

January 2008

1. Unit Price 31/01/2008

	Focus 15 (net version)	Focus 15 (gross version)*
Euro	1.096	0.817

2. Fund Performance* to 31/01/2008

	Focus 15 (net version)	Focus 15 (gross version)
One Month %	-10.1%	-12.2%
12 Months %	-14.8%	-17.7%

**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	24.7
Consumer Cyclical	3.5
Consumer Staple	31.8
Industrials	14.5
Technology / Telecoms	12.7
Energy	8.7
Cash	4.0
Total	100.0

Amid much volatility, the global equity market suffered its worst month in years, and the MSCI World index ended January down 8.8%. On January 21st, European and Asian markets experienced their worst one-day decline since September 11th, 2001.

Disappointing corporate earnings and poor retail sales over the Christmas period lead to the belief that the US may be entering a recession. Retail sales account for a major part of the US economy.

The US Federal Reserve reacted to the fall in markets and the poor economic data by making two major cuts in interest rates, 0.75% and 0.50%, within eight days of each other. The European Central Bank President reiterated the Bank's priority to focus on inflation, and left rates on hold.

The French investment bank, SocGen, discovered that one of its traders had made unauthorised bets on European Equity futures, and unwinding these bets cost the bank €4.9bn, and push equity markets lower, albeit for a short period.

Forecasts of lower demand for oil from the US led oil prices lower, and they ended the month at \$92 per barrel, down from \$96 at the start of the month.

The euro strengthened 1.7% against the sterling and 1.9% against the US dollar.

The Technology sector suffered from its reliance on revenue from the US economy and the Energy sector fell on the back of lower oil prices. The Healthcare sector benefited from its defensive qualities.

5. Performance*

	Proportion of fund %	1 month performance %
BNP Paribas www.bnpparibas.com	5.2	-11.3
Computer Sciences www.csc.com	6.3	-16.0
Deutsche Postbank www.postbank.de	6.5	-8.7
Eniro www.eniro.com	3.5	-9.8
HBOS www.hbos.co.uk	6.4	-6.9
Jackson Hewitt www.jhhs.com	4.5	-31.5
Johnson & Johnson www.jnj.com	9.7	-7.0
Lanxess www.lanxess.com	7.0	-30.6
Merck www.merck.com	5.0	-22.1
Prudential Financial www.prudential.com	2.1	-11.3
Sigma-Aldrich www.sigma-aldrich.com	7.5	-10.7
Synthes Inc www.synthes.com	9.7	1.1
Total www.totalfinaelf.com	8.7	-14.3
Unilever www.unilever.co.uk	7.4	-13.8
Wincor Nixdorf www.wincor-nixdorf.com	6.4	-15.2
Cash Holding	4.0	

*Please note that all performance figures above for the individual stocks are in euro terms.

6. Portfolio Information

The Fund underperformed the market in January. This was due to material weakness in a few stocks.

Lanxess (Germany – *Industrials*) sold off due to concerns over the business's prospects in a downturn. We see the valuation as attractive and intend to retain the position.

Jackson Hewitt (US - *Financials*) fell heavily on concerns that the US IRS may attempt to prohibit issuance of refund anticipation loans (short term loans issued in anticipation of a tax refund). As Jackson Hewitt earns fees on these loans, such a move would be a negative for the company. However we believe that the complete elimination of such loans is highly unlikely and as such we believe the price decline is an overreaction.

Merck (US – *Healthcare*) fell due to concerns over a slowdown in its cervical cancer vaccine and its key cholesterol drug, Vytorin. The stock was perhaps due a correction due to its strong run in the last two years, but we believe the scale of the correction has been exaggerated.

Synthes (Switzerland – *Healthcare*) was the only gainer as its defensive characteristics came to the fore.

Often periods of high market volatility provide good bases for long-term investment returns. Furthermore equity valuations appear reasonable at current levels. Consequently we believe the long-term prospects for the portfolio are attractive.

7. Purchases and Sales

Wincor Nixdorf (Germany – *Technology*) was added to the Fund during January. Wincor is a leading provider of ATM systems, Point of Sale systems and services to banks and retailers. The investment case is characterised by steady long-term growth prospects (emerging market demand and rational supply due to the oligopoly-type structure), good cash flow, a strong balance sheet and an attractive valuation (P/E of 13x; dividend yield 4%).