

Setanta Dividend Fund

Q4 2025

Fund Description

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

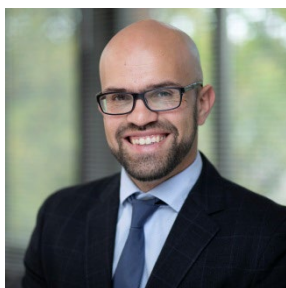
The Fund is an actively managed equity portfolio, which holds 30-50 global high yield stocks. The portfolio is managed in accordance with the Setanta investment philosophy. That is, the managers seek to own good businesses for the long-term at prices below what they think they're worth, carefully considering 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

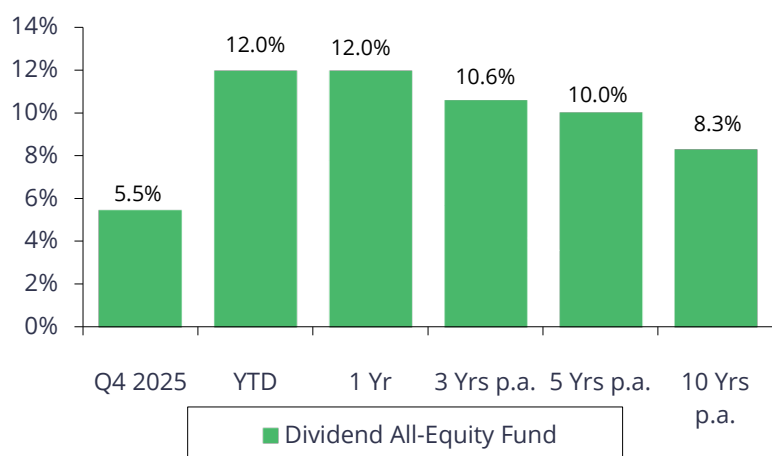
We consider scenarios rather than making forecasts

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

Fund Performance – 31.12.2025 (EUR)



Yearly Performance

Year %	2020	2021	2022	2023	2024	2025
Fund	-4.8	21.3	-1.7	10.4	9.4	12.0

Performance Source: The Fund returns since 30.09.07 are based on the movements in the unit prices of the ILA/CLI Setanta Dividend Equity Fund [IEC7601] and are gross of management fees. The performance will be reduced by the impact of management fees paid, the amount of which varies. The unit prices prior to this are based on a net of fee price, adjusted for the management charge to replicate a gross of fee performance.

Holdings Source: Setanta. Sector allocations based on invested portfolio only (excludes cash). **Fund Statistics Source:** Bloomberg (metrics include Financials). *Calculated using Index Method.

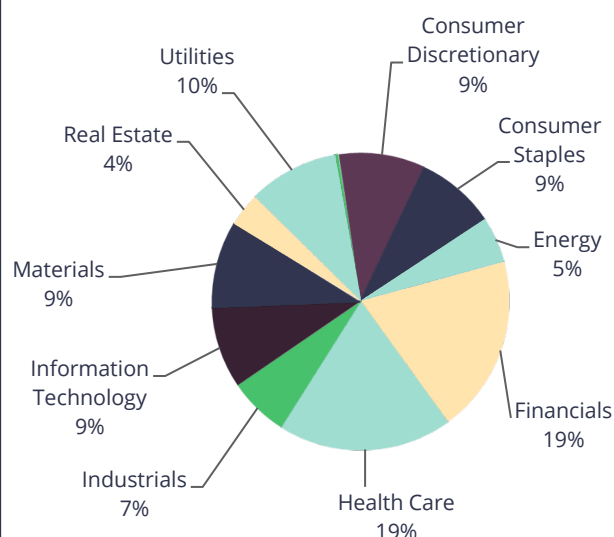
Top 10 Holdings

COMPANY	SECTOR	% OF FUND
JOHNSON & JOHNSON	Health Care	3.9%
ALLIANZ SE	Financials	3.8%
NOVARTIS AG	Health Care	3.6%
SAMSUNG ELECTRO	Information Technology	3.5%
SANDVIK AB	Industrials	3.5%
SAMPO PLC	Financials	3.3%
CME GROUP INC	Financials	3.3%
TERNA - RETE ELEC	Utilities	3.1%
COMP FIN RICHEMONT	Consumer Discretionary	3.1%
PROCTER & GAMBLE	Consumer Staples	3.1%

