

# Setanta European Equity Fund (CAD)

Q3 2025

## Fund Description

The **European Equity Fund** ('the Fund') is managed by Setanta Asset Management ("Setanta") and is a representative account of the European Equity strategy.

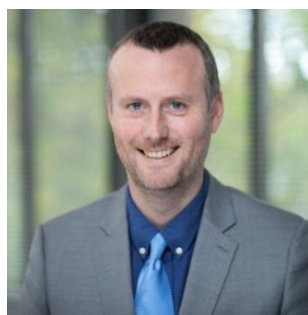
The Fund is an actively managed equity portfolio which holds c.30 stocks which are located in or active in Europe. The portfolio is managed in accordance with the Setanta investment philosophy. That is, the managers seek to own good businesses for the long-term at prices below what they think they're worth, carefully considering each investment's risk profile.

The Fund 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 investment objective of the Fund is to outperform the MSCI Europe 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

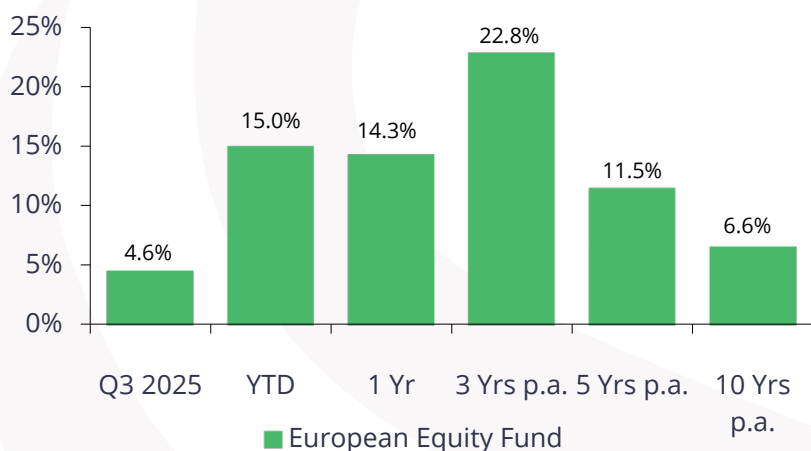
We consider scenarios rather than making forecasts

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

## Fund Performance – 30.09.2025 (CAD)



## Yearly Performance

Year %	2019	2020	2021	2022	2023	2024
Fund	13.8	-7.8	14.1	-12.9	17.8	16.7

**Performance Source:** Setanta Asset Management. The Fund returns stated are based on the movements in the unit prices of the CLA European Equity Fund (SF037) [IEC11002] 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.

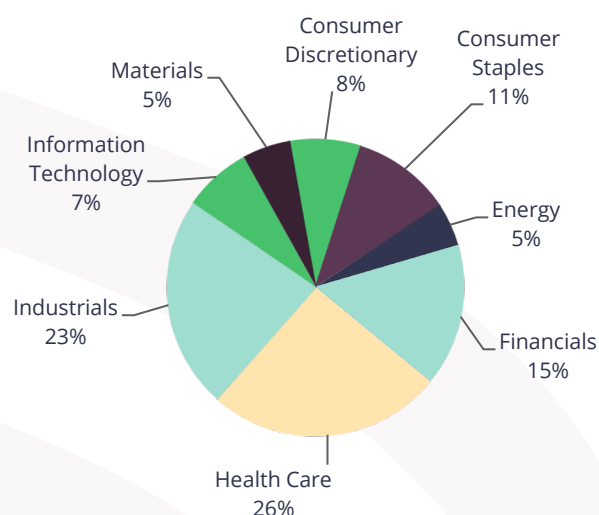
## Top 10 Holdings

COMPANY	SECTOR	% OF FUND
ASML HOLDING	INFORMATION TECHNOLOGY	5.6%
BANK OF IRELAND	FINANCIALS	5.5%
CRH PLC	MATERIALS	4.9%
LEGRAND	INDUSTRIALS	4.5%
ENI Spa	ENERGY	4.5%
ROCHE HLDGS	HEALTH CARE	4.0%
DEUTSCHE BOERSE	FINANCIALS	3.9%
STERIS PLC	HEALTH CARE	3.9%
NESTLE SA	CONSUMER STAPLES	3.7%
GEA GROUP AG	INDUSTRIALS	3.5%

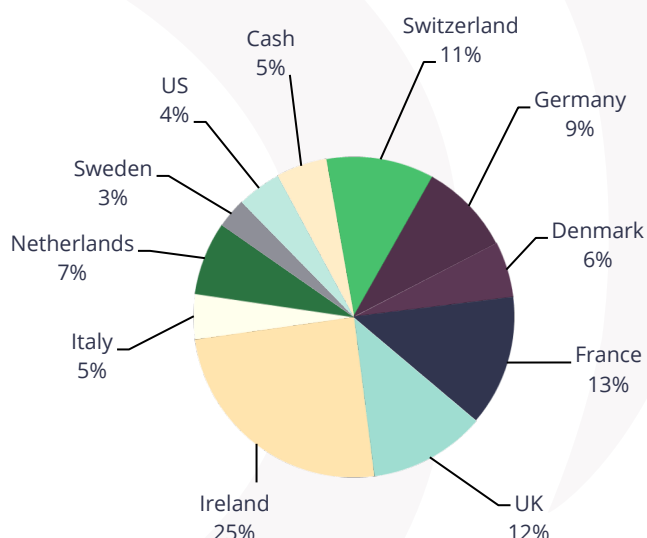
## Fund Statistics

PRICE/BOOK	2.5
PRICE/EARNINGS RATIO (FY 1)	17.6
DIVIDEND YIELD %	1.8
AVERAGE MARKET CAP C\$BN	110.2
NO. OF HOLDINGS	32
DEBT/EQUITY %	60.1

