

Monthly Investment review

For July 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.



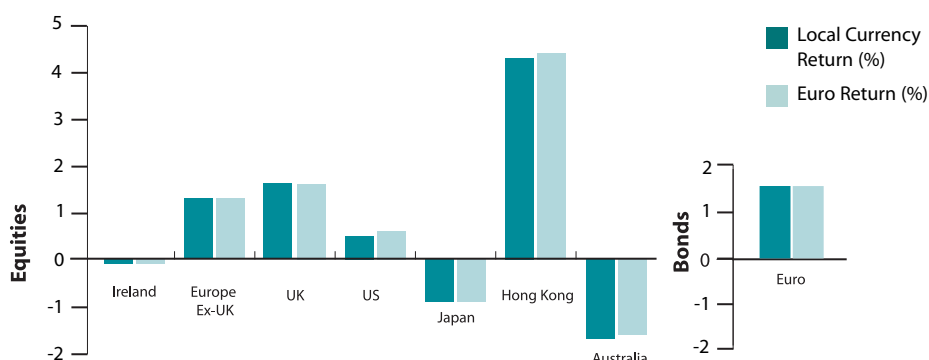
EAGLE STAR

Equity and Bond % Returns

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

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 market returns were ahead again in July but it was a month of two halves. In the first part of the month markets were negatively affected by the Israel/Hizbollah crisis, while in the latter half markets recovered strongly, helped by more dovish comments from the US Federal Reserve regarding likely US interest rate policy, as well as the continued upbeat news on Quarter 2 corporate earnings. Markets now appear to have regained their composure following the sharp correction in May. World equities (in euro terms) were up 1% in July, giving a total return of -0.7% for the first seven months. Local currency returns for the month ranged from 4% (Hong Kong) to -2% (Australia). Overall, equities remain supported by robust economic and earnings growth along with reasonable valuation levels, although rising interest rates and high oil prices remain a concern.
- Sectorwise, there was a further reversal of the out-performance of cyclical areas as more defensive parts of the market, such as pharmaceuticals and consumer staples, performed well. Technology, industrials and construction stocks were the weakest areas. This shift in sectoral bias from cyclicals to defensives, in the US in particular, is consistent with the ongoing movement in the economic cycle.
- Eurozone bonds performed well in July with prices rising by 1.5%. After a significant period of under-performance, bonds now have some positive factors in their favour. US economic growth looks set to slow slightly and inflation appears to be reasonably benign, while the US interest rate cycle is close to peaking.
- Corporate news was brisk in July as the Quarter 2 reporting season got into full swing. Of the 369 companies in the US S&P500 Index which have reported so far, 71% have beaten expectations and 19% have disappointed, while the remaining 10% have been in line with expectations. In the US, there were strong results from Apple, JPMorgan Chase and ExxonMobil, as well as pharmaceutical companies Merck and Pfizer. Disappointments were mainly centred in the technology sector - Yahoo, Dell and Intel. European results were generally strong with highlights being Volkswagen, Heineken and Roche.
- The US dollar traded in a fairly tight range against the euro during the month, with the €//\$ beginning and ending at 1.28 as interest rate expectations fell in both regions.

Eagle Star's Asset Allocation

The funds are slightly overweight in both equities and bonds.

Equities

Countries & Markets: Overweight & Underweight positions

The fund managers maintained a slightly overweight position in equities in July. Regional positions have been rebalanced over the last few months with the US position being increased from underweight to neutral, while the overweight Europe position was reduced. The funds' main positions at the end of July were slightly overweight Europe, underweight Ireland and more neutral in the other regions.

Sectors: Overweight & Underweight positions

Due to ongoing changes in the economic environment, the cyclical bias of the portfolio has been reduced to neutral over the last few months. A corresponding increase in defensive stocks, such as US pharmaceuticals, has also taken place. The funds have slightly overweight positions in financials, healthcare and oil & gas, while telecoms and technology are marginally underweight.

Bonds

Bond markets in the US and eurozone performed equally as strong during July, a stark contrast to the first half of this year when both markets experienced sharp falls. A number of reasons could be cited for the gains. Certainly there is a sense that, while global growth is very strong at the moment, it may be close to peaking. More relevant in the short term were comments from the Fed suggesting a pause in rates. This allowed rate expectations to fall in both the US and eurozone, setting the stage for a rally in bond prices after a period in which both markets had become oversold. The gains in the eurozone occurred despite the early-August rate hike from the ECB, this being fully anticipated by investors for some time. For July as a whole, the Merrill Lynch Over 5 Year Government Bond Index rose 1.5%, making the year-to-date performance -3.5%.

