

Canada Life / Setanta Focus 15 Fund - October 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. €48m.

Unit Price 31/10/2008

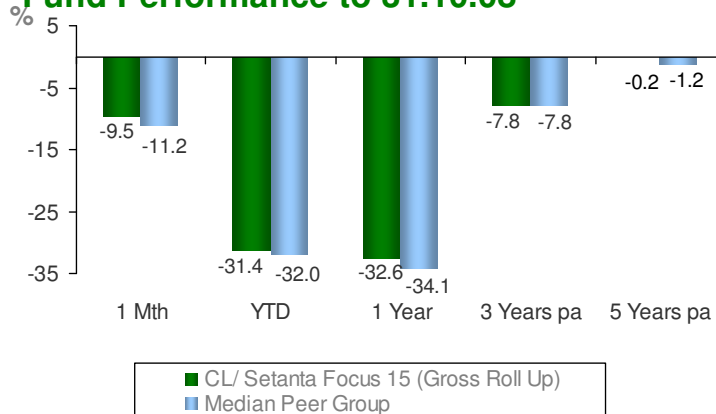
	Focus 15 (net version)	Focus 15 (gross version)*
Euro	0.907	0.639

Fund Performance* to 31/10/2008

	Focus 15 (net version)	Focus 15 (gross version)
One Month %	-7.3%	-9.5%
12 Months %	-26.7%	-32.6%

*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 31.10.08



Performance Source: Moneymate. Benchmark: Median of Concentrated Equity Peer Group (Hibernian, KBC, Eagle Star). The actual Fund returns stated are based on the movements in the unit prices of an institutional series of the Fund and are net of management fees.

Portfolio Statistics as of 31.10.2008

Valuation Statistics

	FUND	MSCI WORLD
DIVIDEND YIELD	5.7%	3.4%
CASHFLOW YIELD	15.3%	15.9%
PRICE/EARNINGS RATIO	6.7x	9.2x
WEIGHT AVERAGE MARKET CAP	€48bn	€47bn

Valuation Statistics Source: Style Research

Risk Statistics

	STANDARD DEVIATION
5 YR	12.4%
3 YR	13.9%

Market Commentary & Outlook

Global stock markets fell sharply again in October with the MSCI World index shedding a further 10.2%. At one stage the index was over 51% below last year's peak, making this bear market the 3rd worst of the 24 experienced since September 1929.

The scale of dislocation across financial markets is highlighted by the sharp move in the widely followed implied volatility index of the S&P 500. The so called 'VIX Index' hit an unprecedented 80%+ on October 27th from under 40% at the end of September, and a more usual level of between 15% and 20%. Part of this volatility stemmed from hedge funds needing to fund redemptions and more volatility was caused by general deleveraging.

Coordinated interest rate cuts, fiscal injections, bank re-capitalisations, deposit guarantees, IMF loans and Federal Reserve currency swaps have become the order of the day, as the regulatory/political authorities respond to deepening market fear. Despite this, a clear encapsulation of the extreme uncertainty about the future continued to stalk the market place.

Foreign exchange and commodity markets have been unsurprisingly dominated by the same uncertainties. The US dollar strengthened c.10% against the Euro and Sterling, mainly due to expectations of larger interest rates cuts by the European Central Bank and the Bank of England. Commodity and oil prices retreated sharply in the month. These falls, and the anticipated fall in demand from slowing economies, offered some reprieve to the higher inflation expectations of recent months and will support the ability of central banks ability to cut interest rates.

The heightened levels of investor uncertainty are unlikely to dissipate for the foreseeable future, and the resulting impact on the real economy remains difficult to predict. It is probable that confidence will not return to the markets until interbank lending trends back towards normal levels. However, the catalyst that will cause this is difficult to predict. Indeed pressure may come from the governments and regulators on banks to resume interbank lending following the large levels of support they have provided.

Fund Commentary

The Fund outperformed the world index during October. Given how the month evolved, unsurprisingly, the companies with more stable earnings and cleaner balance sheets outperformed. These included Synthes, Belgacom and Glaxo. On the other hand, the more cyclical stocks or those with higher levels of financial gearing performed worst. These included Lanxess, Korea Exchange Bank and Home Retail. This type of price action was observable across the entire market.

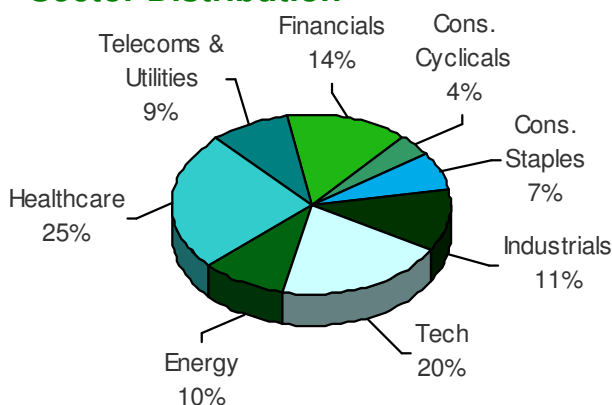
There were a number of stock switches during the month. Synthes and Sigma Aldrich were sold. These stocks had performed well and had fulfilled our expectations. It was decided to replace these stocks with stocks that we view as more undervalued, Wyeth and Schneider Electric. We also disposed of Computer Sciences. This holding did not perform well during the period of ownership. Cash flow began to deteriorate some time ago and has not improved sufficiently. Also tax and accounting concerns remain and the company's relatively high level of debt is looking onerous. The Fund switched into Microsoft which is a more attractive quality/value proposition.

We continue to own good companies trading at relatively attractive prices. It must be remembered that this is a highly concentrated pure equity fund with no scope to hold bonds or cash. Consequently in bearish markets, fund performance is unlikely to be attractive. However, we remain confident in the quality of the portfolio from a long-term perspective.

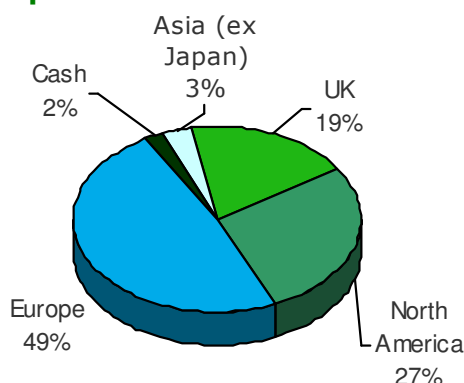
Holdings

		% OF FUND
Belgacom	Telecoms / Utilities	9.0
Comerica	Banks / Other Financials	5.3
DNB NOR	Banks / Other Financials	5.2
Glaxosmithkline	Healthcare	7.8
Home Retail Group	Consumer Cyclical	3.7
Johnson & Johnson	Healthcare	9.5
Korea Exchange Bank	Banks / Other Financials	3.3
Lanxess	Industrials / Materials	4.7
Microsoft	Information Technology	5.6
Nokia	Information Technology	7.1
Schneider Electric	Industrials / Materials	6.3
Total	Energy	9.5
Unilever	Consumer Staples	7.1
Wincor Nixdorf	Information Technology	6.5
Wyeth	Healthcare	7.1

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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