

Monthly Investment Review

For January 2006

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.**

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



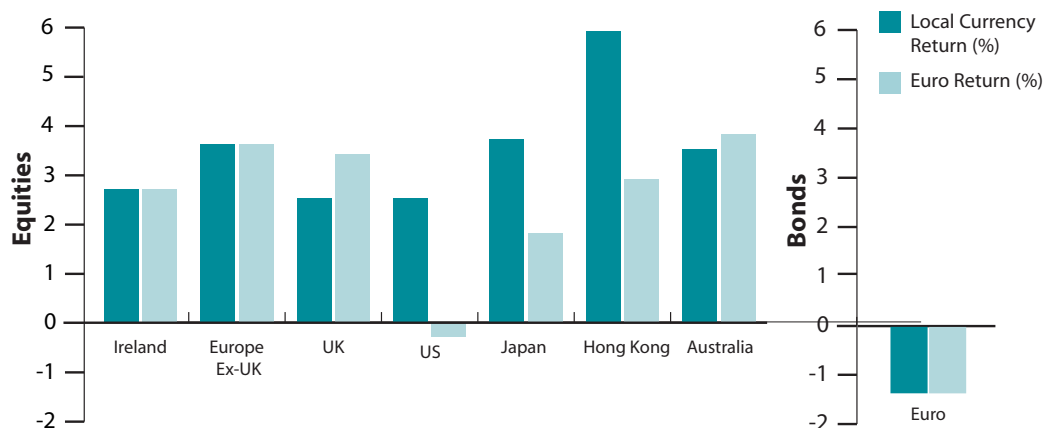
EAGLE STAR

Equity and Bond % Returns

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

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 began 2006 strongly following an excellent year in 2005, helped by continued optimism over the state of the global economy and strong corporate earnings. The markets continued to ignore concerns over high energy prices and the large US trade deficit. The US Federal Reserve continued to increase interest rates in January, by one quarter of a percent to 4.5%, although market participants now expect only one or two more rate rises in this cycle. European interest rates remained unchanged at 2.25%. World equities (in euro terms) gave a total return of just under 2% in January. All of the major markets rose with gains between 2.5% (UK) and 6% (Hong Kong) in local currency terms. The Japanese Topix Index rose by almost 4%, continuing its excellent run which began in earnest in the summer of last year.
- Sectorwise, the trend that has been in place for quite some time reasserted itself with the cyclical stocks outperforming defensive stocks over the month. The best-performing sectors were basic materials, energy and construction while consumer staples, pharmaceuticals and retailers underperformed. European telecom stocks continued to suffer badly, hindered by structural problems and poor earnings results, with France Telecom falling 11%, Deutsche Telekom 7% and Telecom Italia 6%.
- Eurozone bonds had a poor month with prices falling by 1.3%. The market suffered due to a number of factors including stronger than expected economic data, such as the German Ifo survey.
- Corporate news was brisk as the fourth quarter 2005 reporting season kicked off in the second week of January. Of the 378 companies in the US S&P 500 Index which have reported so far, 66% have beaten expectations, 14% have been in line with expectations, while 20% have disappointed. Standout results were recorded by Caterpillar, Proctor & Gamble, Microsoft and Advanced Micro Devices (which has taken market share from rival Intel) in the US, as well as Philips and Hypo Real Estate in Europe. There were, however, disappointing results from Alcoa, Citigroup and Infineon.
- The US dollar weakened against most major currencies in January, with the €/ \$ rate rising from \$1.18 to \$1.22, after a strong run in 2005 resulted in some profit-taking.

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 maintained a slightly overweight position in equities relative to the benchmark as the positive equity environment continued. The main moves during the month were the reduction of the US equity weighting to a larger underweight position and an increase in the Pacific Basin weighting with the purchase of some financial stocks, especially banks. The funds' main positions at the end of January were overweight Europe, Japan and the Pacific Basin and underweight the US, Ireland and the UK.

Sectors: overweight & underweight positions

The funds continued to have a bias towards cyclical sectors, such as industrials and basic materials, at the expense of the more defensive sectors such as healthcare, consumer staples and telecoms. The main moves during the month were some profit-taking in European oil & gas stocks and a further reduction of consumer stocks. There were purchases of Asian financials and Spanish utility companies, the latter on the back of consolidation in that industry.

Bonds

Bond markets suffered a bout of profit-taking during January following a strong performance last year. The negative tone was fuelled by a few factors – positive views on the outlook for the global economy, strongly-performing equity markets and rising commodity prices. Markets' belief that the Fed was close to finishing the process of interest rate increases was challenged a little by stronger economic data. Similarly in the eurozone, economic data and ECB rhetoric both reinforced the view that eurozone short rates would rise further during 2006. Pension fund asset-liability matching – a positive impact on bond prices last year – was not a significant feature during January. Overall, therefore, the Merrill Lynch over Five Year EMU Government Bond Index fell by 1.3% for the period.

