

Canada Life/Setanta Focus 15 Fund - January 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. €43m.

Unit Price 31/01/2009

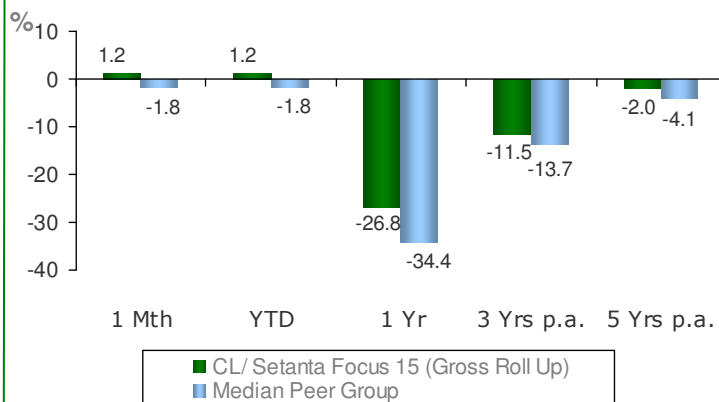
| | Focus 15 (net version) | Focus 15 (gross version)* |
|------|------------------------|---------------------------|
| Euro | 0.863 | 0.598 |

Fund Performance* to 31/01/2009

| | Focus 15 (net version) | Focus 15 (gross version) |
|-------------|------------------------|--------------------------|
| One Month % | 0.8% | 1.2% |
| 12 Months % | -21.3% | -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 31.01.09



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

Portfolio Statistics as of 31.01.2009

Valuation Statistics

| | FUND | MSCI WORLD |
|---------------------------|-------|------------|
| DIVIDEND YIELD | 6.2% | 3.7% |
| FREE CASHFLOW YIELD | 13.2% | 9.9% |
| PRICE/EARNINGS RATIO | 5.9x | 8.4x |
| WEIGHT AVERAGE MARKET CAP | €40bn | €41bn |

Valuation Statistics Source: Style Research

Risk Statistics

| | INFORMATION RATIO | STANDARD DEVIATION |
|------|-------------------|--------------------|
| 5 YR | 0.46 | 12.6% |
| 3 YR | 0.83 | 13.8% |

Market Commentary & Outlook

Financial markets in January continued to gyrate sharply, as deepening concern about the outlook for global activity battled erratically against the continued hope invested in the unprecedented easing measures taken globally over the past year or so. One of the main easing measures was the fiscal stimulus plan of incoming President Obama in the US and on this side of the Atlantic, a further 50bps cut in official rates was taken by both the European Central Bank and the Bank of England. Against this general backdrop, the key changes across financial markets were:

- A sharp upward reversal in Treasury bond yields from the multi-decade lows recorded in Dec: the 30 year Treasury yield closed the month at 3.6% after hitting a low of 2.5% on Dec 18th.
- A sharp positive reversal in the level of the US Dollar, which gained over 3% on a trade weighted basis and over 8% against the Euro.
- A sharp fall in the global stock market. In general, reversing the gains of December, though still holding above the October lows.
- A contrastingly muted month in commodity markets, which were generally lower but with the oil price rising marginally.
- A further sharp contraction in the TED Spread (US 3 month money rate – US 3 month Treasury Yield/Bill).

While it remains the case that heightened levels of investor uncertainty are unlikely to dissipate soon and that a non-negligible risk of a lengthy 1930's style 'depression' is clearly present (and arguably growing), it is important to maintain a continued awareness of the relative valuation attractiveness of many quality stocks to competitive assets.

Fund Commentary

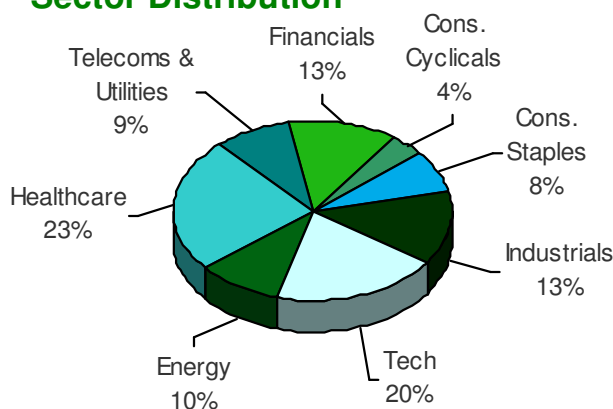
Focus 15 outperformed the world index in January. The main contributors were healthcare company Wyeth (Healthcare) and Wincor Nixdorf (Technology). Wyeth looks set to be acquired by Pfizer this year after Pfizer's approach was recommended by Wyeth management. The offer is based on 1/3 stock and the rest in cash. The ultimate price will therefore be dependant on the Pfizer stock price. The Wyeth share price rose by more than 24% on the month. Wincor Nixdorf continues its strong run. Management announced better than expected quarterly results. Thus far it appears as though the impact of the credit crisis has not been significant as it expects pressures to increase but believes that these pressures are manageable. Lanxess (manufactures polymers and chemicals) management referred to the significant deterioration in demand in Q4 2008. This should not be surprising but it impacted the stock significantly nonetheless. Likewise Nokia reported a profit which was lower than expected and it appears that the handset market deterioration has accelerated. This was no major surprise, but a reduction in the dividend was a surprise. Schneider reported decent Q4 results, which reversed much of the significant weakness in the stock from earlier in the month.

We continue to own good companies trading at relatively attractive prices. This approach has produced satisfactory results over the past few years. Although we acknowledge that markets have been difficult in recent years, we continue to remain confident in the quality of the portfolio using a long-term perspective.

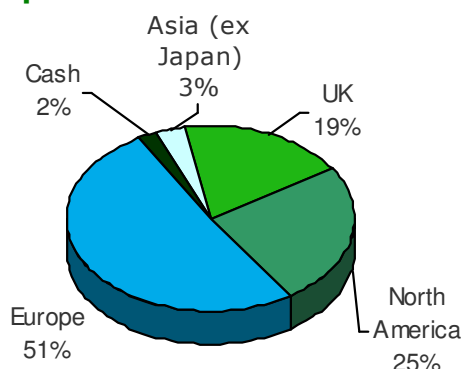
Holdings

| | | % OF FUND |
|---------------------|--------------------------|-----------|
| Belgacom | Telecoms / Utilities | 8.8 |
| Comerica | Banks / Other Financials | 3.5 |
| DnB NOR | Banks / Other Financials | 5.5 |
| Glaxosmithkline | Healthcare | 7.4 |
| Home Retail Group | Consumer Cyclical | 3.8 |
| Johnson & Johnson | Healthcare | 7.4 |
| Korea Exchange Bank | Banks / Other Financials | 3.3 |
| Lanxess | Industrials / Materials | 5.1 |
| Microsoft | Information Technology | 4.7 |
| Nokia | Information Technology | 6.3 |
| Schneider Electric | Industrials / Materials | 7.6 |
| Total | Energy | 9.7 |
| Unilever | Consumer Staples | 7.7 |
| Wincor Nixdorf | Information Technology | 8.0 |
| Wyeth | Healthcare | 8.7 |

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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