

Setanta Global Dividend Fund – Q1 2017 (CAD)

Fund Description

The **Global Dividend Fund** (“the Fund”) is managed by Setanta Asset Management Limited (“Setanta”) and is a representative account of the Dividend strategy.

The Fund is an actively managed portfolio of global high yield equities. The Portfolio Managers embrace Setanta's value investment philosophy, seeking to pick stocks at a price below the managers' assessment of intrinsic value. The Fund further distils this philosophy by targeting stocks where management have both the willingness and ability to distribute meaningful dividends to shareholders. The rationale for the Fund is underpinned by studies* that show dividends have played an important role in the cumulative total return of equities over the past century, while other academic studies support the thesis that a high dividend yield is an excellent indicator of value.

While the Fund does not target specific regional or sector weights, the managers seek to maintain a sensible level of diversification. Risk is minimised by focusing on valuation, financial and operational risk measures and therefore the degree of downside protection, rather than focusing on measures of market volatility or beta. The Fund usually holds between 30 to 50 stocks with expected holding periods of approximately 5 years.

The investment objective of the Fund is to generate a return above the general return of equities over rolling periods of three years or more – this is measured by reference to the total return of the MSCI World High Yield Index (100% Euro).

Portfolio Managers

Richard Doyle CFA & David Pastor CFA



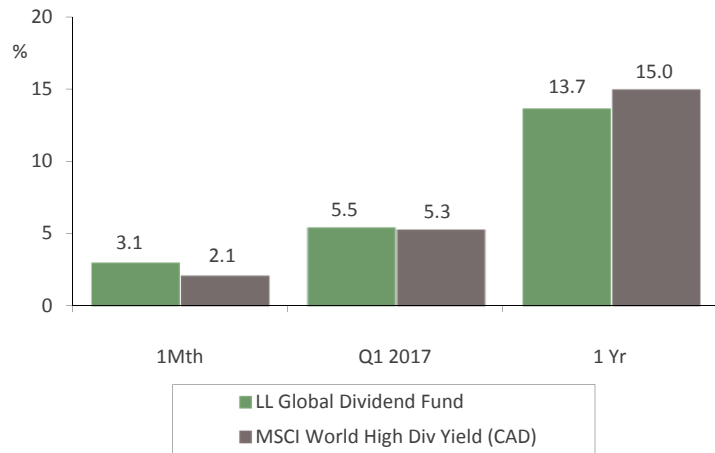
*e.g. Dimson, Marsh and Staunton, 2011

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.



FUND PERFORMANCE – 31.03.17



Performance Source: Unit prices: GWL. Returns are based on LL - Global Dividend Fund 8.26SAM Account. Benchmark: MSCI High Yield Index (100% CAD). Returns are in CAD and are gross of management fees. The performance will be reduced by the impact of management fees paid, the amount of which varies. **Fund Statistics Source:** Bloomberg

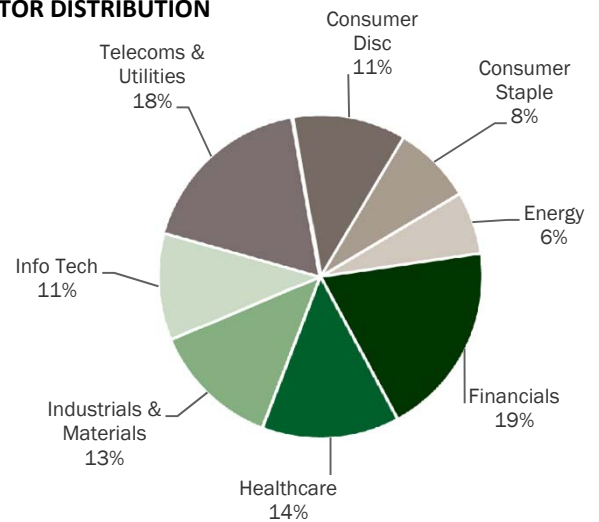
TOP 10 EQUITY HOLDINGS

COMPANY	SECTOR	% OF FUND
YARA INTERNATIONAL	INDUSTRIALS & MATERIALS	4.1%
SMITHS GROUP	INDUSTRIALS & MATERIALS	3.9%
NOVARTIS	HEALTHCARE	3.9%
SANOFI	HEALTHCARE	3.9%
CISCO SYSTEMS	INFORMATION TECHNOLOGY	3.8%
TAIWAN SEMICONDUCTOR	INFORMATION TECHNOLOGY	3.5%
GROUPE BRUXELLES LAMBERT	FINANCIALS	3.4%
SK TELECOM	TELECOMS & UTILITIES	3.4%
TELIA COMPANY	TELECOMS & UTILITIES	3.3%
HARLEY DAVIDSON	CONSUMER DISCRETIONARY	3.2%

