

# Setanta Global Focus Fund

Q1 2021

## Fund Description

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

The Fund is an actively managed equity portfolio which holds c.20 global stocks. The portfolio is managed in accordance with the Setanta investment philosophy. That is, the managers seek to own good businesses for the long-term at prices below what they think they're worth, carefully considering each investment's risk profile. Stocks are chosen through bottom-up analysis, based on investment merit. Due to the Fund's concentrated nature, investments require an even greater than normal margin of safety. The Fund can hold up to 30% cash where investments of sufficient quality cannot be found. Rather than focusing on the historic level of volatility of an asset, the portfolio managers regard the probability of permanent impairment of capital as the most relevant measure of risk. In doing so, they seek to maximise downside protection by understanding the risks posed by the valuation, financial, and operational characteristics of the asset.

## Fund Commentary

The Global Focus Fund returned 10.2% in the quarter, ahead of its benchmark the MSCI World Index which rose 9.2%.

The largest positive contributor to fund performance was **DCC**, which rose 28% in the quarter. The stock performance in 2020 was a disappointment, falling 19%, so it has been nice to see the market recognise the strength of its various businesses of late.

*(Fund Commentary continued on Page 3)*

## Portfolio Managers

David Coyne & Rowan Smith



## Our Investment Principles

We do not believe markets are efficient

We invest below our estimate of intrinsic value

We invest in businesses rather than buying stocks

Preservation of our clients' capital is key

Investing is a marathon, not a sprint

We are not afraid to swim against the tide

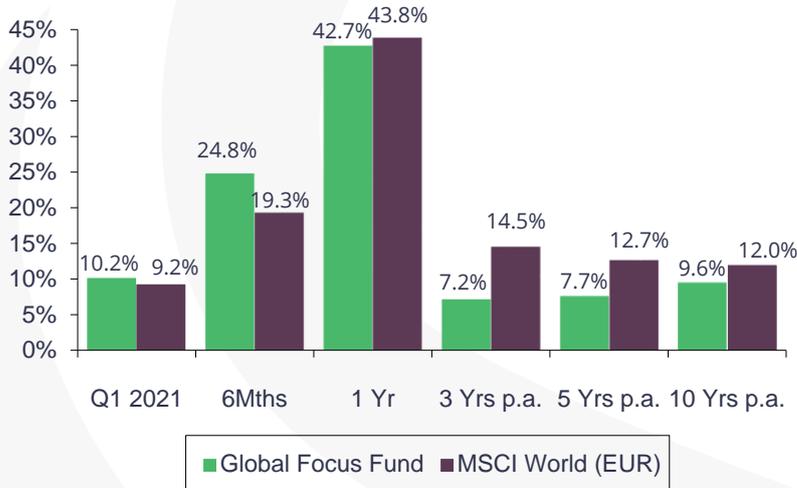
We consider scenarios rather than making forecasts

Businesses we own must have strong balance sheets

We make mistakes and always endeavour to learn from them

We will act with integrity in everything we do

## Fund Performance – 31.03.21 (EUR)



**Performance Source:** Setanta Asset Management Limited. The Fund returns stated are based on the movements in the unit prices of the ILA/CLI Setanta Global Focus Equity Fund [IEC4001] and are gross of management fees. The performance will be reduced by the impact of management fees paid, the amount of which varies. **Benchmark:** MSCI World (EUR). **Holdings Source:** Setanta. Sector allocations based on invested portfolio only (excludes cash). **Fund Statistics Source:** Bloomberg.

## Top 10 Holdings

COMPANY	SECTOR	% OF FUND
BERKSHIRE HATHAWAY	FINANCIALS	9.7%
RYANAIR	INDUSTRIALS	8.2%
SAMSUNG ELECTRONIC	INFORMATION TECHNOLOGY	8.0%
STERIS PLC	HEALTHCARE	7.6%
JOHNSON & JOHNSON	HEALTHCARE	7.5%
MINCON GROUP	INDUSTRIALS	7.5%
RICHEMONT	CONSUMER DISCRETIONARY	7.5%
DCC	INDUSTRIALS	7.1%
LSL PROPERTY SERVICES	INFRASTRUCTURE	5.8%
ALFRESA HOLDINGS	HEALTHCARE	5.8%

