

Monthly Investment Review

For June 2006

Best Investment Manager 2006 (MoneyMate)

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.



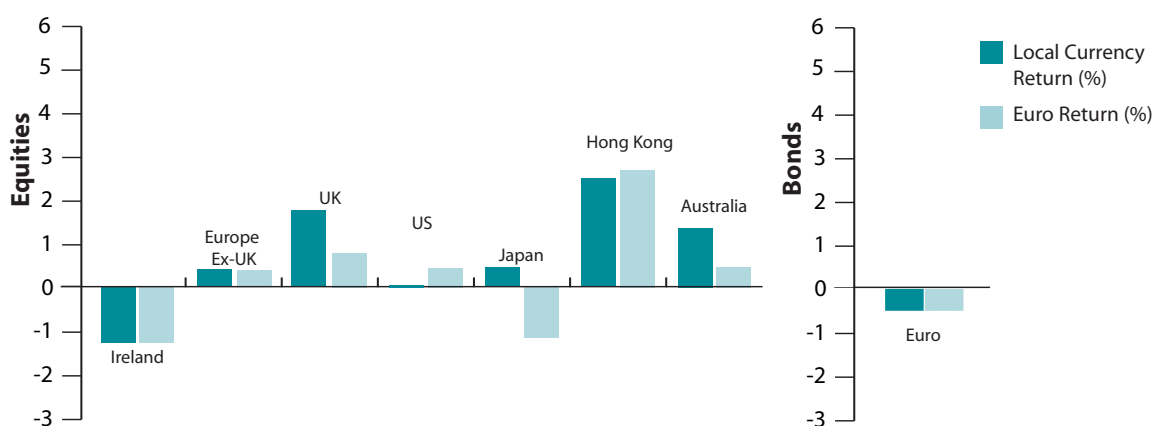
EAGLE STAR

Equity and Bond % Returns

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

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 treaded water overall in June, as concerns over US interest rates and inflation fears dominated markets ahead of the Federal Reserve interest rate decision at the end of the month. There was, however, considerable volatility during the period. As expected, US interest rates were increased by 0.25% to 5.25%. The statement accompanying the rise was interpreted as being slightly more dovish, leading to hopes that the next rise in US rates may be the last in the current cycle. This allowed investors to buy back positions in oversold markets, pushing all the major indices higher. World equities (in € terms) were up 0.3% in June, giving a total return of -0.1% for the first half of the year. The major indices returned between -0.3% (NASDAQ) and +2.6% (Hong Kong) in local currencies.
- Sectorwise, there were further indications of a market shift towards more defensive sectors with defensives out-performing cyclicals for the second month in a row. In the US, telecoms and utilities were amongst the best-performing sectors, whereas technology stocks and financials were the worst. In Europe, retail stocks performed well, while technology and auto stocks underperformed.
- Eurozone bonds finished the month in slightly negative territory with the Merrill Lynch Over Five Year Government Bond Index down 0.4%. Early in the month bonds weakened and yields rose due to fears over rising interest rates in the US. However, bond prices rose in the last few days of June as the US Federal Reserve softened its tone slightly.
- Merger and acquisition activity was eventful once again in June. AXA the French insurer, bid for Winterthur, the insurance arm of Credit Suisse. Bayer, the German drugs and chemical company, completed a €17 billion deal to acquire Schering while Johnson & Johnson bought the Consumer Health Division of Pfizer for \$16.6 billion, acquiring brands such as Listerine and Sudafed. Corporate earnings news flow was relatively subdued over the month ahead of the second quarter reporting season which will get underway in July.
- In the early stages of the month, the dollar strengthened versus the euro with the €/€ falling to \$1.25 on strong US economic data and expectations of a rate rise. However, the €/€ finished the month back where it started, at \$1.28, due to softer rhetoric from the Fed.

Eagle Star's Asset Allocation

The Funds are overweight in equities and close to neutral in bonds.

Equities

Countries & Markets: overweight & underweight positions

Some profits were taken in our European position in June, with the proceeds re-deployed into the US, neutralising our position in North America. The funds' main positions at the end of June were marginally overweight Europe, neutral the UK, Pacific Basin and the US, and slightly underweight Japan and Ireland.

Sectors: overweight & underweight positions

The funds continued to have a slight bias towards cyclical sectors, such as financials and industrials, at the expense of more defensive sectors. However, the overweight position in industrials was reduced over the period and the position in defensives, such as healthcare and consumer services, was brought closer to neutral.

