibit a combination of low financial risk, low operational risk and low valuation risk.

We believe that if we can invest in companies that possess these characteristics then we can reduce the risk of a permanent loss of capital and enhance our chances of outperforming our benchmark over the long term. The investment objective of the Strategy is to outperform the MSCI EAFE index over the long term.

Portfolio Managers

Rowan Smith; Fergal Sarsfield, CFA, & Tony O'Sullivan



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

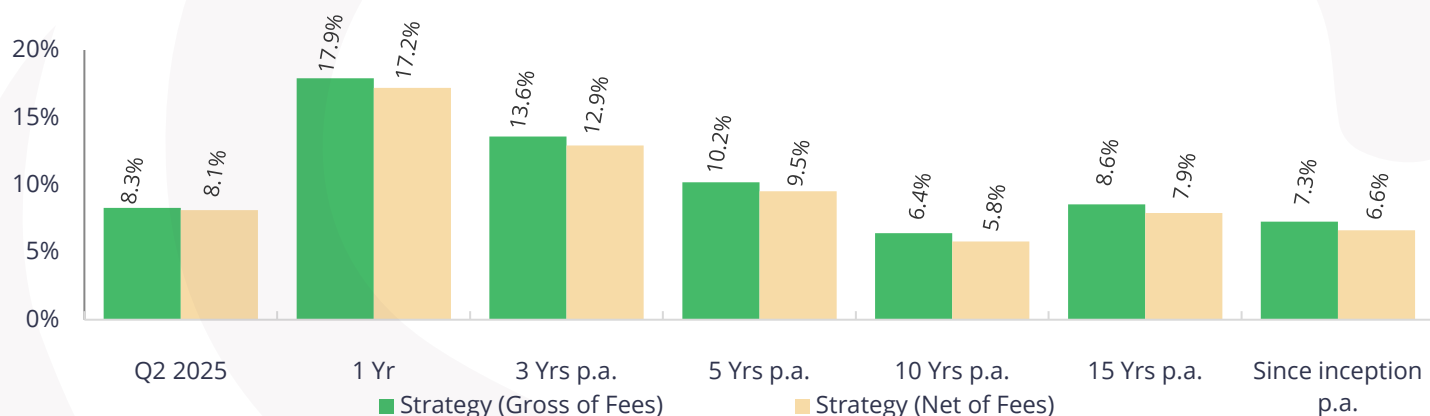
Businesses we own must have strong balance sheets

We make mistakes and always endeavour to learn from them

We will act with integrity in everything we do

Performance and Strategy data as at 30th June 2025

Strategy Performance (USD)



Yearly Performance (USD)

	2020	2021	2022	2023	2024
Strategy (Gross of Fees)	-0.2%	12.5%	-16.0%	18.3%	5.6%
Strategy (Net of Fees)	-0.9%	11.6%	-16.6%	17.5%	4.8%

Portfolio Valuation Statistics

PRICE/BOOK	1.8
PRICE/EARNINGS RATIO (FY 1)	15.6
DIVIDEND YIELD %	3.0
AVERAGE MARKET CAP \$BN	98.7
NO. OF HOLDINGS	38
DEBT/EQUITY %	66.2
ACTIVE SHARE %	91.9