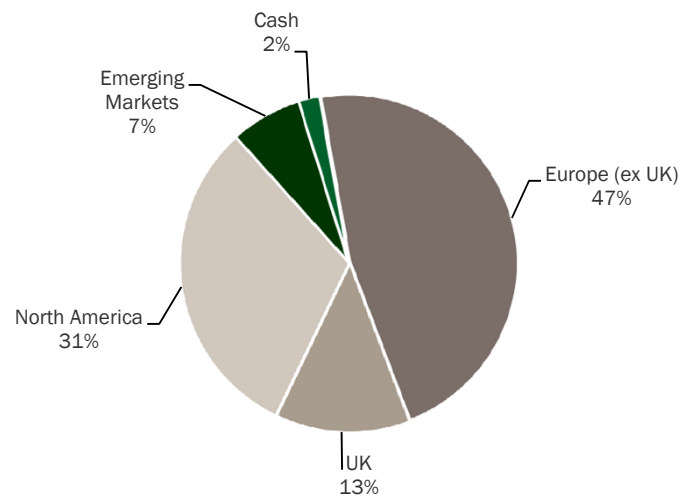
FUND STATISTICS

PRICE/BOOK	1.8
PRICE/EARNINGS RATIO (FY 1)	16.8
DIVIDEND YIELD %	3.7
AVERAGE MARKET CAP C\$BN	74.9
NO. OF HOLDINGS	36
DEBT/EQUITY %	51.8
ACTIVE SHARE %	82.7

SECTOR DISTRIBUTION



GEOGRAPHIC DISTRIBUTION



Markets have started 2017 strongly, with an unusual level of confidence. According to The Economist, the S&P500 index had gone for more than 100 days without a 1% decline, the longest streak since 1995. Stronger commodity prices, easing worries over China, and high hopes for fiscal stimulus and deregulation from a Trump presidency have been cited as contributing factors.

Volatility and general market valuation have a small influence in our daily job. 'The market' comprises a huge number of stocks ranging from cheap to expensive at any point in time. As portfolio managers of the Fund, our concern is in finding a small number of conservatively financed businesses with strong competitive advantage at an attractive price. For the Dividend Fund, there is a further filtering so that our holdings have both the capacity and commitment to pay a sustainable and growing dividend stream. In following this process, we believe that this has helped to reduce downside risk to the portfolio.

Portfolio Activity

We bought shares in Swedish Match, a producer of smokeless tobacco with a dominant market position in the snus market in the Nordic Area, and attractive prospects in the US smokeless market. The company generates high and stable returns on capital and strong cash flow, resulting from the defensive nature of the tobacco business where incumbents benefit from a number of barriers to entry. The company pays a decent ordinary dividend, yielding 3% at the current share price, and regularly repurchases and retires shares (over the past five years its share count has fallen by 3.2% per annum on average). At the moment of purchase the stock traded at around 17x earnings.

We also added a position in Austrian Post shares to the portfolio. The company is doing well in the thriving parcel market, where its infrastructure gives it an advantage over strong competitors, such as Deutsche Post-DHL. In our view this is testament to the competitiveness of Austrian Post's core asset; its trustworthy, wide ranging, dense delivery network in Austria. The company continues its regulated postal model transition, as it adapts to declining postal volumes, while managing its legacy cost base. Trading at 15x earnings and with a 5.6% dividend yield, we believe the company will make a good contribution to the Fund.

Richard Doyle & David Pastor – Portfolio Managers

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IMPORTANT INFORMATION

The Setanta Global Dividend Fund is managed by Setanta Asset Management Limited and is a representative account of the Setanta Dividend strategy. The Fund is available on a separate account basis to institutional investors. Investors should consider the investment objectives, risks, charges and expenses carefully before investing. See 'WARNING' and IMPORTANT INFORMATION' sections below.

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WARNING: Past performance is not a reliable indicator of future results. The price of units and the income from them may go down as well as up and investors may not get back the amount invested. The return may increase or decrease as a result of currency fluctuations. Forecasts are not a reliable indicator of future performance