

## Canada Life / Setanta Focus 15 Fund - April 2008

### Investment Objective

The investment objective of the **Focus 15 Fund** is to outperform the MSCI World index over periods of three years or more.

### Investment Philosophy

The Focus 15 Fund is concentrated international (ex IRE) equity fund, holding c.15 stocks. Setanta Asset Management 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. €65m.

### Unit Price 30/04/2008

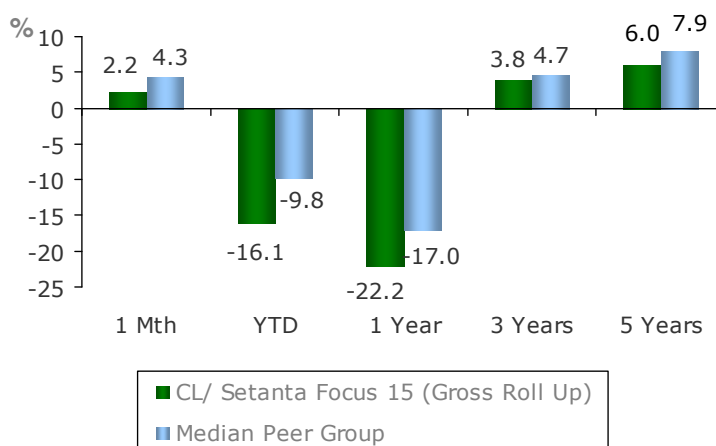
	Focus 15 (net version)	Focus 15 (gross version)*
Euro	1.058	0.781

### Fund Performance to 30/04/2008

	Focus 15 (net version)	Focus 15 (gross version)
One Month %	1.7%	2.2%
12 Months %	-18.6%	-22.2%

\*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 30.04.08



### Portfolio Valuation Statistics

	FUND	MSCI WORLD
DIVIDEND YIELD	3.6%	2.5%
CASHFLOW YIELD	10.4%	11.6%
PRICE/EARNINGS RATIO	9.6x	12.9x
WEIGHT AVERAGE MARKET CAP	€41bn	€48bn

### Portfolio Risk Statistics

	SHARPE RATIO	STANDARD DEVIATION
5 YR	0.20	17.2%
3 YR	0.15	11.7%

Performance Source : Setanta Asset Management Limited, Benchmark: Median of Concentrated Equity Peer Group (Hibernian, KBC, Eagle Star. Setanta returns are shown net of management charges. Valuation Statistics Source: Style Research

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- (a) not been prepared in accordance with legal requirements designed to promote the independence of investment research, and  
 (b) is not subject to any prohibition on dealing ahead of the dissemination investment research.

## Market Commentary

Hopes that the ailing banking and wider financial sector may be reaching a turning point helped markets recover in April, and the MSCI World had its first positive month since October (+7.1%).

US dollar strength (+2.5% vs the Euro in April), higher bond yields (US 10-Year +0.35% in April) and falling expected stock market volatility (VIX down from 25.6 to 20.8 in April), underlined the prevailing sentiment shift on the month following the contrary trends of Q1.

The US Federal Reserve continued its rate-cutting trend, lowering the Fed Funds rate by 25bps to 2.0% at its April meeting. Coupled with the Bank of England announcement of its mortgage swap plan, the commitment of monetary authorities on both sides of the Atlantic to work to counteract the global credit crunch was emphasized once again.

## Fund Commentary

Though the performance of the Fund was positive in April, it noticeably lagged the rise in global equities. The best performer this month was energy giant Total (+14%), which continues to benefit from the rising price of oil. Other strong performers were Computer Sciences (Technology) and Glaxosmithkline (Healthcare); both rallied from oversold levels and were up 8-8.5%. Unfortunately these stocks were not enough to offset the laggards. Deutsche Postbank (Financials) fell 7% during the month; to be expected given the beta rally in the banking sector and also how well it has done in the last six months. Wincor Nixdorf (Technology), the supplier of cash machines and point-of-sale systems, fell 3% despite announcing a very solid set of results during the month.

During the month the Fund sold BNP (Financials) and bought Norwegian bank DNB. DNB is well capitalised and very well funded, has no structured product exposure, is seeing strong loan growth and is cutting costs. The Fund also bought Belgacom (Telecoms), the Belgian fixed line and mobile player. The share price is currently discounting a major decline in cash flows going forward, significantly worse than we expect.

## Fund Outlook

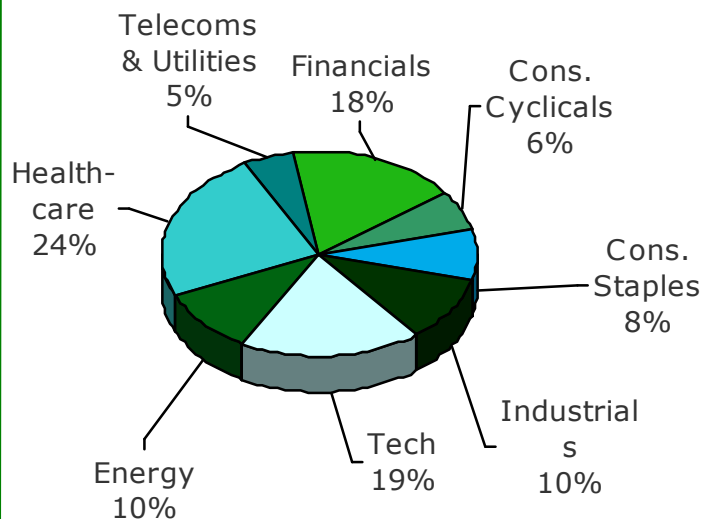
Focus 15 is a concentrated equity fund that is managed for longer term performance, which for periods can lag and outperform the benchmark by a wide margin.

The fund has been restructured over the last number of months, reflective of the different economic and financial environment we now face. We believe that the stocks held are good quality, in terms of business fundamentals and balance sheet prudence, and are attractively valued for their long term prospects.

## Holdings

		% of Fund	1Mth Perf %
Belgacom	www.belgacom.be	4.8	12.0
Comerica	www.comerica.com	6.9	0.5
Computer Sciences	www.scs.com	4.6	8.5
Deutsche Postbank	www.postbank.de	5.0	-7.0
DNB NOR	www.dnbnor.com	5.1	-0.4
Glaxosmithkline	www.gsk.com	6.8	8.0
Home Retail Group	www.homeretailgroup.com	6.1	2.4
Johnson & Johnson	www.jnj.com	9.9	5.0
Lanxess	www.lanxess.com	8.1	-1.7
Nokia	www.nokia.com	6.1	-1.6
Sigma Aldrich	www.sigma-aldrich.com	2.0	-2.9
Synthes	www.synthes.com	6.6	-0.4
Total	www.totalfinaelf.com	9.8	14.7
Unilever	www.unilever.co.uk	7.7	1.5
Wincor Nixdorf	www.wincor-nixdorf.com	7.5	-2.6
Cash Holding		3.2	

## Sector Distribution



## Geographic Distribution