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

SeaDrill

SeaDrill is an investment vehicle used by Norwegian billionaire John Fredriksen to consolidate the fragmented Norwegian drilling market. SeaDrill is committed to making acquisitions and / or engaging in mergers, as can be seen by its offer for Smedvig ASA, Norway's largest oil rig owner. Drilling rig lease rates have climbed on the back of strong market demand as soaring oil and gas prices have prompted the major global oil companies to step up their capital investment programs in search of new reserves. With strong cash flow from existing assets and further units to be delivered SeaDrill is well positioned to take advantage of increasing rig rates and in market consolidation.

Finance

Merrill Lynch

Merrill Lynch is a leading US investment bank. It is well positioned to benefit from the buoyant mergers and acquisitions environment and strong capital markets activity. Merrill is benefiting from the increase in retail activity in the stock market due to its franchise of 15000 brokers across the U.S.. The company is buying back its own stock aggressively and this will lead an improvement in the firm's return on equity. This combined with the fact that Merrill is trading closer to trough valuations than the other investment banks should lead to significant outperformance by the stock.

Consumer

Opap

Opap is the largest gaming company in Greece, operating numerical lottery and sports betting games. Opap is the sole legal numerical lottery operator and bookmaker (with the exception of horse racing) in Greece, a position that has been granted by the government until 2020. The company has legal rights of first refusal to operate any new lottery games and the exclusive right to develop any future sports betting games. It exploits its monopoly

position by taking minimal risk in all betting activities, as all games are subject to fixed payout ratios. Opap is experiencing strong growth from its Kino game and it is expected that the introduction of Greek football betting on its newly improved Stihima platform, with higher pay out and more elaborate product range.

Technology and Telecoms

Samsung Electronics

Samsung Electronics is one of the worlds leading electronic goods manufacturers. Its core businesses consist of semiconductor manufacturing, where it is second only to Intel; mobile handsets, an area in which it supplies mainly high-end models; and TFT-LCD panels for computer monitors and TVs, an area in which Sony recently set up a joint venture with the company. Samsung invests heavily in its businesses to maintain its technological lead and has succeeded in recent years in improving greatly its brand name. The company appears well positioned to deliver strong earnings growth over the next few years and trades at a significant valuation discount to comparable companies.

Healthcare

Novartis AG

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 its strategy of diversification into generic drugs and into consumer health care serves to cushion the impact of setbacks in the more risky pharmaceuticals division. The company has recently entered the vaccines market through its acquisition of Chiron and integration is reported to be progressing rapidly. Novartis has a very strong balance sheet and buys back its own shares annually. The company trades in line with its peers.

Global Outlook

- Global growth continues to be healthy despite high oil prices and higher global interest rates. Consensus expectations are that global GDP will expand by 3.5% in 2006, similar to last year's rates.
- Following the most recent US rate increase to 4.5% investors currently expect rates to peak close to 5%. The strength of activity and inflation data over the next few months will be key in this regard.
- Investors expect the ECB to use a more positive view on the economy to justify a further rate hike in March, with rates rising to around 3% by year end. Moderate inflation and pension fund liability matching which should continue to offer some support to longer-dated bonds.
- Equity markets remain supported by a strong earnings' background and favourable valuations relative to bonds and cash; high oil prices and tighter liquidity conditions from higher interest rates should constrain the upside to markets.

