

Monthly Investment Review

For September 2005

Winner of the 2005 Investment Management Excellence Award*
Eagle Star
* Financial Services Excellence Awards

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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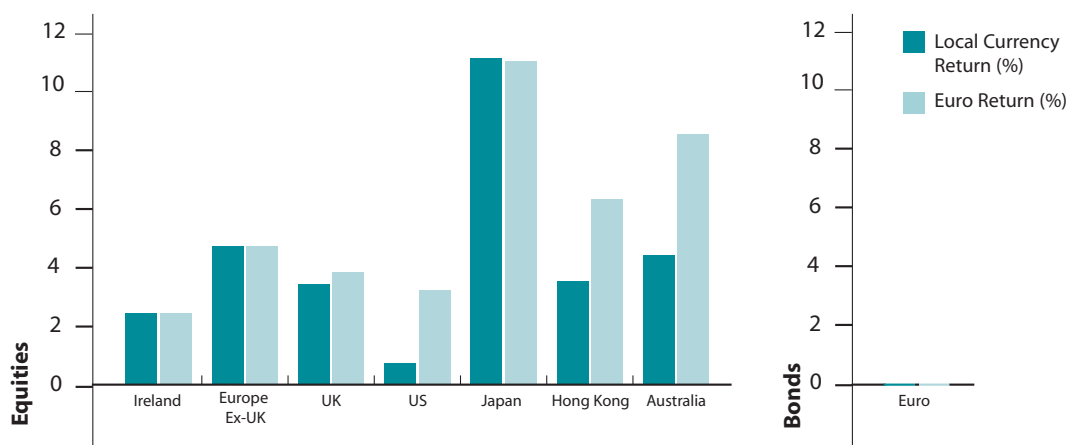
EAGLE STAR

Equity and Bond % Returns

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

- Following a lull in August, equity markets continued their strong upward trend in September helped by the generally positive underlying conditions in terms of economic growth, corporate earnings and the relatively benign interest rate environment. Potential economic and political reform in Japan and Germany also lent support. As expected, the US Federal Reserve increased short term interest rates again by 0.25% to 3.75% while the ECB remained on hold at 2.0%. World equities (in euro terms) rose by almost 5% in September giving a total return for the first nine months of 2005 of over 21%. All markets were strong with the exception of the US which continues to lag due to the headwind of rising rates. The standout feature for the second month in a row was Japan which rallied further on hopes of significant internal change following the decisive re-election of reformist Prime Minister Junichiro Koizumi.
- Sectorwise, the oil and oil services sectors continued to perform well globally despite a decline in the oil price from \$69 to \$66 per barrel. In the US market most other sectors were fairly subdued. However, the European rally was more broadly based with the financial, basic resources and technology sectors all performing strongly.
- Eurozone bonds were virtually unchanged over the month as a whole although yields did hit new generational lows intra-month. Bonds weakened slightly towards the end of the period as investors became more concerned regarding future interest rate and inflation levels. Eurozone bonds did however outperform their US peers.
- Corporate news was relatively slack ahead of the third quarter earnings season which begins in earnest in the second week of October. The main features in the US in September were positive results from PepsiCo, Paycheck and Lehman Bros. although a number of companies, including Oracle and Alcoa, cut their earnings forecasts. In Europe there was good corporate news from CRH, Nokia and Credit Agricole.
- Reversing the previous month's direction, the US strengthened against the euro, moving by 2.5% from €1.23 to €1.21 at month end on the back of rising US interest rates.

Eagle Star's Asset Allocation

The funds are close to neutral in equities and slightly overweight in bonds.

Equities

Countries & Markets: overweight & underweight positions

The fund managers cut back the equity content in the latter half of the period to a slightly overweight position, taking some profits in the European and the US markets. After a strong run since the early summer, equities may struggle in the short term given the upward move in US interest rate expectations. The funds' main regional positions are overweight Europe (although less so than previously) and the Pacific Basin, slightly overweight in Japan and underweight in the UK, Ireland and, especially, the US.

Sectors: overweight & underweight positions

The funds remained broadly neutral from a sector point of view, with the exception of the financial sector which was maintained at an overweight position. The most significant overweight holdings in financials remain in Pacific Basin and European banks, as well as Hong Kong real estate companies. Other prominent holdings are in European information technology and construction companies. Overall, the funds continue to have a slight cyclical bias.

