

Monthly Investment Review

For April 2006

Best Investment
Manager 2006 (MoneyMate)
Investment Management Excellence
Award 2005 (FSJ)

This monthly investment review is produced by Eagle Star for professional Insurance Intermediaries. It covers the following: **performance of major stock markets, comment on markets, Eagle Star asset allocations, feature on selected stocks, Eagle Star's global outlook and fund performance statistics.**

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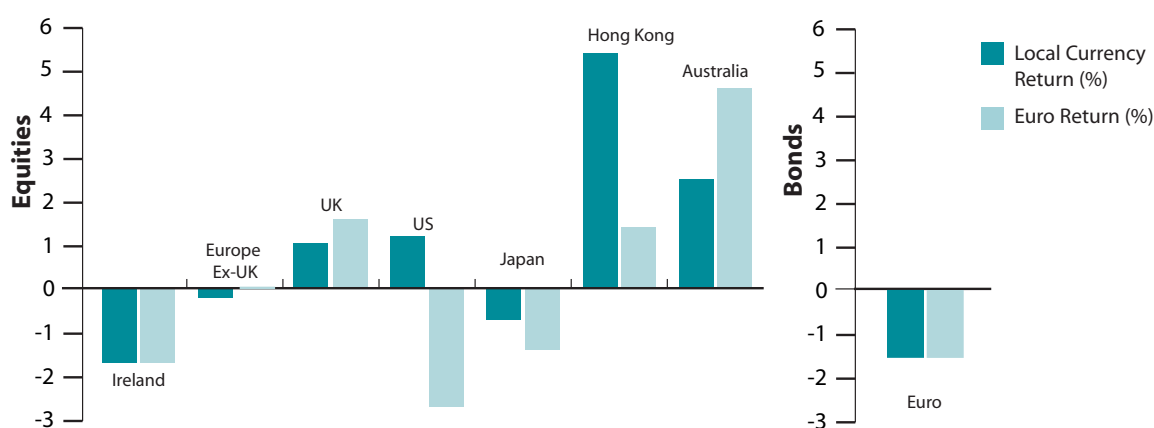
EAGLE STAR

Equity and Bond % Returns

This graph shows the performance of the major equity markets over the month of April.

The returns are shown in both local and euro currencies.

The bond index is the Merrill Lynch Over 5 Year Euro Government Bond Index.



Investment Comment

- After a long period of strong performance, equity markets ran out of steam in April, with world equities (in euro terms) down 0.8%, giving a total return for the first four months of 3.5%. However, in local currency terms many markets were in positive territory in April, with Hong Kong (+5%) and Australia (+3%) outperforming. Equity markets remain supported by the strong global corporate earnings background, favourable valuations relative to other asset classes and hints from the Federal Reserve that US short rates are close to a peak for this cycle. Counter-balancing these positives were another surge in oil and other commodity prices, and the surprise second rise in Chinese interest rates to 5.85%, in an attempt to slow down the pace of economic growth in China.
- Sectorwise, the long-term theme of cyclical stocks outperforming defensive stocks continued. Telecoms and healthcare were the main underperformers throughout April while energy, financials and basic materials were once again the best performing sectors. Stocks such as BHP Billiton (+7.4%) and Amvescap (11.6%) gave strong returns.
- Eurozone bonds had another difficult month in April, falling by 1.5%. Early in the month, concerns regarding interest rate rises and positive economic data led to a sharp decline in bond prices driving yields in the Eurozone to over 4.1%. However, prices steadied after the minutes of the Federal Reserve's last meeting were released, as the minutes indicated that the next rate rise in the US may be the last.
- Corporate news was brisk in April as the first quarter reporting season got into full swing. Of the 348 companies in the US S&P 500 Index which have reported so far, 70% have beaten expectations, 14% have disappointed, while the remaining 16% have been in line with expectations. In the US, Google jumped 7% after delivering a strong set of quarterly earnings to the market. Bank of America announced a plan to spend up to \$12 billion buying back its own stock, sending the share price to its highest ever level. However, Microsoft, the technology giant, fell 11% after the company revealed a shift in strategy, raising its spending in the internet and gaming sectors. Closer to home, Nokia rallied 6% as first quarter profits and sales were well above expectations.
- The US dollar was weak against all major currencies in April, with the €//\$ rising to \$1.26.

