

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.	Roche	3.6%
2.	Novartis	3.5%
3.	Bayer	3.3%
4.	ING Groep	3.2%
5.	SpareBank 1 SMN	2.9%
6.	Renault	2.6%
7.	Valeo	2.5%
8.	Vestas	2.4%
9.	PORR	2.3%
10.	Hapag-Lloyd	2.3%

PERFORMANCE

	Class B EUR	STOXX Europe 600 ex UK
3 months	8.9%	6.3%
6 months	15.3%	6.8%
12 months	19.7%	9.5%
Since launch (11 Sept. 2015)	14.3%	5.0%

	Class B EUR	STOXX Europe 600 ex UK
2017 YTD	1.2%	-0.1%
2016	8.6%	2.4%
2015 (from 11 Sept.)	4.0%	2.6%

Commentary

The Comeragh European Growth fund returned 1.2% over the month, an outperformance of 1.3% vs. the benchmark return of -0.1%.

Over the past few months we have written about how attractive the “alpha” portion of our portfolio looks, and how we were allocating more capital to this area and reducing our weighting in “anchor” stocks accordingly. This has paid off in January – our anchor stocks have actually been a drag on performance whilst we have enjoyed strong outperformance from our alpha stocks, where valuations and earnings momentum were more attractive. Going forwards, we see plenty to be excited about in both areas of the market. Mark Pignatelli’s February blog piece details how even the more defensive parts of the market are now showing signs of life, with improving profit cycle dynamics. Meanwhile, our alpha portion continues to trade at a discount to upward trending profitability.

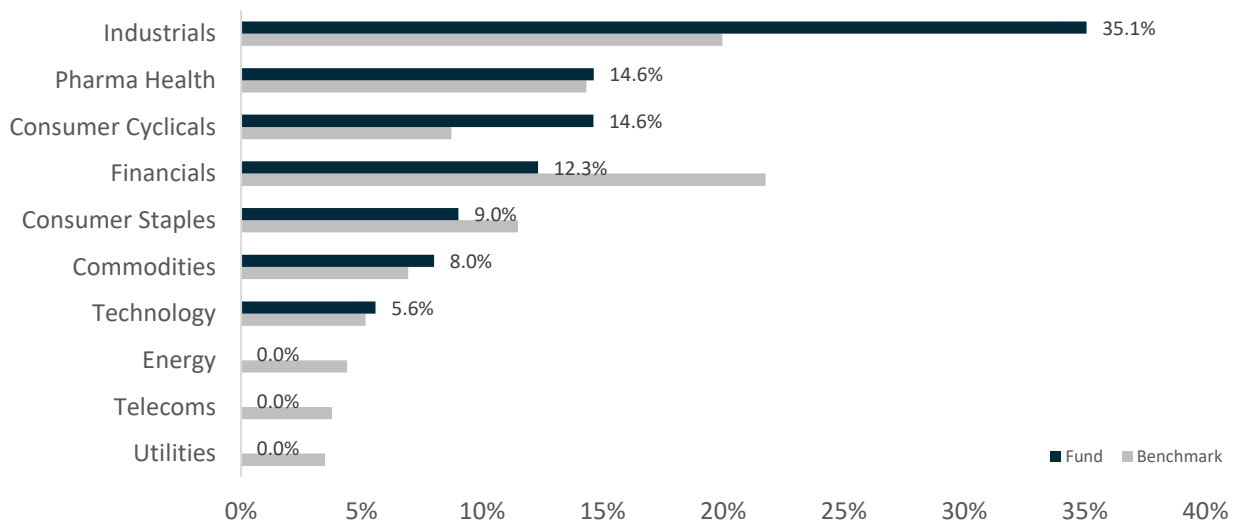
On a stock level, we would like to highlight three of the top contributors to performance over the past month, from three different sectors – Hapag-Lloyd (container shipping), Sparebank 1 SMN (Norwegian savings bank) and Faurecia (French auto parts supplier). We wrote about Hapag-Lloyd in last month’s factsheet, and there is nothing new to say other than that our thesis of a more favourable demand/supply balance, ongoing consolidation and rising day rates appears to be playing out. With Sparebank 1 SMN, we have cheap valuation and the prospect of a rising profit cycle driven by hikes in mortgage rates (the first in several years) as well as falling provisions from – limited – offshore oil and gas rig exposure. Faurecia, meanwhile, has screened very well for some time now: it trades on a forward P/E of less than 10x, has net cash following the disposal of their low margin, capital intensive exteriors

business, and is enjoying positive earnings revisions. All three companies continue to look attractive despite the strong run they have enjoyed.

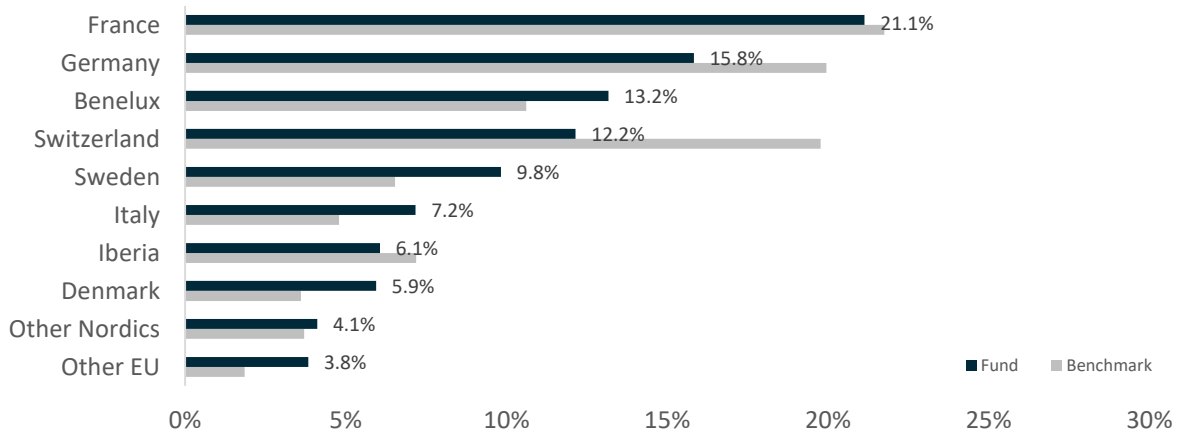
The biggest disappointment of the month was Technicolor, which fell significantly following a profit warning. Whilst the shares continue to look optically attractive, we were concerned by the scale of the earnings miss and management's apparent lack of visibility on the performance of the various divisions within the business. We decided to sell out of the position and reinvest the capital in areas where profit cycle dynamics look more secure. Fortunately we are coming across many such ideas and competition for capital is fierce!

We are excited about the state of the portfolio as 2017 progresses. The fund's statistics can be found below, and we would like to highlight the 3-month EPS revision score. There is robust earnings momentum in European markets (and indeed across different sectors as the above examples demonstrate), and our fund is capturing a large slice of it. Rising earnings revisions should lead to a rising quality of profits – higher returns on assets and equity. This bodes well for strong share price performance over the coming months.

Sector Allocation



Country Allocation



Risk Overview

	FUND	INDEX
P/E	13.7	16.3
EV/EBITDA	6.6	8.9
Div Yield	3.1%	3.5%
ROE	18.4%	16.0%
3m EPS Revs	6.7%	4.3%
Net Debt / EBITDA	0.38	0.93
Sharpe Ratio	9.60	
Beta (3m)	0.88	

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	€67.7m
Fund Launch Date	11 th 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	BYN39C8	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.