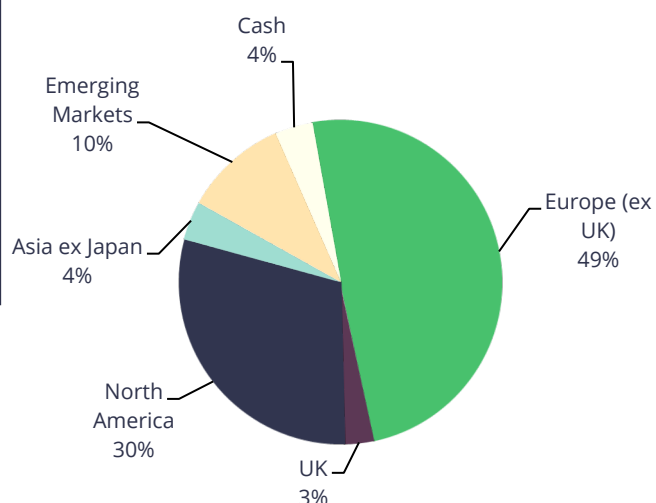
Fund Statistics

PRICE/BOOK	2.5
PRICE/EARNINGS RATIO (FY 1)	18.0
DIVIDEND YIELD %*	3.5
AVERAGE MARKET CAP €BN	137.8
NO. OF HOLDINGS	41
DEBT/EQUITY %	63.4
ACTIVE SHARE %	77.7

Sector Distribution



Geographic Distribution





Q4 2025 Commentary

Markets Overview

President Donald Trump has been, much to his pleasure we suspect, the centre of much of the world's attention in 2025. Directed by him, America has been flexing its muscles geopolitically, driving hard bargains for military support, such as in Ukraine; extracting political concessions, on migration, from Mexico; and using tariffs to achieve better trade terms, with the EU, among others. He is sceptical of the merits of supranational entities, many of which emerged from the ruins of World War II, such as the United Nations, the (now) European Union, as well as the North Atlantic Treaty Organisation (NATO). Concepts associated with, or stemming from supranational institutions, such as democracy, free markets, and globalisation, have, to varying degrees, underpinned global financial markets. Today, these concepts appear to be much more open to question than before in North America and Europe. Domestically, President Trump has tested the boundaries of presidential autonomy, while also overseeing the introduction of the 'One Big Beautiful Bill', which extends previously lowered tax cuts as well as stimulating small businesses, and increasing defence spending.

In Europe, as in America, there are concerns that political polarisation could cause political discord. After years of impressive solidarity in supporting Ukraine against Russia's attack, the EU has more recently struggled to agree on how to continue assisting Ukraine. The increasingly unilateral actions of America on matters like defence and criticism of the European Union's culture has created the sense of an institution, and a region, under threat. There is political stalemate in France, as its parliament has failed to agree a budget, jeopardising prospects for economic reforms and likely increasing an already-stretched debt \ GDP burden. This has given rise to jitters in its bond market, creating the potential for difficulties in refunding its debt. At the same time, Germany is embarking on a substantial fiscal expansion, which could materially boost its domestic GDP growth, as well as that of related European industries.

The IMF estimates Global GDP growth to be 3.2% for 2025, which would be similar the growth rates of the previous three years. Inflation seems to be largely under control in most major markets, allowing interest rates to continue to be reduced from previous peaks. President Trump's determination to influence interest rates, lower, could, however, undermine price stability in America. Mortgage rates in the US, typically based on long-term interest rates, nevertheless remain relatively high, constraining housing demand. The Balance Sheets of most corporations, as well as households in general, has remained strong in both North America and Europe.

