

Monthly investment review

For September 2007

Best Investment
Manager 2007 (MoneyMate)



EAGLE STAR

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.**

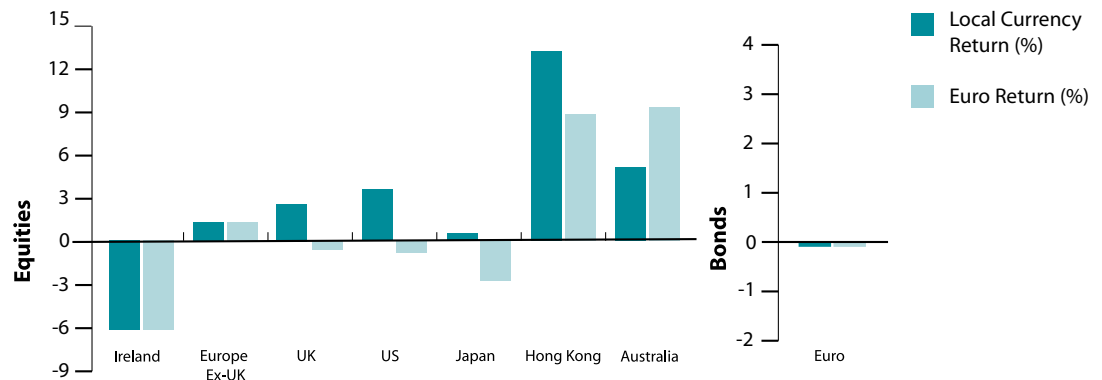
If you require further information, contact your Eagle Star Broker Consultant or your Sales Support Team.

Equity and Bond % Returns

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

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

- Equity markets endured another volatile month during September although, as in August, they finished the period in positive territory. The first two weeks saw markets fall on continued worries over the international money markets and the likely exposure of investment banks to the asset-backed securities market. The crisis in the money markets, where banks ceased lending to each other, was epitomized by the effective bail-out of Northern Rock by the Bank of England and the sight, reminiscent of the Weimar Republic, of depositors queuing for days in order to get their money back. Equities rebounded in the second half of the month following the surprisingly large interest rate cut of 0.5% by the US Federal Reserve and the wide-spread belief that central banks would do what was necessary to restore order to the money markets. World equities (in euro terms) rose by 0.7% in September, giving a total return of 5.2% for the first nine months of 2007. The best-performing markets in September in local currency terms were Hong Kong (+13.2%), which continued to be supported by China's decision to ease rules on the ownership of overseas assets, Australia (+5.1%) and the US (+3.6%). Ireland was the poorest performer, down over 6%, not helped by the concentrated nature of the market and the high exposure to banking stocks.
- The longer-term fundamentals for equities continue to be positive, as long as the turmoil in the financial markets does not spread to the global economy as a whole. However, as we have said for some time, further short-term volatility cannot be ruled out. Market participants continue to watch closely the expectations for short-term interest rates. Futures markets altered their stance again in September and by the end of the month two further rate cuts of 0.25% were expected in the US. In the eurozone, rates are expected to peak at their current level of 4.0%, or perhaps 4.25%.
- Sectorwise, in the US the long-term trend of cyclicals outperforming defensive sectors reasserted itself with energy, basic materials and industrials all performing strongly, energy being helped by a sharp rise in the oil price to \$80 a barrel. There was a more mixed picture in Europe, although a common theme to both regions was the poor performance of banking stocks.
- Eurozone and US bonds were also volatile during September in a mirror image of equities. Bond prices rose at the beginning of the period due to some weaker economic data and their safe-haven status, losing their gains towards the end of the month as equity markets rallied.
- Corporate news was relatively slack ahead of the third-quarter earnings season which begins in earnest in the second week of October. However, there were a number of pre-announcements in

the banking sector in relation to exposures to asset-backed securities. Merger & acquisitions activity, which had tailed off due mainly to the turmoil in the credit markets, began to reappear towards the end of the period.

- The US dollar was once again weaker against the euro in September, due mainly to the unexpectedly large cut of 0.5% in US interest rates. The dollar hit an all-time low against other major currencies during the month. The €//\$ rate ended the period at 1.42.