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

Sumitomo Corp

Sumitomo Corp is a Japanese based consumer oriented trading company. It has interests in such areas as steel, automobiles and cable TV. The company has been steadily improving its asset efficiency and should enjoy good earnings growth because of the growing Japanese economy. Sumitomo Corp appears undervalued relative to comparable companies.

Finance

UBS

UBS is the world's leading provider of private banking services. It is the largest asset gathering institution in the world. The company is also a leading global investment bank and the largest domestic bank in Switzerland. Management are committed to improving their leading franchises while actively managing its capital base to optimize returns for shareholders. UBS along with Credit Suisse benefits from their enormous scale in private banking, enabling market share gains from their comprehensive product offerings.

Consumer

Vivendi Universal

Vivendi Universal is the world's second largest entertainment group. The company is a leading media content owner and developer and holds key positions in media access. Vivendi's Universal Music Group is the world's largest music company and it is the European leader in Pay-TV through Canal +. The company also owns a promising video-games unit, benefiting from the growth in online games. Its management have successfully reduced the companies debt load through

asset disposals and mergers, the most important being the US media merger with NBC. The company is the second largest telecom operator in France through SFR.

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

GlaxoSmithKline

GlaxoSmithKline is one of the world's largest pharmaceutical companies. In addition to its pharmaceutical activities, the company also operates in the consumer health arena. Within pharmaceuticals, the company is the world leader in respiratory medicine, anti-infectives and CNS (central nervous system). GSK's recent operational performance has been poor due to a number of patent expiries, resulting in both weaker sales and margin pressure. However, the company has a strong late-stage pipeline, which should enable improving performance going forward. GSK trades at a discount to its peers.

Global Outlook

- Growth expectations remain at high levels with global GDP forecast to expand by 4.0% in 2006, slightly above last year's figure of 3.7%. The major central banks have been focused all year on cyclical inflation pressures and strong commodity prices and short rates globally have risen further.
- The Fed is due to meet on Tuesday 8th August with investors firmly focused on a pause in rates with the likelihood of some small additional tightening before year end, and rates peaking for this cycle at close to 5.5%. The Fed is likely to make any pause contingent on a slowing in the growth rate and no further acceleration in inflation.
- The ECB raised rates to 3% in the first few days of August as fully expected by the market. Expectations of future hikes haven't changed much since then. Investors still expect rates to end this year between 3.25% and 3.5%. Bond prices have taken some comfort of late from well-behaved underlying inflation data and the thought that growth might peak in 2006.
- 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 continue to be a concern and periods of volatility are likely. The gradual ending of super-easy money policies in Japan deserves attention because of its potential negative impact on various asset classes.