Following the launch of ChatGPT in late 2022, Artificial Intelligence (AI) applications are rapidly being embraced by consumers and companies. Nonetheless, whatever about the losers, assumed, for example, to be those employed in data analysis jobs, for example, the winners are less clear; history suggests caution in this regard, as we noted in last quarter's commentary. Stocks deemed to be AI-winners to date, have experienced substantial valuation re-ratings, further increasing the concentration of the US equity market. Nearing the year end, seven such companies alone accounted for 28% of the market capitalisation of the S&P 500, a figure, to our knowledge, unparalleled in financial history. Privately-held company, OpenAI has been valued at \$500b, despite revenues of only \$13b in 2025. The US stock market, heavily influenced by this small cohort, is trading on a cyclically-adjusted basis, at more than 40x its earnings, a level rarely seen (indeed, only once exceeded, during the dotcom bubble in 2000), prompted some fears that an AI-related investment bubble has developed ¹.

¹ Financial Times, 10th January 2026.



Q4 2025 Commentary

Equity markets had a solid year - measured in euro terms, the MSCI World High Dividend Yield index, the Fund's benchmark, rose 4.6%, while the broader, unconstrained, MSCI World Index rose 6.7%. Elsewhere, precious metals, such as gold, platinum, and palladium, had strong years, likely reflecting fears about geopolitical stability. Generally speaking, bond markets had a solid year, posting positive returns in their currency of denomination. Government bond yields were generally lower, and corporate bond spreads tighter broadly reflecting good economic growth and cooling inflation expectations. Reversing the major foreign exchange trend of 2024, the US dollar was weak, falling 9.4% against the major world currencies and its value against the euro, down 12%)².

Fund Performance

The Fund had a strong year, achieving a total return of 12%, comparing favourably to that of its benchmark. In contrast to 2024, the European, and Asian, regions posted the strongest returns, while North America lagged. The Fund's high weighting in European stocks thus boosted relative performance versus the benchmark. The Fund has outperformed the benchmark over the past 3, 5 and 10 years and since its inception in 2003.

As in 2024, cyclical sectors were generally the strongest performers, led by Information Technology, Materials, Industrials, and Financials³. Reflecting a lack of consumer confidence on the part of individuals, particularly in America, Consumer Discretionary, a cyclical sector, was also among the weakest performing sectors. The performance of 'Defensive', sectors, those less exposed to cycles, was mixed. Consumer Staples and Communication Services, were among the weakest-performing sectors. In contrast, Utilities and Healthcare, had good years. In the case of Utilities, it gained from the perception of electrical utilities as beneficiaries of AI-related investment, given the need for increased power for data centres. Healthcare's performance was mainly due to strength of a small number of large pharmaceutical stocks, also bucked this wider trend. The Energy sector was weak, reflecting lower oil and gas prices (Brent crude ended the year at \$61, having fallen 20% throughout).

Key Stock Contributors

We noted last year that **Samsung**, the Korean-based global semiconductor and consumer electronics giant, had been slow to develop AI-ready memory chips. A year later, the stock, held by the Fund through its preference shares, is the biggest contributor to the Fund's performance. Samsung has recovered its leading share of the global DRAM (memory semiconductor) market, as demand for its AI-chips has increased; it also announced that it has been awarded a very large (\$16b) contract from Tesla, to provide memory chips for its latest Electric Vehicle model.

TSMC, the world's largest manufacturer of semiconductors, based in Taiwan, was again one of the largest contributors to the Fund's performance, continuing a multi-year streak. We have previously observed that by virtue of its dominance in the manufacturing of logic (process) semiconductors, its products are in demand from nearly all providers of computing power, including data centres. It has thus been a beneficiary of the huge surge in computing power demand, driven by AI, which has shown few signs of abating. Nevertheless, China's designs on Taiwan remain strong, so we took advantage later in the year of the stock's strong performance to reduce the Fund's position size.

