

Monthly Investment Review

For February 2006

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

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.



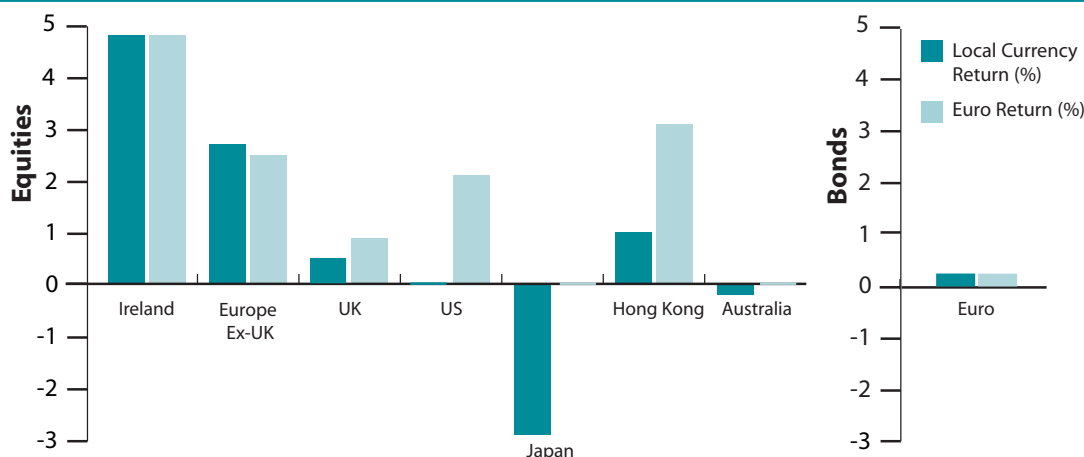
EAGLE STAR

Equity and Bond % Returns

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

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

- February was another positive month for equities although not all markets made progress. Equities were helped by positive economic data and falling oil prices, although concerns over rising interest rates in the US, Europe and Japan kept the lid on returns. World equities (in euro terms) gave a total return of 1.7% in February, adding to January's return of almost 2%. The best-performing markets in local currency terms were Ireland (+5%) and Europe (+2%). The US and Australia were flat while, for the first time in many months, Japan underperformed, falling by almost 3%. The Japanese market was hurt by concerns over the likely end of the zero interest rate environment, which has been in operation for many years.
- Sectorwise there was no real distinction between cyclical stocks and defensives. Cyclical stocks have, however, been long-term out-performers. The best-performing sectors in February were construction, financials and industrials while energy stocks were the major underperformers, on the back of a 10% fall in the oil price to around \$61 a barrel.
- Eurozone bond prices remained relatively flat over the period, although there was some volatility as the markets reacted to various economic and interest rate data. The ECB left rates on hold (although rates were raised by 0.25% at the beginning of March) while in the US the Federal Reserve increased rates by 0.25% to 4.5%.
- The fourth quarter 2005 corporate results season continued in February with generally good news. Highlights were positive results from Hewlett Packard, ExxonMobil and Boeing in the US and French bank Societe Generale. However, M&A activity dominated corporate news through out the month. E.ON, Europe's second largest utility company, offered €29.1 billion for Spain's Endesa which topped a hostile approach from Spain's Gas Natural. In the US, Merrill Lynch announced a deal to acquire a 49.8% stake in the fund manager BlackRock.
- The US dollar strengthened against the euro over the period (almost reversing the previous month's move), with the €//\$ rate falling from \$1.22 to \$1.19.

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. Regional positions were unchanged over the period. The funds' main positions at the end of February 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 slight bias towards cyclical sectors, such as industrials and financials, at the expense of the more defensive sectors such as healthcare, consumer staples and retailers. The main moves during the month were continued profit-taking in European and UK oil & gas stocks and a further increase in European financials, especially insurance companies.

Bonds

Bond markets improved slightly during February but stayed quite volatile nonetheless. In the US, rate expectations rose a little further and economic data on balance was firm. The same applied in the eurozone where ECB rhetoric confirmed market expectations that rates would rise by a further 0.25% to 2.5% when the decision was made at the start of March. Another factor causing volatility was the prospect of changes in Japan's super-easy money policies and the withdrawal of financial liquidity that may have been deployed in the US and eurozone bond markets.