Eagle Star's Asset Allocation

The Funds are slightly overweight in equities and slightly underweight in bonds.

Equities

Countries & Markets: overweight & underweight positions

The fund managers marginally cut the equity position in April although they maintained a slightly overweight position in equities relative to the benchmark. There was some profit-taking in Japan, Europe and Ireland, while positions in the UK and Pacific Basin were increased. The funds' main positions at the end of April were overweight Europe, Japan and the Pacific Basin, neutral the UK and underweight North America and Ireland.

Sectors: overweight & underweight positions

The funds continued to have a bias towards cyclical sectors such as industrials, basic materials and financials, at the expense of more defensive sectors such as healthcare, consumer services and telecoms. However, the underweight position in consumer goods was neutralised over the period with purchases in Europe such as Heineken and Nestlé.

Bonds

Bond returns were negative for the second month in a row during April, as investors re-priced the markets for stronger growth and slightly higher inflation. It was interesting that expectations for short rates in 2006 didn't change very much over the period. In the US, there has been much talk of a pause in Fed rate hikes, while in the eurozone, the ECB has continued to warn about the risks from inflation and high borrowing growth. With growth indicators continuing to be strong and oil and commodity prices rising significantly, bond investors in the US and eurozone had further reasons to sell bonds. It is also interesting that the surge in the € against a generally weak \$, had little impact on the relative performance of eurozone versus US bonds. For the month as a whole, the Merrill Lynch over Five Year EMU Government Bond Index fell 1.5%, for a total year-to-date performance of -4.8%.

Spotlight on Stocks

The following stocks are included (at time of going to print) in Eagle Star's funds including the 5★5 Global Fund.

Resources and Infrastructure

Rio Tinto

One of the world's largest mining companies with significant interests in copper, iron-ore, aluminum and coal. A key player in global merger and acquisition activity in the mining sector over the past decade, Rio Tinto's diverse range of assets provides a significant degree of earnings stability. The company has a meaningful proportion of sales to China and has profited accordingly. Rises in commodity prices and volumes have had a great impact on the company's profitability.

Finance

ING Group

ING Group is a global financial institution offering banking, insurance and asset management. Based on market capitalisation, ING is one of the 20 largest financial institutions worldwide and ranked in the top 10 in Europe. The company has operations in the Americas, the Netherlands and Central and Eastern Europe. ING is in a strong and quite unique position where strong earnings (and in particular free cash flow generated from the banking operations) can fund growth in banking and insurance, as well as sustaining a high dividend yield.

Consumer

Sumitomo Corp

Sumitomo Corp is a Japanese based consumer oriented trading company. It has interests in such areas as steel, automobiles and cable TV. The company has been steadily improving its asset efficiency and should enjoy good earnings growth because of the growing Japanese economy. Sumitomo Corp appears undervalued relative to comparable companies.

Technology and Telecoms

First Data Corporation

First Data Corporation (FDC) operates electronic commerce, payment services and customer account management businesses. The company provides credit, debit, privatelabel, smart and stored-value card issuing; merchant transaction processing services; and cheque guarantee and verification services. The Group operates in the United States, the United Kingdom and Australia. It operates in three segments: Payment Services, Merchant Services and Card Issuing Services. On January 26th, 2006, FDC announced its intention to separate the Western Union money transfer business into an independent company, through a spin-off of 100% of Western Union.

Healthcare

Novartis

Novartis is one of the world's largest pharmaceutical companies and is based in Switzerland. The company has broad therapeutic franchises in a number of areas such as hypertension, oncology, cardiovascular diseases, fungal infections and skin conditions. Novartis has a strong product pipeline and minimal patent risk over the next few years. The company also produces generic drugs and is a major player in animal nutrition, baby food and clinical nutrition products. Novartis has a very strong balance sheet and buys back its own shares annually. The company trades in line with its peers.

