

Monthly Investment Review

For February 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.



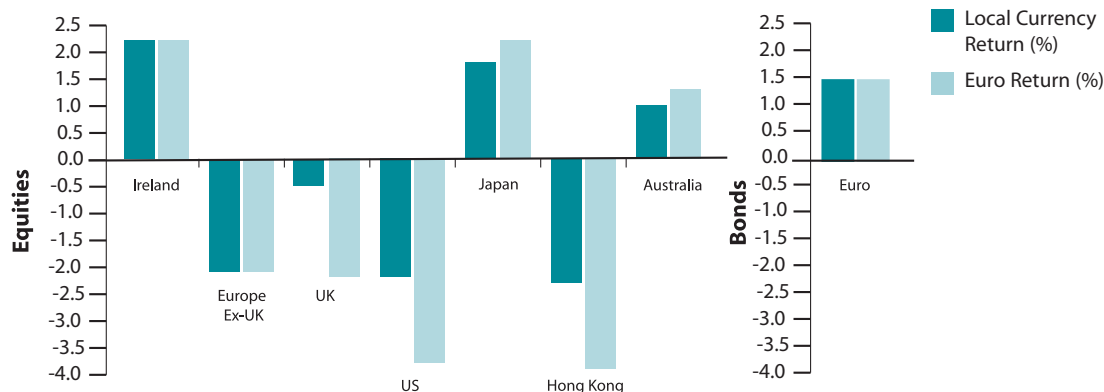
EAGLE STAR

Equity and Bond % Returns

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

- Equity markets pushed ahead for most of the month before being hit by, what turned out to be, the start of a sharp correction. This correction was triggered by a severe one-day fall in the Shanghai stock market (Chinese stocks had been up over 100% last year) and reported comments by ex-Fed Chairman Alan Greenspan regarding a possible recession in the US economy. The decline was accentuated by the significant levels of gearing amongst some market participants. World equities (in euro terms) fell by just over 2% in February, wiping out most of January's gains. Most markets fell by between 1% and 2% in local currency terms although intra-month declines were much greater. The Irish and Japanese markets both managed to end the month up around 2%.
- Despite recent volatility, equities continue to be supported by the generally positive economic growth and corporate earnings backdrop, as well as relatively benign inflation and reasonable valuations. Futures markets are now forecasting eurozone rates to rise by 0.25%, to 4% at the top of the cycle, following the widely anticipated 0.25% rise in early March.
- Sectorwise, there was again no clear distinction between cyclical and defensive sectors over the month. Basic materials was again one of the stronger sectors while financials underperformed. Even during the correction right at the end of the month, there was broad-based sectoral profit-taking.
- Eurozone bonds had a good month in February (+1.5%) following significant weakness in December and January. Bonds on both sides of the Atlantic reacted positively to slightly weaker US economic data and falling interest rate expectations, as well as their safe-haven status. Inflation data in the US once again remained benign.
- Corporate news slackened off towards the end of February as the fourth quarter 2006 reporting season began to wind down. Overall, the results' season was positive in both the US and Europe with the majority of companies beating analyst expectations. Merger & acquisition activity continued apace, especially in the area of private equity takeovers.
- The main currency news during February was the strengthening Japanese yen, following significant weakness in December and January.

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 a slightly overweight position in equities during February. Regional weightings, which had been altered over the last few months, were little changed during the period. The funds' main positions at the end of February 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 and a slightly underweight position in oil & gas stocks during February. Holdings of European and US bank stocks were reduced slightly with some selective profit-taking. Other positions continue to be pretty balanced.

Bonds

Bond markets formed a base over the first few weeks of February, following sharp falls over the previous two months, and rallied towards month end to post positive returns for both the month and year to date. A number of US economic releases were weaker than economists had expected, including manufacturing orders and labour market data, and economic growth was also revised down significantly for the fourth quarter of 2006. This led to renewed expectations of rate cuts from the Fed with the key Fed funds rate expected to be cut by about 0.5% by year end. US and eurozone bond markets rallied at all maturities in response, the latter despite continued strong economic momentum and an expected ECB rate hike in March. Towards month end, worries about an implosion of the US sub-prime mortgage market and sharp equity market falls accelerated the recovery in bond prices, as they were seen as a safe haven from turmoil elsewhere. The Merrill Lynch over 5 year EMU Government Bond Index rose 1.5% over the month, to post a year-to-date return of 0.7%

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

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. Its strong balance sheet and very high level of cashflow are being used by the company to enhance shareholder return through increased dividends and share buybacks, while still having the capacity to engage in further industry consolidation should opportunities arise.