Bonds

Bond prices gyrated during September, reacting to oil prices, weather and ECB comments. During the month investors became more convinced that the disruption to oil supplies and the global economy from US hurricanes was going to be limited. This was confirmed when the Fed raised rates a further notch during the period. In the eurozone, comments from ECB officials were regarded as slightly more hawkish regarding inflation. While longer term interest rates touched a further record low earlier in the period, markets gave up some ground as the month wore on. Overall the bond index was fractionally lower on the month, with year to date returns stable at over 7.8%. Within the funds, the bond content was slightly long; performance assisted by yield curve flattening and some non-euro exposure.

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.

Technology and Telecoms

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 margins and a recovery in market share lost.

Healthcare

Roche

Roche is the second largest pharmaceutical company in Switzerland after Novartis and number four in Europe. The company has strong franchises in oncology (cancers) and virology (Hepatitis C, HIV etc.), from which it is deriving strong revenue growth. Financial income as a source of earnings growth has been downsized, enabling better quality profits going forward. Roche has a majority stake in Genentech (US biotechnology company) which has a strong product profile and pipeline. The company trades in line with its peers but has superior earnings potential given its greater exposure to newer drugs.

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% CAGR in EPS over the last ten years. This growth 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 leave material upside potential.

Finance

Merrill Lynch

Merrill Lynch is a leading US investment bank. It is well positioned to benefit from an up-tick in economic growth and capital market activity. Under the direction of newly appointed President Stan O'Neal, senior executives have launched a major examination of the company's operations with a view to improving Merrill's subpar margins. This combined with the fact that Merrill is trading closer to trough valuations than the other investment banks should lead to significant out performance by the stock.

Consumer

Reckitt Benckiser

Reckitt Benckiser was created by the merger of UK-based Reckitt & Colman and the Netherland's Benckiser. It is one of the world's leading household products company with sales of over GBP£4 billion per annum, generated in 180 countries with products such as Vanish, Air Fresh, Finish and Dettol. Operationally Reckitt Benckiser is regarded as one of the best in class with above average organic growth and margins of nearly 20%, comfortable ahead of its peers. Reckitt's proven business model, possibly enhanced by acquisitions should ensure continued performance over its peers.

Global Outlook

- Policymakers remain focused on the growth and inflation effects of high oil prices and how economies are responding to the impacts of higher interest rates in countries like the US and UK.
- For the Federal Reserve, inflation data are central to its policy of gradually raising rates. Investors now expect a further 0.5% increase in rates to 4.25% between now and year end.
- The picture in the eurozone is different. While the ECB again seems uncomfortable with rates at 2% and is concerned about second-round effects of oil prices on overall inflation, at the same time it says these effects are mild and that rates are currently appropriate. Eurozone bonds remain expensive historically but still remain supported by relatively sluggish growth, well-behaved inflation and pension fund liability matching.
- Global equity markets have performed strongly so far this year. Equities remain supported by a strong earnings' background and favourable valuations relative to bonds and cash. Higher US interest rates and oil prices may constrain the upside from current levels.