Global Outlook

- Growth expectations remain at high levels with global GDP now expected to expand by 3.7% in 2006, slightly above last year's figure of 3.6%. Surging commodity prices remain a key focus of the major central banks.
- The Fed raised rates to 5% last week and gave clear signals that it will pause in its rate hike at the next meeting. However, further policy moves beyond that remain dependent on economic data, so investors will be sensitive to information that could result in further rate hikes.
- Investors expect ECB rates to be raised to over 3.25% by year end with the next move in June; ECB rhetoric continues to be hawkish and the stronger euro/weaker US dollar does not seem to be influencing its thinking so far. Despite moderate inflation in the eurozone, rising short rates and less than expected demand from pension funds has kept bond prices under some pressure.
- Equity markets still remain reasonably supported by a strong earnings' background and favourable valuations relative to bonds; high oil prices and tighter liquidity conditions from higher interest rates should constrain the upside to markets or produce shorter term corrections. The gradual ending of super-easy money policies in Japan continues to deserve attention because of its potential negative impact on various asset classes.

Investment Performance Report

Annualised Performance to 2nd May 2006



EAGLE STAR

Individual Pensions Sector	Year to date	1 Year	Annualised 3 Years	Annualised 5 Years	Annualised 10 Years	Annualised 15 Years	Fund Size (€)
Cash							
Eagle Star (Ind) Secure	0.68%	1.88%	1.84%	2.64%	4.08%	5.69%	110,873,000
Acorn Life (Ind) Pension Deposit	0.69%	1.82%	1.69%	2.29%	3.47%	5.36%	2,700,000
Ark Life (Ind) Pension Assured 2	0.50%	1.14%	1.24%	1.77%	Not Started	Not Started	21,972,000
Canada Life (Ind) Setanta Pension Money	0.59%	1.53%	1.42%	2.02%	3.03%	4.65%	143,101,462
Friends (Ind) Cash	0.56%	1.47%	1.81%	2.18%	3.13%	4.78%	38,240,000
Hibernian L&P Pension Cash	0.60%	1.63%	1.67%	2.20%	Not Started	Not Started	1,031,500
Irish Life (Ind) Exempt Cash 1	0.57%	1.56%	1.52%	2.07%	3.18%	4.68%	750,382
Lifetime/BIAM (Ind) Pen Security	0.54%	1.26%	1.16%	1.73%	2.71%	4.15%	74,065,000
New Irl (Ind) Pension Cash 2	0.62%	1.50%	1.40%	1.85%	2.98%	4.71%	74,065,000
Royal Liver (Ind) Money Fund	0.38%	0.90%	0.85%	1.47%	Not Started	Not Started	7,850,646
Standard (Ind) Cash 1 G	0.51%	1.35%	1.29%	1.85%	2.91%	4.58%	24,598,000
MoneyMate Sector Average¹	0.53%	1.39%	1.45%	2.06%	3.22%	4.88%	
Fixed Interest							
Eagle Star (Ind) Active Fixed Income	-4.63%	-0.93%	4.62%	6.73%	9.21%	Not Started	76,703,000
Eagle Star (Ind) Long Bond Fund	-6.75%	-0.75%	6.00%	Not Started	Not Started	Not Started	14,396,000
Canada Life (Ind) Setanta Pen Fixed Interest	-4.73%	-1.93%	3.66%	5.24%	6.66%	7.90%	445,137,498
Friends (Ind) Fixed Interest	-5.13%	-2.22%	4.04%	5.79%	7.33%	8.66%	165,570,000
Hibernian L&P Pension (Hib) H-R Gilt	-3.46%	0.33%	5.07%	7.11%	8.10%	8.66%	37,105,543
Irish Life (Ind) Exempt Fixed Interest 2	-4.84%	-1.53%	4.05%	5.78%	7.28%	8.30%	2,518,142
New Irl (Ind) Pension Gilt Edge 2	-4.90%	-1.56%	3.87%	5.68%	7.35%	8.23%	664,174,000
Royal Liver (Ind) Fixed Interest	-4.99%	-2.63%	3.15%	4.97%	Not Started	Not Started	33,346,455
Standard (Ind) Fixed Interest 1 G	-4.66%	1.27%	5.22%	5.54%	6.67%	8.05%	8,561,000
MoneyMate Sector Average¹	-4.33%	-0.99%	4.22%	5.95%	7.45%	8.31%	
International Equity							
Eagle Star (Ind) International Equity	6.24%	36.99%	20.83%	2.74%	Not Started	Not Started	49,305,000
Ark Life (Ind) Pension Global	7.62%	32.87%	17.69%	Not Started	Not Started	Not Started	6,867,000