For the month as a whole, the Merrill Lynch over Five Year EMU Government Bond Index rose by 0.2%. For the first two months of the year, the index is down 1.1%.

The funds stayed neutral to underweight bond exposures as a whole, and held positions that took advantage of a further narrowing of the gap between 10-year and 30-year maturity eurozone bonds.

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

Oji Paper Company

Oji Paper Company, Japan's second largest paper company, was established over 120 years ago. The group operates nearly 20 mills throughout Japan that produce a variety of paper products, including printing and writing papers and corrugated board and boxboard. The strength of Japan's economy is allowing Oji Paper, and other Japanese paper companies, to pass through price increases - these will have a significant impact on earnings. Oji Paper also trades at a discount to its peers.

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

Brambles Industries

Brambles Industries is the leading worldwide leaser of shipping pallets and plastic containers used by manufacturers, distributors and retailers. The company has recently restructured and streamlined its operations, in conjunction with a change in leadership. Recent results from the company demonstrate the success of these changes and strong earnings growth should be

maintained for the foreseeable future. The company also offers record management and logistic services.

Technology and Telecoms

Electronic Data Systems

EDS is one of the world's largest IT services companies. Services offered include outsourcing, consulting and systems integration. The key investment positives with EDS are: 1) high revenue visibility because roughly 88% of revenue is derived from outsourcing which provides a recurring revenue stream; 2) there is potential for EDS's revenue and earnings growth to accelerate as it starts to book revenue from the \$25bn of outsourcing contract signings in 1999 and \$32.5bn of contract signings in 2000; and 3) CEO Dick Brown has successfully restructured the sales force which is evidenced by an increase in productivity and a record backlog and pipeline of new business.

Healthcare

Fresenius AG

Fresenius AG is a German medical equipment company. The company owns 37% of the total capital of Fresenius Medical Care (FMC), the largest fully integrated dialysis company worldwide. Kabi is the division involved in manufacturing intervenous solutions and has started to see an improvement in its core profitability through self-help. In addition, the company owns a division providing healthcare facilities called ProServe. Fresenius AG's current share price values its non-FMC businesses at a discount to their fair value.

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.
- Investors expect official US rates to peak at just over 5% from the current 4.5% level. The strength of economic activity and inflation data over the next few months will be key in this regard.
- Following the most recent ECB rate hike to 2.5% investors expect rates to pass the 3% mark by year end. Moderate inflation and pension fund liability matching should continue to offer some support to longer-dated bonds.
- Equity markets remain reasonably 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. The gradual ending of super-easy money policies in Japan - announced last week - may cause some further jitters in both equity and bond markets.

