

Canada Life / Setanta Focus 15 Fund - September 2008

Fund Description and Investment Objective

The **Focus 15 Fund** ("the Fund"), managed by Setanta Asset Management Limited ("Setanta"), is a unit-linked offering of Canada Life Assurance (Ireland) Limited. Its investment objective is to outperform the MSCI World index over periods of three years or more.

Investment Philosophy

The Fund is concentrated international (ex Ire) equity fund, holding ca.15 stocks. Setanta is a value investor in quality companies. Setanta builds the portfolio from the bottom up, using the stocks researched by the sector specialists, who apply the following key characteristics:

- superior **financial track record**
- **competitive advantage** and a **sustainable business model** within their industry
- focused on **profitability** and can demonstrate an ability to earn cash flow returns in excess of their cost of capital over the business cycle
- do not carry excessive **debt** levels

Clearly Focus 15 is likely to be more volatile than more broadly-based funds; it is therefore suitable for those investors with experience of the stock market.

The Fund's assets are ca. €54m.

Unit Price 30/09/2008

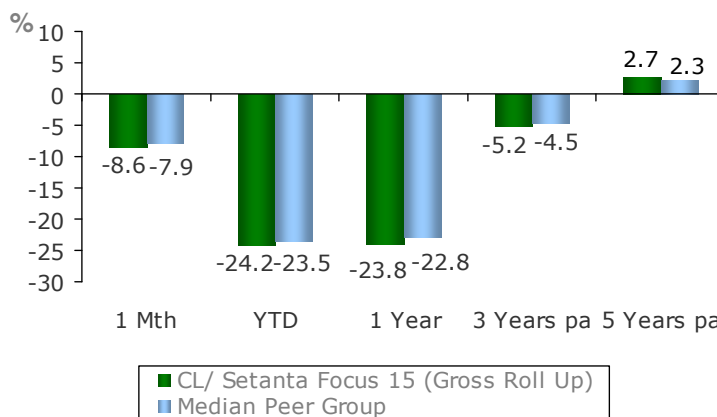
	Focus 15 (net version)	Focus 15 (gross version)*
Euro	0.978	0.706

Fund Performance* to 30/09/2008

	Focus 15 (net version)	Focus 15 (gross version)
One Month %	-6.7%	-8.5%
12 Months %	-19.5%	-23.8%

*In January 2001 a new version of the Focus 15 fund was launched which is liable to tax at maturity ("gross version") rather than at source ("net version"). Both versions own the same assets and the difference in performance relates primarily to tax.

Fund Performance to 30.09.08



Performance Source: Moneymate. Benchmark: Median of Concentrated Equity Peer Group (Hibernian, KBC, Eagle Star). The actual Fund returns stated are based on the movements in the unit prices of an institutional series of the Fund and are net of management fees.

Portfolio Valuation Statistics

	FUND	MSCI WORLD
DIVIDEND YIELD	4.8%	3.0%
CASHFLOW YIELD	14.5%	13.4%
PRICE/EARNINGS RATIO	7.5x	10.8x
WEIGHT AVERAGE MARKET CAP	€38bn	€46bn

Valuation Statistics Source: Style Research

Portfolio Risk Statistics

	STANDARD DEVIATION
5 YR	11.7%
3 YR	12.9%

Market Commentary & Outlook

Global Stock Markets fell sharply in September. A quarter of extremes, and in many respects unprecedented volatility across financial markets. The MSCI World Index shed 7.7%.

The central theme of the quarter was a drama during which investment banking was consigned to the history books and the largest insurance group in the world (AIG) became a creature of the US State. There was a frenzied battle between a global financial market place draining in confidence, and a global regulatory/political establishment battling to respond. Across the globe bank failures and/or rescues competed with an array of regulatory/political initiatives, with the US TARP (Troubled Asset Recovery Programme) and its painful progression through Congress, being the most prominent among related initiatives taken in London, Paris, Berlin, Brussels, Dublin, Reykjavik and elsewhere.

Oil prices fell from \$115 per barrel to \$101 during the month. This was due in part to the weakening economic conditions and the unwinding of leveraged positions.

While the debate about the details of the various regulatory/political responses is likely to be protracted, the heightened levels of investor uncertainty is unlikely to dissipate for the foreseeable future. The resulting impact on the 'real' economy is all but impossible to call.

It is important to continue to emphasize the relative valuation attractiveness of many quality stocks to competing assets. Long term investors have an opportunity to invest in stocks at historically low prices and if we avoid a lengthy 1930's style depression, then investors should be well rewarded.

Fund Commentary

The fund modestly underperformed the peer group index in September.

Healthcare and Consumer Staple stocks were in favour during the month, supporting healthcare stocks Johnson & Johnson, Synthes, Glaxosmithkline and food company Unilever. US bank Comerica outperformed in line with US Financials after reiterating guidance figures.

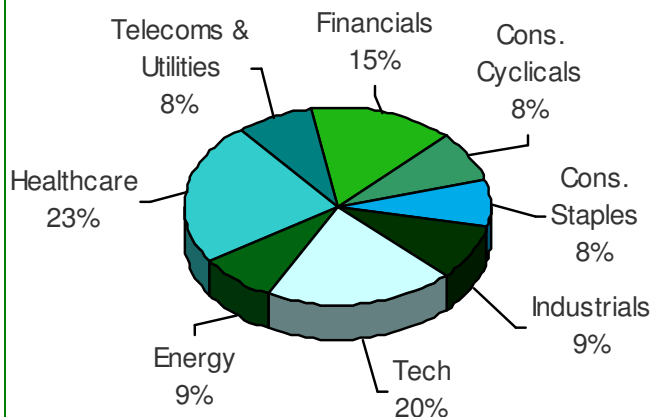
Deutsche Bank bought a 29% stake in Deutsche Postbank during the month. This was a less than ideal outcome for minority shareholders and our holding in Postbank is now under review.

DNB NOR underperformed for the second month running, as the oil sensitive Norwegian economy market sold off in sympathy with the oil price. We remain convinced in the value case for the stock and put the underperformance in the month down to the current economic and market uncertainty. Chemical company Lanxess fell 26% on the weakened environment.

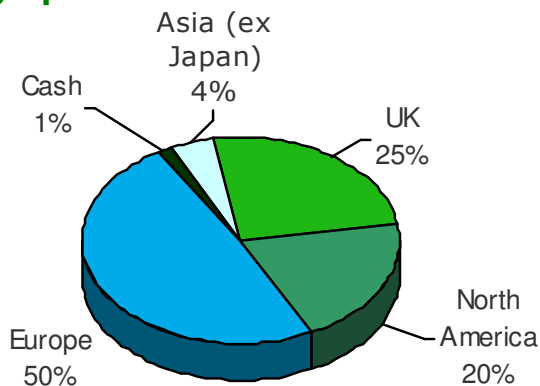
Holdings

		% OF FUND
Belgacom	Telecoms / Utilities	7.9
Comerica	Banks / Other Financials	5.1
Computer Sciences	Information Technology	5.6
DNB NOR	Banks / Other Financials	5.5
Glaxosmithkline	Healthcare	9.4
Home Retail Group	Consumer Cyclical	7.9
Johnson & Johnson	Healthcare	9.5
Korea Exchange Bank	Banks / Other Financials	4.5
Lanxess	Industrials / Materials	6.7
Nokia	Information Technology	6.7
Schneider Electric	Industrials / Materials	2.3
Synthes	Healthcare	3.8
Total	Energy	8.3
Unilever	Consumer Staples	7.6
Wincor Nixdorf	Information Technology	7.1

Sector Distribution



Geographic Distribution



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