Canada Life (Ind) Passive Equity 1	3.68%	24.26%	15.42%	Not Started	Not Started	Not Started	4,342,977
Friends (Ind) International	6.48%	32.47%	18.37%	-0.41%	6.86%	7.67%	825,750,000
Hibernian L&P Pension (Hib) H-R International	6.09%	32.36%	18.72%	0.06%	7.88%	9.76%	17,472,369
Irish Life (Ind) Fidelity Managed Intl	3.99%	35.06%	16.16%	-4.00%	Not Started	Not Started	21,931,222
New Irl (Ind) Pension International 2	3.37%	22.14%	14.09%	-1.31%	7.63%	8.33%	2,771,530,000
Royal Liver (Ind) International Equity	6.64%	40.30%	21.49%	1.19%	Not Started	Not Started	14,744,399
Standard (Ind) International Equity 1 G	5.53%	32.74%	18.55%	0.65%	7.82%	9.32%	22,134,000
MoneyMate Sector Average¹	5.63%	31.19%	17.79%	0.67%	7.22%	8.65%	
Managed Aggressive							
Eagle Star (Ind) Dynamic	9.04%	37.34%	22.03%	5.67%	10.02%	13.51%	641,080,000
Acorn Life (Ind) Pension Managed Growth	7.41%	35.00%	21.39%	3.07%	10.04%	10.45%	220,200,000
Hib Life & Pen NU (Ind) Focussed Managed D	2.85%	16.70%	13.82%	3.98%	Not Started	Not Started	12,100,000
Lifetime/BIAM (Ind) Pen Opportunity	4.40%	21.74%	14.86%	3.27%	9.61%	10.40%	80,162,000
New Irl (Ind) 2016/2040 Series 3	4.87%	22.98%	16.04%	3.88%	10.45%	Not Started	1,084,288,000
Royal Liver (Ind) Managed Fund	6.32%	28.60%	17.70%	3.88%	Not Started	Not Started	53,690,083
MoneyMate Sector Average¹	5.55%	26.48%	17.04%	3.68%	10.03%	11.59%	
Managed Balanced							
Eagle Star (Ind) Balanced	6.40%	28.70%	18.05%	5.73%	10.29%	12.47%	853,918,000
Eagle Star (Ind) Performance	8.00%	34.62%	20.51%	6.05%	10.24%	13.04%	651,915,000
Acorn Life (Ind) Pension Managed	5.27%	26.44%	16.83%	3.73%	9.53%	10.45%	160,100,000
Ark Life (Ind) Pension Managed 2	5.75%	26.01%	14.99%	1.52%	Not Started	Not Started	470,261,000
Canada Life (Ind) Setanta Pension Managed	4.13%	22.77%	15.53%	3.85%	8.95%	9.36%	981,423,372
Friends (Ind) Managed	5.32%	26.99%	17.11%	4.17%	9.38%	9.91%	366,115,000
Hibernian L&P Pension (Hib) H-R Managed	5.96%	25.42%	16.56%	4.35%	9.93%	10.47%	204,049,324
Irish Life (Ind) Exempt Active Managed 2	4.82%	27.26%	18.04%	4.86%	9.27%	9.58%	588,000,000
Lifetime/BIAM (Ind) Pen Growth	3.83%	19.67%	14.16%	4.38%	9.94%	10.57%	2,407,925,000
New Irl (Ind) Pension Managed 2	3.92%	19.98%	14.46%	4.72%	10.59%	10.58%	2,407,925,000
Standard (Ind) Managed 1 G	4.54%	27.88%	16.78%	3.92%	8.11%	9.63%	223,567,000
MoneyMate Sector Average¹	4.49%	23.27%	15.36%	3.76%	9.53%	10.29%	
Irish Equity*							
Eagle Star (Ind) Irish Equity	9.30%	36.60%	Not Started	Not Started	Not Started	Not Started	5,580,000
Ark Life (Ind) Pension Irish	7.53%	32.91%	20.68%	Not Started	Not Started	Not Started	2,374,000
Friends (Ind) Irish Equity	8.57%	35.00%	24.10%	9.71%	14.18%	13.89%	250,670,000
Hibernian L&P Pension Irish Equity	8.85%	36.49%	25.46%	11.22%	Not Started	Not Started	17,657,826
New Irl (Ind) Pension Irish Equity 3	10.51%	31.36%	24.84%	13.46%	16.15%	Not Started	1,505,355,000
Royal Liver (Ind) Irish Equity	9.43%	39.55%	24.99%	7.99%	Not Started	Not Started	15,181,081
Standard (Ind) Irish Equity 1 G	7.44%	37.41%	24.63%	7.78%	12.82%	13.12%	11,863,000
MoneyMate Sector Average¹	8.16%	35.45%	23.59%	8.72%	14.10%	13.59%	
Euro Zone Equity²							
Eagle Star Eurozone G	11.68%	45.45%	28.42%	Not Started	Not Started	Not Started	5,803,000
Ark Life Eurozone 2 G	8.46%	31.11%	19.11%	-1.39%	Not Started	Not Started	140,359,000
Hibernian L&P Euro Equity G	9.41%	35.23%	22.11%	0.66%	Not Started	Not Started	42,723,795
New Ireland Euroland Equity S 9 G	7.75%	29.18%	19.36%	-1.88%	Not Started	Not Started	17,159,000
MoneyMate Sector Average¹	9.79%	34.50%	21.39%	-0.75%	N/A	N/A	