Bonds

Bonds were volatile during the month, rising strongly in the first two weeks but losing these gains and more by the end of the period. We saw further rate hikes of 0.25% from each of the US and eurozone. Even though both rate moves were fully anticipated, investors did increase their expectations for the path of short rates over the balance of the year. This had limited impact on US bond prices but somewhat of a more negative impact in the eurozone where the action of the ECB was followed by a number of economic releases which were stronger than market forecasts. ECB officials continued to voice concern over the upward risks to the inflation rate and high level of borrowing in the eurozone. For the month as a whole, the Merrill Lynch over 5 year index fell 0.4%, for a total year to date performance of -4.9%.

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.

Consumer

Altria

Altria Group, Inc. is the parent company of Kraft Foods, Philip Morris International, Philip Morris USA, and Philip Morris Capital Corporation. It is the largest tobacco company in the world. It is benefiting from price increases on some of its main tobacco brands. Its Kraft division is benefiting from declining input costs. The risks associated with the company's tobacco litigation are declining. A potential catalyst for the stock is a demerger of some or all of its divisions. The valuation of the stock is attractive as it trades at a big discount to the U.S. market.

Technology and Telecoms

First Data Corporation

First Data Corporation (FDC) operates electronic commerce, payment services and customer account management businesses. The company provides credit, debit, private label, smart and stored-value card issuing; merchant transaction processing services; and cheque guarantee and verification services. The Group operates in the United States, the United Kingdom and Australia. It operates in three segments: Payment Services, Merchant Services and Card Issuing Services. On January 26th, 2006, FDC announced its intention to separate the Western Union money transfer business into an independent company, through a spin-off of 100% of Western Union.

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 and 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.

Healthcare

Roche

Roche is the second largest pharmaceutical company in Switzerland after Novartis and number three 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 historically at a premium to its peers but has superior earnings potential given its greater exposure to newer drugs

Finance

BNP Paribas

BNP Paribas is France's largest listed banking group. The bank has strong positions in Corporate, Wholesale and in Investment Banking, especially within Europe. BNP also has a strong retail banking franchise within France and in the USA in California and Hawaii via its BancWest unit. The bank has recently increased its presence in the Italian market through its acquisition of BNL. This wide array of businesses has led to a solid earnings base which should be enhanced by continued cost-cutting. The bank trades at a valuation discount to its European peers.

Global Outlook

- Growth expectations remain at high levels with global GDP forecast to expand by 3.7% in 2006, slightly above last year's figure of 3.6%. The major central banks are focused on cyclical inflation pressures and strong commodity prices.
- The Fed recently raised rates to 5.25% recently. The probabilities assigned to a further hike or a pause in rate moves have jumped around over the past few weeks, as markets try to gauge the impact of new economic data on the debate within the Fed. Currently, investors expect another 0.25% by year end, with rates peaking at that level.
- Despite moderate inflation in the eurozone, rising short rates and less than expected demand from pension funds have kept bond prices under pressure so far this year. The ECB raised rates as forecast to 2.75% recently and markets expect at least two more 0.25% hikes by year end, with a higher probability now given to three such rate hikes following recent ECB commentary.
- Equity markets still remain reasonably supported by a strong earnings' background and favourable valuations relative to bonds; high oil prices and tighter liquidity conditions from higher interest rates remain a concern. The gradual ending of super-easy money policies in Japan continues to deserve attention because of its potential negative impact on various asset classes. The next policy meeting will be watched carefully given the expectations that rates will be increased from the zero level for the first time in six years.