Finance

JP Morgan Chase

JP Morgan Chase is a global financial services firm with assets of \$1.3 trillion (as of June 30, 2006) and operations in more than 50 countries. The firm's business segments are investment banking, retail banking, credit cards, commercial banking, financial transaction processing and asset and wealth management. The company has a very well regarded CEO in Jaime Dimon, who has successfully overseen the merger with Bank One and is improving profitability and returns. The valuation of the stock is attractive relative to peers, especially on a price-to-book basis. Catalysts for the stock include more positive earnings surprises and analyst estimate revisions.

Consumer

Altria

Altria Group Inc. is the parent company of Philip Morris International (PMI), Philip Morris USA, and Philip Morris Capital Corporation. It also owns a majority stake in the food company Kraft. It is the largest tobacco company in the world. It is benefiting from price increases on some of

its main tobacco brands. The risks associated with the company's tobacco litigation are declining. A potential catalyst for the stock is the expected spin off of its remaining stake in Kraft to shareholders and a possible subsequent demerger of PMI. The valuation of the stock is attractive as it trades at a big discount to the US market.

Technology and Telecoms

Nokia

Nokia is the world's number one mobile phone handset provider and is a leading telecommunications and networking company. The company has built a very strong market share in developing and emerging markets with its low cost / low price handsets. The company is also working hard to improve and develop its mid-to-higher end range, which it hopes will allow it to compete and successfully maintain its market share in its more mature markets. Nokia is in negotiations with Siemens to create a joint venture for its networks business in order to benefit from scale and market synergies.

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 and cardiovascular diseases. Its pharmaceutical sales are driven by blockbusters like Diovan and Glivec. Novartis has a strong product pipeline and its strategy of diversification into generic drugs and into consumer healthcare acts as a buffer for 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

- The general consensus is for economic growth to moderate 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. They will clearly take note of any volatility in financial markets but a policy response is highly unlikely.
- The Fed left rates unchanged at 5.25% at its recent meeting – the fifth consecutive meeting it has done so. Investors currently expect rates to be shaved by 0.25% or so by year end. The Fed remains firmly on hold for now, waiting to see how inflation develops over the coming quarter. It will be more concerned about a spill-over of problems from the sub-prime mortgage market to the broader financial system (it sees none of this yet) than general volatility in financial markets.
- The ECB hiked rates to 3.75% at the start of March, as fully anticipated. The press conference rhetoric suggested that rates were now closer to a desired level (they were described as “moderate” after the hike rather than “low” after the previous increase). Bonds, however, are probably over-shadowed by the return of calm to equity markets and may suffer a little from the lack of safe-haven support in the near term.
- As long as global risk appetites return to previous levels, equity markets will remain reasonably supported by a strong earnings' background and favourable valuations relative to bonds. As very recent experience shows, it is likely that tighter liquidity conditions from higher interest rates will be a concern during the year and periods of volatility are likely.

This outlook does not constitute an offer and should not be taken as a recommendation from Eagle Star.

Advice should always be sought from an appropriately qualified professional.