Figures highlighted in orange, indicate where Eagle Star has outperformed the average.

Investment Performance Report

Annualised Performance to 2nd May 2006



Individual Pensions Sector	Year to Date	1 Year	Annualised 3 Years	Annualised 5 Years	Annualised 10 Years	Annualised 15 Years	Fund Size (€)
European Equities²							
Eagle Star 5*5 Europe	21.84%	64.68%	Not Started	Not Started	Not Started	Not Started	76,745,000
BOI Life - Unit Funds European Ex UK 2 G	5.03%	28.41%	19.27%	-0.94%	Not Started	Not Started	1,323,061,000
Canada Life /Setanta European Equity G	8.81%	36.12%	21.37%	1.70%	Not Started	Not Started	16,757,466
Friends First European Equity G	10.49%	39.14%	21.71%	Not Started	Not Started	Not Started	326,268,000
Hibernian L&P European Equity G	9.90%	36.88%	22.43%	1.30%	Not Started	Not Started	9,110,243
Irish Life Europascope 2 G	7.39%	32.24%	19.73%	-2.13%	Not Started	Not Started	24,362,967
New Ireland European Equity S 9 G	4.92%	27.80%	18.68%	-1.32%	Not Started	Not Started	342,599,000
Royal Liver European Equity G	15.85%	42.73%	27.40%	3.45%	Not Started	Not Started	9,900,055
Standard Life MW European Equity 5 G	10.17%	40.92%	22.99%	2.71%	Not Started	Not Started	12,044,000
MoneyMate Sector Average¹	11.36%	40.11%	24.90%	2.40%	16.63%	12.91%	
Far East Equity²							
Eagle Star 5*5 Asia Pacific	8.40%	41.35%	Not Started	Not Started	Not Started	Not Started	44,239,000
BOI Life - Unit Funds Far East Equity 2 G	7.53%	46.18%	22.79%	2.72%	Not Started	Not Started	1,658,000
Hibernian L&P Pacific Basin Equity G	4.95%	37.31%	26.39%	8.28%	Not Started	Not Started	4,648,322
Irish Life Indexed Pacific Basin 1 G	6.65%	39.38%	28.04%	Not Started	Not Started	Not Started	670,148
New Ireland Pacific Basin S 9 G	8.17%	37.96%	25.74%	7.10%	Not Started	Not Started	36,187,583
Standard Life MW Pacific Basin Equity 5 G	7.93%	37.94%	24.68%	6.61%	Not Started	Not Started	2,237,000
MoneyMate Sector Average¹	9.53%	44.86%	28.79%	8.57%	N/A	N/A	
American Equity²							
Eagle Star 5*5 Americas	1.48%	33.07%	Not Started	Not Started	Not Started	Not Started	8,489,000
BOI Life - Unit Funds North American 2 G	-2.48%	8.57%	5.59%	-2.95%	Not Started	Not Started	1,266,777,000
Hibernian L&P US Equity G	2.01%	25.34%	12.77%	-3.38%	Not Started	Not Started	4,774,430
Irish Life Indexed US 1 G	-1.33%	19.04%	9.65%	Not Started	Not Started	Not Started	691,323
New Ireland North American S 9	-2.63%	8.11%	5.09%	-3.33%	Not Started	Not Started	145,308,777
Standard Life MW North American Equity 5 G	-2.45%	12.40%	7.51%	-4.98%	Not Started	Not Started	7,383,000
MoneyMate Sector Average¹	0.34%	19.96%	9.67%	-3.84%	N/A	N/A	
Concentrated Portfolio Funds³							
Eagle Star 5*5	9.86%	43.16%	24.66%	10.87%	Not Started	Not Started	251,390,000
New Ireland Smart Stocks 15	-1.16%	9.03%	4.65%	-4.79%	Not Started	Not Started	11,279,000
New Ireland Smart Stocks 35	0.18%	16.76%	7.77%	-3.66%	Not Started	Not Started	10,724,000
Canada Life /Setanta Focus 15	3.88%	26.50%	13.85%	-4.64%	Not Started	Not Started	129,598,632
Hib Life & Pens Target 20	5.05%	25.34%	13.77%	-5.36%	Not Started	Not Started	65,305,952
Average of selected funds¹	3.56%	24.16%	12.94%	-1.52%	N/A	N/A	
Property³							
Eagle Star Eurozone Property Fund G	18.23%	39.13%	Not Started	Not Started	Not Started	Not Started	29,500,000
BOI Life - Unit Funds Property 2 G	4.71%	17.81%	12.98%	10.22%	Not Started	Not Started	720,112,000
Canada Life /Setanta Property G	6.25%	22.32%	18.69%	10.55%	Not Started	Not Started	222,033,662
Friends First Property G	4.47%	24.61%	20.14%	12.73%	18.55%	14.93%	177,888,000
Hibernian L&P Irish Property G	4.85%	28.94%	18.11%	10.39%	Not Started	Not Started	28,264,680
Irish Life Property 1 G	4.50%	15.11%	13.92%	Not Started	Not Started	Not Started	1,719,743
New Ireland Property S 9 G	4.54%	17.20%	12.42%	9.02%	Not Started	Not Started	202,207,449
Standard Life MW Property 5 G	5.87%	23.67%	13.88%	11.60%	Not Started	Not Started	51,207,000
MoneyMate Sector Average¹	6.09%	20.60%	13.66%	11.05%	18.55%	14.93%	
Specialist Funds³							
Eagle Star Dividend Growth	9.81%	Not Started	Not Started	Not Started	Not Started	Not Started	56,848,000
Hibernian L&P High Yield G	7.64%	26.17%	17.62%	Not Started	Not Started	Not Started	30,302,610
Canada Life All Eq Non-distributing G	6.98%	25.08%	19.57%	Not Started	Not Started	Not Started	216,637,185
Blokhams High Yield 2 G	7.76%	26.78%	20.04%	Not Started	Not Started	Not Started	151,418,055
Average of selected funds¹	8.05%	26.01%	19.08%	N/A	N/A	N/A	