Investment Performance Report

Annualised Performance to 3rd October 2005



EAGLE STAR

	Year to Date	1 Year	Annualised 3 Years	Annualised 5 Years	Annualised 10 Years	Annualised 15 Years	Fund Size (€)
Cash							
Eagle Star Secure	1.32%	1.81%	2.07%	3.01%	4.41%	5.98%	92,871,000
Acorn Life Pension Deposit	1.19%	1.59%	1.81%	2.57%	3.78%	5.69%	4,400,000
Ark Life Pension Assured 2	0.88%	1.30%	1.40%	2.14%	Not Started	Not Started	21,561,000
Canada Life Setanta Pension Money	1.04%	1.36%	1.53%	2.33%	3.26%	5.02%	41,200,000
Friends Cash	1.02%	1.34%	1.92%	2.50%	3.32%	5.11%	43,801,000
Hibernian L&P Pension Cash	1.14%	1.52%	1.71%	2.48%	Not Started	Not Started	42,400,000
Irish Life Exempt Cash 1	1.08%	1.45%	1.66%	2.38%	3.36%	5.01%	400,000
Lifetime/BIAM Pen Security	0.80%	1.04%	1.30%	1.93%	3.00%	4.62%	9,502,000
New Irl Pension Cash 2	1.02%	1.33%	1.56%	2.13%	3.15%	5.03%	36,065,000
Royal Liver Money Fund	0.57%	0.78%	0.96%	Not Started	Not Started	Not Started	4,622,000
Standard Cash 1 G	0.92%	1.24%	1.42%	2.14%	3.10%	4.90%	19,434,000
MoneyMate Sector Average	0.95%	1.27%	1.62%	2.41%	3.45%	5.23%	
Fixed Interest							
Eagle Star Active Fixed Income	7.77%	12.39%	8.01%	8.76%	10.91%	Not Started	67,984,000
Eagle Star Long Bond Fund	10.85%	17.64%	Not Started	Not Started	Not Started	Not Started	13,473,000
Canada Life Setanta Pen Fixed Interest	6.36%	9.95%	6.73%	7.11%	7.97%	9.36%	11,140,000
Friends Fixed Interest	6.84%	10.99%	7.72%	7.75%	8.93%	10.11%	150,783,000
Hibernian L&P Pension (Hib) HR Gilt	6.69%	10.47%	8.49%	8.75%	9.55%	9.74%	10,000,000
Irish Life Exempt Fixed Interest 2	6.88%	10.88%	7.29%	7.61%	8.77%	9.65%	4,000,000
New Irl Pension Gilt Edge 2	7.16%	10.84%	7.38%	7.62%	8.86%	9.52%	628,458,000
Royal Liver (Fixed Interest)	6.47%	10.07%	6.49%	Not Started	Not Started	Not Started	20,302,996
Standard Fixed Interest 1 G	7.75%	12.08%	7.77%	6.97%	7.97%	9.26%	4,803,000
MoneyMate Sector Average	6.98%	11.09%	7.47%	7.87%	8.93%	9.61%	
International Equity							
Eagle Star International Dynamic	26.12%	32.39%	14.86%	-2.75%	Not Started	Not Started	39,563,000
Ark Life Pension Global	18.41%	21.85%	11.67%	Not Started	Not Started	Not Started	4,497,000
Canada Life Passive Equity 1	19.67%	19.07%	10.28%	Not Started	Not Started	Not Started	1,980,000
Friends International	20.79%	22.97%	12.23%	-6.06%	7.30%	7.99%	596,447,000
Hibernian L&P Pension (Hib) HR International	20.77%	22.74%	13.08%	-4.90%	7.99%	10.45%	17,000,000
Irish Life Fidelity Managed Intl	24.96%	25.72%	9.26%	-9.14%	Not Started	Not Started	Not Available
New Irl Pension International 2	13.01%	14.74%	8.82%	-3.64%	8.25%	8.90%	1,702,914,000
