

Monthly Investment Review



For April 2004

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.**

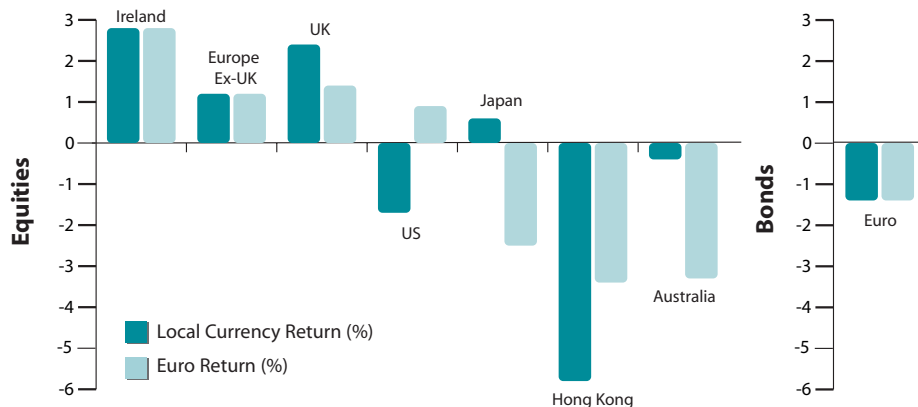
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Equity and Bond % Returns

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

- World equities (in euro terms) were unchanged over April. Markets navigated between excellent corporate earnings results and concerns over the timing/pace of future US interest rate rises. Within the regions, Europe outperformed while Asia (ex-Japan) and Latin America underperformed on concerns over weakening Chinese demand.
- Stronger economic data, especially jobs and inflation figures in the US, and the IFO business sentiment survey in Germany, caused bonds to fall back.
- Markets are focused on interest rate expectations especially in the US. At the beginning of the month a rise of only 25bps (1/4%) in the Fed Funds rate was expected by year end. By the end of April that expectation has risen to over 75bps.
- The first quarter corporate earnings results season was also a dominant feature over the period. The majority of companies in both the US and Europe reported better than expected results. In Europe, the most important news came from Bayer (good profits), Daimler-Chrysler (strong US auto profits and the pull-out from the Mitsubishi rescue plan) and Roche (good drug sales data). Nokia, however, announced a profit warning on the back of market share losses to Samsung, Motorola and Sony/Ericsson – with the share price falling 30%.
- The main positive US results came from 3M (industrial recovery), Johnson & Johnson (cost cutting), Motorola (the Nokia story) and Microsoft (strong corporate IT demand).
- The US dollar appreciated further finishing at 1.20 against the euro.

Eagle Star's Asset Allocation

The funds are neutral in equities and underweight in bonds.

Equities

Countries & Markets: overweight & underweight positions

Towards the end of the month the fund managers increased weightings in the US to a neutral position on the back of strong corporate earnings data. Overweight positions in Japan and the Pacific Region were both cut on concerns over the introduction of measures to slow down China's rampant economic growth. The fund remained overweight in Europe and slightly underweight in Ireland.

Sectors:

overweight & underweight positions

The funds remained overweight in the economically sensitive sectors of basic industries and general industrials although the latter was cut back somewhat. The major move during the month was the reduction to an underweight position in financials – due to their sensitivity to rising US interest rates – and the increase in non-cyclical consumer goods stocks (especially pharmaceuticals). Pharmaceuticals tend to outperform when interest rates rise due to the sector's consistent earnings pattern. The funds remained underweight in utilities and telecommunications.

Bonds

Bond prices fell during April. The initial fall was prompted by strong US jobs data which increased the prospects of US interest rates rising. Additionally, the ECB made it clear that Eurozone rates would not fall further causing investors to reverse expectations of a summer rate cut. Over the month the Merrill Lynch Over 5 Year Euro Government Bond Index fell by just under 1.40%.

Spotlight on Stocks

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

Resources and Infrastructure

CRH

CRH is a major international producer and distributor of building materials, with a diversified business profile in product and geographical terms. It operates in four main regions: the Americas, Ireland, continental Europe and the UK. CRH is a proven leader in its sector with a quality management team focused on creating long term shareholder value. This is illustrated by a 23% compound annual growth rate in EPS over the last ten years. This has been achieved through strong organic growth and value enhancing acquisitions. Evidence of recovery in construction remains patchy but improving economic data and the group's record of execution on its development strategy leaves upside potential.

