

MARKET MOVERS

SEAN KENZIE

Sean Kenzie is a fund manager with Setanta Asset Management, a Dublin-based subsidiary of Great-West Lifeco, the publicly listed Canadian insurance group.

His responsibilities include the Setanta Global Equity fund, which is open for investment to those with a lump sum of at least €10,000 or those who agree to invest at least €100 a month. It is available to Irish investors through Irish Life, which Great-West Lifeco acquired in 2013.

Investment philosophy

Setanta takes a "bottom-up" approach to stock selection, picking companies on their individual merits. It aims to invest in reasonably priced, quality companies.

The Global Equity fund is made up of 80-85 equity stocks from eight economic sectors: industrials/materials, consumer discretionary, consumer staples, technology, financials, telcos/utilities, healthcare and energy. "Within each sector, we're looking for quality companies at prices which are below our assessment of their intrinsic value," said Kenzie. "We avoid companies that are highly indebted, extremely short-term in focus, or have poor or unpredictable management."

Performance

The fund is benchmarked against the MSCI World Index, and has beaten the index in 13 of the last 15 years. The fund's one-year return is 3.4%, and is up an average of 15% a year over five years. "The performance has been very strong and that's very much a function of the structure of the fund," said Kenzie. "The fund's sector weighting broadly matches the index but within those sectors we can take very different positions from the index."

Buying and selling

DCC, the Irish industrial group, is the

fund's top holding, followed by Warren Buffett's Berkshire Hathaway. Healthcare group Johnson & Johnson, Irish construction product firm CRH, and Canadian financial services group Fairfax are also in the fund's top 10 holdings.

The fund recently opened a position in luxury goods company Richemont, which owns brands including Cartier, Panerai and Montblanc. "Richemont is debt-free and has grown its dividend by about 15% over the past 20 years," said Kenzie. "Its shares are down about 40% from their 2014 high and we would argue that its long-term strength is under-appreciated."

The Setanta fund also purchased shares in Irish exploration company Tullow Oil which has lost more than 80% of its value since 2012. "The



current low oil price environment has taken its toll," said Kenzie. "However, we think the share price fall is overdone and that the value of Tullow's net assets will eventually prove to be worth a multiple of the current market cap."

The fund sold its holding in US medical devices company Stryker, booking a 300%-plus gain on the position it opened in March 2009. "Stryker is an excellent company and one that we would look to own again in the future at a cheaper price," said Kenzie.

Outlook

Setanta is cautious on the outlook for equities due to relatively high valuations. "We have a particular style that's focused on the right type of business at the right price," said Kenzie. "We're all about long-term performance."