Eagle Star's Asset Allocation

The funds are close to neutral in both equities and bonds.

Equities

Countries & Markets: Overweight & Underweight positions

The fund managers maintained a marginally overweight position in equities in September. Regional positions have been rebalanced over the last few months with the US position being increased from underweight to neutral, while the overweight position in Europe was reduced. During September, the Pacific Basin weighting was further increased at the expense of the UK. The funds' main positions at the end of September were overweight Pacific Basin, underweight Ireland, the UK and Japan, and more neutral in the other regions.

Sectors: Overweight & Underweight positions

Due to ongoing changes in the economic environment, the cyclical bias of the portfolio has been reduced somewhat over the last few months, although the funds remain overweight in industrials and basic materials. Financials remain underweight, while technology stocks have been increased, especially in Europe and the US, due to more attractive valuations. Other sectoral positions continue to be pretty balanced.

Bonds

It was another roller-coaster month for bonds prices in the US and eurozone. Gains were seen at the start of the period in response to some weaker jobs data in the US, raising concerns about a more pronounced slowdown in the economy. However, more stable credit and equity markets revived the appetite for bonds in general over the course of the month and prices fell back. In the eurozone, some weaker-than-expected data and a further strengthening of the euro exchange rate were not sufficient to support bonds – ongoing hawkish commentary from ECB was also a negative for market sentiment. For the month as a whole, the over 5 year EMU Government Bond Index returned -0.2%, for a year-to-date return of -0.6%.

This review is available each month at www.eaglestarlife.ie along with other investment information.

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, aluminium and coal. A key player in global merger & 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

China Construction Bank

China Construction Bank is the third largest bank in China by total assets. It is the largest mortgage lender in China and the second largest issuer of credit cards, as well as being one of the country's principal infrastructure lenders. The company should be a prime beneficiary of China's economic growth and the bank's orientation towards consumer banking presents massive opportunities given the market remains largely unpenetrated.

Consumer

Boeing

Boeing is one of the leading commercial aircraft manufacturers globally. It dominates the market for large commercial aircraft along with Airbus. It also has a large defense business, manufacturing military aircraft, helicopters and space and missile systems. It is benefiting from the upcycle in commercial aircraft orders, in particular from Asian carriers; this is evident in the company's backlog which at the end of Q2 2007 stood at \$279bn, over 4.5 times

2006 revenue. The company is benefiting from the strong defense spending environment as well. The company has a big competitive advantage over Airbus at the moment in terms of product leadership. Catalysts for the stock include the first flight of the 787 and subsequent first deliveries of the plane. The valuation of the stock is attractive, especially on a free cash flow yield basis.

Information and Communication Technology

Nokia

Nokia is the world's number one mobile phone handset provider and is a leading telecommunications and networking company. The company also develops, makes, and markets remote controls, digital TV receivers, and digital music players, as well as indoor and outdoor antennas and other accessories. The company has recently reiterated its dominant position in mobile phones with strong handset sales volumes and a recovery in market share lost.

Healthcare

Schering-Plough

Schering-Plough is a U.S. pharmaceutical company. The Company's core product groups include allergy/respiratory, anti-infective/anticancer, dermatologicals, and cardiovasculars, as well as an animal health business. It is benefiting from strong growth in sales of its cholesterol drug Vytorin, which it co-promotes with its partner Merck. The company has agreed to acquire Akzo Nobel's pharmaceutical business Organon. There should be substantial synergies from this deal as Schering better utilises its sales force and adds to its pipeline of drug candidates; the closing of this deal later in the year should be a catalyst for the stock. The valuation of the stock is attractive relative to its growth rate.

