

Canada Life / Setanta Focus 15 Fund - November 2008

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 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.

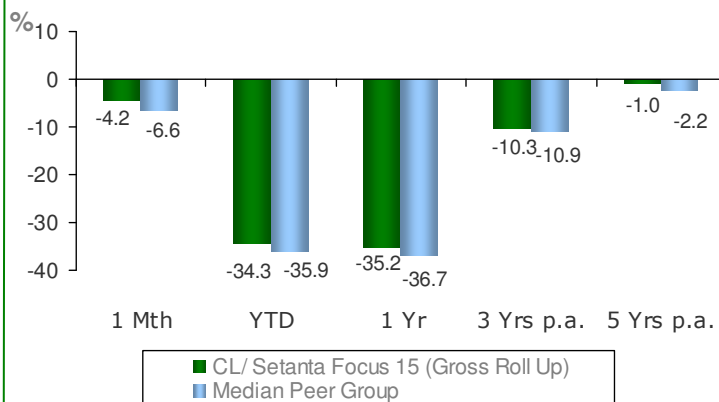
The Fund's assets are ca. €46m.

Risk Statistics

STANDARD DEVIATION

5 YR	12.5%
3 YR	13.8%

Fund Performance to 30.11.08



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 30.11.2008

Valuation Statistics

	FUND	MSCI WORLD
DIVIDEND YIELD	6.1%	3.6%
CASHFLOW YIELD	14.9%	17.0%
PRICE/EARNINGS RATIO	6.2x	8.7x
WEIGHT AVERAGE MARKET CAP	€43bn	€45bn

Valuation Statistics Source: Style Research

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.

Market Commentary & Outlook

Global stock markets continued to decline in November with the MSCI World index losing 6.5% over the month, bringing the year to date loss to 33.8%. This further flight from risky assets was underlined by the sharp fall in sovereign bond yields globally with, for example, the 10 year US Treasury yield falling over 100 bps over the month to a multi decade low of just 2.9%.

A fear of capital loss and an over-riding demand for safety and liquidity is continuing to trump all other considerations, with arguments based on relative asset valuation being comprehensively swamped in this ongoing environment of heightened uncertainty.

The politicians and central bankers are doing all they can, and have never in history been as aggressive in providing supportive policies for investment markets. We have seen significant co-ordinated monetary easing, with US Fed rates at 1% and likely heading to 0.5%. Bank of England cut rates by 1.5% so that base rates are a mere 2.0%. The European Central Bank has cut the refinancing rate twice in the last number of weeks by a total of 1.25%. Other measures include loosening of fiscal policy (excl Ireland), programmes to purchase distressed assets, use of public funds to recapitalise banks and the important US auto industry, and global governments providing comprehensive guarantees for bank debt.

Through it all, the consumer is firmly in defensive mode as employment uncertainty means that deleveraging an overburdened balance sheet comes before the temptation to splurge any cash. Economic growth is declining rapidly, and the corporate sector is responding by cutting production aggressively, slashing capex and investment, and shedding staff. For companies liquidity preservation is paramount and the aforementioned factors are the cheapest way to do it, as cost of capital has increased due to banks unwillingness to loosen the purse strings. In essence, balance sheets of the consumer and banks need to be rebuilt and strengthened, as the main driver out of the current economic malaise. Policy actions thus far will help significantly but take time to work.

However, taking this all into account, there is a significant risk premium priced into certain investment assets. There are companies with strong balance sheets, good cashflow generation and low debt, which are undervalued against their long-term valuation mean. These are the type of companies which Setanta focuses on.

Fund Commentary

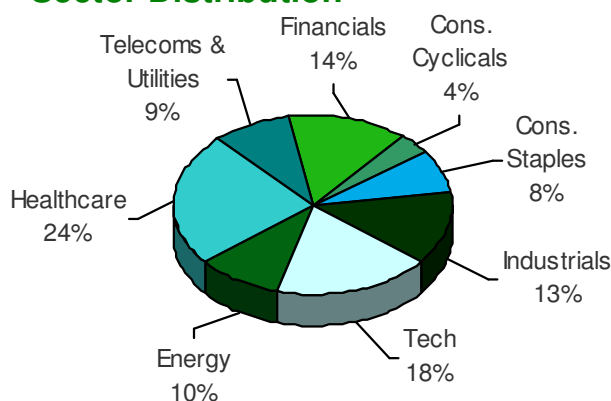
The Focus 15 Fund outperformed the benchmark in November and has performed modestly ahead of the benchmark year-to-date. Generally speaking, banking stocks were the worst performers in November, down around 15%. Norwegian bank DnB fell 34% in Euro terms on worries that the collapse in global shipping, along with the recent 60% fall in the oil price (which directly affects the local economy), will result in high loan losses for the group. Having met management recently, we remain confident that the bank's strategy of lending to only the strongest of credits will shield them from high defaults.

Other stocks fell quite sharply, such as US bank Comerica and ATM-machine manufacturer Wincor Nixdorf. However, these were offset by relatively strong performances from the likes of pharmaceutical company Wyeth and Belgian telecom operator Belgacom (both of which have reasonably stable profits), as well as chemicals group Lanxess (previously a poor performer).

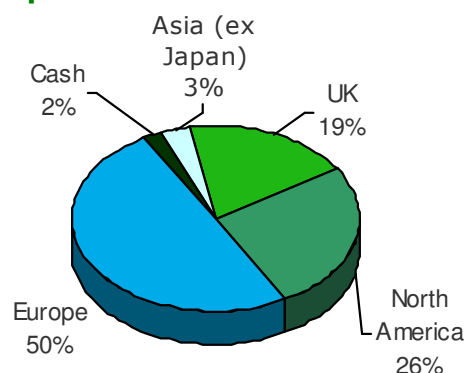
Holdings

		% OF FUND
Belgacom	Telecoms / Utilities	9.1
Comerica	Banks / Other Financials	4.6
DNB NOR	Banks / Other Financials	5.8
Glaxosmithkline	Healthcare	7.3
Home Retail Group	Consumer Cyclical	3.8
Johnson & Johnson	Healthcare	8.6
Korea Exchange Bank	Banks / Other Financials	3.2
Lanxess	Industrials / Materials	5.4
Microsoft	Information Technology	5.3
Nokia	Information Technology	6.8
Schneider Electric	Industrials / Materials	7.1
Total	Energy	9.6
Unilever	Consumer Staples	7.6
Wincor Nixdorf	Information Technology	5.9
Wyeth	Healthcare	7.4

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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