COMERAGH CAPITAL

EUROPEAN GROWTH FUND

30 DECEMBER 2016

For professional clients only – not for distribution to retail clients.

Fund Aim

The fund aims to provide long-term capital growth through investment primarily in Continental European equities.

TOP 10 HOLDINGS

1.	ING Groep	3.6%
2.	Novartis	3.6%
3.	Roche	3.6%
4.	Bayer	3.3%
5.	Implenia	2.7%
6.	SpareBank 1 SMN	2.7%
7.	Renault	2.7%
8.	Valeo	2.5%
9.	Michelin	2.4%
10.	Gurit	2.3%

PERFORMANCE

	Class B EUR	STOXX Europe 600 ex UK
3 months	9.5%	6.3%
6 months	20.2%	11.5%
12 months	8.6%	2.4%
Since launch (11 Sept. 2015)	12.9%	5.1%

	Class B EUR	STOXX Europe 600 ex UK
2016	8.6%	2.4%
2015 (from 11 Sept.)	4.0%	2.6%

Commentary

In December, the Comeragh European Growth Fund returned 6.6%, exceeding the STOXX Europe 600 ex UK index return of 6.4%. This takes our annual percentage gain to 8.6%, an outperformance of 6.2% when compared against the market gain of 2.4%.

The market rally has been fairly broad based this month. Financials performed well in a continuation of the reflationary dynamics we have seen since the summer whilst out of favour sectors, like consumer staples and healthcare, enjoyed a bounce. The fund maintains an overweight position in industrials and cyclicals, whilst our biggest underweight is now in financials following the sales of Deutsche Pfandbriefbank and Generali. As we detail in our January blog piece, we hold no insurance companies as valuations have run well ahead of developments in the profit cycle – it is worth highlighting that this accounts entirely for our underweight in financials as we are actually slightly overweight in banks, where valuations and profit cycle dynamics look more attractive.

We have continued to add exposure to the pharmaceutical sector. Valuations remain attractive and underlying profitability is improving. Whilst there are question marks on the direction of drug pricing in the US, these concerns have been in the shop window for a while now, and some companies (for example Novo Nordisk) have already been hit. Strong franchises with diverse drug portfolios and broad geographic exposure such as Novartis, Roche and Bayer are trading at discounts to their "quality of profits" and we have added to all three.

A recent addition to the portfolio is Hapag-Lloyd, the German container shipping company. The sector has been beset by overcapacity and falling prices for several years now, but there are signs that this is changing. The bankruptcy of Hanjin Shipping (one of largest global players) has sparked a rush towards consolidation.

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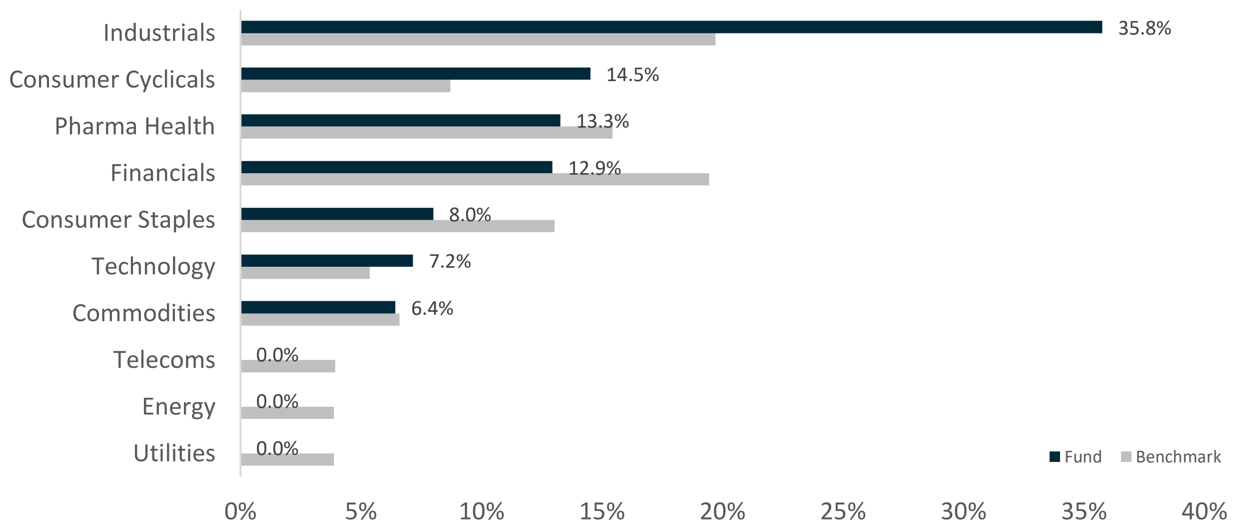
A reflationary environment of rising volumes and commodity prices also bodes well for improved industry dynamics. Hapag-Lloyd is participating in the industry consolidation, acquiring United Arab Shipping Company (UASC) for what we deem to be an extremely attractive price given the synergies on offer. In Hapag-Lloyd we have an operationally and financially leveraged option on an improving profit cycle, yet one that remains profitable even as many of its competitors are losing money, reducing downside risk. There is significant upside to the current share price should our expectations of improving profitability materialise.

