

Fund Description

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

The Fund is an actively managed equity portfolio, with a long-term investment horizon. Our aim is to invest in European 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 Fund is to outperform the MSCI Europe index over the long term.

Fund Commentary

At Setanta, we think 2 primary characteristics of our process give us the opportunity to generate "alpha". 1. We take a long term approach 2. We perform detailed analysis on each of our investments. The output of this process can be seen in the types of businesses that we own in the European portfolio. Another underappreciated output of our approach can be seen in the types of businesses that we don't own.

Let's consider the type of business that we don't own. When we consider an investment we get into the mindset that we are buying the whole business. Getting into that mindset, the business owner's mindset tends to focus our minds on different sets of risks. The very essence of a business is an entity set up to produce a product for sale. The fundamental reason a business exists is to take a series of inputs and put these inputs through a series of processes to create an end product for sale.

(Fund Commentary continued on Page 3)

Portfolio Managers

Fergal Sarsfield CFA & David Byrne CFA



Investment Principles

- We do not believe the market is efficient.
- We aim to make investments at a price below our assessment of intrinsic value.
- We make an investment in a business rather than trade securities.
- We believe risk is the possibility of permanent impairment of value.
- We make investments for the long term.
- We invest where we see value and are not afraid to be contrarian and swim against the tide.
- We don't make forecasts, we consider scenarios.
- We demand financial strength from the companies we invest in.
- We will act with integrity and communicate with our clients in a manner representative of our investment style.
- We have the humility to know we make mistakes and embrace the need to continue learning through both experience and study.



WINNER
Equities Manager of the Year



WINNER
Equities manager of the year

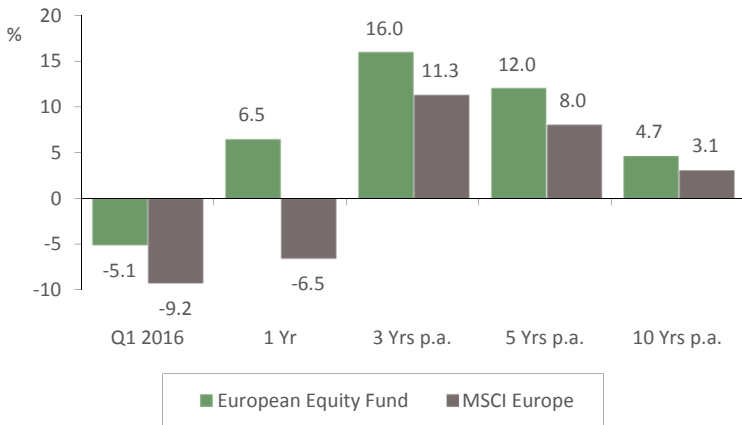


WINNER
Equities Manager of the Year



WINNER
Equities Manager of the Year

FUND PERFORMANCE – 31.03.16 (CAD)



YEARLY PERFORMANCE

Year %	2011	2012	2013	2014	2015
Fund	-6.8	18.0	35.8	1.3	27.7
Benchmark	-8.9	16.5	33.6	2.3	16.5

Performance Source: : IG Unit Prices; MSCI. Based on Setanta European Equity (SF037). Returns are in CAD and are gross of management fees. Benchmark is MSCI Europe. The performance will be reduced by the impact of management fees paid, the amount of which varies. **Fund Statistics Source:** Bloomberg

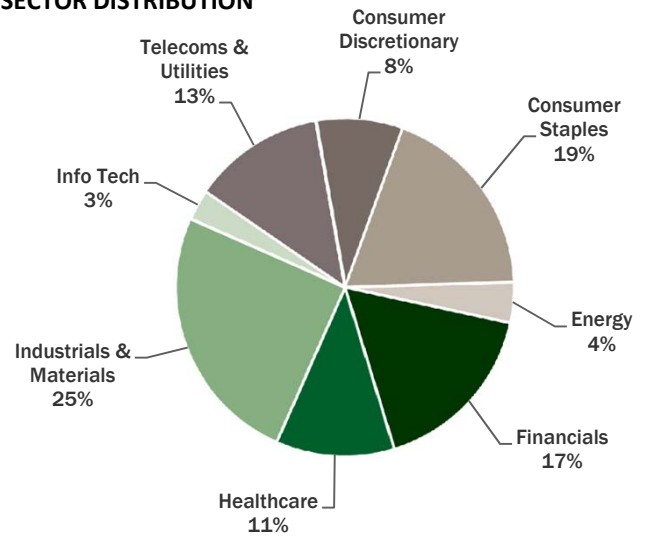
TOP 10 HOLDINGS

COMPANY	SECTOR	% OF FUND
DCC	INDUSTRIALS & MATERIALS	7.1%
DIAGEO	CONSUMER STAPLES	6.0%
GROUPE BRUXELLES LAMBERT	FINANCIALS	5.4%
CRH	INDUSTRIALS & MATERIALS	5.3%
LSL PROPERTY SERVICES	FINANCIALS	5.1%
VODAFONE GROUP	TELECOMS & UTILITIES	4.5%
C&C GROUP	CONSUMER STAPLES	4.3%
LIBERTY GLOBAL	CONSUMER DISCRETIONARY	4.2%
ORIGIN ENTERPRISES	CONSUMER STAPLES	3.7%
GLAXOSMITHKLINE	HEALTHCARE	3.6%

