

Monthly Investment review

For January 2007

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.



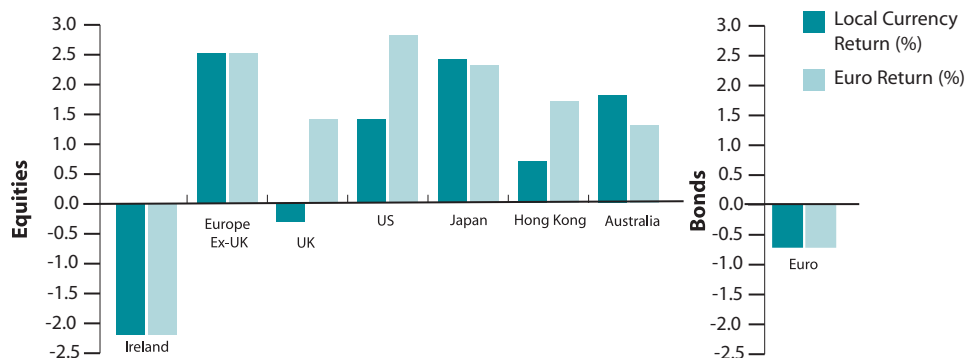
EAGLE STAR

Equity and Bond % Returns

This graph shows the performance of the major equity markets over the month of 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 the new year where they left off in 2006, producing a decent display across most of the main indices. World equities (in euro terms) rose by just over 2.5% in January with Europe, Australia, Japan and Singapore to the fore. The Irish market underperformed (-2%) as some profits were taken in the leading lights of 2006 such as C&C Group, Grafton Group, CRH and Kingspan. Chinese-related stocks also suffered from profit-taking following a tremendous run.
- Equities continue to be supported by the generally positive economic growth and corporate earnings backdrop, as well as relatively benign inflation, reasonable valuations and a significant degree of M&A activity. Hopes of a soft landing in the US economy in 2007 gained further support as most of the economic data emanating from the US in January was stronger than expected (e.g. payrolls, housing and confidence). This however, caused interest rate expectations to rise in both the US and Europe. Futures markets are now forecasting eurozone rates to rise by 0.5%, to 4%.
- Sectorwise, there was again no clear distinction between cyclical and defensive sectors over the month. Basic materials was the strongest sector, while oil & gas stocks continued to be hurt by falling oil prices.
- Eurozone bonds had a poor month in January (-0.7%) following on from significant weakness in December. Bonds on both sides of the Atlantic reacted negatively to stronger-than-expected US economic data and rising interest rate expectations. On a more positive note, however, inflation data in the US remained benign.
- Corporate news was brisk as the fourth quarter 2006 reporting season got into full swing. Of the 310 companies in the US S&P 500 Index which have reported so far, just over 60% have beaten expectations. The European results season has only just got under way, but so far it has been reasonably strong with industrial stocks such as Sandvik, SKS and Siemens performing well.
- The US dollar traded in a narrow range against the euro during January with the €/£ rate ending the period slightly stronger at 1.30. Sterling was also stronger against the euro.

Eagle Star's Asset Allocation

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

Equities

Countries & Markets: Overweight & Underweight positions

The fund managers maintained an overweight position in equities in January. Regional weightings have been altered again over the last month or so with the US being reduced to an underweight position, while positions in Europe, the Pacific Basin and Japan were increased slightly. The funds' main positions at the end of January were overweight the Pacific Basin and Europe, underweight the US and Ireland, and more neutral in the other regions.

Sectors: Overweight & Underweight positions

The fund managers maintained an overweight position in industrials, with further purchases of European construction & materials stocks, and a slightly underweight position in oil & gas stocks during January. Other positions continue to be pretty balanced.

Bonds

Bond markets continued on the back foot during the first month of the new year. A number of economic data releases in the US were stronger than forecasters had expected. This resulted in a further lowering of expectations of previously hoped-for rate cuts over the course of 2007. There was a knock-on impact on sentiment in the US and eurozone bond markets with prices falling across all maturities. The eurozone bond market also had to deal with further negative rhetoric from ECB officials – investors now firmly see a further two 0.25% increases over the next few months, with rates reaching 4% by year end. This had no impact on the euro exchange rate, and with investors more interested in the run of better US economic data, the €/£ slipped back slightly over the month. The Merrill Lynch over 5 year EMU Government Bond Index fell 0.7% during the period as a whole.