Healthcare

Fresenius Medical Care

Fresenius Medical Care is one of the leading global suppliers of renal dialysis products and services. The company owns the largest chain of dialysis clinics in the US. The introduction of single-use dialysers has been a success for the company as the uptake has been substantial. In addition, margins are improving as the single-use dialyser is more technology and less labor intensive than the previous product offerings. The company trades at a reasonable valuation for its earnings growth potential.

Technology & Telecom

Samsung Electronics

Samsung Electronics is one of the world's biggest makers of memory chips and the increasingly popular flat panel LCD displays. It also manufactures a wide

range of other consumer goods such as mobile phones, televisions and DVD players. Improving prospects in its core businesses should drive earnings growth going forward and, combined with a relatively low valuation, make this an attractive investment.

Consumer

Adidas-Salomon

Adidas-Salomon is based in Germany and is the second largest athletic footwear and apparel brand in the world. The company manufactures products under the brands Adidas, Salomon, Taylor Made-adidas Golf and Mavic. Adidas has approximately 20% of the worldwide athletic footwear market and the company should successfully continue to grow its market share in the United States as many of its new product initiatives begin to take hold. The stock is currently trading at a discount to its global peers.

Financial

Prudential Financial

Prudential Financial is one of the largest financial services companies in the US, and serves over 15 million individuals in over 30 countries. It provides individual and group life insurance in the US and abroad, retirement services, and securities and investment services for retail and institutional clients. The life assurance sector in the US has been rallying recently on the back of a big drop in credit losses in corporate bonds. The company has excess capital which it is using to make acquisitions and share repurchases and as a result earnings estimates have been rising strongly. The stock trades on 1.2 times book value which is a discount to its peers and this discount should narrow as Prudential increases its return on equity.

Global Outlook

- The global economy, led by the US, continues to be strong. Recent data from the US and Japan has been supportive; data from the eurozone has been more mixed.
- Recent US jobs data, as well as comments from the Federal Reserve Chairman, Alan Greenspan, regarding the return of pricing power has changed the views of market participants regarding the timing of US interest rate rises.
- Comments from ECB officials in the last few weeks have removed any thoughts of further Eurozone rate cuts.
- At the moment equity markets are navigating between a supportive earnings picture and concerns over the timing and pace of US interest rate rises.