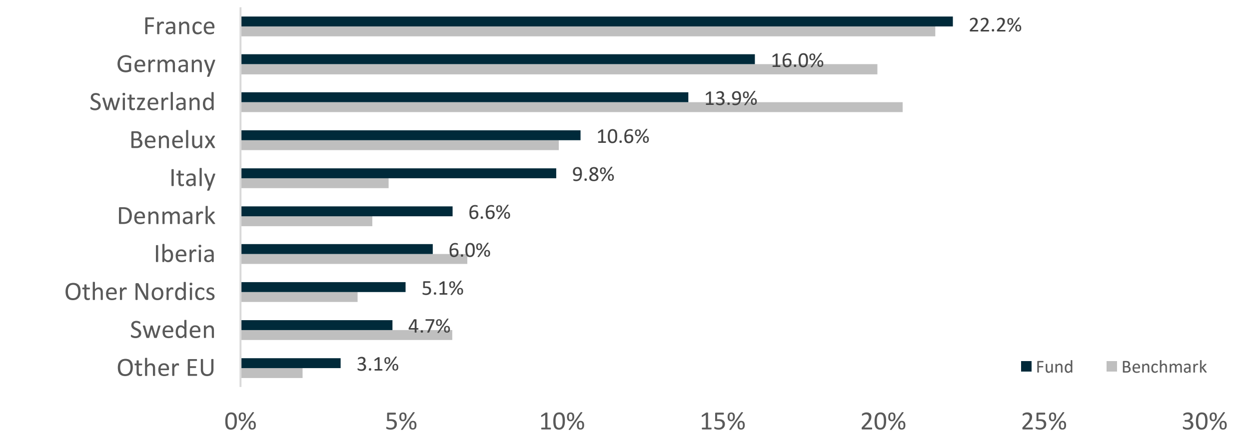
The portfolio has been well positioned to take advantage of the change in market leadership that has developed over the second half of the year, yet following strong performance still remains highly attractive. The fund's P/E of 13.6x compares very favourably to the market at 16.7x, and we continue to exhibit better earnings revisions, higher return on equity and lower leverage than the market. We would like to highlight our earnings revisions figure of 4.9% vs. the market at 3.1% - not only is there positive earnings momentum in European markets as a whole, but our fund is capturing a lion's share. It is also interesting to note that at the end of June (before the change in market leadership became apparent) our fund's P/E was 13.4x – only very slightly lower than today's 13.6x despite an absolute gain of 20.2% in the meantime. We can therefore say with confidence that gains have come largely through earnings delivery and upgrades, not multiple expansion. This provides strong vindication of our "profit cycle" approach to investing, and we are excited about the state of the portfolio heading into 2017.

We would like to thank our investors for their support over the year, and look forward to catching up with you in 2017. Happy New Year!

Sector Allocation



Country Allocation



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Risk Overview

	FUND	INDEX
P/E	13.6	16.7
EV/EBITDA	6.3	9.2
Div Yield	3.0%	3.5%
ROE	17.8%	16.5%
3m EPS Revs	4.9%	3.1%
Net Debt / EBITDA	0.27	0.98
Sharpe Ratio	8.64	
Beta (3m)	0.85	

Fund Facts

Fund Status	Sub-fund of a Dublin-domiciled UCITS ICAV, authorised and regulated by the Central Bank of Ireland. Recognised in the UK by the Financial Conduct Authority
Sector	Europe ex UK
Benchmark Index	Stoxx Europe 600 ex UK
Fund Size	€66.7m
Fund Launch Date	11th September 2015

Class	ISIN	SEDOL	Distribution Type	Annual Management Fee	Initial Minimum Subscription
Class A EUR	IE00BYN38431	BYN3843	Income	0.60%	€100,000
Class A GBP Hedged	IE00BYN38985	BYN3898	Income	0.60%	£100,000
Class B EUR	IE00BYN38M12	BYN38M1	Accumulation	0.60%	€100,000
Class B GBP Hedged	IE00BYN38Q59	BYN38Q5	Accumulation	0.60%	£100,000
Class C EUR	IE00BYN38Y34	BYN38Y3	Income	0.75%	€500
Class C GBP Hedged	IE00BYN39629	BYN3962	Income	0.75%	£500
Class D EUR	IE00BYN39B71	BYN39B7	Accumulation	0.75%	€500
Class D GBP Hedged	IE00BYN39C88	BYN39C88	Accumulation	0.75%	£500

Further Information

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Dealing:

- Daily dealing (except Irish public holidays)
- 11.00 dealing cut-off (forward pricing)
- 17.00 valuation point
- CACEIS Ireland
  - + 353 (0)1 672 1631
  - One Custom House Plaza, IFSC, Dublin D01 C2C5, Ireland

Risk Warning

The value of investments and the income from them can go down as well as up and investors may not receive back the original amount invested. Past performance is not an indicator of future performance. Exchange rates may cause the value of the underlying overseas investments to go down as well as up. Investment in smaller companies may involve a higher degree of risk as markets are usually more sensitive to price movements.

Please read the Risk Section of the Fund's Prospectus and Key Investor Information Document (KIID) for a fuller description of the risks prior to investing. Comeragh Capital LLP and its affiliates and/or their officers, partners and employees may own or have positions in the fund and/or any investment mentioned herein. The factsheet does not represent an invitation to invest in the Fund. Subscriptions must be made in conjunction with the KIID and Prospectus, copies of which can be obtained free of charge in English at www.comeraghcapital.com. Comeragh Capital LLP acts as investment manager and promoter to Comeragh Funds ICAV.