Investment Performance Report

Annualised Performance to 30th June 2006



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	1.09%	2.00%	1.83%	2.54%	4.03%	5.67%	126,600,000
Acorn Life (Ind) Pension Deposit	1.08%	1.97%	1.71%	2.22%	3.45%	5.27%	2,700,000
Ark Life (Ind) Pension Assured 2	0.55%	0.98%	1.17%	1.65%	Not Started	Not Started	21,972,000
Canada Life (Ind) Setanta Pension Money	0.94%	1.65%	1.44%	1.96%	3.00%	4.56%	143,101,462
Friends (Ind) Cash	0.88%	1.57%	1.83%	2.11%	3.09%	4.69%	38,240,000
Hibernian L&P Pension Cash	0.88%	1.66%	1.67%	2.11%	Not Started	Not Started	1,031,500
Irish Life (Ind) Exempt Cash 1	0.92%	1.66%	1.54%	2.01%	3.13%	4.59%	750,382
Lifetime/BIAM (Ind) Pen Security	0.77%	1.32%	1.15%	1.64%	2.67%	4.05%	80,567,000
New Irl (Ind) Pension Cash 2	0.89%	1.55%	1.41%	1.77%	2.94%	4.62%	80,567,000
Royal Liver (Ind) Money Fund	0.58%	0.99%	0.85%	1.39%	Not Started	Not Started	11,625,944
Standard (Ind) Cash 1 G	0.83%	1.49%	1.31%	1.79%	2.87%	4.48%	24,598,000
MoneyMate Sector Average¹	0.82%	1.47%	1.43%	1.98%	3.18%	4.77%	
Fixed Interest							
Eagle Star (Ind) Active Fixed Income	-4.99%	-4.48%	3.46%	6.47%	9.14%	Not Started	77,061,000
Eagle Star (Ind) Long Bond Fund	-7.37%	-5.67%	4.82%	Not Started	Not Started	Not Started	14,428,000
Canada Life (Ind) Setanta Pen Fixed Interest	-5.01%	-4.70%	2.71%	5.05%	6.68%	7.91%	445,137,498
Friends (Ind) Fixed Interest	-5.76%	-5.12%	3.00%	5.58%	7.25%	8.58%	165,570,000
Hibernian L&P Pension (Hib) HR Gilt	-3.86%	-2.35%	4.03%	6.87%	8.03%	8.65%	37,105,543
Irish Life (Ind) Exempt Fixed Interest 2	-5.10%	-4.72%	3.04%	5.64%	7.22%	8.23%	2,518,142
New Irl (Ind) Pension Gilt Edge 2	-5.17%	-4.70%	2.78%	5.45%	7.34%	8.21%	640,390,000
Royal Liver (Ind) Fixed Interest	-5.51%	-6.09%	1.94%	4.55%	Not Started	Not Started	26,938,004
Standard (Ind) Fixed Interest 1 G	-5.11%	-2.37%	4.08%	5.23%	6.64%	8.05%	8,561,000
MoneyMate Sector Average¹	-4.74%	-4.05%	3.15%	5.74%	7.40%	8.27%	
International Equity							
Eagle Star (Ind) International Equity	-1.22%	15.34%	15.85%	1.55%	Not Started	Not Started	42,173,000
Ark Life (Ind) Pension Global	-2.35%	10.15%	12.99%	Not Started	Not Started	Not Started	6,867,000
Canada Life (Ind) Passive Equity 1	-1.43%	9.79%	11.81%	Not Started	Not Started	Not Started	4,342,977
Friends (Ind) International	0.39%	14.76%	14.38%	-1.05%	6.29%	7.22%	825,750,000
Hibernian L&P Pension (Hib) HR International	-0.50%	13.71%	14.74%	-0.89%	7.32%	9.46%	17,472,369
Irish Life (Ind) Fidelity Managed Intl	-2.96%	13.00%	11.75%	-5.47%	Not Started	Not Started	21,931,222
New Irl (Ind) Pension International 2	-1.99%	8.29%	10.38%	-2.26%	7.25%	7.98%	2,802,158,000
Royal Liver (Ind) International Equity	-7.50%	11.24%	14.23%	-1.61%	Not Started	Not Started	13,305,857
Standard (Ind) International Equity 1 G	-0.51%	15.13%	14.69%	-0.30%	7.38%	8.79%	22,134,000
MoneyMate Sector Average¹	-0.70%	12.63%	13.50%	-0.45%	6.73%	8.22%	