Investment Performance Report

Annualised Performance to 4th May 2004

	Year to Date	1 Year	Annualised 3 Years	Annualised 5 Years	Annualised 10 Years	Fund Size (€)
Cash						
Eagle Star Secure	0.58%	1.89%	3.17%	3.41%	4.98%	67,141,000
Acorn Life Pension Deposit	0.53%	1.69%	2.68%	3.04%	4.53%	4,500,000
Ark Life Pension Assured 2	0.42%	1.24%	2.13%	2.40%	Not Started	18,223,000
Canada Life Setanta Pension Money	0.44%	1.41%	2.41%	2.67%	3.79%	32,810,000
Friends Cash	0.46%	2.45%	2.61%	2.72%	3.87%	67,080,000
Hibernian L&P Pension Cash	0.43%	1.52%	2.49%	Not Started	Not Started	39,500,000
Irish Life Exempt Cash 1	0.49%	1.59%	2.46%	2.75%	3.94%	300,000
Lifetime/BIAM Pen Security	0.35%	1.14%	2.12%	2.20%	3.62%	9,502,000
New Irl Pension Cash 2	0.46%	1.41%	2.12%	2.51%	3.71%	37,295,000
Royal Liver Money Fund	0.25%	0.86%	1.88%	Not Started	Not Started	2,803,857
Standard Cash 1 G	0.36%	1.31%	2.20%	2.50%	3.63%	14,802,000
MoneyMate Sector Average	0.46%	1.59%	2.47%	2.74%	4.06%	
Fixed Interest						
Eagle Star Active Pension	2.46%	3.24%	7.48%	6.10%	Not Started	38,129,000
Eagle Star Long Bond	2.29%	3.01%	Not Started	Not Started	Not Started	8,416,000
Canada Life Setanta Pen Fixed Interest	1.80%	3.22%	6.24%	4.66%	7.74%	8,480,000
Friends Fixed Interest	1.55%	4.53%	6.96%	4.51%	8.53%	152,117,000
Hibernian L&P Pension (Hib) H-R Gilt	2.84%	5.46%	8.50%	5.54%	8.66%	11,900,000
Irish Life Exempt Fixed Interest 2	1.80%	3.46%	6.75%	4.65%	8.23%	4,200,000
New Irl Pension Gilt Edge 2	1.43%	3.28%	6.63%	4.82%	8.33%	510,314,000
Royal Liver Fixed Interest	1.32%	3.14%	6.19%	Not Started	Not Started	5,662,729
Standard Fixed Interest 1 G	1.77%	3.37%	5.11%	3.34%	7.45%	6,572,000
MoneyMate Sector Average	1.67%	3.48%	6.83%	4.75%	8.23%	
International Equity						
Eagle Star International Dynamic	4.60%	22.64%	-7.24%	-0.26%	Not Started	33,063,000
Ark Life Pension Global	2.61%	15.75%	Not Started	Not Started	Not Started	2,373,000
Canada Life Passive Equity 2	5.42%	20.18%	Not Started	Not Started	Not Started	100,000
Friends International Equity 2	5.26%	20.66%	-10.54%	-4.97%	6.46%	517,463,000
Hibernian L&P Pension (Hib) H-R International	4.73%	21.80%	-9.75%	-4.03%	6.01%	9,100,000
Irish Life Fidelity Managed Intl	5.94%	20.00%	-14.87%	Not Started	Not Started	Not Available
New Irl Pension International 2	5.37%	21.68%	-8.40%	-1.08%	7.29%	1,477,021,000
Royal Liver International Equity	6.47%	27.17%	-9.07%	Not Started	Not Started	5,500,256
Standard International Equity 1 G	4.92%	20.94%	-9.17%	-2.36%	6.88%	9,657,000
MoneyMate Sector Average	4.90%	20.47%	-9.83%	-3.58%	5.97%	
Managed Aggressive						
Eagle Star Dynamic	6.26%	22.73%	-3.68%	-2.02%	9.35%	315,299,000
Acorn Life Pension Managed Growth	4.66%	24.95%	-6.85%	-1.35%	8.56%	130,600,000
Hib Life & Pen NU Focussed Managed E	3.98%	19.39%	-3.47%	0.74%	Not Started	8,770,878
Lifetime/BIAM Pen Opportunity	4.21%	17.98%	-3.07%	1.50%	9.15%	7,325,000
New Irl 2016/2040 Series 3	4.17%	18.62%	-2.78%	1.07%	9.75%	443,388,000
Royal Liver Managed Fund	5.97%	19.33%	-4.01%	Not Started	Not Started	14,632,616
MoneyMate Sector Average	4.16%	18.29%	-4.00%	-0.10%	9.32%	
Managed Balanced						
Eagle Star Balanced	5.69%	18.76%	-1.50%	-0.22%	9.95%	472,536,000
Eagle Star Performance	5.67%	20.03%	-2.62%	-1.15%	9.51%	359,720,000
Acorn Life Pension Managed	3.89%	19.05%	-3.70%	0.01%	9.02%	97,000,000
Ark Life Pension Managed 2	2.37%	12.37%	-7.37%	-3.50%	Not Started	258,851,000
Canada Life Setanta Pension Managed	3.79%	15.50%	-3.40%	-0.40%	8.29%	228,430,000
Friends Managed	3.98%	18.66%	-3.19%	-0.76%	8.54%	637,373,000
Hibernian L&P Pension (Hib) H-R Managed	4.63%	17.94%	-2.63%	0.15%	8.80%	160,500,000
Irish Life Exempt Active Managed 2	4.70%	19.46%	-2.73%	0.66%	8.13%	510,600,000
Lifetime/BIAM Pen Growth	3.74%	15.92%	-1.29%	2.26%	9.55%	461,774,000
New Irl Pension Managed 2	3.82%	16.22%	-0.78%	2.34%	10.13%	1,714,327,000
Standard Managed 1 G	4.89%	16.73%	-3.93%	-1.43%	7.48%	129,899,000
MoneyMate Sector Average	4.03%	16.84%	-2.93%	0.22%	8.58%	