Figures highlighted in orange, indicate where Eagle Star has outperformed the average.

Source: MoneyMate as on 02/05/2006.

Returns are based on offer/offer performance of the funds and do not represent the returns achieved by individual policies linked to the funds. Unit prices in the funds are not guaranteed and may fall as well as rise. Benefits may be affected by fluctuations in exchange rates between the currency of the underlying investment and the policy currency. Past performance may not be a reliable guide to future returns which are dependent on future investment conditions. The MoneyMate sector averages shown are the average of all funds in each of the MoneyMate sectors in the individual pensions category except where otherwise stated. The funds highlighted have been chosen to show one of each competitors' open funds. Where more than one fund is applicable the one spanning most time periods has been selected, where there are equal time periods the best performing fund has been selected.

¹ The average shown is the average of the relevant MoneyMate Irish Domestic Funds (Gross) sector. This sector has been chosen as it contains the most comprehensive selection of competitor funds.

² This MoneyMate regional sector has been chosen as a base comparison for the Eagle Star 5*5 regional fund as there is no regional concentrated fund category.

³ This is not a sector on MoneyMate but has been created to compare the performance of the Eagle Star fund to that of its closest competitors in the Irish Domestic Funds (Gross) sector.

* The 1 Year figures for these sectors is taken from the start date of the Eagle Star funds i.e. 1st February 2005 for Irish Equity, 1st April 2005 for Property and 1st July 2005 for Specialist Funds.