Global Outlook

- Global growth has been strong year to date, although it has moderated from 2006's robust levels. The major central banks had been focused on cyclical inflation pressures, but have clearly become concerned about dislocation in parts of the credit markets and how that might impact on real economic activity.
- At its last meeting, the Fed surprised the markets with a 0.5% cut in its key interest rate. With Fed officials clearly cautious about further near-term rate cuts and some of the recent data better-than-forecast, investors have pared back rate expectations. There is now less than 0.25% easing expected by year end.
- Following the recent ECB meeting, investors expect eurozone rates to remain on hold for some time, judging that US rate cuts and a stronger euro exchange rate will be sufficient to offset the still hawkish stance of many ECB members. Bonds continue to be a hostage to sentiment in equity and corporate credit markets.
- Equity markets are much calmer following the US interest rate cut. Investors are grappling with the earnings implication of the credit dislocation and they also want to see further normality return to the money and credit markets. Nonetheless, the perception that the Fed will "cut as needed" has been a boost to market sentiment.

Investment Performance Report

Annualised Performance to 1st October 2007



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	2.7%	3.5%	2.5%	2.4%	3.6%	5.0%	135,499,000
Acorn Life (Ind) Pension Deposit	2.7%	3.3%	2.4%	2.2%	3.1%	4.7%	2,500,000
Ark Life (Ind) Pension Assured 2	2.3%	2.9%	1.9%	1.7%	2.5%	Not Started	24,910,021
Canada Life (Ind) Setanta Pension Money *	2.4%	3.0%	2.1%	1.9%	2.7%	4.1%	362,588,114
Friends (Ind) Cash	2.4%	3.0%	2.0%	2.1%	2.8%	4.1%	15,384,000
Hibernian L&P Pension Cash	2.4%	3.0%	2.2%	2.1%	Not Started	Not Started	52,468,064
Irish Life (Ind) Exempt Cash 1	2.4%	3.1%	2.1%	2.0%	2.9%	4.0%	267,907,000
Lifetime/BIAM (Ind) Pen Security	2.1%	2.7%	1.8%	1.6%	2.4%	3.6%	80,144,000
New Irl (Ind) Pension Cash 2 *	2.3%	3.0%	2.0%	1.9%	2.7%	4.1%	90,048,000
Royal Liver (Ind) Money Fund	1.8%	2.3%	1.4%	1.3%	Not Started	Not Started	6,830,735
SL Synergy Cash Fund	2.2%	2.8%	1.8%	Not Started	Not Started	Not Started	60,800,000
MoneyMate Sector Average	2.3%	3.0%	2.0%	1.9%	2.9%	4.3%	
Fixed Interest							
Eagle Star (Ind) Active Fixed Income	-0.8%	-1.9%	3.1%	4.0%	7.1%	Not Started	75,252,000
Eagle Star (Ind) Long Bond Fund	-2.8%	-4.4%	3.6%	Not Started	Not Started	Not Started	22,759,000
Acorn Life (Ind) Pens Cautiously Mgd	-0.2%	-0.5%	2.1%	Not Started	Not Started	Not Started	9,000,000
Canada Life (Ind) Setanta Pen Fixed Interest *	-1.4%	-2.5%	1.9%	3.1%	5.2%	7.5%	221,836,220
Friends (Ind) Fixed Interest	-2.0%	-3.1%	1.8%	3.3%	5.2%	8.0%	59,922,000
Hibernian L&P Pension (Hib) H-R Gilt	-0.2%	-1.1%	2.7%	4.2%	5.8%	7.8%	15,778,406
Irish Life (Ind) Exempt Fixed Interest 2	-1.2%	-2.4%	2.2%	3.5%	5.5%	7.8%	52,874,000
New Irl (Ind) Pension Gilt Edge 2 *	-1.1%	-2.0%	2.0%	3.4%	5.5%	7.8%	755,179,000
Royal Liver (Ind) Fixed Interest	2.6%	0.7%	2.5%	3.4%	Not Started	Not Started	23,232,975
SL Synergy Government Bond Tracker	-2.1%	-3.5%	1.8%	Not Started	Not Started	Not Started	29,600,000
MoneyMate Sector Average	-1.2%	-2.2%	2.2%	3.4%	5.5%	7.8%	
International Equity							
Eagle Star (Ind) International Equity	7.0%	13.7%	18.5%	14.1%	9.0%	Not Started	60,443,000
Ark Life (Ind) Pension Global	7.2%	10.1%	14.7%	11.8%	Not Started	Not Started	8,452,157
Canada Life (Ind) Passive Equity 2	3.5%	7.0%	11.0%	9.5%	Not Started	Not Started	5,564,211
Friends (Ind) International	5.5%	11.0%	15.4%	12.3%	4.5%	9.6%	306,876,000