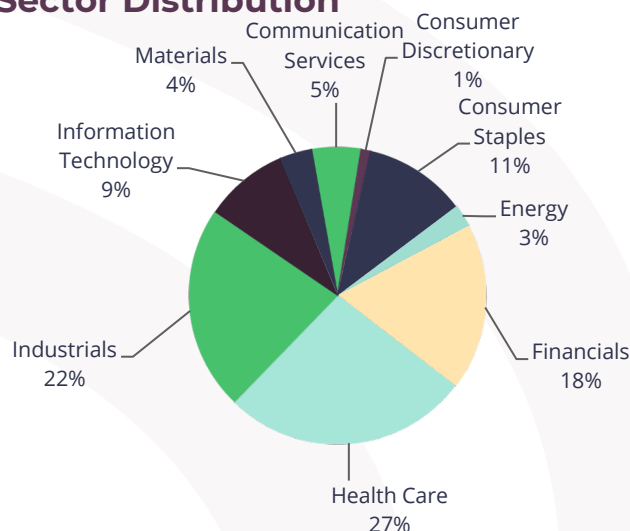
Top 10 Holdings

COMPANY	SECTOR	WEIGHT
SAMSUNG ELECTRONIC	INFORMATION TECHNOLOGY	4.3%
LEGRAND SA	INDUSTRIALS	4.0%
DEUTSCHE BOERSE	FINANCIALS	3.8%
ROCHE HLDGS	HEALTH CARE	3.7%
THAI BEVERAGE PCL	CONSUMER STAPLES	3.6%
DCC ORD	INDUSTRIALS	3.5%
TAIWAN SEMICON MAN	INFORMATION TECHNOLOGY	3.5%
CRH PLC	MATERIALS	3.5%
DEMANT	HEALTH CARE	3.5%
BANK OF IRELAND	FINANCIALS	3.4%

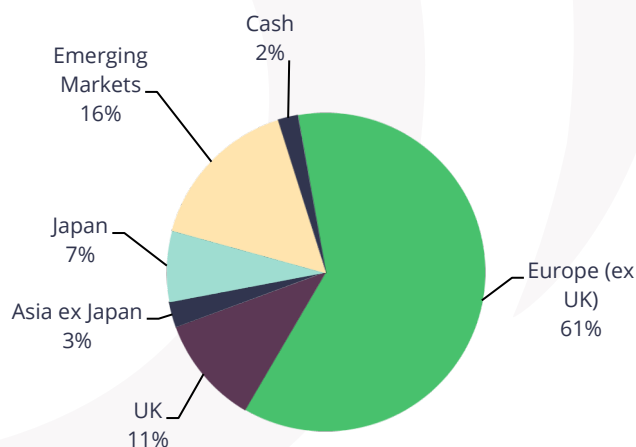
Holdings Source: Setanta. Sector allocations based on invested portfolio only (excludes cash), of the lead CAD account of the EAFE Equity Strategy. **Portfolio Valuation Statistics Source:** Bloomberg, based on the lead CAD account of the EAFE Equity Strategy, shown in USD.

Performance Source: Setanta Asset Management Limited. The returns stated are based on the movements in the unit prices of the lead CAD portfolio of the EAFE Equity Strategy which was CLA CA Managed EAFE Portfolio SF035 [IEC11007] till 09.06.22 and LL EAFE Equity Strategy 6.84 [IEC15004] thereafter, which has been converted to USD at FX rate CAD 0.73287 to 1 USD as at 30th June 2025. The gross performance will be reduced by the impact of management fees paid, the amount of which varies. Net of Fees performance is calculated based on an AMC of 0.75%, which is based on a minimum portfolio size of USD25m. Inception date: January 2004.

Sector Distribution



Geographic Distribution





Q2 2025 Commentary

Prepare don't Predict

Trying to predict how financial markets react to events over the short term is a fool's errand. History is littered with examples of financial markets reacting in the short term in ways that would appear incomprehensible to logical investors. Three recent examples of events which caused increased uncertainty in financial markets and their corresponding performance over the short term are:

2016 - Brexit : MSCI EAFE -2% for the full year

2020 - Covid : MSCI EAFE +6% for the full year

2025 - Trump, Tariffs, Trade : MSCI EAFE +17% to end June 2025

(source: Bloomberg)

Conventional wisdom dictates that uncertainty creates risk and risk is bad for asset price appreciation. Looking at the performance of the MSCI EAFE during these times of elevated risk, conventional wisdom is knocked on its head. With the exception of 2016 where MSCI EAFE suffered a small decline, investors realised meaningful gains during these periods of increased risks. Additionally, those who were able to view these uncertainties as opportunities were able to position their portfolio's to create even healthier returns over the longer term.

The key takeaways

1. Trying to pre-empt market reactions is a fool's errand
2. Being prepared to take advantage of the opportunities that heightened market volatility creates can be a fertile hunting ground for long term investors

Our philosophy is centered around investing for the long term while our process involves detailed fundamental analysis. With these as core tenets of our investment approach we were fortunate to be able to use heightened market uncertainties to our advantage during Q2 with the addition of two new positions, Icon PLC and Dassault Systemes, to the portfolio. We have built an extensive knowledge base of both companies over time and the market uncertainty brought about post Liberation Day provided us with an opportunity to invest in both companies at attractive prices.

Icon PLC is well known to the investment team in Setanta, having been held in some Setanta strategies as far back as 2005. Rowan Smith, first invested in Icon way back in 2005, he has accumulated petabytes of intellectual capital on Icon over the past 20 years and was very quickly able to refresh his investment thesis when the stock sold off aggressively in Q2.