Investment Performance Report

Annualised Performance to 1st March 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	0.33%	1.83%	1.85%	2.73%	4.13%	5.76%	108,716,000
Acorn Life (Ind) Pension Deposit	0.30%	1.70%	1.70%	2.36%	3.55%	5.45%	2,700,000
Ark Life (Ind) Pension Assured 2	0.25%	1.12%	1.25%	1.84%	Not Started	Not Started	22,134,000
Canada Life (Ind) Setanta Pension Money	0.27%	1.44%	1.42%	2.10%	3.07%	4.76%	143,906,531
Friends (Ind) Cash	0.27%	1.41%	1.82%	2.30%	3.18%	4.88%	38,240,000
Hibernian L&P Pension Cash	0.21%	3.71%	1.67%	2.26%	Not Started	Not Started	1,031,500
Irish Life (Ind) Exempt Cash 1	0.25%	1.48%	1.53%	2.15%	3.22%	4.77%	750,382
Lifetime/BIAM (Ind) Pen Security	0.31%	1.21%	1.18%	1.76%	2.78%	4.30%	76,157,000
New Irl (Ind) Pension Cash 2	0.36%	1.44%	1.44%	1.93%	3.04%	4.80%	76,157,000
Royal Liver (Ind) Money Fund	0.17%	0.83%	0.84%	1.56%	Not Started	Not Started	5,291,998
Standard (Ind) Cash 1 G	0.24%	1.30%	1.30%	1.92%	2.96%	4.67%	27,916,000
MoneyMate Sector Average	0.25%	1.42%	1.46%	2.14%	3.27%	4.98%	
Fixed Interest							
Eagle Star Active Fixed Income	-0.89%	5.67%	5.76%	7.45%	10.20%	Not Started	80,516,000
Eagle Star Long Bond Fund	-1.33%	8.17%	Not Started	Not Started	Not Started	Not Started	15,158,000
Canada Life (Ind) Setanta Pen Fixed Interest	-1.06%	4.49%	4.76%	5.90%	7.31%	8.37%	463,598,243
Friends (Ind) Fixed Interest	-1.21%	4.24%	5.39%	6.37%	8.19%	9.12%	165,570,000
Hibernian L&P Pension (Hib) HR Gilt	-0.08%	5.63%	6.52%	7.55%	8.87%	9.06%	37,105,543
Irish Life (Ind) Exempt Fixed Interest 2	-1.16%	4.76%	5.22%	6.32%	8.04%	8.78%	2,518,142
New Irl (Ind) Pension Gilt Edge 2	-1.16%	4.80%	5.09%	6.35%	8.15%	8.67%	744,389,000
Royal Liver (Ind) Fixed Interest	-1.45%	3.59%	3.97%	5.49%	Not Started	Not Started	34,246,294
Standard (Ind) Fixed Interest 1 G	-1.11%	7.83%	6.28%	6.06%	7.45%	8.47%	6,804,000
MoneyMate Sector Average	-0.92%	4.80%	5.34%	6.49%	8.22%	8.76%	
International Equity							
Eagle Star (Ind) International Dynamic	4.37%	32.18%	22.29%	2.87%	Not Started	Not Started	47,568,000
Ark Life (Ind) Pension Global	4.64%	25.04%	19.38%	Not Started	Not Started	Not Started	6,174,000
Canada Life (Ind) Passive Equity 1	3.99%	24.48%	17.04%	Not Started	Not Started	Not Started	4,342,977
Friends (Ind) International	4.48%	27.87%	19.86%	-0.31%	7.24%	8.11%	825,750,000
Hibernian L&P Pension (Hib) HR International	4.38%	27.53%	20.20%	0.32%	8.17%	10.36%	17,472,369
Irish Life (Ind) Fidelity Managed Intl	4.67%	32.04%	17.45%	-3.72%	Not Started	Not Started	21,931,222
New Irl (Ind) Pension International 2	3.48%	20.18%	16.15%	-0.71%	8.21%	9.11%	2,611,099,000
Royal Liver (Ind) International Equity	5.70%	34.73%	22.34%	1.37%	Not Started	Not Started	13,549,146
Standard (Ind) International Equity 1 G	4.40%	28.15%	20.57%	0.79%	8.33%	9.86%	25,675,000
MoneyMate Sector Average	4.95%	26.87%	19.55%	0.76%	7.60%	9.31%	
