

February 2008

1. Unit Price 29/02/2008

	Focus 15 (net version)	Focus 15 (gross version)*
Euro	1.083	0.804

2. Fund Performance* to 29/02/2008

	Focus 15 (net version)	Focus 15 (gross version)
One Month %	-1.2%	-1.6%
12 Months %	-13.9%	-16.8%

**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.*

3. Investment Objective

The Fund is focused on opportunity and will seek to own international (non Irish) stocks that satisfy the following criteria

- superior growth in earnings and cashflow over a multi-year period
- efficient use of capital
- strong balance sheet and
- leading market shares.

There is no attempt to diversify across sectors or geographic regions for the purpose of reducing risk. With around 15 holdings, each one can make a real difference to performance.

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.

4. Asset Mix

Sector	% of fund
Banks/ Other Financials	22.6
Consumer Cyclical	7.2
Consumer Staple	32.9
Industrials	13.0
Technology / Telecoms	12.4
Energy	9.3
Cash	2.7
Total	100.0

The MSCI World index suffered its fourth consecutive down month in February, falling 3.0%. This is the first time this has happened since 2002/2003.

Ongoing concerns about credit market issues, the likelihood of a US recession, mixed earning results and poor economic data dominated investor sentiment in February.

The US and European central banks kept rates on hold during February, while the Bank of England cut rates by 0.25%. The Bank of England continues to be concerned about inflation, but cut rates due to a slowing economy and housing markets. The US Federal Reserve lowered its 2008 economic forecast and also indicated that it would take all necessary means to keep the economy growing. The European Central Bank warned companies about reaching higher wage settlements on the back of higher inflation and this was perceived by the market to indicate a reduced possibility of a rate cut in Europe.

Investors poured money into oil as a hedge against inflation, and oil prices ended the month at record highs, \$102 per barrel.

The sterling and US dollars both weakened against the euro, and at month-end, the euro was worth 0.76 GBP and 1.52 USD respectively.

Many companies have now reported their full year 2007 earnings and provided guidance for 2008. Non-Financials have generally met analysts expectations but most have indicated that 2008 will be slower than 2007. Analysts have started to factor this into their estimates but there may be some more earnings forecast reductions to come.

5. Performance*

	Proportion of fund %	1 month performance %
BNP Paribas www.bnpparibas.com	4.9	-9.5
Comerica www.comerica.com	5.6	-18.6
Computer Sciences www.csc.com	4.6	0.5
Deutsche Postbank www.postbank.de	6.6	15.4
Eniro www.eniro.com	3.3	-9.9
Home Retail Group www.homeretailgroup.com	4.0	-10.6
Jackson Hewitt www.jhts.com	5.5	-7.5
Johnson & Johnson www.jnj.com	9.6	-3.3
Lanxess www.lanxess.com	7.9	8.1
Merck www.merck.com	7.3	-6.0
Sigma-Aldrich www.sigma-aldrich.com	5.1	8.7
Synthes Inc www.synthes.com	8.7	8.1
Total www.totalfinaeif.com	9.3	2.6
Unilever www.unilever.co.uk	7.2	-5.7
Wincor Nixdorf www.wincor-nixdorf.com	7.8	1.1
Cash Holding	2.7	

*Performance is stated in euro.

6. Portfolio Information

Strong performances from **Synthes** (after releasing strong earnings numbers) and **Deutsche Postbank** (on continued expectations it may be acquired) offset some of the weakness in stocks impacted by the declines in the

broader market, and Focus 15 outperformed on a relative basis during February.

7. Purchases and Sales

We sold **Prudential Financial** and replaced the holding with **Home Retail**. We had been reducing the position in Prudential Financial for some time having made a considerable return on this stock since it was added to the fund over five years ago. In the context of recent management turnover, and particularly some concerns over the quality of the company's investment book, we do not see the valuation as compelling in comparison to alternatives such as Home Retail. Trading on a P/E of approximately 8x, and just above book value, the owner of the Homebase and Argos retail chains appears inexpensive and we see significant upside potential in this stock.

We also sold UK bank **HBOS** and acquired **Comerica**, a US bank, in its place. HBOS had performed disappointingly since it was added to the portfolio in 2006. We have grown particularly concerned about the ability of the business to absorb the stresses currently prevalent in the marketplace. US listed Comerica has fallen almost as heavily as HBOS during the recent turbulence. However, the balance sheet at Comerica is very strong as it has high capital ratios and minimal exposure to complex investments. This stock appears to have been tarred with the same brush as banks with questionable asset quality and high financial gearing. Trading at 1.1x book value we believe there is considerable negativity already priced into the stock.

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