Investment Performance Report

Annualised Performance as at 31st July 2006



	Year to date	1 Year	Annualised 3 Years	Annualised 5 Years	Annualised 10 Years	Annualised 15 Years	Fund Size (€)
Cash							
Eagle Star Secure	1.27%	2.06%	1.84%	2.48%	4.00%	5.62%	126,333,000
Acorn Life (Ind) Pension Deposit	1.26%	1.99%	1.72%	2.19%	3.42%	5.23%	2,700,000
Ark Life (Ind) Pension Assured 2	0.89%	1.23%	1.24%	1.66%	Not Started	Not Started	21,972,000
Canada Life (Ind) Setanta Pension Money	1.10%	1.71%	1.46%	1.93%	2.98%	4.51%	142,968,302
Friends (Ind) Cash	1.05%	1.63%	1.86%	2.08%	3.07%	4.64%	38,240,000
Hibernian L&P Pension Cash	1.20%	1.85%	1.68%	2.12%	Not Started	Not Started	1,031,500
Irish Life (Ind) Exempt Cash 1	1.11%	1.73%	1.56%	1.98%	3.12%	4.55%	750,382
Lifetime/BIAM (Ind) Pen Security	0.94%	1.40%	1.18%	1.63%	2.67%	4.04%	80,567,000
New Irl (Ind) Pension Cash 2	1.10%	1.67%	1.44%	1.76%	2.92%	4.57%	80,567,000
Royal Liver (Ind) Money Fund	0.72%	1.05%	0.87%	1.34%	Not Started	Not Started	8,372,969
Standard (Ind) Cash 1 G	0.99%	1.53%	1.32%	1.74%	2.85%	4.45%	33,896,000
MoneyMate Sector Average¹	1.00%	1.55%	1.44%	1.96%	3.16%	4.74%	
Fixed Interest							
Eagle Star Active Fixed Income	-3.44%	-2.17%	5.14%	6.29%	9.23%	Not Started	78,027,000
Eagle Star Long Bond Fund	-5.41%	-2.82%	6.83%	Not Started	Not Started	Not Started	14,432,000
Canada Life (Ind) Setanta Pen Fixed Interest	-3.62%	-2.76%	3.97%	4.96%	6.78%	8.05%	464,681,388
Friends (Ind) Fixed Interest	-4.33%	-3.34%	3.97%	5.45%	7.34%	8.73%	165,570,000
Hibernian L&P Pension (Hib) HRR Gilt	-2.22%	-0.69%	5.33%	6.85%	8.16%	8.79%	37,105,543
Irish Life (Ind) Exempt Fixed Interest 2	-3.76%	-2.62%	4.34%	5.54%	7.34%	8.33%	2,518,142
New Irl (Ind) Pension Gilt Edge 2	-3.92%	-2.79%	3.96%	5.46%	7.43%	8.39%	640,390,000
Royal Liver (Ind) Fixed Interest	-4.29%	-3.40%	2.94%	4.60%	Not Started	Not Started	25,999,804
Standard (Ind) Fixed Interest 1 G	-3.65%	-0.05%	5.24%	5.22%	6.75%	8.20%	18,762,000
MoneyMate Sector Average¹	-3.36%	-2.12%	4.35%	5.70%	7.49%	8.42%	
International Equity							
Eagle Star (Ind) International Equity	-0.31%	12.04%	14.61%	2.69%	Not Started	Not Started	42,266,000
Ark Life (Ind) Pension Global	0.19%	9.05%	12.54%	Not Started	Not Started	Not Started	6,867,000
Canada Life (Ind) Passive Equity 1	-0.51%	7.51%	10.55%	Not Started	Not Started	Not Started	4,342,977
Friends (Ind) International	1.00%	11.54%	13.07%	0.00%	6.87%	7.16%	825,750,000
Hibernian L&P Pension (Hib) HRR International	1.06%	12.16%	13.76%	0.22%	7.91%	9.28%	17,472,369
Irish Life (Ind) Fidelity Managed Intl	-3.08%	8.55%	10.83%	-4.23%	Not Started	Not Started	21,931,222
New Irl (Ind) Pension International 2	-1.50%	5.65%	9.47%	-1.35%	7.74%	7.99%	2,802,158,000
Royal Liver (Ind) International Equity	-5.09%	9.51%	13.48%	-0.24%	Not Started	Not Started	12,283,792
Standard (Ind) International Equity 1 G	0.99%	13.17%	13.76%	0.89%	8.11%	8.79%	36,990,000