Investment Performance Report

Annualised Performance to 1st February 2006



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	0.18%	1.80%	1.88%	2.77%	4.12%	5.79%	103,725,000
Acorn Life (Ind) Pension Deposit	0.15%	1.67%	1.71%	2.39%	3.59%	5.50%	2,700,000
Ark Life (Ind) Pension Assured 2	0.12%	1.07%	1.25%	1.89%	Not Started	Not Started	22,134,000
Canada Life (Ind) Setanta Pension Money	0.14%	1.40%	1.43%	2.13%	3.09%	4.82%	150,036,820
Friends (Ind) Cash	0.15%	1.38%	1.82%	2.35%	3.20%	4.92%	20,020,000
Hibernian L&P Pension Cash	0.16%	1.56%	1.72%	2.33%	Not Started	Not Started	1,031,500
Irish Life (Ind) Exempt Cash 1	0.13%	1.47%	1.55%	2.19%	3.25%	4.81%	750,382
Lifetime/BIAM (Ind) Pen Security	0.20%	1.18%	1.20%	1.80%	2.79%	4.40%	68,651,000
New Irl (Ind) Pension Cash 2	0.24%	1.44%	1.46%	1.97%	3.04%	4.85%	68,651
Royal Liver (Ind) Money Fund	0.08%	0.81%	0.86%	1.61%	Not Started	Not Started	5,138,264
Standard (Ind) Cash 1 G	0.12%	1.28%	1.31%	1.96%	2.99%	4.72%	22,333
MoneyMate Sector Average	0.13%	1.30%	1.48%	2.18%	3.29%	5.03%	
Fixed Interest							
Eagle Star Active Fixed Income	-1.09%	4.38%	6.04%	7.52%	9.83%	Not Started	80,172,000
Eagle Star Long Bond Fund	-1.65%	6.27%	Not Started	Not Started	Not Started	Not Started	13,580,000
Canada Life (Ind) Setanta Pen Fixed Interest	-1.16%	3.33%	5.13%	6.02%	7.05%	8.44%	462,277,701
Friends (Ind) Fixed Interest	-1.18%	3.51%	5.55%	6.47%	7.85%	9.27%	58,427,000
Hibernian L&P Pension (Hib) HR Gilt	-0.62%	4.15%	6.69%	7.66%	8.48%	9.03%	37,105,543
Irish Life (Ind) Exempt Fixed Interest 2	-1.27%	3.55%	5.57%	6.41%	7.74%	8.93%	2,518,142
New Irl (Ind) Pension Gilt Edge 2	-1.31%	3.69%	5.40%	6.47%	7.82%	8.77%	793,938
Royal Liver (Ind) Fixed Interest	-1.32%	2.62%	4.45%	5.65%	Not Started	Not Started	32,613,020
Standard (Ind) Fixed Interest 1 G	-1.14%	6.78%	6.62%	6.17%	7.17%	8.61%	5,443
MoneyMate Sector Average	-1.03%	3.73%	5.59%	6.61%	7.89%	8.86%	
International Equity							
Eagle Star (Ind) International Dynamic	2.39%	33.32%	21.31%	1.09%	Not Started	Not Started	46,364,000
Ark Life (Ind) Pension Global	3.81%	25.80%	18.40%	Not Started	Not Started	Not Started	6,174,000
Canada Life (Ind) Passive Equity 1	2.66%	24.26%	15.29%	Not Started	Not Started	Not Started	4,062,479
Friends (Ind) International	2.87%	28.42%	18.04%	-2.52%	7.17%	8.68%	251,717,000
Hibernian L&P Pension (Hib) HR International	3.92%	30.03%	19.02%	-1.48%	8.08%	10.81%	17,000,000
Irish Life (Ind) Fidelity Managed Intl	4.10%	34.61%	16.62%	-5.19%	Not Started	Not Started	21,931,222
New Irl (Ind) Pension International 2	1.94%	19.25%	14.26%	-2.21%	8.13%	9.59%	2,507,294
Royal Liver (Ind) International Equity	4.36%	36.59%	20.24%	-0.27%	Not Started	Not Started	13,005,926
Standard (Ind) International Equity 1 G	2.22%	28.99%	19.04%	-0.72%	8.24%	10.49%	20,540
MoneyMate Sector Average	3.03%	27.76%	17.40%	-1.43%	7.65%	9.85%	