² Dollar against the major world currencies, as measured by Bloomberg's US Dollar Index.

³ Sectors as defined by the MSCI World High Dividend Yield index.

Q4 2025 Commentary

We undertook a field trip to Sandvik in the first half of the year, amidst some concern relating to the company's industrial tools division, but came away broadly reassured that this business could continue to produce solid results. We were impressed with the strong market position that Sandvik has created in the mining equipment industry, featuring an attractive aftermarket business and high operating margins. The stock rewarded our faith by being among the biggest contributors to the Fund in 2025. CRH, US-listed and Irish-domiciled, infrastructure builder, which continues to make a strong contribution to the Fund's performance, and Boliden, the Swedish based metal producer, which is benefitting from the rise in copper, zinc, and gold, prices are worthy of 'honourable mentions' given their contribution to the Fund.

<i>Stock</i>	<i>Performance Contribution</i>	<i>Stock</i>	<i>Performance contribution</i>
Samsung (Prefs)	2.1%	Procter & Gamble	-0.9%
TSMC	1.5%	Coloplast	-0.6%
Sandvik	1.5%	Kenvue	-0.6%

After a multi-year period of generally good sales growth and upward trending operating margin, global consumer goods company, **Procter and Gamble** reported full year results that showed flat sales and higher-than expected costs. This was caused mainly by consumer weakness in the USA, as consumers face post-pandemic affordability challenges, exacerbated by the effect of tariffs. This led to weak stock price performance, which was worsened by the weakness of the US dollar versus the euro (the Fund's performance is measured in euro) as well as the stock's large weight in the Fund. Nonetheless, P&G's operating, and free cashflow, generation were robust, such that its Dividend per Share increased by 5% during the year, evidence, we believe of the stock's underlying quality, something we noted in the Q2 Commentary.

Coloplast, Danish-based provider of continence care products globally, had a disappointing year. It reported 3% Full Year revenue growth, below that of recent years, albeit higher in currency-adjusted terms. The factors in this outcome, some of which were known beforehand, included some logistical challenges in America; absorbing two new entities into the business; and greater competition in China. This culminated in the termination of the CEO's contract. We believe that Coloplast has the ability to grow revenues well above the rate of global GDP, which when added to a dividend yield currently of 4%, is an attractive proposition.

Kenvue, a US-based consumer health company, had an eventful year. It had the misfortune to be namechecked by President Donald Trump, who publicly linked use in pregnant women of one of its well-known products, Tylenol, a well-known pain relief medication, with autism in the babies of those women. Separately, another product, Talc, was linked to some types of cancer in a class-action case in the U.K. Despite a clear and comprehensive rebuttal by the company's management of both these claims, this led to a sharp fall in the stock. This news had been preceded by disappointing revenue growth as well as management change in the relatively new company (it was 'spun' out of Johnson and Johnson in 2023), prompting us to reduce the Fund's position earlier in the year. Near year-end, Kimberly-Clark, a personal care company and Kenvue announced that they had agreed terms in which the former would acquire the latter, paying largely for the transaction with its own shares. This has put a floor of sorts on Kenvue's stock price, notwithstanding the disappointing performance since the Fund was first exposed to the stock in its own right.



Q4 2025 Commentary

Major Changes to the Fund

At year end, the Fund held 41 stocks, having added five new stocks and completely sold three. The new stocks included **Nike** (Q1), the well-known sportswear and sport shoe company, **Gaz Transport et Technigaz** (GTT), designer of internal 'membranes' for Liquefied Natural Gas transporters, and **United Health Group**, provider of medical insurance and medical services in USA, (both Q3), which we commented on during the year. We also bought, for the Fund, positions in L'Oreal and United Overseas Bank.

