Canada Life/Setanta Focus 15 Fund - February 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. €39m.

Unit Price 28/02/2009

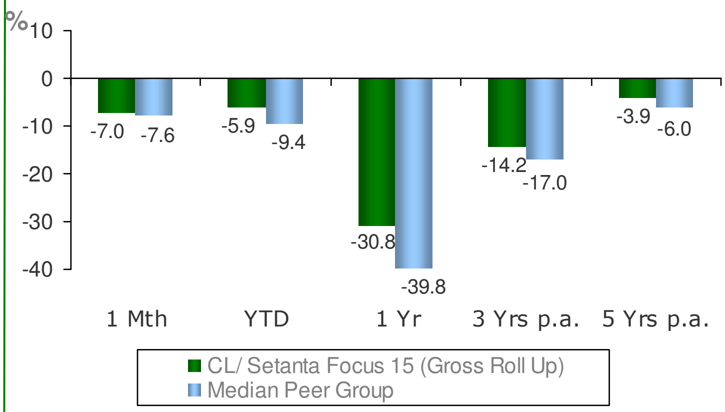
	Focus 15 (net version)	Focus 15 (gross version)*
Euro	0.820	0.556

Fund Performance* to 28/02/2009

	Focus 15 (net version)	Focus 15 (gross version)
One Month %	-5.0%	-7.0%
12 Months %	-24.3%	-30.8%

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 28.02.09



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

Fund Statistics as of 28.02.2009

Valuation Statistics

	FUND	MSCI WORLD
DIVIDEND YIELD	6.7%	4.0%
FREE CASHFLOW YIELD	11.1%	10.5%
PRICE/EARNINGS RATIO	5.5x	7.8x
WEIGHT AVERAGE MARKET CAP	€37bn	€37bn

Valuation Statistics Source: Style Research

Risk Statistics

	INFORMATION RATIO	STANDARD DEVIATION
5 YR	0.50	12.9%
3 YR	0.91	14.1%

Market Commentary & Outlook

Financial Markets in February were buffeted badly by a slew of weaker than expected economic data from across the globe. Consequent investor fear that the probability of a prolonged global slump is continuing to rise saw stock prices fall sharply, and the MSCI World was down over 9.4% on the month.

The bear market underway since October 2007 is now the most severe in recent decades, despite having begun at a valuation level that looked by no means stretched by historic comparison. The extent of growing investor fear about the rising probability of a prolonged global slump is thus strongly underlined, as is also the need to maintain a continued awareness of the relative valuation attractiveness of many quality stocks to competing assets, particularly 'risk-free' sovereign debt, should the ultimate outcome of this extraordinary period be one in which such a prolonged slump is avoided.

Fund Commentary

The Fund outperformed the MSCI World index in February and also on a year-to-date basis.

There were some strong individual stock contributors, notably Norwegian bank **DnB Nor,** UK retailer **Home Retail** and the German chemicals group **Lanxess**. DnB Nor outperformed after several months underperformance, while Home Retail's rally was likely on the back of expectations of lower interest rates. Many other stocks fell on the month, but less than the fall in the market.

Two stocks fell significantly in February. **Nokia** warned the market during the month that it expects a tougher than expected 2009. This is obviously disappointing, but the longer term story for the company remains: it has a strong balance sheet, it has scale advantages over its competitors and the valuation is low.

Korea Exchange Bank fell 25% in Euro terms (15% in local terms). This move broadly reflected the continuing difficulties facing the global financial sector. To us the bank looks better placed to ride out the crisis than many of its global peers. If it survives the valuation will likely prove to be very attractive.

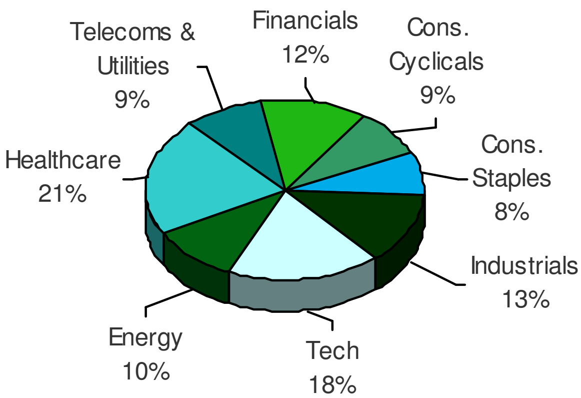
During the month we added a new stock, **The Swatch Group,** to the Fund. This brought the number of stocks held to 16 (normally 15), which we expect will remain the case until the Pfizer takeover of fellow pharmaceutical company Wyeth (current fund holding) goes through later this year. Swatch manufactures watches, watch components and jewellery. Given the economic outlook it very difficult to know precisely how the company will navigate the global recession, but we feel relatively confident that it will come through better than most. The company has a very strong balance sheet (net cash position), which puts the chance of financial distress as a low probability event. It has exceptionally strong brands and market positions, which should protect its high profit margins, and cash generation is good. The valuation of the stock is attractive, even factoring in a nasty decline in profits from here.

The last 10 years or so have been very difficult for equities generally. It is worth remembering that equities are forward looking and a great deal of bad news is already reflected in current prices. The market's fall in the last 18 months means that, by definition, future company profits are available to buy at much reduced levels, perhaps the cheapest levels in a generation or more. We are convinced that better times lay ahead for equity investors, and in particular investors in this Fund, with a long term prospective.

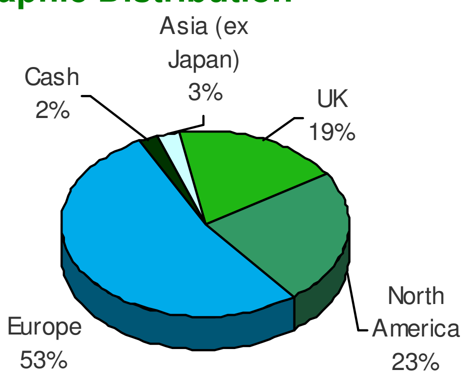
Holdings

		% OF FUND
Belgacom	Telecoms / Utilities	9.1
Comerica	Banks / Other Financials	3.5
DnB NOR	Banks / Other Financials	5.9
Glaxosmithkline	Healthcare	7.1
Home Retail Group	Consumer Cyclical	4.3
Johnson & Johnson	Healthcare	7.0
Korea Exchange Bank	Banks / Other Financials	2.7
Lanxess	Industrials / Materials	5.2
Microsoft	Information Technology	6.5
Nokia	Information Technology	5.4
Schneider Electric	Industrials / Materials	7.4
The Swatch Group	Consumer Cyclical	4.1
Total	Energy	10.1
Unilever	Consumer Staples	7.5
Wincor Nixdorf	Information Technology	5.8
Wyeth	Healthcare	6.4

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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