Investment Performance Report

Annualised Performance to 4th May 2004

	Year to Date	1 Year	Annualised 3 Years	Annualised 5 Years	Annualised 10 Years	Fund Size (€)
Euro Zone Equity						
Eagle Star Eurozone G	4.27%	28.73%	Not Started	Not Started	Not Started	1,637,000
Ark Life Eurozone 2 G	0.60%	21.28%	-12.33%	Not Started	Not Started	70,351,000
Hibernian L&P Euro Equity G	2.04%	23.22%	-10.57%	Not Started	Not Started	800,000
New Ireland Euroland Equity 9 G	2.21%	22.02%	-12.80%	Not Started	Not Started	5,239,000
MoneyMate Sector Average²	1.70%	21.70%	-12.05%	N/A	N/A	
European Equities¹						
Eagle Star 5★5 Europe	8.10%	Not Started	Not Started	Not Started	Not Started	1,865,000
BOI Life - Unit Funds European Ex UK 2 G	3.98%	23.49%	-10.99%	Not Started	Not Started	4,089,000
Canada Life/Setanta European Equity G	2.52%	18.94%	-10.13%	Not Started	Not Started	7,560,000
Friends First European Equity	2.02%	20.41%	Not Started	Not Started	Not Started	Not Available
Hibernian L&P European Equity G	3.11%	23.82%	-9.72%	Not Started	Not Started	2,500,000
Irish Life Europascope 2 G	1.26%	21.38%	-13.26%	Not Started	Not Started	16,960,000
New Ireland European Equity 8 G	4.29%	24.82%	-9.89%	Not Started	Not Started	5,239,000
Royal Liver European Equity G	6.58%	28.40%	-9.75%	Not Started	Not Started	3,623,232
Standard Life MW European Equity 5 G	2.49%	23.19%	-8.75%	Not Started	Not Started	12,044,000
MoneyMate Sector Average²	3.87%	24.06%	-11.82%	-4.13%	N/A	
Far East Equity¹						
Eagle Star 5★5 Asia Pacific	7.60%	Not Started	Not Started	Not Started	Not Started	3,444,000
BOI Life - Unit Funds Far East Equity 2 G	8.90%	32.46%	-7.97%	Not Started	Not Started	60,804,000
Hibernian L&P Pacific Basin Equity G	5.96%	35.27%	-0.88%	Not Started	Not Started	400,000
Irish Life Indexed Pacific Basin 1 G	8.26%	36.06%	Not Started	Not Started	Not Started	350,000
New Ireland Pacific Basin 8 G	5.51%	35.08%	-0.67%	Not Started	Not Started	97,155,000
Standard Life MW Pacific Basin Equity 5 G	6.36%	34.73%	-1.55%	Not Started	Not Started	2,237,000
MoneyMate Sector Average²	7.02%	35.24%	-3.31%	N/A	N/A	
American Equity¹						
Eagle Star 5★5 Americas	4.00%	Not Started	Not Started	Not Started	Not Started	822,000
BOI Life - Unit Funds North American 3 G	4.48%	15.73%	-6.08%	Not Started	Not Started	310,174,000
Hibernian L&P US Equity G	6.11%	19.66%	-11.44%	Not Started	Not Started	1,000,000
Irish Life Fidelity American Growth 1 G	0.96%	16.99%	Not Started	Not Started	Not Started	650,000
New Ireland North American 8	4.94%	17.47%	-4.50%	Not Started	Not Started	380,653,000
Standard Life MW North American Equity 5 G	4.34%	12.23%	-11.31%	Not Started	Not Started	7,383,000
MoneyMate Sector Average²	4.60%	14.15%	-9.65%	-0.02%	N/A	
Concentrated Funds³						
Eagle Star 5★5	7.11%	23.04%	1.97%	Not Started	Not Started	97,143,000
New Ireland Smart Stocks 15	5.03%	13.21%	-8.25%	Not Started	Not Started	13,315,000
New Ireland Smart Stocks 35	5.35%	14.55%	-8.68%	Not Started	Not Started	11,253,000
Canada Life /Setanta Focus 15	7.60%	17.03%	-15.21%	Not Started	Not Started	37,680,000
Hib Life & Pens Target 20	2.53%	14.04%	-15.86%	Not Started	Not Started	27,000,000
Average of selected funds	5.52%	16.38%	-9.21%	N/A	N/A	
Consensus Funds⁴						
Irish Life Exempt Consensus	5.17%	17.94%	-3.11%	-0.16%	Not Started	619,100,000
Friends Individual Consensus	5.21%	19.52%	-2.98%	-0.27%	Not Started	76,514,000
Canada Life Consensus Index 1	4.88%	18.68%	-4.20%	-0.54%	Not Started	28,350,000
Hib Life & Pen NU Pen Grp Consensus	4.43%	17.89%	-3.19%	-0.06%	Not Started	90,100,000
BIAM (Grp) EUT Consensus Fund	8.44%	20.96%	-2.66%	Not Started	Not Started	Not Available
Average of selected funds	5.63%	19.00%	-3.23%	-0.26%	N/A	

Source: MoneyMate as on 10/05/04.

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 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.

² 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.

³ This is not a sector on MoneyMate but has been created to compare the performance of the 5★5 fund to that of its closest competitors in the Irish Domestic Funds (Gross) sector.

⁴ This is not a sector on MoneyMate but includes all the funds identifiable as consensus funds on MoneyMate available to group & individual pension policies.