## Sector Distribution



## Geographic Distribution





# Q3 2025 Commentary

European equities delivered robust gains in the third quarter. Banks were the standout performers driven by both a steepening yield curve and buoyed expectations for higher government fiscal spend. Separately, companies that have exposure to AI related spend, performed well generally.

## Key contributors and detractors

**CRH** held an investor day on September 30th, outlining its strategic aims and financial targets to 2030. Overall, it forecasts annual revenue growth of 7-9% from 2025-2030 and implied double-digit earnings growth based on adjusted EBITDA margins increasing to 22-24%, from 19.5% in 2024. The plan was well received by the market with its share price reacting positively.

**Legrand's** share price rose in Q3, primarily due to its data centre related revenues which have been performing strongly. Management upgraded its full year constant currency sales growth expectations to +5-7% organic and +5% from M&A. It expects data centre growth of 20-25% for the full year and it expects low double digit growth for the 2025-2030 period. Overall, management has increased confidence in hitting the upper end of its 2030 Group revenue targets which are based on 3-5% annual organic growth and 3-5% annual M&A growth.

We initiated a position in **ASML** in Q1 2025. As a reminder, it has a dominant position in the global semiconductor value chain. Specifically, its EUV (extreme ultraviolet) lithography machines are required in the production of high-end semiconductors. ASML's share price performed strongly in Q3, along with other semiconductor companies buoyed by the prospect of higher capex spend from the hyperscalers and several announcements from OpenAI including a strategic partnership with Nvidia.

Our largest detractor to performance in the quarter was **Deutsche Boerse**. It has been a bumpy year for the share price, first rallying +32%, peaking in May, before falling -22% to the end of September, being essentially flat year-to-date. Recent concerns have centred on the disruption risk of AI to data providers/exchanges including Factset and S&P Global in the United States and London Stock Exchange and Deutsche Boerse in Europe. For Deutsche Boerse, its most at-risk businesses are in the Investment Management Solutions segment, which represents 11% of Group EBITDA and contains the ISS/ Stoxx business. However, we believe that Deutsche Boerse's proprietarily sourced, customized and derived data, analytics, and models provide it with a competitive position that is difficult to disrupt. In addition, management have executed exceptionally well in the past and are agile to adapt and benefit from changes in technology.

Shares in **Demant**, one of the world's leading producers/retailers of hearing aids, declined after posting quarterly results that were short of expectations. The global hearing aid market has tended to grow in the 4-6% p.a. range on average over the years. In 2025 the growth rate appears to be trending closer to 2 or 3%. Consequently, we have seen generally soft results for Demant and peers so far this year. This backdrop may reflect some pressure on consumer budgets which could be resulting in some deferral in the purchasing of replacement units. In our experience, such periods of deferral have not tended to last very long and we expect an eventual recovery in buying patterns. The weakness in the shares may also be the result of a general rotation in capital flows towards the more cyclical pockets of the stock market, reflected in under-performance of the Healthcare sector so far this year.

Shares in **Booking Holdings** peaked in late June before falling in Q3 2025. Although it posted good Q2 results, the market reacted negatively to lower-than-expected Q3 guidance and question marks remain on the disruption risk from AI. Management view diversification of channels as a positive and it's likely to partner with hyperscalers for travel bookings.





# Q3 2025 Commentary

## Transactions during the period

During the quarter the portfolio initiated a position in **Steris PLC**, the global leader in the Healthcare Sterilisation industry. Steris supplies equipment and consumables used to sterilise surgical equipment in hospitals and clinics. It also services this equipment. It provides similar products and services to pharmaceutical and biotech companies to facilitate sterile drug manufacturing. The company's AST subsidiary is the global market leader in the provision of sterilisation services to the Healthcare industry. AST ensures all kinds of medical equipment are pre-sterilised before shipment to the customer. The business is financially strong, has been very well managed over the years, and we believe the company can continue to grow shareholder value in the future.

The fund exited the shareholding in **GSK PLC**. For some time we have been waiting for signs of improvement in r&d productivity at the company. At this point we don't believe those signs are compelling enough and we see Steris as a better long term investment proposition.

We would like to thank our clients for their continued support and patience.



#### Contact Details

Suite S8-17,  
Eight Floor,  
190 Simcoe Street,  
Toronto,  
Ontario,  
M5T 2W5.

Rocco Vessio,  
Mobile/Cell: 647-823-4813

E-mail: [rocco.vessio@setanta-asset.com](mailto:rocco.vessio@setanta-asset.com)  
[www.setanta-asset.com](http://www.setanta-asset.com)

## IMPORTANT INFORMATION

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

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