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

Holcim

Holcim is one of the world's leading suppliers of cement, as well as aggregates (sand and gravel) and ready-mix concrete. The company has a strategy of broad geographical diversification worldwide, with a strong presence in the emerging markets allowing it a strong organic sales growth profile. In addition, the management is focussed on improving cost efficiency in well established production processes. Holcim invests organically and via acquisition. Holcim trades at a valuation in line with its peers despite a more favourable geographical sales profile.

Finance

AIG

AIG is the largest insurance company in the world. The company is involved in both general and life insurance. It also has an aircraft leasing business and it has a presence in financial services such as consumer finance. The company has a very strong franchise in Asia and China, in particular on the life side which should be a driver of earnings in the future. The valuation of the stock is attractive relative to its own history and the market, trading on around 11 times analysts' earnings estimates for this year.

Consumer

Inditex

Inditex is an international apparel retailer based in Spain. It manages six retail formats, of which Zara accounts for the majority of sales. The company designs all of its

merchandise and manufactures a substantial proportion in-house. Inditex stores do not carry large stock levels allowing the company flexibility to adjust to fashion/style changes quickly. Inditex is still growing at a fast pace and should generate good earnings relative to its peers over the next few years.

Technology and Telecoms

Microsoft

Microsoft is the largest software company in the world. It has a dominant market share in operating systems for PCs (Windows) and is also a leader in software applications (Office). The company's recently announced \$30bn four-year share buyback program should be a positive for the stock. Microsoft should benefit from a reacceleration in growth and new product cycles, in particular the launch of Vista (its next operating system). The valuation of the stock is attractive relative to its growth rate and its peers.

Healthcare

Fresenius

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 intravenous 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 its fair value.

Global Outlook

- The general expectation is for some growth moderation in 2007 from the robust levels of 2006. The major central banks will likely remain focused on the cyclical inflation pressures stemming from strong growth.
- As expected, the Fed left rates unchanged at 5.25% at its recent meeting - the fifth consecutive meeting it has done so. The thrust of the statement from the Fed was that it was firmly on hold for now. Investors have almost fully pared back expectations of rate cuts in 2007.
- The ECB left rates on hold, as fully expected. However, the post-meeting press conference hinted strongly at a rate rise next month. Markets currently expect one further rise after that hike, with rates peaking at 4% at year end. Bonds have been under pressure so far this year but may gain some support at current levels.
- Equity markets remain reasonably supported by a strong earnings' background and favourable valuations relative to bonds; as was the case last year, tighter liquidity conditions from higher interest rates will be a concern in 2007 and periods of volatility are likely. The boom in merger & acquisition activity in Europe and the US continues to support markets and underpin positive investor sentiment towards equities.