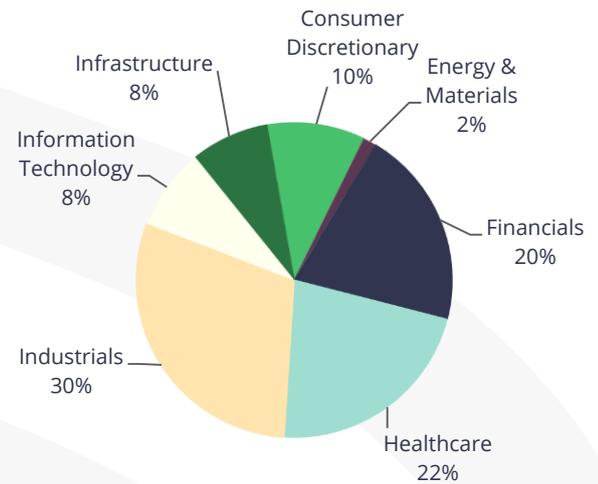
## Yearly Performance

Year %	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Fund</b>	-35.2	44.0	28.2	1.5	9.0	20.0	19.1	7.3	11.7	9.7	-6.4	17.8	-2.2
<b>Benchmark</b>	-37.6	25.9	19.5	-2.4	14.1	21.2	19.5	10.4	10.7	7.5	-4.1	30.0	6.3

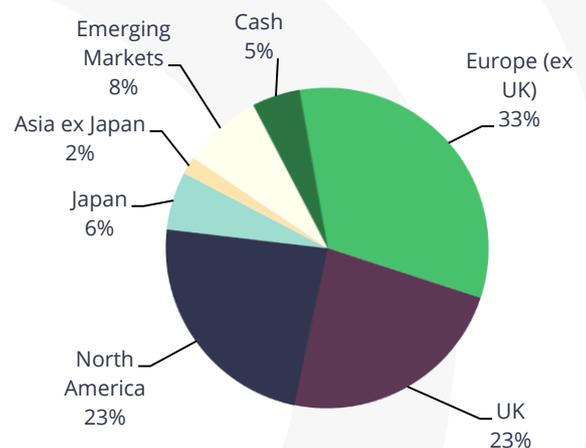
## Fund Statistics

PRICE/BOOK	1.4
PRICE/EARNINGS RATIO (FY 1)	18.9
DIVIDEND YIELD %	0.8
AVERAGE MARKET CAP €BN	85.7
NO. OF HOLDINGS	16
DEBT/EQUITY %	42.5
ACTIVE SHARE %	96.1

## Sector Distribution



## Geographic Distribution



# Commentary

DCC's valuation has de-rated in recent years, partly due to its relatively low acquisition activity as well as concerns about how DCC will navigate the lower carbon world of the future. On the former, we applaud. This is a time of higher valuations and DCC is better served waiting for sellers' expectations to moderate. On the latter concern, we have researched the topic extensively and are convinced that DCC can play a positive – and financially attractive – role in helping economies reduce their emissions.

A notable negative contributor to performance was **Lancashire**, the London-quoted specialist insurer, which fell 11% in the quarter (local currency). Last summer the company raised equity capital to fund an expansion in business, on foot of firming pricing across the industry. In light of this, forward guidance provided by management at its 2020 results looked disappointing. Having clarified some things with management, we still believe the backdrop remains favourable and we think results could be very strong for the next few years. We will be watching developments closely for evidence of this.

## **Portfolio Activity**

You may recall from the Q4 commentary that Coca-Cola European Partners (CCEP) announced it was looking to acquire **Coca-Cola Amatil**. During Q1 CCEP raised its offer to A\$13.50 a share, from an initial offer of A\$12.75. We see this higher offer as more reasonable and with the stock trading close to this level we sold our shares. The new offer price vindicated our efforts, led by our colleague Fergal Sarsfield, to persuade the board of CCEP to improve on its initial offer and it is pleasing that the time and effort invested in this process was rewarded. We would like to thank the management of CCL for the terrific job it did in running the business over the years. In particular, management's handling of the challenges presented by the pandemic deserves great respect.

***David Coyne – Co-Lead Portfolio Manager***

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## IMPORTANT INFORMATION

The Global Focus Equity Fund is managed by Setanta Asset Management Limited and is a representative account of the Global Focus Equity strategy. The performance shown is the performance of a representative account (ILA/CLI Setanta Global Focus Equity Fund [IEC4001]). For this life assurance product, investors should refer to the relevant policy conditions available through Irish Life and via [www.irishlife.ie](http://www.irishlife.ie). The strategy is available on a separate account basis to institutional investors however current and prospective clients should not assume identical performance results to those shown would have been achieved for their account if it was invested in the strategy during the period. Clients of the firm may receive different performance than the representative account. Client performance may differ due to factors such as timing of investment(s), timing of withdrawal(s), client-mandated investment restrictions and the portfolio not being fully replicated for new accounts or new flows. Investors should consider the investment objectives, risks, charges and expenses carefully before investing. See 'WARNING' and IMPORTANT INFORMATION' below.

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