



## Canada Life/Setanta Focus 15 Fund – September 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. €54m.

### Unit Price 30/09/2009

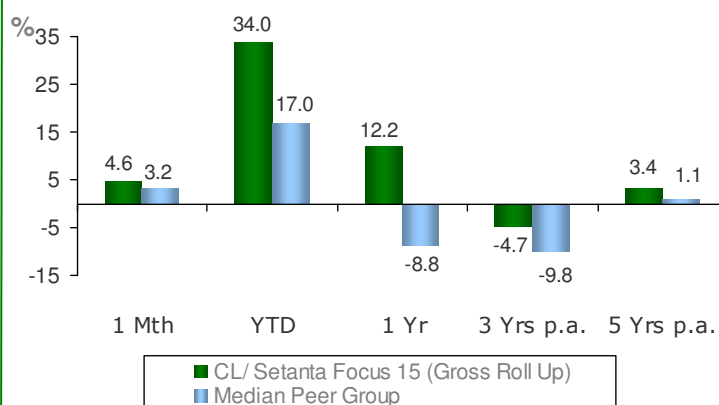
	Focus 15 (net version)	Focus 15 (gross version)*
Euro	1.066	0.792

### Fund Performance\* to 30/09/2009

	Focus 15 (net version)	Focus 15 (gross version)
One Month %	3.8%	4.6%
12 Months %	9.0%	12.2%

\*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 30.09.09



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

### Risk Statistics

	INFORMATION RATIO	STANDARD DEVIATION
5 YR	0.84	14.6%
3 YR	1.25	17.0%

Statistics Source: Setanta

## Commentary

The Focus 15 Fund was up 4.6% in September, bringing the year-to-date performance to 34.0%.

Global stock markets continued to recover from heavy losses in 2008 and early 2009 as a result of heavy government stimuli and in anticipation of an economic recovery. The Fund's financial stocks performed very well in September: Korean bank KEB was up +29%, while US bank Comerica was up 9%. Also, Norwegian bank DnB Nor rose 11% following an announcement that they will strengthen their balance sheet (and so lower the risk profile of the bank). Elsewhere ATM manufacturer Wincor Nixdorf rose 11%, while Home Retail fell 16% following earlier good performance.

The Fund bulked up on cyclical companies towards the end of last year and the beginning of this year, recognising the "prince-like" companies at "toad-like" valuations. Along with banks, these stocks have been strong contributors to the performance of the Fund year-to-date. The Fund's weaker performers this year have been "defensive" stocks such as Belgacom, Glaxosmithkline and Johnson & Johnson. As highlighted in last month's commentary, we believe these stocks remain very attractively valued.

In September we sold Lanxess and bought OPAP. **Lanxess** had seen profits collapse as a result of the recession, but the order book appears to now be improving. This has resulted in a doubling of the share price since its lows early this year. The stock does not appear excessively priced and we continue to own it in the Global Equity Fund. However we believe **OPAP** represents a superior option. OPAP is the monopoly provider of all sports betting and numerical lottery games in Greece. The company has a very strong financial position, with a €600m+ cash pile and excellent cash flow. There are concerns that pressures from the EU may result in a liberalisation of the market. There are also concerns over the impact of taxation changes on profits. However these risks seem well understood by the market and we believe they are adequately discounted. The stock is currently trading on a free cashflow yield of 15% and a dividend yield of 13%.

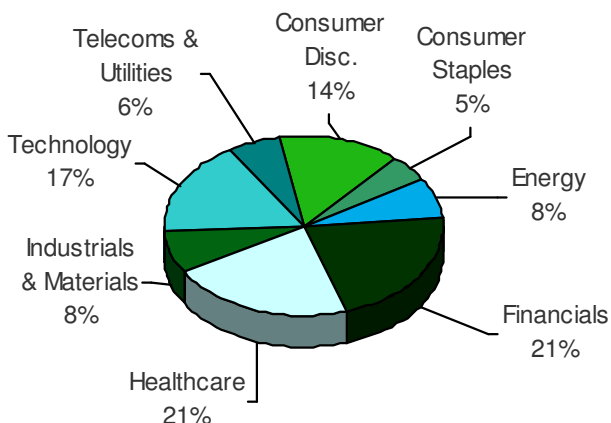
The stellar performance of some of the Fund's stocks this year could prompt some trading activity in the coming months. However, as in the case of the OPAP / Lanxess switch, this will depend on our ability to find good quality and lowly-valued replacement stocks, which is always a challenge.

The relative performance of the Fund over the last two years or so has been particularly strong. While the Fund may not sustain the high level of relative outperformance, we are confident about the prospects for this portfolio in the long-run.

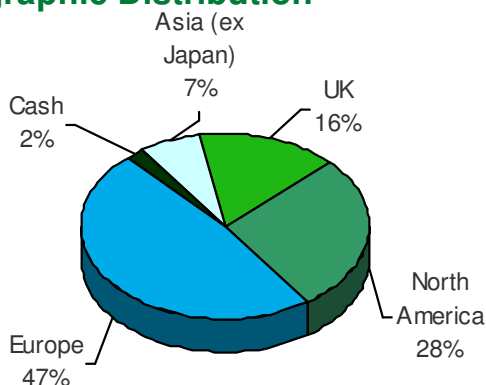
## Holdings

		% OF FUND
Belgacom	Telecoms / Utilities	6.5
Comerica	Financials	7.3
DnB NOR	Financials	6.7
Glaxosmithkline	Healthcare	7.2
Home Retail Group	Consumer Cyclical	3.9
Johnson & Johnson	Healthcare	6.7
Korea Exchange Bank	Financials	6.9
Microsoft	Information Technology	6.6
Nokia	Information Technology	4.4
OPAP	Consumer Discretionary	3.8
Pharmaceutical Product Dev.	Healthcare	7.0
Schneider Electric	Industrials / Materials	7.3
The Swatch Group	Consumer Cyclical	6.1
Total	Energy	7.4
Unilever	Consumer Staples	4.5
Wincor Nixdorf	Information Technology	5.7

## 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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