Investment Performance Report

Annualised Performance as at 31st January 2007



	Year To Date	1 Year	Annualised 3 Years	Annualised 5 Years	Annualised 10 Years	Annualised 15 Years	Fund Size (€)
Cash							
Eagle Star Secure	0.3%	2.6%	2.1%	2.5%	3.8%	5.3%	118,207,000
Acorn Life (Ind) Pension Deposit	0.4%	2.5%	1.9%	2.1%	3.3%	5.0%	2,700,000
Ark Life (Ind) Pension Assured 2	0.3%	2.0%	1.5%	1.6%	2.6%	Not Started	21,972,000
Canada Life (Ind) Setanta Pension Money*	0.3%	2.3%	1.7%	1.8%	2.9%	4.3%	142,968,302
Friends (Ind) Cash	0.3%	2.2%	1.7%	2.0%	2.9%	4.4%	28,582,000
Hibernian L&P Pension Cash	0.3%	2.4%	1.9%	2.0%	Not Started	Not Started	1,031,500
Irish Life (Ind) Exempt Cash 1	0.2%	2.3%	1.7%	1.9%	3.0%	4.3%	750,382
Lifetime/BIAM (Ind) Pen Security	0.2%	1.9%	1.4%	1.6%	2.5%	3.8%	80,508,000
New Irl (Ind) Pension Cash 2*	0.3%	2.2%	1.6%	1.8%	2.8%	4.4%	80,508,000
Royal Liver (Ind) Money Fund	0.2%	1.6%	1.1%	1.2%	Not Started	Not Started	6,830,735
Standard (Ind) Cash 1	0.3%	2.1%	1.5%	1.7%	2.7%	4.2%	35,168,000
MoneyMate Sector Average	0.2%	2.2%	1.6%	1.9%	3.1%	4.5%	
Fixed Interest							
Eagle Star Active Fixed Income	-0.9%	-1.4%	5.0%	5.7%	8.3%	Not Started	78,060,000
Eagle Star Long Bond Fund	-1.2%	-2.6%	6.6%	Not Started	Not Started	Not Started	17,074,000
Canada Life (Ind) Setanta Pen Fixed Interest*	-1.0%	-2.0%	3.6%	4.3%	6.0%	7.4%	221,836,220
Friends (Ind) Fixed Interest	-0.7%	-1.9%	3.7%	5.1%	6.4%	8.2%	66,055,000
Hibernian L&P Pension (Hib) HRR Gilt	-0.9%	-0.7%	4.6%	6.3%	7.2%	8.2%	37,105,543
Irish Life (Ind) Exempt Fixed Interest 2	-0.8%	-2.0%	3.9%	5.0%	6.5%	7.8%	2,518,142
New Irl (Ind) Pension Gilt Edge 2*	-1.1%	-2.5%	3.5%	4.7%	6.5%	7.8%	747,883,000
Royal Liver (Ind) Fixed Interest	-0.2%	-2.6%	2.7%	4.2%	Not Started	Not Started	23,232,975
Standard (Ind) Fixed Interest 1	-1.5%	-2.0%	4.9%	4.8%	6.1%	7.6%	17,548,000
MoneyMate Sector Average	-0.8%	-1.4%	3.9%	4.8%	6.6%	7.9%	
International Equity							
Eagle Star (Ind) International Equity	2.0%	10.0%	16.7%	5.7%	12.8%	Not Started	51,377,000
Ark Life (Ind) Pension Global	1.8%	6.5%	13.2%	2.0%	Not Started	Not Started	6,867,000
Canada Life (Ind) Passive Equity 2	3.1%	7.5%	11.1%	Not Started	Not Started	Not Started	5,564,211
Friends (Ind) International	1.7%	9.3%	13.6%	3.1%	6.6%	8.3%	316,755,000
Hibernian L&P Pension (Hib) HRR International	1.6%	7.9%	13.8%	3.3%	7.6%	9.8%	17,472,369
Irish Life (Ind) Fidelity Managed Intl*	2.3%	2.3%	11.3%	-0.2%	Not Started	Not Started	14,101,000
New Irl (Ind) Pension International 2*	1.6%	6.8%	10.0%	1.6%	7.5%	9.0%	2,709,121,000
Royal Liver (Ind) International Equity	2.0%	3.0%	13.4%	3.5%	Not Started	Not Started	11,912,444
Standard (Ind) International Equity 1	2.8%	13.0%	15.3%	4.9%	8.2%	9.9%	32,741,000