Hibernian L&P Pension (Hib) H-R International	5.2%	10.1%	15.1%	12.5%	5.3%	10.5%	17,993,104
Irish Life (Ind) Indexed Global Equity P	1.7%	8.8%	15.9%	Not Started	Not Started	Not Started	225,730,000
New Irl (Ind) Pension International 2 *	3.1%	8.2%	10.6%	9.1%	5.1%	10.2%	2,915,462,000
Royal Liver (Ind) International Equity	3.7%	14.1%	14.4%	11.3%	Not Started	Not Started	11,912,444
SL Synergy Global Equity Tracker	4.3%	9.4%	Not Started	Not Started	Not Started	Not Started	200,000
MoneyMate Sector Average	4.4%	10.2%	14.4%	11.7%	5.4%	10.1%	
Managed Aggressive							
Eagle Star (Ind) Dynamic	4.0%	12.1%	18.8%	15.4%	7.5%	14.3%	890,680,000
Acorn Life (Ind) Pension Managed Growth	2.1%	10.5%	16.6%	14.7%	7.4%	12.4%	235,200,000
Hib Life & Pen NU (Ind) Focussed Managed I	0.2%	6.6%	13.5%	12.2%	7.8%	Not Started	4,850,668
Lifetime/BIAM (Ind) Pen Opportunity	-3.5%	3.1%	9.7%	9.4%	6.5%	10.5%	87,776,000
New Irl (Ind) Pension Ethical Managed 6	-3.5%	2.1%	7.6%	Not Started	Not Started	Not Started	4,750,000
Royal Liver (Ind) Managed Fund	-0.2%	9.9%	12.7%	11.7%	Not Started	Not Started	47,944,362
MoneyMate Sector Average	0.3%	6.8%	13.2%	12.1%	7.2%	12.6%	
Managed Balanced							
Eagle Star (Ind) Balanced	3.6%	10.4%	15.5%	13.1%	7.6%	13.3%	1,190,691,000
Eagle Star (Ind) Performance	3.4%	11.2%	17.7%	14.4%	7.6%	13.7%	849,379,000
Acorn Life (Ind) Pension Managed	1.4%	8.1%	13.3%	11.9%	6.9%	11.4%	149,600,000
Ark Life (Ind) Pension Managed 2	1.7%	7.5%	12.6%	10.4%	4.9%	Not Started	509,611,244
Canada Life (Ind) Setanta Pension Managed *	2.6%	6.3%	12.4%	11.3%	6.5%	10.5%	1,027,369,604
Friends (Ind) Managed	0.5%	7.0%	13.3%	12.1%	6.6%	11.1%	104,271,000
Hibernian L&P Pension (Hib) H-R Managed	0.3%	6.1%	12.2%	11.5%	6.7%	10.5%	370,592,817
Irish Life (Ind) Exempt Managed 1	1.1%	7.7%	13.9%	13.0%	7.2%	10.9%	2,176,317,000
Lifetime/BIAM (Ind) Pen Growth	-2.9%	3.1%	9.8%	9.4%	7.0%	10.6%	2,569,138,000
New Irl (Ind) Pension Managed 3	-2.7%	3.4%	9.7%	9.5%	7.4%	11.7%	2,497,837,000
SL Synergy Balanced MultiManager	-1.3%	5.0%	12.8%	Not Started	Not Started	Not Started	575,800,000
MoneyMate Sector Average	0.3%	5.8%	11.8%	10.8%	6.9%	11.1%	
Irish Equity							
Eagle Star (Ind) Irish Equity	-13.6%	0.5%	Not Started	Not Started	Not Started	Not Started	13,143,000
Ark Life (Ind) Pension Irish	-15.8%	-6.0%	11.9%	14.2%	Not Started	Not Started	3,100,430
Friends (Ind) Irish Equity	-16.0%	-3.3%	13.2%	16.4%	9.3%	15.3%	127,340,000
Hib Life & Pen NU (Ind) Irish Equity *	-18.0%	-5.8%	13.0%	16.3%	10.3%	Not Started	3,641,378
Irish Life (Ind) Irish Equity Indexed Fund P	-14.6%	-3.2%	13.9%	Not Started	Not Started	Not Started	150,870,000
New Irl (Ind) Pension Irish Equity 3 *	-19.0%	-7.0%	12.4%	15.3%	10.5%	Not Started	1,567,847,000
Royal Liver (Ind) Irish Equity	-14.9%	0.9%	13.4%	16.8%	Not Started	Not Started	14,942,883
SL Synergy Irish Equity Tracker	-16.4%	-4.4%	12.9%	Not Started	Not Started	Not Started	138,200,000
MoneyMate Sector Average	-17.8%	-5.0%	12.9%	15.6%	9.2%	14.7%	
Euro Equity²							
Eagle Star Eurozone Equity G	11.3%	19.9%	25.8%	Not Started	Not Started	Not Started	36,029,000
AIB Inv Mgr Ltd Eurozone Equity Indexmaster B	8.9%	17.1%	21.9%	18.7%	Not Started	Not Started	146,043,357
Ark Life Eurozone 2 G	5.0%	10.4%	15.7%	14.4%	Not Started	Not Started	103,648,727
Hibernian L&P Euro Equity G	4.6%	12.4%	18.8%	17.0%	Not Started	Not Started	2,776,285
New Ireland Euroland Equity S9	7.2%	14.4%	17.7%	14.4%	Not Started	Not Started	14,238,000
SL Synergy European Equity Tracker	7.9%	15.7%	Not Started	Not Started	Not Started	Not Started	54,128,000
MoneyMate Sector Average¹	7.3%	14.6%	19.2%	16.0%	N/A	N/A	