Managed Aggressive							
Eagle Star (Ind) Dynamic	5.76%	29.86%	22.74%	5.25%	10.32%	13.55%	591,655,000
Acorn Life (Ind) Pension Managed Growth	6.03%	28.19%	24.00%	2.99%	10.61%	10.57%	220,200,000
Hib Life & Pen NU (Ind) Focussed Managed D	2.72%	16.88%	15.91%	4.04%	Not Started	Not Started	12,100,000
Lifetime/BIAM (Ind) Pen Opportunity	4.27%	19.29%	16.85%	3.98%	9.98%	11.11%	77,452,000
New Irl (Ind) 2016/2040 Series 3	4.37%	20.03%	18.20%	4.17%	10.98%	Not Started	1,010,848,000
Royal Liver (Ind) Managed Fund	5.49%	24.16%	18.93%	3.70%	Not Started	Not Started	47,949,158
MoneyMate Sector Average	4.39%	22.92%	18.84%	3.65%	10.48%	11.85%	
Managed Balanced							
Eagle Star (Ind) Balanced	4.59%	24.35%	18.99%	5.51%	10.72%	13.13%	813,841,000
Eagle Star (Ind) Performance	5.46%	28.48%	21.33%	5.81%	10.65%	13.16%	630,996,000
Acorn Life (Ind) Pension Managed	4.52%	22.24%	18.67%	3.92%	10.13%	10.59%	160,100,000
Ark Life (Ind) Pension Managed 2	3.62%	21.22%	15.96%	1.39%	Not Started	Not Started	441,911,000
Canada Life (Ind) Setanta Pension Managed	3.03%	20.59%	16.70%	3.69%	9.37%	9.69%	968,477,358
Friends (Ind) Managed	3.97%	23.32%	18.59%	4.08%	9.87%	10.10%	366,115,000
Hibernian L&P Pension (Hib) HR Managed	4.41%	21.27%	17.88%	4.35%	10.32%	10.80%	204,049,324
Irish Life (Ind) Exempt Active Managed 2	3.95%	23.67%	19.85%	5.02%	9.76%	9.79%	588,000,000
Lifetime/BIAM (Ind) Pen Growth	3.77%	17.94%	15.98%	4.96%	10.26%	10.98%	2,375,178,000
New Irl (Ind) Pension Managed 2	3.82%	18.25%	16.29%	5.01%	11.17%	10.92%	2,375,178,000
Standard (Ind) Managed 1 G	4.21%	23.29%	18.73%	3.95%	8.73%	9.86%	262,810,000
MoneyMate Sector Average	3.84%	20.44%	17.01%	3.83%	9.97%	10.61%	
Irish Equity*							
Eagle Star (Ind) Irish Equity	7.41%	26.73%	Not Started	Not Started	Not Started	Not Started	4,099,000
Ark Life (Ind) Pension Irish	6.73%	24.94%	26.02%	Not Started	Not Started	Not Started	2,085,000
Friends (Ind) Irish Equity	7.07%	25.15%	28.36%	9.09%	14.89%	14.00%	250,670,000
Hibernian L&P Pension Irish Equity	7.55%	26.71%	29.90%	10.80%	Not Started	Not Started	17,657,826
New Irl (Ind) Pension Irish Equity 3	8.58%	23.60%	29.04%	13.04%	16.82%	Not Started	1,324,970,000
Royal Liver (Ind) Irish Equity	9.18%	30.21%	29.32%	7.60%	Not Started	Not Started	13,673,013
Standard (Ind) Irish Equity 1 G	7.71%	21.45%	30.23%	7.69%	13.79%	13.22%	12,368,000
MoneyMate Sector Average	7.51%	25.44%	28.38%	8.35%	14.87%	13.68%	
Euro Equity²							
Eagle Star Eurozone G	8.23%	35.71%	Not Started	Not Started	Not Started	Not Started	4,471,000
Ark Life Eurozone 2 G	6.04%	25.00%	21.90%	-1.15%	Not Started	Not Started	125,556,000
Hibernian L&P Euro Equity G	6.73%	36.11%	24.66%	0.71%	Not Started	Not Started	42,723,795
New Ireland Euroland Equity S 8 G	5.99%	22.45%	22.03%	-1.94%	Not Started	Not Started	16,016,000
MoneyMate Sector Average¹	7.24%	27.93%	23.29%	-0.27%	N/A	N/A	