MoneyMate Sector Average	1.9%	9.6%	13.6%	3.6%	7.6%	9.2%	
Managed Aggressive							
Eagle Star (Ind) Dynamic	1.1%	15.1%	18.8%	9.2%	10.0%	14.2%	791,282,000
Acorn Life (Ind) Pension Managed Growth	1.6%	15.5%	17.2%	7.5%	10.1%	11.0%	246,500,000
Hib Life & Pen NU (Ind) Focussed Managed I	0.5%	12.9%	14.9%	6.7%	10.7%	Not Started	900,000
Lifetime/BIAM (Ind) Pen Opportunity	0.4%	9.0%	11.6%	5.7%	8.8%	10.7%	79,416,000
New Irl (Ind) 2016/2040 Series 3*	0.5%	10.6%	12.9%	6.4%	10.1%	Not Started	1,036,878,000
Royal Liver (Ind) Managed Fund	1.0%	10.4%	14.0%	7.2%	Not Started	Not Started	47,944,362
MoneyMate Sector Average	0.8%	11.9%	14.4%	6.9%	9.6%	12.1%	
Managed Balanced							
Eagle Star (Ind) Balanced	0.7%	12.2%	15.8%	8.4%	9.9%	13.1%	1,023,957,000
Eagle Star (Ind) Performance	0.9%	13.9%	17.9%	9.2%	10.1%	13.4%	776,776,000
Acorn Life (Ind) Pension Managed	1.1%	12.4%	14.0%	7.0%	9.3%	10.7%	166,800,000
Ark Life (Ind) Pension Managed 2	0.6%	9.1%	13.0%	4.4%	7.0%	Not Started	470,261,000
Canada Life (Ind) Setanta Pension Managed*	1.1%	8.8%	13.1%	6.4%	8.3%	9.8%	1,027,369,604
Friends (Ind) Managed	0.3%	11.1%	14.1%	7.1%	9.0%	10.3%	480,585,000
Hibernian L&P Pension (Hib) HRR Managed	0.5%	11.5%	14.1%	7.1%	9.7%	10.7%	204,049,324
Irish Life Exempt Managed 1	0.8%	12.0%	15.2%	7.8%	9.4%	10.0%	35,117,135
Lifetime/BIAM (Ind) Pen Growth	0.4%	9.5%	11.7%	6.6%	9.2%	10.7%	2,442,410,000
New Irl (Ind) Pension Managed 3	0.4%	9.2%	12.0%	6.7%	10.2%	11.0%	2,442,410,000
Standard (Ind) Managed 1	0.9%	12.6%	15.1%	7.4%	8.1%	10.0%	340,266,000
MoneyMate Sector Average	0.6%	11.6%	12.8%	6.5%	9.2%	10.6%	
Irish Equity							
Eagle Star (Ind) Irish Equity	-2.4%	29.3%	Not Started	Not Started	Not Started	Not Started	11,840,000
Ark Life (Ind) Pension Irish	2.4%	17.8%	19.1%	11.3%	Not Started	Not Started	2,374,000
Friends (Ind) Irish Equity	-3.1%	23.6%	22.9%	14.3%	14.4%	14.9%	141,659,000
Hib Life & Pen NU (Ind) Irish Equity*	-2.4%	25.2%	24.0%	15.4%	15.4%	Not Started	3,641,378
New Irl (Ind) Pension Irish Equity 3*	-2.2%	22.4%	21.8%	16.0%	15.9%	Not Started	1,468,118,000
Royal Liver (Ind) Irish Equity	0.1%	26.2%	21.5%	15.0%	Not Started	Not Started	14,942,883
Standard (Ind) Irish Equity 1	-3.3%	22.6%	23.0%	14.1%	12.9%	14.1%	22,144,000
MoneyMate Sector Average	-2.6%	24.8%	22.2%	13.6%	14.2%	14.7%	
Euro Equity							
Eagle Star Eurozone	2.0%	20.4%	23.1%	Not Started	Not Started	Not Started	12,154,000
Ark Life Eurozone 2	2.4%	11.2%	14.4%	3.2%	Not Started	Not Started	140,359,000
Hibernian L&P Euro Equity	1.1%	16.5%	17.6%	6.4%	Not Started	Not Started	42,723,795
New Ireland Euroland Equity S 9	1.2%	15.8%	15.6%	3.4%	Not Started	Not Started	17,657,000
MoneyMate Sector Average¹	2.0%	16.5%	16.3%	4.2%	N/A	N/A	