Managed Aggressive							
Eagle Star (Ind) Dynamic	3.56%	29.35%	21.11%	3.77%	10.06%	14.89%	569,064,000
Acorn Life (Ind) Pension Managed Growth	3.04%	26.82%	21.20%	1.41%	10.34%	11.71%	220,200,000
Hib Life & Pen NU (Ind) Focussed Managed D	1.46%	16.09%	14.74%	3.00%	Not Started	Not Started	12,100,000
Lifetime/BIAM (Ind) Pen Opportunity	1.89%	18.25%	15.30%	2.80%	9.80%	11.74%	76,278,000
New Irl (Ind) 2016/2040 Series 3	1.89%	19.02%	16.30%	2.86%	10.69%	Not Started	972,770
Royal Liver (Ind) Managed Fund	3.00%	20.88%	16.85%	2.40%	Not Started	Not Started	44,814,295
MoneyMate Sector Average**	2.48%	22.14%	17.17%	2.40%	10.22%	12.78%	
Managed Balanced							
Eagle Star (Ind) Balanced	2.67%	23.36%	17.71%	4.35%	10.42%	14.09%	785,246,000
Eagle Star (Ind) Performance	3.23%	27.73%	19.85%	4.42%	10.35%	13.97%	610,630,000
Acorn Life (Ind) Pension Managed	2.14%	21.03%	16.82%	2.80%	9.85%	10.90%	160,100,000
Ark Life (Ind) Pension Managed 2	2.90%	21.56%	15.39%	0.20%	Not Started	Not Started	441,911,000
Canada Life (Ind) Setanta Pension Managed	1.51%	20.49%	15.81%	2.64%	9.22%	10.27%	929,618,407
Friends (Ind) Managed	2.13%	22.21%	17.25%	2.70%	9.67%	10.63%	366,115,000
Hibernian L&P Pension (Hib) HR Managed	3.23%	21.02%	16.74%	3.13%	10.12%	11.24%	204,049,324
Irish Life (Ind) Exempt Active Managed 2	1.81%	22.48%	18.17%	3.99%	9.53%	10.27%	588,000,000
Lifetime/BIAM (Ind) Pen Growth	1.56%	16.76%	14.65%	3.94%	10.14%	11.45%	2,361,566,000
New Irl (Ind) Pension Managed 2	1.58%	17.05%	14.75%	3.91%	10.91%	11.36%	2,361,566
Standard (Ind) Managed 1 G	1.70%	22.87%	17.32%	2.75%	8.46%	10.50%	210,248
MoneyMate Sector Average***	1.92%	19.68%	15.51%	2.72%	9.71%	10.93%	
Irish Equity*							
Eagle Star (Ind) Irish Equity	2.93%	19.50%	Not Started	Not Started	Not Started	Not Started	3,576,000
Ark Life (Ind) Pension Irish	3.06%	19.86%	23.54%	Not Started	Not Started	Not Started	2,085,000
Friends (Ind) Irish Equity	2.65%	18.92%	24.93%	8.11%	14.50%	14.98%	94,996,000
Hibernian L&P Pension Irish Equity	3.10%	20.11%	26.40%	9.69%	Not Started	Not Started	9,000,000
New Irl (Ind) Pension Irish Equity 3	2.85%	22.69%	25.72%	11.47%	16.26%	Not Started	1,248,023
Royal Liver (Ind) Irish Equity	3.77%	18.28%	24.67%	6.53%	Not Started	Not Started	12,424,394
Standard (Ind) Irish Equity 1 G	2.18%	19.38%	26.69%	6.48%	13.18%	14.20%	9,894
MoneyMate Sector Average	2.63%	19.37%	24.82%	7.22%	14.36%	14.67%	
Euro Equity²							
Eagle Star Eurozone G	5.07%	36.00%	Not Started	Not Started	Not Started	Not Started	3,925,000
Ark Life Eurozone 2 G	4.72%	25.94%	19.49%	-3.00%	Not Started	Not Started	125,556,000
Hibernian L&P Euro Equity G	5.36%	34.36%	22.10%	-1.30%	Not Started	Not Started	42,723,795
New Ireland Euroland Equity S 8 G	3.83%	24.45%	20.02%	-2.40%	Not Started	Not Started	15,193,000
MoneyMate Sector Average¹	4.39%	27.76%	19.88%	-2.12%	N/A	N/A	