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

Investment Performance Report

Annualised Performance to 1st March 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	9.94%	42.54%	Not Started	Not Started	Not Started	Not Started	57,313,000
BOI Life - Unit Funds European Ex UK 2 G	3.66%	24.37%	21.84%	-1.08%	Not Started	Not Started	1,219,222,000
Canada Life /Setanta European Equity G	5.17%	23.09%	22.52%	0.71%	Not Started	Not Started	15,656,756
Friends First European Equity G	6.70%	31.59%	24.26%	Not Started	Not Started	Not Started	318,610,000
Hibernian L&P European Equity G	5.97%	28.34%	24.41%	0.42%	Not Started	Not Started	9,110,243
Irish Life Europascope 2 G	5.35%	25.00%	22.53%	-1.50%	Not Started	Not Started	24,362,967
New Ireland European Equity S 8 G	3.71%	23.81%	21.31%	-1.44%	Not Started	Not Started	342,599,000
Royal Liver European Equity G	8.23%	29.09%	26.37%	1.95%	Not Started	Not Started	8,590,726
Standard Life MW European Equity 5 G	6.40%	33.16%	25.10%	2.20%	Not Started	Not Started	12,044,000
MoneyMate Sector Average¹	7.17%	29.94%	26.46%	0.63%	N/A	N/A	
Far East Equity²							
Eagle Star 5★5 Asia Pacific	2.64%	34.88%	Not Started	Not Started	Not Started	Not Started	38,423,000
BOI Life - Unit Funds Far East Equity 2 G	4.86%	40.33%	20.53%	3.28%	Not Started	Not Started	1,563,000
Hibernian L&P Pacific Basin Equity G	3.20%	30.69%	25.76%	7.59%	Not Started	Not Started	4,648,322
Irish Life Indexed Pacific Basin 1 G	3.83%	31.84%	26.59%	Not Started	Not Started	Not Started	670,148
New Ireland Pacific Basin S 8 G	4.74%	33.48%	23.74%	6.46%	Not Started	Not Started	36,187,583
Standard Life MW Pacific Basin Equity 5 G	5.03%	30.29%	23.97%	6.46%	Not Started	Not Started	2,237,000
MoneyMate Sector Average¹	4.53%	35.69%	26.04%	7.50%	N/A	N/A	
American Equity²							
Eagle Star 5★5 Americas	2.76%	34.74%	Not Started	Not Started	Not Started	Not Started	8,207,000
BOI Life - Unit Funds North American 2 G	1.71%	11.12%	8.33%	-1.28%	Not Started	Not Started	1,215,025,000
Hibernian L&P US Equity G	3.64%	23.56%	15.10%	-2.54%	Not Started	Not Started	4,774,430
Irish Life Indexed US 1 G	1.64%	21.42%	12.58%	Not Started	Not Started	Not Started	691,323
New Ireland North American S 8	1.61%	10.63%	7.81%	-1.72%	Not Started	Not Started	145,308,777
Standard Life MW North American Equity 5 G	2.84%	17.69%	11.84%	-3.08%	Not Started	Not Started	7,383,000
MoneyMate Sector Average¹	2.65%	19.97%	12.57%	-3.02%	N/A	N/A	
Concentrated Funds³							
Eagle Star 5★5	5.94%	34.51%	26.47%	10.79%	Not Started	Not Started	232,589,000
New Ireland Smart Stocks 15	1.64%	11.52%	5.47%	-3.21%	Not Started	Not Started	11,437,000
New Ireland Smart Stocks 35	2.21%	17.35%	9.65%	-2.39%	Not Started	Not Started	11,077,000
Canada Life/Setanta Focus 15	3.53%	22.39%	15.16%	-5.28%	Not Started	Not Started	131,653,039
Hib Life & Pens Target 20	3.63%	20.39%	14.24%	-4.70%	Not Started	Not Started	65,305,952
Average of Selected Funds	3.39%	21.23%	14.20%	-0.96%	N/A	N/A	
Property³							
Eagle Star Eurozone Property Fund G	14.77%	Not Started	Not Started	Not Started	Not Started	Not Started	21,190,000
BOI Life - Unit Funds Property 2 G	1.49%	17.87%	12.60%	9.82%	Not Started	Not Started	664,039,000
Canada Life /Setanta Property G	2.76%	21.25%	17.98%	10.08%	Not Started	Not Started	212,602,698
Friends First Property G	0.71%	22.41%	19.68%	12.28%	18.34%	14.68%	274,860,000
Hibernian L&P Irish Property G	0.41%	39.70%	16.92%	9.80%	Not Started	Not Started	28,264,680
Irish Life Property 1 G	2.16%	14.62%	13.38%	Not Started	Not Started	Not Started	1,719,743
New Ireland Property S 8 G	1.41%	17.26%	12.04%	8.66%	Not Started	Not Started	202,207,449
Standard Life MW Property 5 G	3.68%	22.85%	13.62%	11.80%	Not Started	Not Started	51,207,000
MoneyMate Sector Average¹	3.38%	20.12%	14.97%	10.82%	18.34%	14.68%	
Specialist Funds^{3*}							
Eagle Star Dividend Growth	6.40%	Not Started	Not Started	Not Started	Not Started	Not Started	35,460,000
Hibernian L&P High Yield G	6.47%	24.45%	19.29%	Not Started	Not Started	Not Started	30,302,610
Canada Life All Eq Non-distributing G	4.09%	18.52%	Not Started	Not Started	Not Started	Not Started	197,282,065
Bloxhams High Yield 2 G	5.86%	20.25%	21.71%	Not Started	Not Started	Not Started	151,418,055
Average of Selected Funds	5.70%	21.07%	20.50%	N/A	N/A	N/A	

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

Source: MoneyMate as at 01/03/2006.

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.