

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

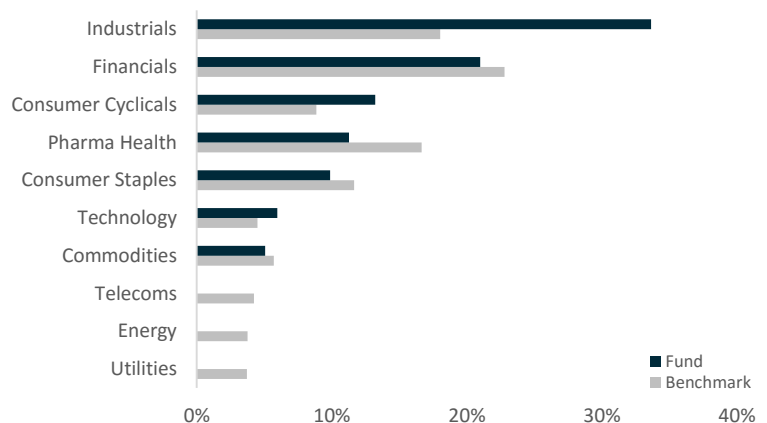
## Fund Aim

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

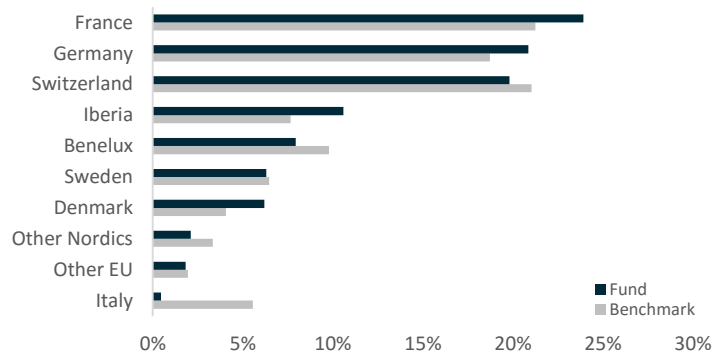
### TOP 10 HOLDINGS

1.	Nestle	3.6%
2.	Novartis	3.6%
3.	Roche	3.2%
4.	KBC Groupe	3.0%
5.	Nordea	3.0%
6.	BNP Paribas	2.9%
7.	Vestas	2.9%
8.	Novo Nordisk	2.8%
9.	Nordex	2.7%
10.	Gamesa	2.7%

## Sector Allocation



## Country Allocation



## Commentary

When we wrote that we expected 2016 to be a year of volatility as markets adjust to an impending US slowdown and structural shifts in the Chinese economy, we did not expect a 10% fall in the first two weeks! January has been a scary time for equity investors. We closed the month down 8.15%, an underperformance of 1.66% vs. the index, which fell 6.49%. Whilst this underperformance is frustrating, we take comfort from the fact that our defensive large cap “anchor” portion of the portfolio did its job and offered some downside protection. Our active money – the two thirds of the portfolio made up largely of mid/small cap stocks – is always likely to struggle in sharply falling markets. However, this portion of the fund now trades on a P/E of 11.9x (benchmark at 16x), a return on equity of 19% (benchmark at 17.2%) and flattish EPS revisions (vs. negative for the market) – i.e. it is cheaper, achieves higher profitability and enjoys better earnings momentum than the market. We think this is a very exciting investment proposition.

The banking sector has been a poor performer in January as macro concerns over China and commodities have dominated the headlines. Valuation is now at a historic low vs. the market, and towards the end of the month we took the opportunity to add to our banking exposure, topping up on Nordea and initiating a new position in ING. Banks may not exhibit some of the attributes we ideally look for in an investment proposition, but we feel that the de-rating of the

sector has gone too far at a time when the core issue of insufficient capital has been largely addressed (apart from a few notable exceptions which we are keeping well away from).

Good quality banks are trading at implied dividend yields of 7%, and the likes of Soc Gen and BNP are trading at crisis valuations (0.5x and 0.6x Price to Book respectively). We now have 16% of the fund in banks, a 2.7% overweight vs. the index.

We remain very comfortable with the positioning of the portfolio moving forwards. The oil price has moved lower than we would have predicted, but contrary to the way the market has been reacting we believe this to be very positive for our companies. Europe is a significant net importer of oil, and the boost to growth and disposable incomes from lower oil prices will continue throughout 2016. There are clear areas of the market to avoid – oil and oil services, “industrial China-facing” companies – we are unlikely to be touching the likes of Total, Sulzer and Sandvik for some time. The companies in our portfolio are either domestically focused or have export markets that look fundamentally sound. We see no reason why the profit cycle for such companies should not remain intact, and the market sell off has left them trading at extremely compelling levels.

## Fund Facts

<b>Fund Status</b>	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			
<b>Sector</b>	IA Europe ex UK			
<b>Benchmark Index</b>	Stoxx Europe 600 ex UK			
<b>Fund Size</b>	€55.89m			
<b>Fund Launch Date</b>	10 <sup>th</sup> September 2015			
<b>Share Classes</b>	<b>A Euro</b>	<b>A Sterling</b>	<b>B2 Euro</b>	<b>B Sterling</b>
<b>Unit Type</b>	Income	Income	Accumulation	Accumulation
<b>Initial Investment</b>	€100,000	€100,000	€100,000	€100,000
<b>AMC</b>	0.6%	0.6%	0.6%	0.6%
<b>OCF</b>				
<b>Prices</b>	€95.49	£94.82	€95.49	£95.00
(available at <a href="http://www.comeraghcapital.com">www.comeraghcapital.com</a> )				
<b>ISIN</b>	IE00BYN38431	IE00BYN38985	IE00BYN38M12	IE00BYN38Q59

## Further Information

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### 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](http://www.comeraghcapital.com)

Comeragh Capital LLP acts as investment manager and promoter to Comeragh Funds ICAV.