Royal Liver International Equity	24.36%	26.24%	13.01%	Not Started	Not Started	Not Started	9,773,199
Standard International Equity 1 G	22.03%	24.81%	12.82%	-3.75%	8.28%	9.87%	14,241,000
MoneyMate Sector Average	20.19%	22.51%	11.58%	-4.62%	7.65%	9.36%	
Managed Aggressive							
Eagle Star Dynamic	21.30%	27.47%	15.72%	0.84%	10.28%	14.82%	481,042,000
Acorn Life Pension Managed Growth	19.02%	24.50%	15.39%	-1.59%	10.31%	11.00%	171,900,000
Hib Life & Pen NU Focussed Managed D	12.49%	16.37%	11.76%	1.79%	Not Started	Not Started	12,100,000
Lifetime/BIAM Pen Opportunity	13.08%	16.69%	11.07%	1.99%	9.78%	10.38%	7,325,000
New Irl 2016/2040 Series 3	13.42%	18.02%	12.08%	2.18%	10.71%	Not Started	613,474,000
Royal Liver Managed Fund	13.95%	20.20%	13.51%	Not Started	Not Started	Not Started	32,331,645
MoneyMate Sector Average	14.89%	19.47%	12.79%	0.24%	10.16%	12.32%	
Managed Balanced							
Eagle Star Balanced	17.63%	23.02%	13.71%	2.02%	10.76%	14.68%	696,291,000
Eagle Star Performance	20.72%	26.92%	15.05%	1.70%	10.64%	14.45%	536,224,000
Acorn Life Pension Managed	15.81%	20.25%	12.87%	0.60%	10.02%	10.64%	128,600,000
Ark Life Pension Managed 2	15.95%	19.69%	10.99%	-1.51%	Not Started	Not Started	371,525,000
Canada Life Setanta Pension Managed	18.12%	22.75%	13.51%	2.08%	9.45%	10.23%	251,490,000
Friends Managed	15.69%	20.12%	13.36%	0.69%	9.73%	10.23%	789,671,000
Hibernian L&P Pension (Hib) HR Managed	13.75%	17.71%	13.05%	1.11%	10.06%	10.65%	416,000,000
Irish Life Exempt Active Managed 2	16.66%	22.68%	15.29%	2.77%	9.57%	10.05%	588,000,000
Lifetime/BIAM Pen Growth	12.33%	16.68%	11.24%	3.27%	10.21%	11.27%	461,774,000
New Irl Pension Managed 2	12.53%	16.96%	11.52%	3.34%	11.04%	10.97%	1,896,664,000
Standard Managed 1 G	16.45%	21.61%	13.25%	0.67%	8.48%	10.11%	167,258,000
MoneyMate Sector Average	14.34%	18.60%	12.25%	1.32%	9.70%	10.91%	
Irish Equity*							
Eagle Star Irish Equity	8.50%	Not Started	Not Started	Not Started	Not Started	Not Started	1,648,000
Ark Life Pension Irish	8.09%	23.05%	19.50%	Not Started	Not Started	Not Started	1,517,000
Friends Irish Equity	6.77%	21.11%	20.63%	7.22%	13.96%	13.98%	194,373,000
Hibernian L&P Pension Irish Equity	8.08%	23.06%	22.82%	8.98%	Not Started	Not Started	9,000,000
New Irl Pension Irish Equity 3	12.66%	27.98%	21.80%	12.37%	16.02%	Not Started	1,017,279,000
Royal Liver Irish Equity	3.25%	18.62%	20.85%	Not Started	Not Started	Not Started	9,791,667
Standard Irish Equity 1 G	6.90%	21.41%	21.91%	5.18%	12.75%	13.25%	6,599,000
MoneyMate Sector Average	7.36%	22.19%	20.47%	6.47%	13.94%	13.70%	