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

Investment Performance Report

Annualised Performance to 1st October 2007



EAGLE STAR

	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 G	2.5%	11.6%	28.0%	Not Started	Not Started	Not Started	125,128,000
BOI Life - Unit Funds European Ex UK S2	5.5%	11.1%	16.1%	13.1%	Not Started	Not Started	500,297,000
Canada Life /Setanta European Equity G	4.7%	10.5%	18.3%	15.0%	Not Started	Not Started	14,812,185
Friends First European Equity G	9.5%	17.8%	21.6%	15.6%	Not Started	Not Started	364,988,000
Hibernian L&P European Equity G	5.0%	11.5%	18.8%	16.1%	Not Started	Not Started	4,843,802
Irish Life Europascope 2 G	8.1%	14.3%	19.0%	16.4%	Not Started	Not Started	73,037,000
New Ireland European Equity S9	5.1%	10.6%	15.5%	12.5%	Not Started	Not Started	436,143,000
Royal Liver European Equity G	13.0%	24.1%	22.0%	18.6%	Not Started	Not Started	8,455,976
SL Synergy European Eq MultiManager	6.9%	15.4%	Not Started	Not Started	Not Started	Not Started	54,128,000
MoneyMate Sector Average¹	6.9%	15.7%	20.8%	17.5%	8.6%	N/A	
Far East Equity²							
Eagle Star 5★5 Asia Pacific G	25.3%	43.1%	32.1%	Not Started	Not Started	Not Started	105,537,000
AIB Inv Mgr Ltd Far East Equity G	15.7%	23.8%	19.5%	13.7%	Not Started	Not Started	14,770,602
BOI Life - Unit Funds Far East Equity S2	4.7%	7.8%	14.9%	10.2%	Not Started	Not Started	1,640,000
Hibernian L&P Pacific Basin Equity G	22.9%	35.6%	25.2%	20.5%	Not Started	Not Started	1,191,927
Irish Life Indexed Pacific Basin 1 G	23.5%	34.6%	26.6%	20.4%	Not Started	Not Started	5,033,000
New Ireland Pacific Basin S9	21.7%	35.1%	26.3%	18.8%	Not Started	Not Started	135,475,000
SL Synergy Pacific Basin MultiManager	21.3%	35.4%	Not Started	Not Started	Not Started	Not Started	15,238,000
MoneyMate Sector Average¹	19.6%	30.1%	23.6%	17.0%	N/A	N/A	
American Equity²							
Eagle Star 5★5 Americas G	6.4%	11.4%	17.1%	Not Started	Not Started	Not Started	16,993,000
AIB Inv Mgr Ltd US Equity G	8.2%	9.0%	11.4%	8.3%	Not Started	Not Started	15,910,160
BOI Life - Unit Funds North American S2	-0.3%	5.3%	3.1%	4.0%	Not Started	Not Started	304,684,000
Hibernian L&P US Equity G	6.5%	8.1%	9.6%	8.6%	Not Started	Not Started	1,437,075
Irish Life Indexed US 1 G	1.3%	3.5%	7.8%	6.7%	Not Started	Not Started	165,115,000
New Ireland North American S9	-0.7%	4.9%	2.6%	3.6%	Not Started	Not Started	263,172,000
SL Synergy North American Equity	3.7%	5.9%	Not Started	Not Started	Not Started	Not Started	37,832,000
MoneyMate Sector Average¹	2.8%	5.7%	8.0%	6.6%	5.2%	N/A	