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

Investment Performance Report

Annualised Performance to 1st February 2006



	Year to Date	1 Year	Annualised 3 Years	Annualised 5 Years	Annualised 10 Years	Annualised 15 Years	Fund Size (€)
European Equity²							
Eagle Star 5★5 Europe	6.19%	46.44%	Not Started	Not Started	Not Started	Not Started	47,772,000
BOI Life - Unit Funds European Ex UK 2 G	4.21%	28.12%	19.51%	-2.42%	Not Started	Not Started	1,177,429,000
Canada Life /Setanta European Equity G	3.13%	25.31%	21.07%	-0.93%	Not Started	Not Started	14,015,773
Friends First European Equity G	4.44%	32.85%	21.65%	Not Started	Not Started	Not Started	302,630,000
Hibernian L&P European Equity G	5.44%	31.56%	22.20%	-1.52%	Not Started	Not Started	9,110,243
Irish Life Europascope 2 G	3.14%	25.43%	19.63%	-3.86%	Not Started	Not Started	24,362,967
New Ireland European Equity S 8 G	4.39%	29.32%	20.49%	-1.42%	Not Started	Not Started	342,599,000
Royal Liver European Equity G	5.08%	30.04%	24.39%	-0.33%	Not Started	Not Started	8,073,252
Standard Life MW European Equity 5 G	3.12%	34.01%	22.52%	0.14%	Not Started	Not Started	12,044,000
MoneyMate Sector Average¹	4.27%	30.92%	22.95%	-1.29%	N/A	N/A	
Far East Equity²							
Eagle Star 5★5 Asia Pacific	1.94%	38.22%	Not Started	Not Started	Not Started	Not Started	34,617,000
BOI Life - Unit Funds Far East Equity 2 G	3.15%	40.35%	19.87%	1.91%	Not Started	Not Started	1,513,000
Hibernian L&P Pacific Basin Equity G	4.15%	37.05%	25.68%	6.41%	Not Started	Not Started	4,648,322
Irish Life Indexed Pacific Basin 1 G	3.12%	36.02%	24.29%	Not Started	Not Started	Not Started	670,148
New Ireland Pacific Basin S 8 G	6.74%	41.61%	25.40%	7.71%	Not Started	Not Started	63,212,000
Standard Life MW Pacific Basin Equity 5 G	3.82%	33.48%	21.09%	5.19%	Not Started	Not Started	2,237,000
MoneyMate Sector Average¹	4.11%	40.36%	25.00%	6.43%	N/A	N/A	
American Equity²							
Eagle Star 5★5 Americas	0.67%	34.26%	Not Started	Not Started	Not Started	Not Started	7,291,000
BOI Life - Unit Funds North American 2 G	-0.77%	6.72%	7.29%	-2.41%	Not Started	Not Started	1,221,265,000
Hibernian L&P US Equity G	3.02%	23.82%	14.30%	-4.87%	Not Started	Not Started	4,774,430
Irish Life Indexed US 1 G	0.00%	19.75%	11.28%	Not Started	Not Started	Not Started	691,323
New Ireland North American S 8	-0.71%	7.69%	7.71%	-1.37%	Not Started	Not Started	366,384,000
Standard Life MW North American Equity 5 G	0.29%	16.74%	10.96%	-4.70%	Not Started	Not Started	7,383,000
MoneyMate Sector Average¹	0.78%	18.35%	11.22%	-4.19%	N/A	N/A	
Concentrated Funds³							
Eagle Star 5★5	3.16%	36.00%	25.25%	8.85%	Not Started	Not Started	224,595,000
New Ireland Smart Stocks 15	-1.16%	7.32%	3.77%	-4.51%	Not Started	Not Started	11,861,000
New Ireland Smart Stocks 35	-0.28%	13.54%	7.62%	-3.81%	Not Started	Not Started	11,271,000
Canada Life/Setanta Focus 15	1.65%	20.67%	13.29%	-8.09%	Not Started	Not Started	127,838,954
Hib Life & Pens Target 20	3.36%	20.12%	13.87%	-6.46%	Not Started	Not Started	65,305,952
Average of Selected Funds	1.35%	19.53%	12.76%	-2.81%	N/A	N/A	
Property³							
Eagle Star Eurozone Property Fund G	6.93%	Not Started	Not Started	Not Started	Not Started	Not Started	18,035,000
BOI Life - Unit Funds Property 2 G	0.74%	13.60%	12.32%	9.83%	Not Started	Not Started	641,177,000
Canada Life /Setanta Property G	1.28%	20.14%	17.59%	9.92%	Not Started	Not Started	206,717,586
Friends First Property G	0.35%	22.42%	21.39%	12.29%	18.41%	14.66%	136,548,000
Hibernian L&P Irish Property G	0.27%	28.83%	16.89%	9.99%	Not Started	Not Started	28,264,680
Irish Life Property 1 G	0.51%	13.42%	13.17%	Not Started	Not Started	Not Started	1,719,743
New Ireland Property S 8 G	0.77%	14.65%	13.43%	10.24%	Not Started	Not Started	217,415,000
Standard Life MW Property 5 G	1.35%	19.17%	12.79%	11.49%	Not Started	Not Started	51,207,000
MoneyMate Sector Average¹	1.73%	17.60%	14.77%	10.11%	18.41%	14.66%	
Specialist Funds^{3*}							
Eagle Star Dividend Growth	2.82%	Not Started	Not Started	Not Started	Not Started	Not Started	26,583,000
Hibernian L&P High Yield G	3.82%	24.98%	17.48%	Not Started	Not Started	Not Started	30,302,610
Canada Life All Eq Non-distributing G	1.96%	19.22%	Not Started	Not Started	Not Started	Not Started	175,197,167
Bloxhams High Yield 2 G	1.18%	18.95%	19.32%	Not Started	Not Started	Not Started	151,418,055
Average of Selected Funds	2.44%	21.05%	18.40%	N/A	N/A	N/A	

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

Source: MoneyMate as at 01/02/2006.

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.

** MoneyMate Sector Average excludes the Eagle Star Performance Fund

*** MoneyMate Sector Average includes the Eagle Star Performance Fund