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

Investment Performance Report

Annualised Performance to 3rd October 2005



	Year to Date	1 Year	Annualised 3 Years	Annualised 5 Years	Annualised 10 Years	Annualised 15 Years	Fund Size (€)
Euro Equity							
Eagle Star Eurozone G	26.05%	33.65%	Not Started	Not Started	Not Started	Not Started	3,115,000
Ark Life Eurozone 2 G	17.67%	22.54%	14.83%	Not Started	Not Started	Not Started	101,481,000
Hibernian L&P Euro Equity G	22.31%	25.46%	17.57%	Not Started	Not Started	Not Started	31,300,000
New Ireland Euroland Equity S 8	16.33%	22.17%	13.33%	Not Started	Not Started	Not Started	14,066
MoneyMate Sector Average¹	18.79%	24.53%	14.59%	N/A	N/A	N/A	
European Equity²							
Eagle Star 5*5 Europe	43.34%	56.45%	Not Started	Not Started	Not Started	Not Started	30,789,000
BOI Life - Unit Funds European Ex UK 2 G	18.91%	23.70%	12.25%	Not Started	Not Started	Not Started	4,089,000
Canada Life/Setanta European Equity G	18.69%	26.29%	13.83%	Not Started	Not Started	Not Started	9,270,000
Friends First European Equity	21.30%	26.65%	14.18%	Not Started	Not Started	Not Started	214,382,000
Hibernian L&P European Equity G	21.06%	26.69%	16.87%	Not Started	Not Started	Not Started	5,000,000
Irish Life Europascope 2 G	17.99%	24.36%	14.85%	Not Started	Not Started	Not Started	16,960,000
New Ireland European Equity S 8	19.78%	24.92%	13.38%	Not Started	Not Started	Not Started	342,599,000
Royal Liver European Equity G	22.59%	32.36%	19.62%	Not Started	Not Started	Not Started	6,699,150
Standard Life MW European Equity 5 G	23.16%	29.61%	16.90%	Not Started	Not Started	Not Started	12,044,000
MoneyMate Sector Average¹	21.25%	28.35%	16.80%	-10.67%	N/A	N/A	
Far East Equity²							
Eagle Star 5*5 Asia Pacific	37.65%	44.49%	Not Started	Not Started	Not Started	Not Started	21,377,000
BOI Life - Unit Funds Far East Equity 2 G	29.65%	30.52%	13.05%	Not Started	Not Started	Not Started	60,804,000
Hibernian L&P Pacific Basin Equity G	27.06%	30.90%	19.62%	Not Started	Not Started	Not Started	2,100,000
Irish Life Indexed Pacific Basin 1 G	28.94%	35.06%	19.09%	Not Started	Not Started	Not Started	350,000
New Ireland Pacific Basin S 8	33.63%	35.50%	19.10%	Not Started	Not Started	Not Started	63,212,000
Standard Life MW Pacific Basin Equity 5 G	28.13%	29.54%	16.05%	Not Started	Not Started	Not Started	2,237,000
MoneyMate Sector Average¹	28.71%	32.01%	17.83%	8.27%	N/A	N/A	
American Equity²							
Eagle Star 5*5 Americas	24.03%	30.78%	Not Started	Not Started	Not Started	Not Started	3,233,000
BOI Life - Unit Funds North American 2 G	3.44%	1.83%	3.90%	Not Started	Not Started	Not Started	310,174,000
Hibernian L&P US Equity G	17.35%	14.61%	9.78%	Not Started	Not Started	Not Started	2,700,000
Irish Life Indexed US 1 G	16.83%	14.55%	7.98%	Not Started	Not Started	Not Started	330,000
New Ireland North American S 8	4.23%	2.90%	5.12%	Not Started	Not Started	Not Started	366,384,000
Standard Life MW North American Equity 5 G	14.44%	13.91%	6.27%	Not Started	Not Started	Not Started	7,383,000
MoneyMate Sector Average¹	13.53%	13.39%	7.02%	-3.85%	N/A	N/A	
Concentrated Funds³							
Eagle Star 5*5	30.02%	35.00%	22.66%	Not Started	Not Started	Not Started	186,989,000
New Ireland Smart Stocks 15	6.26%	4.81%	0.36%	Not Started	Not Started	Not Started	12,641,000
New Ireland Smart Stocks 35	8.81%	7.11%	2.63%	Not Started	Not Started	Not Started	11,230,000
Canada Life/Setanta Focus 15	21.38%	21.38%	8.94%	Not Started	Not Started	Not Started	35,360,000
Hib Life & Pens Target 20	13.06%	19.19%	7.16%	Not Started	Not Started	Not Started	28,000,000
Average of Selected Funds	15.91%	17.50%	8.21%	N/A	N/A	N/A	
Property[*]							
Eagle Star Eurozone Property Fund G	20.60%	Not Started	Not Started	Not Started	Not Started	Not Started	10,190,000
BOI Life - Unit Funds Property 2 G	6.33%	12.90%	10.65%	Not Started	Not Started	Not Started	208,339,000
Canada Life/Setanta Property G	8.01%	13.03%	15.02%	Not Started	Not Started	Not Started	162,670,000
Friends First Property G	10.56%	17.89%	18.32%	12.82%	18.19%	14.32%	57,045,000
Hibernian L&P Irish Property G	18.69%	27.48%	16.28%	Not Started	Not Started	Not Started	110,000,000
Hibernian L&P UK Property G	6.33%	20.67%	9.88%	Not Started	Not Started	Not Started	33,000,000
Irish Life Property 1	5.89%	18.58%	10.80%	Not Started	Not Started	Not Started	1,290,000
Irish Life UK Property 1	4.58%	10.88%	Not Started	Not Started	Not Started	Not Started	Not Available
New Ireland Property S 8	6.94%	14.11%	11.27%	Not Started	Not Started	Not Started	217,415,000
New Ireland UK Geared Property	7.96%	19.48%	Not Started	Not Started	Not Started	Not Started	Not Available
Standard Life MW Property 5 G	10.92%	17.63%	11.23%	Not Started	Not Started	Not Started	51,207,000
MoneyMate Sector Average¹	8.71%	17.18%	13.18%	12.82%	18.19%	14.32%	

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

Source: MoneyMate as at 03/10/2005.

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 5*5 fund to that of its closest competitors in the Irish Domestic Funds (Gross) sector.

* The Year to Date figures for these sectors are taken from the start date of the Eagle Star funds i.e. 1st February 2005 for Irish Equity & 1st April 2005 for Property.