

Fund Description

The **Income Opportunities Fund** is an actively managed multi-asset Fund that is focussed on generating income and maintaining the real value of capital invested over the long-term.

The Portfolio Managers follow 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.

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 20 to 40 stocks with expected holding periods of up to 5 years. While investment in attractively valued high yield equities (overwritten with call options) will be the primary strategy employed in the Fund, the Portfolio Managers seek long-term higher yielding value opportunities in other asset classes also.

The covered option overwriting strategy employed is active and at all times maintains a focus on total return.

The Income Opportunities Fund has two investment objectives:

- 1 To generate income at a target rate. (Declared annually at beginning of year).
- 2 To grow real capital value over the long term

Portfolio Managers

Richard Doyle CFA & David Pastor 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



WINNER
Equities Manager of the Year

FUND PERFORMANCE – 31.03.17



YEARLY PERFORMANCE

Year %	2012	2013	2014	2015	2016
Fund	11.7	14.7	8.4	10.6	9.7
Benchmark	2.2	0.8	-0.2	0.2	1.1

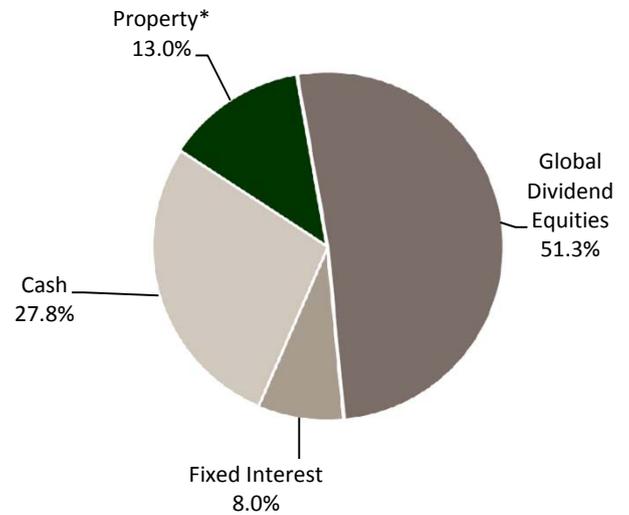
Performance Source: Setanta Asset Management Limited. Benchmark: European Harmonised Consumer Price Index. Fund returns are shown gross of management fees. The performance will be reduced by the impact of management fees paid, the amount of which varies.

* Inception as at 30.09.11

TOP 10 EQUITY HOLDINGS

COMPANY	SECTOR	% OF FUND
CISCO SYSTEMS	INFORMATION TECHNOLOGY	2.6%
SWEDISH MATCH	CONSUMER STAPLES	2.5%
LANCASHIRE HLDGS	FINANCIALS	2.5%
GLAXOSMITHKLINE	HEALTHCARE	2.4%
SK TELECOM	TELECOMS & UTILITIES	2.3%
SMITHS GROUP	INDUSTRIALS & MATERIALS	2.3%
ENI Spa	ENERGY	2.2%
UNITED UTILITIES	TELECOMS & UTILITIES	2.0%
YARA INTERNATIONAL	INDUSTRIALS & MATERIALS	2.0%
TELIA COMPANY	TELECOMS & UTILITIES	2.0%