MoneyMate Sector Average¹	0.24%	10.13%	12.58%	0.49%	7.32%	8.18%	
Managed Aggressive							
Eagle Star (Ind) Dynamic	4.07%	15.12%	17.41%	5.52%	9.96%	13.32%	626,556,000
Acorn Life (Ind) Pension Managed Growth	2.49%	12.82%	16.06%	3.11%	10.02%	10.02%	220,200,000
Hib Life & Pen NU (Ind) Focussed Managed D	1.52%	7.88%	11.21%	3.69%	Not Started	Not Started	12,100,000
Lifetime/BIAM (Ind) Pen Opportunity	-0.97%	4.88%	10.69%	1.65%	9.43%	10.02%	79,613,000
New Irl (Ind) 2016/2040 Series 3	0.16%	6.57%	11.99%	3.41%	10.21%	Not Started	1,057,016,000
Royal Liver (Ind) Managed Fund	-1.53%	6.92%	13.30%	2.77%	Not Started	Not Started	39,865,308
MoneyMate Sector Average¹	1.79%	10.60%	13.45%	3.30%	9.91%	11.28%	
Managed Balanced							
Eagle Star (Ind) Balanced	2.67%	11.71%	14.49%	5.46%	10.19%	12.36%	844,938,000
Eagle Star (Ind) Performance	3.28%	13.47%	16.32%	5.78%	10.18%	12.63%	644,854,000
Acorn Life (Ind) Pension Managed	1.77%	10.05%	12.88%	3.55%	9.45%	10.09%	160,100,000
Ark Life (Ind) Pension Managed 2	0.80%	8.47%	11.41%	1.20%	Not Started	Not Started	470,261,000
Canada Life (Ind) Setanta Pension Managed	1.93%	9.14%	13.07%	4.00%	9.11%	9.21%	949,622,008
Friends (Ind) Managed	1.39%	10.20%	13.01%	3.94%	9.23%	9.54%	366,115,000
Hibernian L&P Pension (Hib) HRR Managed	3.01%	11.46%	13.41%	4.18%	9.94%	10.27%	204,049,324
Irish Life (Ind) Exempt Active Managed 2	1.32%	10.05%	14.20%	4.43%	9.32%	9.19%	588,000,000
Lifetime/BIAM (Ind) Pen Growth	-0.13%	5.55%	10.79%	3.04%	9.85%	10.24%	2,382,667,000
New Irl (Ind) Pension Managed 2	0.01%	5.80%	11.07%	4.18%	10.44%	10.25%	2,382,667,000
Standard (Ind) Managed 1 G	1.28%	11.24%	13.75%	3.74%	8.18%	9.32%	474,505,000
MoneyMate Sector Average¹	1.07%	8.53%	12.07%	3.35%	9.42%	9.94%	
Irish Equity							
Eagle Star (Ind) Irish Equity	5.68%	13.93%	Not Started	Not Started	Not Started	Not Started	5,794,000
Ark Life (Ind) Pension Irish	1.61%	8.84%	17.48%	Not Started	Not Started	Not Started	2,374,000
Friends (Ind) Irish Equity	3.38%	11.17%	20.41%	8.07%	13.78%	13.35%	250,670,000
Hibernian L&P Pension Irish Equity	3.99%	12.32%	21.57%	9.76%	Not Started	Not Started	17,657,826
New Irl (Ind) Pension Irish Equity 3	2.69%	6.92%	19.43%	11.38%	15.49%	Not Started	1,480,376,000
Royal Liver (Ind) Irish Equity	1.43%	10.61%	21.02%	5.82%	Not Started	Not Started	12,962,378
Standard (Ind) Irish Equity 1 G	3.39%	13.55%	21.65%	6.60%	12.67%	12.67%	23,940,000
MoneyMate Sector Average¹	3.17%	11.32%	20.05%	6.98%	13.72%	13.10%	
Euro Equity²							
Eagle Star Eurozone G	7.52%	18.65%	22.37%	Not Started	Not Started	Not Started	6,340,000
Ark Life Eurozone 2 G	2.53%	9.82%	13.36%	-1.09%	Not Started	Not Started	140,359,000
Hibernian L&P Euro Equity G	5.75%	14.65%	17.13%	1.57%	Not Started	Not Started	42,723,795
New Ireland Euroland Equity S 9 G	5.10%	10.98%	14.73%	-1.38%	Not Started	Not Started	17,688,000
MoneyMate Sector Average¹	5.02%	13.14%	15.95%	0.25%	N/A	N/A	

