

## Canada Life / Setanta Focus 15 Fund - June 2008

### Investment Objective

The investment objective of the **Focus 15 Fund** is to outperform the MSCI World index over periods of three years or more.

### Investment Philosophy

The **Focus 15 Fund** is concentrated international (ex Ire) equity fund, holding c.15 stocks. Setanta Asset Management 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. €59m.

### Unit Price 30/06/2008

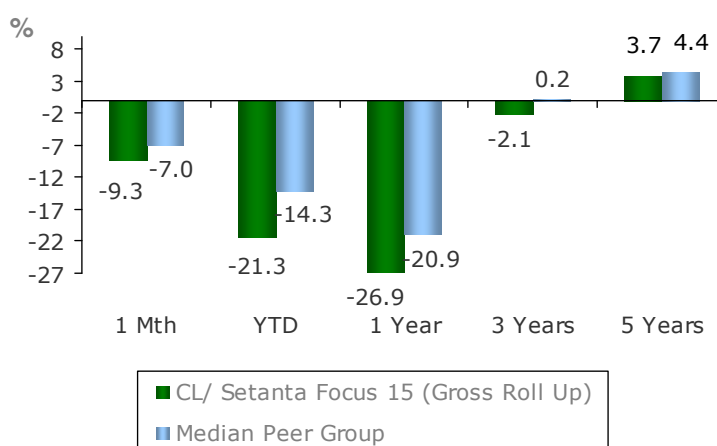
	Focus 15 (net version)	Focus 15 (gross version)*
Euro	1.005	0.733

### Fund Performance\* to 30/06/2008

	Focus 15 (net version)	Focus 15 (gross version)
One Month %	-7.5%	-9.3%
12 Months %	-22.5%	-26.8%

*\*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 30.06.08



### Portfolio Valuation Statistics

	FUND	MSCI WORLD
DIVIDEND YIELD	4.1%	2.8%
CASHFLOW YIELD	12.3%	12.5%
PRICE/EARNINGS RATIO	8.5x	12.0x
WEIGHT AVERAGE MARKET CAP	€39bn	€42bn

### Portfolio Risk Statistics

	SHARPE RATIO	STANDARD DEVIATION
5 YR	0.05	11.2%
3 YR	n/a	12.1%

Performance Source: Moneymate, Benchmark: Median of Concentrated Equity Peer Group (Hibernian, KBC, Eagle Star). Setanta returns are shown net of management charges. Valuation Statistics Source: Style Research

## Market Commentary

Global stock markets retreated sharply in June and the MSCI World fell 9.2% during the month.

A further sharp rise in commodity and energy prices (Jefferies/CRB Index +9.60% and Spot Brent +9.43% respectively) saw investor fears of rising inflation harden markedly.

In such an environment, the heightened risk of further difficulties in the global financial system saw financial stocks suffer in particular and the MSCI Global Bank Index fell 16.3%.

European bonds also suffered in June (Merrill Lynch EMU 5yr+ -1.6%) due to rising inflation and expectations of an increase in European interest rates.

## Fund Commentary

The Focus 15 Fund was in line with the MSCI World in June.

The Fund's top contributing stocks were the more stable, defensive companies, including GlaxoSmithkline (Healthcare), Synthes (Healthcare) and Sigma Aldrich (Industrials).

The continuing fallout from the credit crunch continued to weigh heavily on the financial sector and the bottom contributing stock was US bank Comerica (Financials). Consumer staples underperformed in June and Unilever also suffered from rumours of a slowdown in emerging markets coupled with the familiar problem of passing on price increases to aggressive retailers.

## Fund Outlook

June was clearly a month when negative stock market news and sentiment dominated and the continued challenge for investors is navigating through an environment where the ongoing downward risks to activity and upward risks to inflation remain significant.

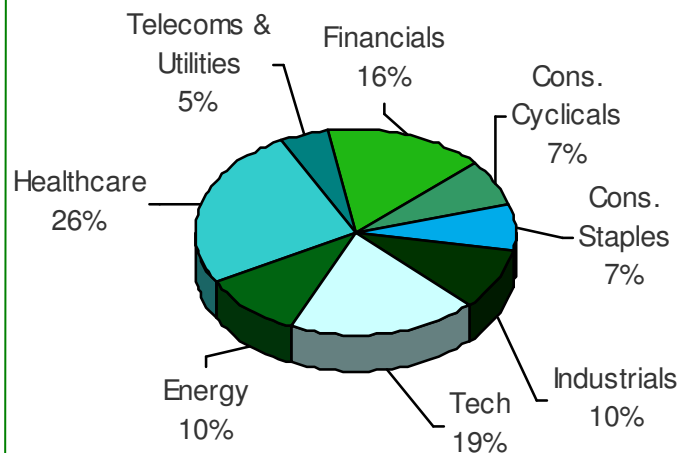
The Focus 15 Fund has been restructured over the last number of months, reflective of the different economic and financial environment we now face. We believe that the stocks held are good quality, in terms of business fundamentals and balance sheet prudence, and are attractively valued for their long term prospects.

While it is impossible to predict with any confidence when the current period of market volatility may subside, the valuation case for many quality stocks is now strongly supportive, a factor which may swiftly grow in importance in investor thinking should current heightened levels of uncertainty begin to subside. For a medium-term investor focused on a 3 to 5 year investment horizon like Setanta, the prospect of finding quality stocks at attractive valuations will continue to be our focus, and we expect any continued volatility in the months ahead to provide a rich picking-ground for such opportunities.

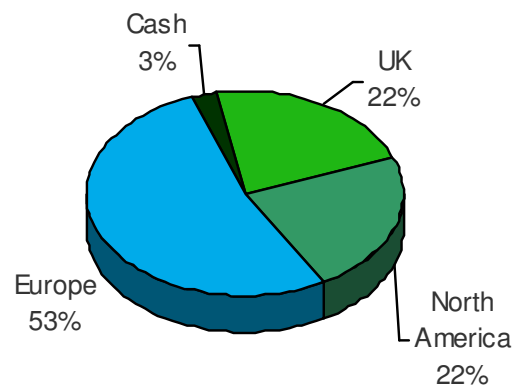
## Holdings

		% OF FUND
Belgacom	Telecoms / Utilities	5.0
Comerica	Banks / Other Financials	5.6
Computer Sciences	Information Technology	5.4
Deutsche Postbank	Banks / Other Financials	4.4
DNB NOR	Banks / Other Financials	5.8
Glaxosmithkline	Healthcare	8.0
Home Retail Group	Consumer Cyclical	6.9
Johnson & Johnson	Healthcare	9.4
Lanxess	Industrials / Materials	7.4
Nokia	Information Technology	6.3
Sigma Aldrich	Industrials / Materials	2.0
Synthes	Healthcare	7.3
Total	Energy	9.8
Unilever	Consumer Staple	7.2
Wincor Nixdorf	Information Technology	6.9

## Sector Distribution



## Geographic Distribution



Setanta Asset Management Limited is regulated by the Financial Regulator. Past performance is not a reliable indicator of future results. Forecasts are not a reliable indicator of future performance. The return may increase or decrease as a result of currency fluctuations.

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