Concentrated Funds³							
Eagle Star 5★5 Global G	4.6%	12.0%	18.2%	17.7%	Not Started	Not Started	244,240,000
New Ireland Smart Stocks 15 G	1.5%	5.3%	4.9%	2.1%	Not Started	Not Started	8,188,000
New Ireland Smart Stocks 35 G	0.8%	5.6%	6.6%	4.3%	Not Started	Not Started	8,789,000
Canada Life /Setanta Focus 15 G	1.7%	8.4%	13.9%	9.9%	Not Started	Not Started	120,878,771
Hib Life & Pens Target 20 G	-2.5%	2.6%	9.1%	6.4%	Not Started	Not Started	41,309,797
Average of Selected Funds	1.2%	6.8%	10.6%	8.1%	N/A	N/A	
Selected Property Funds³							
Eagle Star Eurozone Property G*	-14.3%	-3.0%	Not Started	Not Started	Not Started	Not Started	80,024,000
BOI Life - Unit Funds Property S2	2.6%	5.1%	13.6%	12.0%	Not Started	Not Started	192,624,000
Canada Life /Setanta Property G	5.9%	9.5%	15.8%	15.9%	Not Started	Not Started	266,708,159
Friends First Property G	6.0%	13.3%	-1.4%	5.7%	13.2%	16.2%	86,505,000
Hibernian L&P Irish Property G	5.4%	9.1%	18.0%	15.2%	Not Started	Not Started	135,234,868
Irish Life Property 1 G	5.0%	10.0%	16.9%	12.9%	Not Started	Not Started	605,765,000
New Ireland Property S9	2.1%	4.5%	13.0%	11.2%	Not Started	Not Started	189,461,000
SL Synergy Property	2.4%	6.4%	13.4%	11.5%	Not Started	Not Started	164,000,000
Average of Selected Funds	1.9%	6.9%	15.4%	13.8%	18.1%	16.2%	
Specialist Funds³							
Eagle Star Dividend Growth G	-4.6%	2.1%	Not Started	Not Started	Not Started	Not Started	182,526,000
Hibernian L&P High Yield G	4.5%	14.7%	Not Started	Not Started	Not Started	Not Started	15,450,153
Canada Life CL/Set Equity Div Non Dis G	-1.2%	4.5%	13.0%	Not Started	Not Started	Not Started	304,347,164
Blokhams High Yield Fund 1 G	-4.5%	1.5%	13.3%	Not Started	Not Started	Not Started	351,896,000
Average of Selected Funds	-1.4%	5.7%	13.2%	N/A	N/A	N/A	

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

Warnings: The income you get from an investment may go down as well as up. The Value of an investment may go down as well as up. Benefits may be affected by changes in currency exchange rates. Past performance is not a reliable guide to future performance.

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 a company has no open fund in the category, the best performing closed fund has been chosen. 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.

Source: MoneyMate as on 01/10/2007.

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 average shown is the average of the selected funds above.

* Note that this fund is no longer open to New Business.