GEOGRAPHIC & ASSET SPLIT

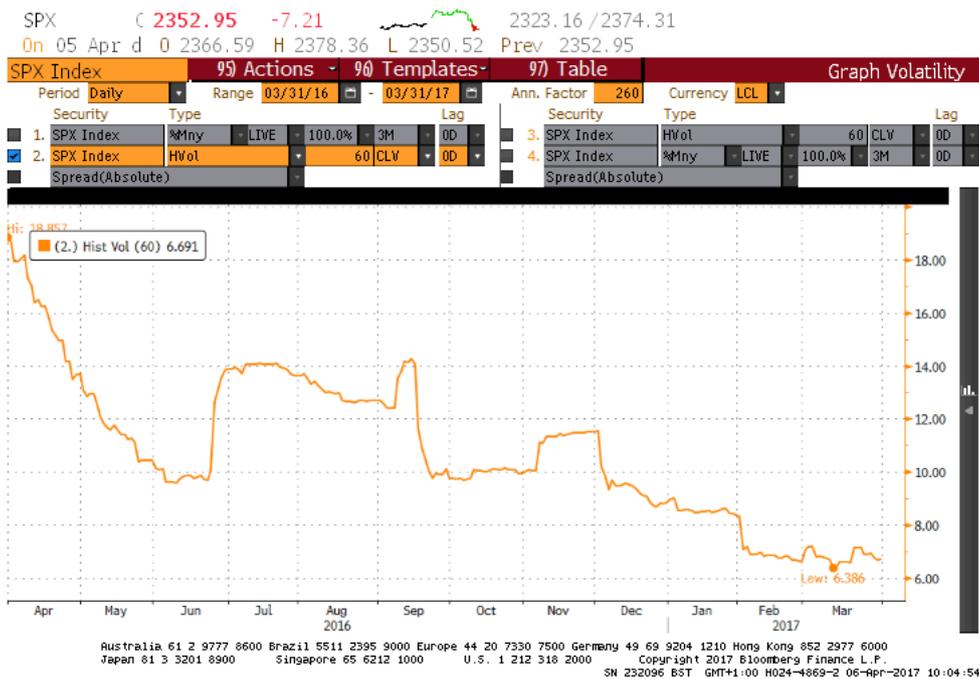


*includes 3.1% in IRES REIT

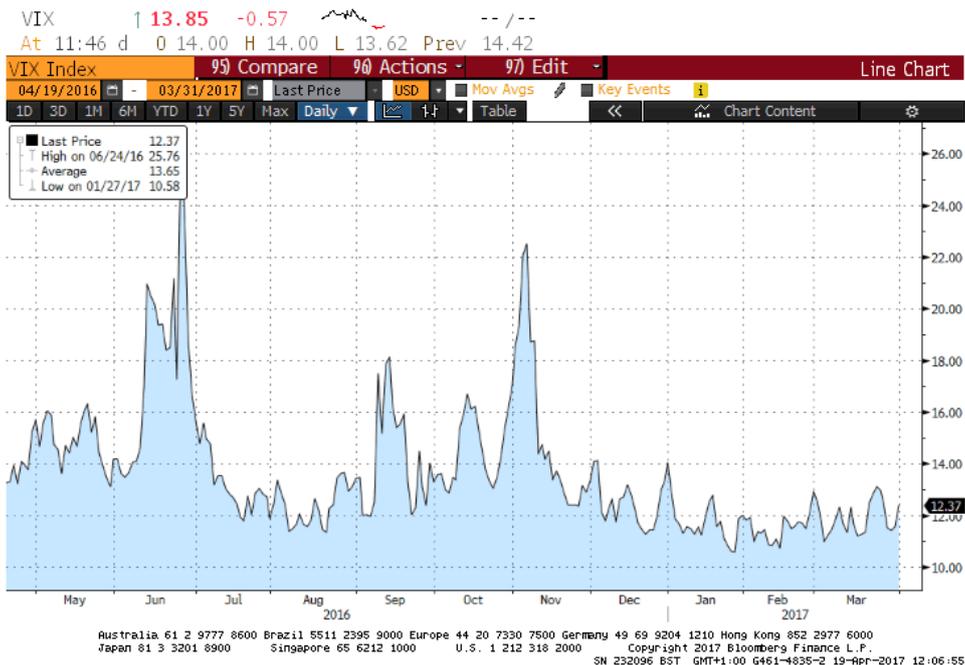
HISTORIC INCOME

Year	Income Earned % of Fund Value
2011	6.2%
2012	5.6%
2013	5.5%
2014	4.8%
2015	5.5%
2016	4.7%

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. As a consequence, volatility, a key variable in our option writing strategy has collapsed (see below volatility snapshot), dragging with it option prices and reducing opportunities for this Fund to profitably generate income from our covered call and put strategy. Acknowledging the nature of financial markets and the potential sources of economic and political turmoil in the near to medium term, we have held back in our option writing, waiting for better times.



S&P 500 Historical Vol (60 days). Source: Bloomberg



VIX Index. Source: Bloomberg

Income Generation 2016

The Fund's gross income generation for 2016 was 4.7%. This compared favourable to a target of 4.5% for the year. Good dividend and coupon income and a satisfactory contribution from options and property resulted in attractive levels of income in the wider context of available market yields. Our outlook for income generation in 2017 is tempered somewhat by low volatility levels year-to-date and generally lower dividend yields.

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 sharecount 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 and David Pastor – Portfolio Managers

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IMPORTANT INFORMATION

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 also available on a segregated basis or a UCITS mutual fund via Beresford Funds plc. Investors should consider the investment objectives, risks, charges and expenses carefully before investing. See 'WARNING' and 'IMPORTANT INFORMATION' 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