L'Oreal is one of the world's most recognised personal care brands, albeit just one of the many recognisable brands owned by the company, which includes Garnier, Lancome, and Maybelline. L'Oreal differentiates itself through scale in manufacturing, doing so locally, thus limiting logistical challenges and through its Research and Development, which it undertakes internally, rather than outsourcing to a third party. Its products, while having elements of fashion, are regarded as necessary items by many customers, typically leading to resilient financial performance. In the midst of concerns that near-term organic growth might be lower than in the past, albeit still attractive, the stock fell sharply, presenting us with the opportunity (Free Cashflow \ Enterprise Value of 3%, combined with above-average growth expectation) to acquire a position for the Fund.

United Overseas Bank is one of Singapore's foremost banks. Singapore has transformed itself over the last half century, such that it is now a prosperous, popular, and fast-growing state. We regard Singapore as an attractive market, given its position as a financial hub (it is challenging, if not supplanting Hong Kong as a regional financial centre); its regulatory emphasis on financial stability; its political stability; wealth; and prospects for growth. As one of its three large banks, UOB benefits from this macroeconomic backdrop. It earns the vast majority of its profits from lending in Singapore, but also has a presence in other South-East Asian countries, profiting from regional trade. We were able to acquire a position for the Fund at a dividend yield near 4%; importantly, the bank's capital ratios (e.g. 8% total Capital \ Tangible Equity) indicate a robust financial position.

In Q4, **Viscofan**, manufacturer of meat casings, found itself the unwelcome focus of a critical report by a financial firm. The report suggested shortcomings in Viscofan's environmental, and safety, standards at one of its US plants. While the company has largely denied these claims, and has a history of upgrading its older plants, the stock will likely be under a cloud until there is clarity on the matter. To the backdrop of mediocre stock price performance, we took the decision to fully sell the stock. While Viscofan has established itself as the clear leader in its industry, we have concluded that the industry itself is simply too tough to ensure a sufficiently attractive long-term investment return. This is consistent with our approach that a stock, barring exceptional circumstances, should be making a material positive relative contribution to the Fund, over longer-term periods.

In the case of **DCC**, we took advantage of the company's tender offer, in which it offered to buy back shares using the proceeds from the sale of its healthcare business. This allowed us to complete the sale in one transaction. We have held DCC for two periods, the first being 2011 - to 2019, during which it was an outstanding performer, building a strong business in fuel supply, through operational excellence and capital discipline. We opportunistically acquired the stock at a time of weakness during the pandemic. Nevertheless, its performance since then has generally been disappointing, despite its good dividend-paying track record. Its forays into IT, and Healthcare, over which we gave management the benefit of the doubt, have proven to be, at best, distractions; at worst, destruction of capital. At the same time, DCC faces a future in which its key products, being fossil-fuel based, will be phased out, prompting it to embark on acquiring businesses in new areas, in which there is much greater competition and in which it has much less expertise. We thus were happy to take the opportunity to exit from the stock. We commented on the Fund's sale of **Diageo**, the global alcohol beverages manufacturer, in Q3.



Q4 2025 Commentary

Outlook

We estimate that the Fund achieved just under 5% in ordinary dividend growth in 2025, continuing the trend of recent years. In addition, three of the Fund's holdings contributed additional income in the form of special dividends or returns of capital. As of year-end, we estimate that the Fund is trading at a dividend yield a 3.5%. This is a good reflection of the Fund's 'formula', which strives to marry the defensiveness that ordinary dividends offer with the growth that comes from the value creation of well-positioned companies, while capitalising on the occasional special dividend afforded by robust stocks. Notwithstanding concerns about the world order mentioned above, we continue to have confidence in the Fund's ability to perform strongly, and when required, resiliently, as it has done on many occasions in the past.

** All references to the Fund and fund performance relate to the Setanta Global Dividend Fund (IEC 7601); performance figures are gross of fees and all figures are in euro terms, unless otherwise stated.*



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IMPORTANT INFORMATION

The Dividend Equity Fund is managed by Setanta Asset Management and is a representative account of the Dividend Equity strategy. The performance shown is the performance of a representative account (ILA/CLI Setanta Dividend Equity Fund [IEC7601]). 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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