



Canada Life/Setanta Focus 15 Fund – October 2009

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 a 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.

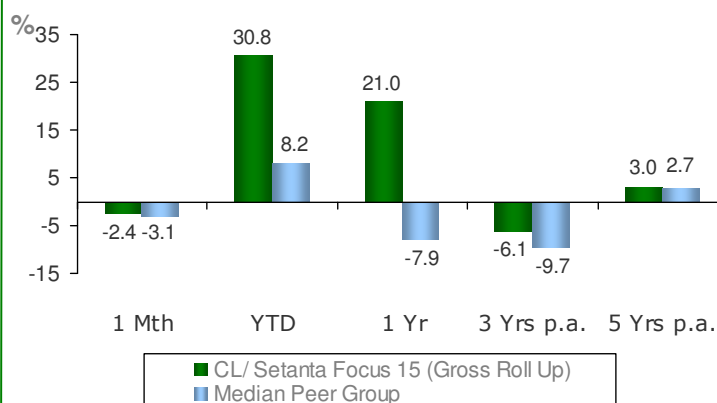
The Fund's assets are ca. €53m.

Risk Statistics

	INFORMATION RATIO	STANDARD DEVIATION
5 YR	0.83	14.6%
3 YR	1.32	17.0%

Statistics Source: Setanta

Fund Performance to 31.10.09



Performance Source: Moneymate. Benchmark: Median of Concentrated Equity Peer Group (Hibernian, Eagle Star). The actual Fund returns stated are net of management fees.

Unit Price 31/10/2009

	Focus 15 (net version)	Focus 15 (gross version)*
Euro	1.047	0.773

Fund Performance* to 31/10/2009

	Focus 15 (net version)	Focus 15 (gross version)
One Month %	-1.8%	-2.4%
12 Months %	15.4%	21.0%

*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.

Commentary

The Focus 15 Fund was down 2.4% in October, bringing the year-to-date performance to 30.8%.

Global stock markets paused for breath in October, falling modestly in the month following strong gains since the bottom of the market in March of this year. The Fund performed modestly better than the market. Among the better performers in the Fund were Microsoft (+7%), which reported good earnings, and new stock Sysco (see below), up 5%. Nokia fell 14% in October, following another disappointing set of results. Wincor Nixdorf fell 9%, reversing much of September's gains. Finally Bangkok Bank (another new stock, see below) fell 8% in October, over concerns for the King of Thailand's health.

In October we bought two new stocks, Sysco and Bangkok Bank and sold out of Home Retail, Unilever and Korea Exchange Bank. This activity took the number of stocks in the Fund back to 15. Sysco is a US food distributor. It is the largest player in a very fragmented industry, providing it with genuine scale advantages over its competitors. It has an excellent track record of generating (and growing) profits and cash flows, while maintaining a high return on investment. The company is financially strong, with a low level of debt financing and very little leases. At the time of purchase Sysco was trading under 14x price-to-earnings ratio, which we believe is too low for such a quality business. Sysco replaced both food manufacturer Unilever and Argos owner Home Retail, which had become relatively more expensive.

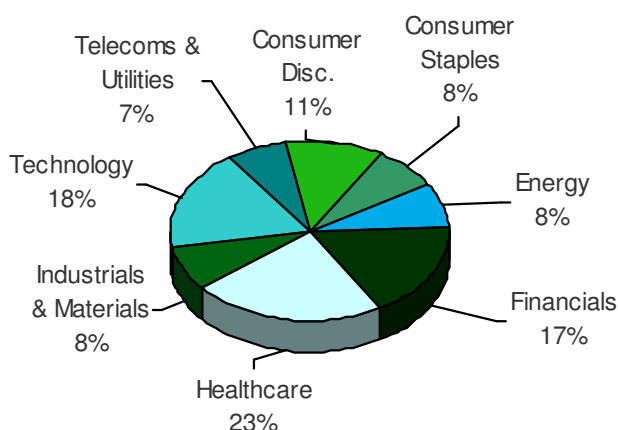
Bangkok Bank of Thailand was bought to replace Korea Exchange Bank. Bangkok Bank is a conservatively run Thai bank which has hardly been impacted by the banking crisis of the last two years. It is among the best capitalised banks globally and market expectations for the future appear to us to be too low, despite the many positive drivers of the Thai economy. We still hold Korea Exchange Bank in other funds, but we view Bangkok Bank as higher quality, better long term growth prospects, and trading on a slightly cheaper valuation.

In last month's commentary we flagged the likelihood of trading activity in the coming months, following strong performances of some of our stocks. We may look to replace one or two more stocks, but the portfolio is broadly in good shape now. However, the relative performance of the Fund over the last two years or so has been particularly strong and some give-back relative to the market would not be surprising. We remain confident about the Fund's prospects in the long-run.

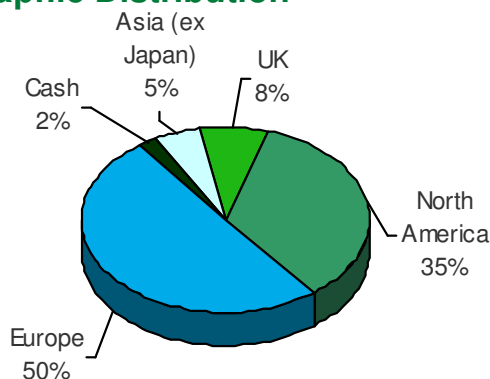
Holdings

		% OF FUND
Bangkok Bank	Financials	5.3
Belgacom	Telecoms / Utilities	6.4
Comerica	Financials	5.5
DnB NOR	Financials	6.1
Glaxosmithkline	Healthcare	7.6
Johnson & Johnson	Healthcare	7.6
Microsoft	Information Technology	7.1
Nokia	Information Technology	5.7
OPAP	Consumer Discretionary	5.0
Pharmaceutical Product Dev.	Healthcare	6.9
Schneider Electric	Industrials / Materials	7.7
Sysco	Consumer Staples	7.5
The Swatch Group	Consumer Cyclical	6.1
Total	Energy	8.1
Wincor Nixdorf	Information Technology	5.2

Sector Distribution



Geographic Distribution



Warning: Past performance is not a reliable indicator of future results. The price of units and the income from them may go down as well as up and investors may not get back the amount invested. The return may increase or decrease as a result of currency fluctuations. Forecasts are not a reliable indicator of future performance.

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