Dassault Systemes on the other hand, is a more recent investment thesis. In early 2024 we carried out extensive research on the industrial software vertical, looking for companies that provide software to help customers make the design to manufacturing processes more efficient. In a world where labour is scarce and input material prices are rising, manufacturing companies are investing in areas which can provide quicker and cheaper design to production processes. We undertook detailed work on various vertical software companies, including Dassault Systemes. The conclusion from our investment thesis was that Dassault Systemes is a quality company but valuation didn't make it a compelling investment opportunity at that particular point in time. We continued to build our mental database on the company, furthering our understanding of key risks to the investment thesis and evaluating those risks in conjunction with a de-rating the valuation multiples. Roll forward 12 months and the market uncertainty in Q2 provided us with our opportunity to invest at a level where we believe the risks are more than adequately discounted in the current share price.



Q2 2025 Commentary

Icon PLC is a Dublin, Ireland based clinical research organisation (CRO). CRO's provide services to pharmaceutical and biotech companies to facilitate the execution of the clinical trials required to obtain regulatory approval for new drugs. Such services include recruiting patients and doctors to manage the patients, facilitating data collection and analysis and collating medical reports for the final submission of the application to the regulatory authorities. Since patent lives are fixed, timely completion of clinical trials is crucial as any delays essentially result in the loss of peak product revenue potential. This can represent a material cost to the client which, in our view, means established CRO's like Icon are in a good position to win business from drug and biotech companies alike. As the CRO industry has matured, growth has moderated in recent years. This moderation has been compounded by client spending restraint resulting from nervousness concerning tariffs, public policy regarding vaccination, and a weak Biotech funding market. Reflecting the more challenged backdrop, CRO stocks have fallen considerably over the past year. Shares in Icon have more than halved in that period. We believe the recent pressures are largely transient and initiated a position in Icon with valuation levels at around 12x free cash flow. The opportunity to acquire a quality compounder at an opportunistic price was funded from a reduction in our holding of Alfresa Holdings.

Dassault Systemes is a France based provider of application software to the industrial and life sciences end markets. Dassault Systemes has a broad portfolio of software apps to help industrial and life sciences customers design, simulate, produce and deploy new products firstly in the digital world and then to bring them to life in the real world. Using digital processes to improve real world products saves on raw materials, energy, time, resources and improves product quality. With the implementation of Dassault Systemes 3DEXperience PLM solution, Volkswagen claim to have shortened their product development process by 6 months and are able to achieve up to €200m in annual cost reductions*. These time and cost savings are generated through the creation of digital twins where the entire design to production process is firstly created in a virtual world. Testing, simulation, modifications, enhancements, and manufacturing efficiencies are carried out virtually and once a cost and time efficient design process is created virtually it's then deployed in the real world. Having a virtual twin of the real life product also enables post production improvements to be tested virtually and integrated into the production process with greater efficiency. The industrial software market is highly concentrated, we estimate the top 3 players command more than two thirds of the market. It's a difficult market for new entrants and customer stickiness is high, both of which are appealing for us as long term investors.

Dassault Systemes also generates 20% of revenues from the life sciences end market where they provide software to customers like the afore mentioned Icon. Similar to the industrial end market, life sciences is equally concentrated and Dassault Systemes with its Rave platform is the market leader. Like Icon, this business has suffered from a slowdown in demand which has resulted in more muted revenue growth for the group. Despite this, Dassault Systems was still able to grow revenues by 5% in 2025, we believe the issues in Life Sciences are transient and the longer term sustainable growth of 7-8% for the group is not presently discounted in the current share price. We funded our initial position in Dassault Systemes via a full disposal of our remaining holding in Ericsson.

Other transactions during Q2 2025

Icon PLC and Dassault Systemes were two new positions established during Q2. We also undertook some additional risk management exercises reallocating capital across our bank holdings and also across some of our industrial holdings.

Once again, we thank all our clients for your continued support.

*Revenue sources: Bloomberg



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IMPORTANT INFORMATION

*Source: Stock price and index returns are from Bloomberg.

The EAFE Equity Strategy is managed by Setanta Asset Management Limited. The performance shown is the performance of the lead CAD portfolio of the EAFE Equity Strategy. This account has the longest performance track record. 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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