Managed Aggressive							
Eagle Star (Ind) Dynamic	2.98%	18.14%	18.17%	4.45%	9.27%	13.55%	611,804,000
Acorn Life (Ind) Pension Managed Growth	1.80%	16.25%	17.14%	1.80%	9.49%	10.29%	220,200,000
Hib Life & Pen NU (Ind) Focussed Managed D	0.51%	8.48%	11.68%	2.97%	Not Started	Not Started	12,100,000
Lifetime/BIAM (Ind) Pen Opportunity	-1.20%	7.39%	11.53%	1.25%	9.01%	10.10%	79,613,000
New Irl (Ind) 2016/2040 Series 3	-0.24%	9.02%	12.89%	2.67%	9.88%	Not Started	1,057,016,000
Royal Liver (Ind) Managed Fund	-3.28%	8.62%	12.97%	1.66%	Not Started	Not Started	48,044,227
MoneyMate Sector Average¹	0.61%	12.28%	13.96%	2.33%	9.42%	11.48%	
Managed Balanced							
Eagle Star (Ind) Balanced	1.60%	13.60%	14.85%	4.64%	9.64%	12.36%	827,298,000
Eagle Star (Ind) Performance	2.19%	16.24%	16.86%	4.84%	9.53%	12.96%	627,480,000
Acorn Life (Ind) Pension Managed	1.08%	12.52%	13.51%	2.54%	9.07%	10.15%	160,100,000
Ark Life (Ind) Pension Managed 2	-1.79%	8.73%	11.25%	-0.09%	Not Started	Not Started	470,261,000
Canada Life (Ind) Setanta Pension Managed	0.45%	9.90%	12.86%	3.03%	8.54%	9.26%	981,423,372
Friends (Ind) Managed	0.81%	12.63%	13.98%	3.18%	8.83%	9.66%	366,115,000
Hibernian L&P Pension (Hib) HR Managed	0.89%	11.62%	13.44%	3.19%	9.40%	10.26%	204,049,324
Irish Life (Ind) Exempt Active Managed 2	0.69%	12.51%	14.66%	3.66%	8.88%	9.37%	588,000,000
Lifetime/BIAM (Ind) Pen Growth	-0.68%	7.33%	11.34%	2.65%	9.45%	10.29%	2,382,667,000
New Irl (Ind) Pension Managed 2	-0.55%	7.61%	11.63%	3.57%	10.09%	10.38%	2,382,667,000
Standard (Ind) Managed 1 G	-0.03%	13.31%	13.98%	2.78%	7.67%	9.38%	223,567,000
MoneyMate Sector Average¹	-0.02%	9.97%	12.35%	2.52%	8.95%	10.02%	
Irish Equity							
Eagle Star (Ind) Irish Equity	4.74%	16.81%	Not Started	Not Started	Not Started	Not Started	5,635,000
Ark Life (Ind) Pension Irish	-0.70%	10.59%	17.57%	Not Started	Not Started	Not Started	2,374,000
Friends (Ind) Irish Equity	3.71%	15.21%	21.58%	6.98%	13.38%	13.77%	250,670,000
Hibernian L&P Pension Irish Equity	2.30%	14.24%	21.94%	8.26%	Not Started	Not Started	17,657,826
New Irl (Ind) Pension Irish Equity 3	3.27%	10.75%	21.60%	10.77%	15.12%	Not Started	1,480,376,000
Royal Liver (Ind) Irish Equity	-0.18%	14.76%	21.41%	4.46%	Not Started	Not Started	14,559,029
Standard (Ind) Irish Equity 1 G	2.48%	17.41%	22.11%	5.03%	12.15%	13.01%	11,863,000
MoneyMate Sector Average¹	2.50%	14.95%	20.90%	5.81%	13.28%	13.41%	
Euro Equity²							
Eagle Star Eurozone G	5.84%	23.24%	24.20%	Not Started	Not Started	Not Started	6,203,000
Ark Life Eurozone 2 G	-0.64%	10.63%	14.16%	-2.43%	Not Started	Not Started	140,359,000
Hibernian L&P Euro Equity G	3.25%	16.60%	17.96%	0.35%	Not Started	Not Started	42,723,795
New Ireland Euroland Equity S 9 G	4.71%	15.48%	15.70%	-2.07%	Not Started	Not Started	17,688,000
MoneyMate Sector Average¹	3.13%	16.17%	16.98%	-0.84%	N/A	N/A	