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

Investment Performance Report

Annualised Performance as at 31st July 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	10.21%	20.77%	Not Started	Not Started	Not Started	Not Started	77,614,000
BOI Life - Unit Funds European Ex UK 2 G	2.84%	10.52%	14.73%	-0.44%	Not Started	Not Started	1,487,047,000
Canada Life/Setanta European Equity G	6.44%	16.82%	17.88%	2.90%	Not Started	Not Started	15,308,572
Friends First European Equity G	5.96%	16.50%	16.42%	Not Started	Not Started	Not Started	326,268,000
Hibernian L&P European Equity G	5.36%	16.21%	17.16%	1.06%	Not Started	Not Started	9,110,243
Irish Life Europascope 2 G	4.87%	12.67%	15.25%	-0.82%	Not Started	Not Started	24,362,967
New Ireland European Equity S 9 G	2.50%	9.84%	14.13%	-0.78%	Not Started	Not Started	342,599,000
Royal Liver European Equity G	3.48%	11.54%	19.18%	3.25%	Not Started	Not Started	8,124,452
Standard Life MW European Equity 5 G	6.48%	18.54%	18.99%	3.88%	Not Started	Not Started	12,044,000
MoneyMate Sector Average¹	5.48%	15.35%	18.40%	3.18%	15.44%	11.46%	
Far East Equity²							
Eagle Star 5★5 Asia Pacific	-0.94%	11.87%	Not Started	Not Started	Not Started	Not Started	43,495,000
BOI Life - Unit Funds Far East Equity 2 G	-5.00%	11.32%	12.11%	1.80%	Not Started	Not Started	1,724,000
Hibernian L&P Pacific Basin Equity G	-2.79%	8.77%	16.91%	7.16%	Not Started	Not Started	4,648,322
Irish Life Indexed Pacific Basin 1 G	-1.18%	10.10%	18.48%	7.61%	Not Started	Not Started	670,148
New Ireland Pacific Basin S 9 G	-2.71%	2.68%	14.88%	5.04%	Not Started	Not Started	94,831,000
Standard Life MW Pacific Basin Equity 5 G	-0.64%	10.28%	14.98%	5.55%	Not Started	Not Started	2,237,000
MoneyMate Sector Average¹	-0.44%	13.76%	16.87%	6.31%	N/A	N/A	
American Equity²							
Eagle Star 5★5 Americas	-4.91%	10.30%	Not Started	Not Started	Not Started	Not Started	8,404,000
BOI Life - Unit Funds North American 2 G	-6.93%	-3.55%	2.17%	-3.93%	Not Started	Not Started	1,158,080,000
Hibernian L&P US Equity G	-3.83%	2.89%	7.99%	-4.25%	Not Started	Not Started	4,774,430
Irish Life Indexed US 1 G	-5.23%	-0.22%	5.71%	-5.46%	Not Started	Not Started	691,323
New Ireland North American S 9	-7.30%	-4.13%	1.64%	-4.27%	Not Started	Not Started	365,535,000
Standard Life MW North American Equity 5 G	-5.28%	-2.62%	4.47%	-5.43%	Not Started	Not Started	7,383,000
MoneyMate Sector Average¹	-5.47%	-0.52%	5.15%	-4.64%	7.07%	N/A	
Concentrated Funds³							
Eagle Star 5★5	-0.13%	12.62%	17.00%	9.38%	Not Started	Not Started	230,109,000
New Ireland Smart Stocks 15	-4.05%	-1.48%	2.53%	-5.46%	Not Started	Not Started	10,590,000
New Ireland Smart Stocks 35	-4.42%	1.67%	4.64%	-4.35%	Not Started	Not Started	10,181,000
Canada Life/Setanta Focus 15	0.71%	7.94%	10.92%	-4.16%	Not Started	Not Started	122,095,303
Hib Life & Pens Target 20	-3.88%	2.34%	8.68%	-6.12%	Not Started	Not Started	65,305,952
Average of Selected Funds¹	-2.35%	4.62%	8.76%	-2.14%	N/A	N/A	
Property³							
Eagle Star Eurozone Property Fund G	20.96%	22.06%	Not Started	Not Started	Not Started	Not Started	39,641,000
BOI Life - Unit Funds Property 2 G	12.95%	24.10%	15.05%	11.67%	Not Started	Not Started	746,825,000
Canada Life/Setanta Property G	14.52%	27.65%	20.24%	11.86%	Not Started	Not Started	230,406,719
Friends First Property G	7.84%	21.16%	15.70%	13.03%	18.49%	15.08%	177,888,000
Hibernian L&P Irish Property G	12.18%	20.47%	19.78%	11.63%	Not Started	Not Started	28,264,680
Irish Life Property 1 G	12.98%	20.45%	16.25%	9.34%	Not Started	Not Started	1,719,743
New Ireland Property S 9 G	12.58%	23.47%	14.46%	10.39%	Not Started	Not Started	202,207,449
Standard Life MW Property 5 G	8.43%	20.12%	14.33%	11.51%	Not Started	Not Started	51,207,000
MoneyMate Sector Average¹	11.37%	20.31%	15.16%	11.40%	18.49%	15.08%	
Specialist Funds³							
Eagle Star Dividend Growth	4.95%	19.53%	Not Started	Not Started	Not Started	Not Started	65,414,000
Hibernian L&P High Yield G	5.87%	12.60%	14.00%	Not Started	Not Started	Not Started	30,302,610
Canada Life All Eq Non-distributing G	5.13%	12.12%	15.46%	Not Started	Not Started	Not Started	223,534,429
Bloxxams High Yield 2 G	5.86%	13.07%	16.47%	Not Started	Not Started	Not Started	151,418,055
Average of Selected Funds	5.45%	14.33%	15.31%	N/A	N/A	N/A	

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

Source: MoneyMate as on 31/07/2006.

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.

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 2005.