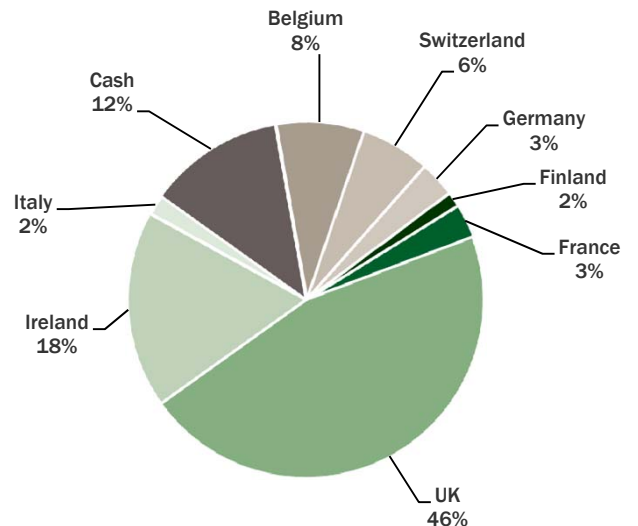
FUND STATISTICS

PRICE/BOOK	1.9
PRICE/EARNINGS RATIO (FY 1)	11.0
DIVIDEND YIELD %	3.4
AVERAGE MARKET CAP C\$BN	44.0
NO. OF HOLDINGS	27
ACTIVE SHARE RATIO %	83.7
DEBT/EQUITY %	67.1

SECTOR DISTRIBUTION



GEOGRAPHIC DISTRIBUTION



Ultimately, as a business owner, we must consider how many products will a certain business be able to produce and at what cost? Business owners must consider what price to sell their product. The business owner must also consider the competition and how likely or easy it is that competition will enter or exit the business. How good are your competitors and do you have an edge over your competitors and how likely is it that you can keep your edge over your competitors for sustained periods.

Take, for example, hypothetical industry A. Industry A produces durable goods that sell to consumers. They are by and large fantastic, technical products that include all of the latest technology and innovation. These goods last about 6 years on average and are a significant investment for consumers. The average selling price of these durable products is EUR20,000. Global demand for these products is running at about 90m units but there is capacity to produce 100m units. There are 5 “major” producers, called the majors, producing 10m units each and 8 “minor” producers, called the “minors” producing 5m units each. There are 13 manufacturers all producing excellent products that are very similar to one another such that it is difficult for any one of them to have long term sustained pricing power. Economically speaking this industry should consolidate, but it doesn’t. The majors employ 500,000 people directly and many more indirectly. The minors employ more than 100,000 each. This is a labour intensive industry and our modern institutional, legal and political structures prevent significant capacity from exiting. Governments have refused to let this industry consolidate for fear of political retribution. If governments “let” a business with 100,000 jobs and many multiples more indirectly go out of the country, the chance that they get voted out of office is large. The status quo remains. The majors make a little return on their capital through the cycle while the minors collectively just break even.

If we were a business owner in hypothetical industry A, we would be extremely concerned about the prospects for generating sufficient returns on our capital in the remaining years of this decade and beyond. The combination of rigid supply with the risk of a contraction in demand and the potential for technology-based industry upheaval would be very concerning to us. The hypothetical industry A that I described above looks very like the auto industry today. We have owned auto manufacturers in the past and learned through experience, how difficult and competitive the industry is. The market may have already anticipated our concerns as many of the auto manufacturers are priced at low multiples of earnings. That said, if the status quo remains, we think there is risk of permanent capital impairment. If the industry structure were to exhibit some signs of consolidation and restructuring we feel it could be worth investigating. However, we think these signs are a long way off for now.

Transactions during the Quarter

We sold our small position in Liberty Global LiLAC. Liberty Global LiLAC is a tracking stock set up to track Liberty Global operations in South America and the Caribbean. The Liberty Global chairman, John Malone, has a long history of using tracking stocks to separate assets within companies that he has significant influence in that have different attributes. In this case, Liberty Global separated out the South American/Caribbean assets into the LiLAC tracker in order to create a listed vehicle to build scale in the region. Liberty Global provides broadband, TV and phone products mainly through cable infrastructure. This requires significant capital investment and the management team at Liberty Global believe that creating a tracking stock, for the South American/Caribbean assets gives them greater access to capital markets (both debt and equity) in order to fund this capital investment.

The investment objective of the fund is to provide long term capital growth by investing primarily in shares of companies located or active in Europe. With this in mind and with the recent share price weakness in Liberty Global (which we thought was excessive and unwarranted) we sold our small position in the LiLAC tracker and redeployed the funds in Liberty Global whose operations are located in Europe.

David Byrne – Portfolio Manager

Contact Details:

Setanta Asset Management Limited,
Beresford Court,
Beresford Place, Dublin 1, Ireland.

Alan Hickey, Tel: + 353 1 612 4903
Email: alan.hickey@setanta-asset.com
www.setanta-asset.com

IMPORTANT INFORMATION

The strategy is available on a segregated basis. Investors should consider the investment objectives, risks, charges and expenses carefully before investing. See 'WARNING' and IMPORTANT INFORMATION' below.

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