

Fund Description

The **Income Opportunities Fund** ('the 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

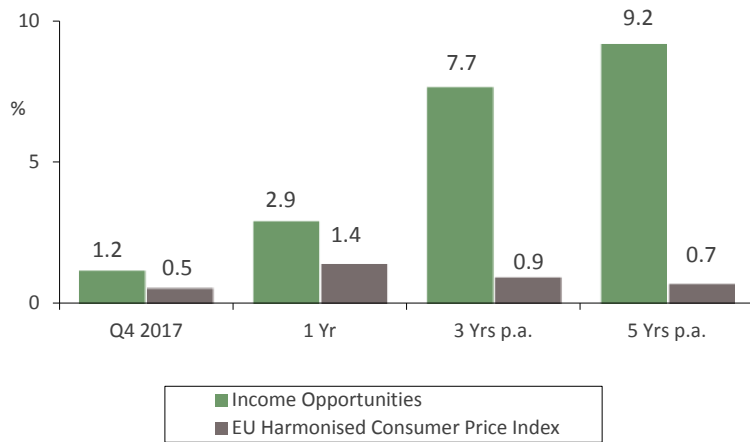


WINNER
Equities Manager of the Year



WINNER
Equities Manager of the Year

FUND PERFORMANCE – 31.12.17



YEARLY PERFORMANCE

Year %	2012	2013	2014	2015	2016	2017
Fund	11.7	14.7	8.4	10.6	9.7	2.9
Benchmark	2.2	0.8	-0.2	0.2	1.1	1.4

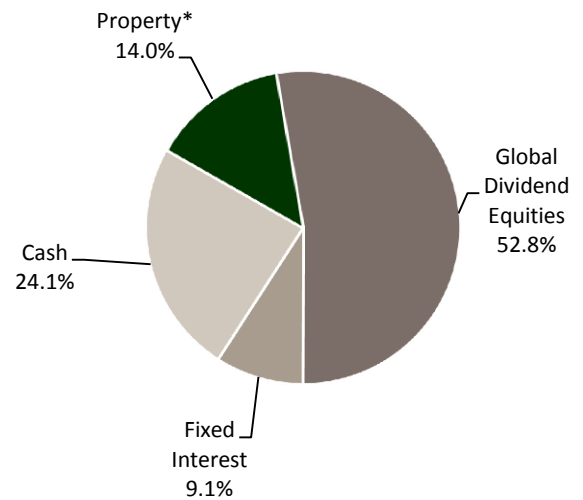
Performance Source: Setanta Asset Management Limited. Benchmark: European Harmonised Consumer Price Index. Fund returns are shown gross of management fees. The performance will be reduced by the impact of management fees paid, the amount of which varies.

* Inception as at 30.09.11

TOP 10 EQUITY HOLDINGS

COMPANY	SECTOR	% OF FUND
PROXIMUS SA	TELECOMS & UTILITIES	2.6%
SK TELECOM	TELECOMS & UTILITIES	2.6%
NATIONAL GRID	TELECOMS & UTILITIES	2.6%
VODAFONE	TELECOMS & UTILITIES	2.4%
CISCO SYSTEMS	INFORMATION TECHNOLOGY	2.4%
ORIGIN ENTERPRISES	CONSUMER STAPLES	2.2%
ENI	ENERGY	2.1%
YARA INTERNATIONAL	INDUSTRIALS & MATERIALS	1.9%
SMITHS GROUP	INDUSTRIALS & MATERIALS	1.8%
SWEDISH MATCH	CONSUMER STAPLES	1.8%

GEOGRAPHIC & ASSET SPLIT



*includes 2.7% 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%
2017	4.1%

On many measures, 2017 was a placid year. A combination of low interest rates, widespread economic growth, and strong corporate earnings have combined to produce another positive year for equity markets. The main equity indices of the world posted strong returns (e.g. S&P up 7%; Eurostoxx 600 up 11%, both in euro terms). After a volatile 2016, government bond yields were broadly stable in 2017, although still at historically low levels. Eurozone inflation remained subdued at 1.4%. The fund itself increased by 2.9% on a per unit basis, gross of fees. There were numerous positive contributors to this positive performance. Chief amongst them were the following: Euler Hermes, which benefitted from a buyout bid from its parent; Sandvik, favourably exposed to an uptrend in global industrial production; and IRES, benefiting from the strong Irish residential rental market. The fund's absolute and relative returns over long-term periods continue to be strong.

The fund currently provides an above-average income yield, the main part of which comes from dividends from stocks that have the capacity and commitment to continue paying these dividends. These companies are a mixture of mature and growing businesses, which generally have resilient, cash-generating capabilities that have stood the test of time. Many of the fund's holdings have long track records of paying and growing their dividend. Some others, operating in more cyclical industries, having cut their dividend in times of strife, but retaining their structural advantage, have subsequently resumed dividend growth through the economic upswing.

Of the fund's equity holdings, 23 (of 33) raised their ordinary dividend during 2017, one cut theirs, and the remainder were unchanged. Nearly a third of the fund's current holdings have a track record of at least a dozen years of stable or growing dividends, a period which includes the financial crisis of 2007 - 2008. Indeed, we estimate that dividends represent just under a third of the equity portfolio's 13% per annum return over the past five years, a solid underpinning for its future prospects. The remainder of this return has come from capital growth, whether due to a greater level of profits or a higher valuation being placed on those profits.

Over the year, the fund increased its exposure to bonds, mainly corporate, such that they now constitute 10% of the fund. These bonds are generally characterised by what we perceive as strong asset backings and good coupon rates, combined with an attractive entry point. In addition, due to the absorption of the assets of the CLI Core Property Fund into the Irish Life Pension Property Fund, the fund's exposure to Irish commercial property is now through the latter. Both of these funds were \ are, managed by Irish Life. The Irish Life Pension Property Fund assets are mainly office buildings located in prime positions in Dublin (65% of total), the remainder are largely of a retail nature. The Fund was able to gain access to the new fund on a similar basis to that enjoyed by the existing fund.

Very low levels of volatility throughout the year hampered the Fund's ability to generate option income. In spite of this, the Fund was able to achieve income of 4.1% for the year, a satisfactory outcome in the circumstances. Given the continuation of low yields in the market, combined with depressed market volatility (impacting option writing) and bearing in mind the fund's joint objectives of income generation and capital protection and growth, we are targeting an income yield of 4% for 2018.

Contact Details:

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

Brendan Moran, Tel: + 353 1 704 2028
Email: brendan.moran@setanta-asset.com
www.setanta-asset.com

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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