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

Investment Performance Report

Annualised Performance to 30th June 2006



Individual Pensions Sector	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	8.15%	29.79%	Not Started	Not Started	Not Started	Not Started	73,517,000
BOI Life - Unit Funds European Ex UK 2 G	1.46%	14.45%	15.49%	-1.39%	Not Started	Not Started	1,487,047,000
Canada Life /Setanta European Equity G	3.90%	17.42%	17.88%	1.34%	Not Started	Not Started	16,757,466
Friends First European Equity G	5.03%	21.39%	17.89%	Not Started	Not Started	Not Started	326,268,000
Hibernian L&P European Equity G	2.57%	18.18%	18.07%	0.74%	Not Started	Not Started	9,110,243
Irish Life Europascope 2 G	3.69%	16.42%	16.37%	-1.72%	Not Started	Not Started	24,362,967
New Ireland European Equity S 9 G	1.30%	13.99%	14.96%	-1.68%	Not Started	Not Started	477,353,000
Royal Liver European Equity G	1.79%	16.72%	19.55%	1.74%	Not Started	Not Started	9,051,872
Standard Life MW European Equity 5 G	4.51%	24.17%	19.53%	2.82%	Not Started	Not Started	12,044,000
MoneyMate Sector Average¹	4.04%	19.69%	19.70%	2.24%	15.40%	11.66%	
Far East Equity²							
Eagle Star 5★5 Asia Pacific	-1.70%	16.25%	Not Started	Not Started	Not Started	Not Started	42,719,000
BOI Life - Unit Funds Far East Equity 2 G	-3.22%	20.36%	15.17%	0.21%	Not Started	Not Started	1,724,000
Hibernian L&P Pacific Basin Equity G	-3.22%	13.28%	19.49%	5.58%	Not Started	Not Started	4,648,322
Irish Life Indexed Pacific Basin 1 G	-1.65%	14.69%	21.12%	5.49%	Not Started	Not Started	670,148
New Ireland Pacific Basin S 9 G	1.07%	18.58%	19.73%	4.65%	Not Started	Not Started	94,831,000
Standard Life MW Pacific Basin Equity 5 G	-0.81%	13.74%	18.07%	4.12%	Not Started	Not Started	2,237,000
MoneyMate Sector Average¹	-0.13%	19.34%	20.30%	5.03%	Not Started	Not Started	
American Equity²							
Eagle Star 5★5 Americas	-5.51%	12.40%	Not Started	Not Started	Not Started	Not Started	8,237,000
BOI Life - Unit Funds North American 2 G	-7.36%	-2.17%	2.69%	-4.50%	Not Started	Not Started	1,158,080,000
Hibernian L&P US Equity G	-2.52%	6.90%	9.94%	-4.74%	Not Started	Not Started	4,774,430
Irish Life Indexed US 1 G	-5.74%	2.56%	6.74%	-6.40%	Not Started	Not Started	691,323
New Ireland North American S 9	-7.64%	-2.60%	2.17%	-4.85%	Not Started	Not Started	365,535,000
Standard Life MW North American Equity 5 G	-6.07%	-0.41%	5.51%	-6.35%	Not Started	Not Started	7,383,000
MoneyMate Sector Average¹	-5.10%	2.88%	6.40%	-5.51%	5.49%	Not Started	
Concentrated Funds³							
Eagle Star 5★5	-1.77%	17.37%	18.74%	7.98%	Not Started	Not Started	225,917,000
New Ireland Smart Stocks 15	-5.49%	-1.70%	2.27%	-6.56%	Not Started	Not Started	10,590,000
New Ireland Smart Stocks 35	-5.62%	2.91%	4.81%	-5.28%	Not Started	Not Started	10,181,000
Canada Life /Setanta Focus 15	1.41%	10.51%	12.18%	-5.14%	Not Started	Not Started	129,598,632
Hib Life & Pens Target 20	-3.57%	6.78%	10.31%	-6.69%	Not Started	Not Started	65,305,952
Average of selected funds¹	-3.01%	7.17%	9.66%	-3.14%	N/A	N/A	
Property³							
Eagle Star Eurozone Property Fund G	16.01%	20.17%	Not Started	Not Started	Not Started	Not Started	35,264,000
BOI Life - Unit Funds Property 2 G	10.07%	22.27%	14.52%	11.19%	Not Started	Not Started	746,825,000
Canada Life /Setanta Property G	12.89%	26.39%	19.87%	11.58%	Not Started	Not Started	222,033,662
Friends First Property G	6.60%	21.96%	18.26%	12.82%	18.46%	15.12%	177,888,000
Hibernian L&P Irish Property G	6.07%	14.15%	17.89%	10.46%	Not Started	Not Started	28,264,680
Irish Life Property 1 G	9.33%	17.71%	15.17%	8.56%	Not Started	Not Started	1,719,743
New Ireland Property S 9 G	9.81%	21.69%	13.96%	9.90%	Not Started	Not Started	202,207,449
Standard Life MW Property 5 G	7.27%	20.89%	13.95%	11.29%	Not Started	Not Started	51,207,000
MoneyMate Sector Average¹	8.41%	19.69%	13.69%	10.89%	18.46%	15.12%	
Specialist Funds³							
Eagle Star Dividend Growth	3.50%	21.30%	Not Started	Not Started	Not Started	Not Started	61,493,000
Hibernian L&P High Yield G	3.57%	12.38%	14.49%	Not Started	Not Started	Not Started	30,302,610
Canada Life All Eq Non-distributing G	3.06%	12.25%	15.85%	Not Started	Not Started	Not Started	216,637,185
Blokhams High Yield 2 G	4.21%	12.26%	16.33%	Not Started	Not Started	Not Started	151,418,055
Average of selected funds¹	3.58%	14.55%	15.55%	N/A	N/A	N/A	

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

Source: MoneyMate as on 03/07/2006.

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.

NOTE: PRICES FOR HIBERNIAN LAST UPDATED TO 29TH JUNE 2006.

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.

* For Specialist Funds the 1 Year figures are taken from the start date of the Eagle Star fund, 1st July 2006.