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

Investment Performance Report

Annualised Performance as at 31st January 2007



	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	-0.9%	17.9%	29.2%	Not Started	Not Started	Not Started	116,079,000
BOI Life - Unit Funds European Ex UK 2	1.5%	9.5%	14.5%	3.7%	Not Started	Not Started	1,535,100,000
Canada Life/Setanta European Equity	1.0%	14.7%	18.1%	6.5%	Not Started	Not Started	15,308,572
Friends First European Equity	1.9%	16.7%	17.8%	Not Started	Not Started	Not Started	349,692,000
Hibernian L&P European Equity	1.6%	14.8%	17.2%	6.4%	Not Started	Not Started	9,110,243
Irish Life Europascope 2	1.5%	15.2%	15.5%	4.1%	Not Started	Not Started	23,903,000
New Ireland European Equity S 9	1.2%	8.7%	13.9%	3.2%	Not Started	Not Started	493,634,000
Royal Liver European Equity	2.6%	13.8%	19.0%	7.7%	Not Started	Not Started	8,455,976
Standard Life MW European Equity 5*	3.5%	21.2%	20.0%	8.9%	Not Started	Not Started	85,402,000
MoneyMate Sector Average¹	2.4%	19.5%	19.4%	7.8%	N/A	N/A	
Far East Equity²							
Eagle Star 5★5 Asia Pacific	4.5%	23.8%	27.3%	Not Started	Not Started	Not Started	63,933,000
BOI Life - Unit Funds Far East Equity 2	-0.3%	-2.5%	11.4%	4.0%	Not Started	Not Started	1,594,000
Hibernian L&P Pacific Basin Equity	0.5%	9.1%	18.0%	9.8%	Not Started	Not Started	4,648,322
Irish Life Indexed Pacific Basin 1	0.7%	10.5%	18.9%	8.9%	Not Started	Not Started	758,000
New Ireland Pacific Basin S 9	0.2%	9.0%	16.9%	8.3%	Not Started	Not Started	75,415,000
Standard Life MW Pacific Basin Equity 5*	1.2%	12.9%	15.9%	6.7%	Not Started	Not Started	21,538,000
MoneyMate Sector Average¹	1.4%	12.7%	18.1%	7.6%	N/A	N/A	
American Equity²							
Eagle Star 5★5 Americas	2.5%	4.9%	16.0%	Not Started	Not Started	Not Started	10,704,000
BOI Life - Unit Funds North American 2	1.2%	3.7%	3.4%	-2.3%	Not Started	Not Started	1,194,428,000
Hibernian L&P US Equity	2.3%	0.3%	7.6%	-2.0%	Not Started	Not Started	4,774,430
Irish Life Indexed US 1	2.9%	5.0%	8.0%	-2.4%	Not Started	Not Started	1,768,000
New Ireland North American S 9	1.8%	3.8%	3.1%	-2.5%	Not Started	Not Started	358,818,000
Standard Life MW North American Equity 5*	3.6%	6.1%	7.6%	-2.1%	Not Started	Not Started	46,939,000
MoneyMate Sector Average¹	3.1%	3.5%	7.4%	-1.3%	6.6%	N/A	
Concentrated Funds³							
Eagle Star 5★5	0.7%	8.3%	18.1%	11.7%	Not Started	Not Started	264,142,000
New Ireland Smart Stocks 15	3.7%	8.3%	4.2%	-3.8%	Not Started	Not Started	9,209,000
New Ireland Smart Stocks 35	2.3%	7.0%	6.3%	-2.0%	Not Started	Not Started	9,322,000
Canada Life/Setanta Focus 15	2.0%	14.9%	14.5%	0.5%	Not Started	Not Started	120,878,771
Hib Life & Pens Target 20	1.3%	3.8%	9.6%	-2.2%	Not Started	Not Started	65,305,952
Average of Selected Funds	2.0%	8.5%	10.5%	0.9%	N/A	N/A	
Property³							
Eagle Star Eurozone Property	3.5%	45.5%	Not Started	Not Started	Not Started	Not Started	90,927,000
BOI Life - Unit Funds Property 2	0.8%	18.2%	14.7%	12.0%	Not Started	Not Started	831,714,000
Canada Life/Setanta Property	0.5%	18.7%	15.3%	14.7%	Not Started	Not Started	266,708,159
Friends First Property	0.2%	18.4%	17.2%	17.0%	18.5%	15.8%	240,623,000
Hibernian L&P Irish Property	0.3%	17.9%	18.7%	14.6%	Not Started	Not Started	28,264,680
Irish Life Property 1	0.2%	21.8%	17.0%	12.2%	Not Started	Not Started	2,136,000
New Ireland Property S 9	0.7%	17.6%	14.1%	10.9%	Not Started	Not Started	1,018,790,000
Standard Life MW Property 5*	0.5%	13.6%	15.0%	12.0%	Not Started	Not Started	52,971,000
MoneyMate Sector Average¹	1.1%	19.5%	16.8%	13.4%	18.5%	15.8%	
Specialist Funds³							
Eagle Star Dividend Growth	2.4%	19.2%	Not Started	Not Started	Not Started	Not Started	152,412,000
Hibernian L&P High Yield	2.0%	17.4%	16.4%	6.9%	Not Started	Not Started	30,302,610
Canada Life CL/Set Equity Div Non Dis	0.4%	13.3%	15.9%	Not Started	Not Started	Not Started	255,000,000
Bloxxams High Yield 1	1.8%	19.9%	18.2%	Not Started	Not Started	Not Started	12,924,000
Average of Selected Funds	1.6%	17.4%	16.9%	6.9%	N/A	N/A	

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

Warnings: The income you get from this investment may go down as well as up. The value of your investment may go down as well as up. This benefit may be affected by changes in currency exchange rates. Past performance is not a reliable guide to future performance.

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.

Source: MoneyMate as on 01/02/2007.

- 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.

* Note that this fund is no longer open to New Business.