Investment Performance Report

Annualised Performance as at 28th February 2007



EAGLE STAR

	Year To Date	1 Year	Annualised 3 Years	Annualised 5 Years	Annualised 10 Years	Annualised 15 Years	Fund Size (€)
Cash							
Eagle Star (Ind) Secure	0.5%	2.7%	2.1%	2.5%	3.8%	5.2%	117,033,000
Acorn Life (Ind) Pension Deposit	0.6%	2.6%	1.9%	2.1%	3.3%	4.9%	2,700,000
Ark Life (Ind) Pension Assured 2	0.5%	2.1%	1.5%	1.6%	2.6%	Not Started	24,910,021
Canada Life (Ind) Setanta Pension Money *	0.5%	2.3%	1.7%	1.8%	2.9%	4.2%	362,588,114
Friends (Ind) Cash	0.5%	2.3%	1.7%	2.0%	2.9%	4.4%	28,582,000
Hibernian L&P Pension Cash	0.5%	2.4%	1.9%	2.0%	Not Started	Not Started	52,468,064
Irish Life (Ind) Exempt Cash 1	0.5%	2.4%	1.8%	1.9%	3.0%	4.3%	324,000
Lifetime/BIAM (Ind) Pen Security	0.5%	2.1%	1.4%	1.6%	2.5%	3.8%	80,144,000
New Irl (Ind) Pension Cash 2 *	0.5%	2.3%	1.7%	1.8%	2.8%	4.3%	30,575,000
Royal Liver (Ind) Money Fund	0.3%	1.7%	1.1%	1.2%	Not Started	Not Started	6,830,735
SL Synergy Cash Fund	0.4%	2.0%	1.4%	Not Started	Not Started	Not Started	35,168,000
MoneyMate Sector Average	0.5%	2.3%	1.6%	1.9%	3.1%	4.5%	
Fixed Interest							
Eagle Star (Ind) Active Fixed Income	0.7%	0.0%	5.0%	6.1%	8.3%	Not Started	79,482,000
Eagle Star (Ind) Long Bond Fund	0.7%	-1.0%	6.7%	Not Started	Not Started	Not Started	18,178,000
Canada Life (Ind) Setanta Pen Fixed Interest *	0.4%	-0.7%	3.5%	4.6%	6.0%	7.5%	221,836,220
Friends (Ind) Fixed Interest	0.8%	-0.4%	3.8%	5.4%	6.4%	8.2%	66,055,000
Hibernian L&P Pension (Hib) H&R Gilt	0.3%	-0.1%	4.5%	6.4%	7.1%	8.3%	52,829,673
Irish Life (Ind) Exempt Fixed Interest 2	0.7%	-0.7%	3.9%	5.3%	6.5%	7.8%	1,126,000
New Irl (Ind) Pension Gilt Edge 2 *	0.5%	-1.1%	3.5%	5.1%	6.4%	7.8%	747,883,000
Royal Liver (Ind) Fixed Interest	1.5%	-0.8%	3.2%	4.7%	Not Started	Not Started	23,232,975
SL Synergy Corporate Bond Fund	0.9%	1.8%	Not Started	Not Started	Not Started	Not Started	-
MoneyMate Sector Average	0.6%	-0.2%	3.8%	5.2%	6.6%	7.9%	
International Equity							
Eagle Star (Ind) International Equity	-0.2%	5.6%	14.6%	5.3%	11.8%	Not Started	50,313,000
Ark Life (Ind) Pension Global	-0.1%	3.7%	12.2%	2.1%	Not Started	Not Started	8,452,157
Canada Life (Ind) Passive Equity 2	0.5%	3.4%	9.6%	Not Started	Not Started	Not Started	5,564,211
Friends (Ind) International	-0.3%	5.5%	12.1%	3.1%	6.2%	8.0%	316,755,000
Hibernian L&P Pension (Hib) H&R International	-2.1%	2.9%	11.6%	2.7%	7.1%	9.3%	17,993,104
Irish Life (Ind) Fidelity Managed Intl 4 *	1.0%	0.4%	10.0%	-0.5%	Not Started	Not Started	14,101,000
New Irl (Ind) Pension International 2 *	-1.7%	1.7%	8.0%	1.0%	6.9%	8.6%	105,865,000
Royal Liver (Ind) International Equity	1.3%	1.0%	12.9%	3.9%	Not Started	Not Started	11,912,444
SL Synergy Global Equity Tracker	0.8%	3.5%	Not Started	Not Started	Not Started	Not Started	32,741,000
MoneyMate Sector Average	0.2%	6.1%	12.2%	3.5%	7.1%	8.9%	
Managed Aggressive							
Eagle Star (Ind) Dynamic	0.4%	11.9%	17.8%	9.3%	9.6%	14.1%	794,240,000
Acorn Life (Ind) Pension Managed Growth	0.9%	11.4%	16.5%	7.8%	9.7%	11.0%	246,500,000
Hib Life & Pen NU (Ind) Focussed Managed I	-1.7%	8.7%	13.4%	6.4%	10.2%	Not Started	4,850,668
Lifetime/BIAM (Ind) Pen Opportunity	-1.2%	4.7%	10.7%	5.4%	8.1%	10.4%	87,776,000
New Irl (Ind) 2016/2040 Series 3 *	-1.1%	6.3%	12.0%	6.0%	9.6%	Not Started	1,036,878,000
Royal Liver (Ind) Managed Fund	2.1%	8.9%	14.5%	8.0%	Not Started	Not Started	47,944,362
MoneyMate Sector Average	-0.6%	8.3%	13.5%	6.8%	9.1%	12.0%	
Managed Balanced							
Eagle Star (Ind) Balanced	0.3%	9.7%	15.0%	8.5%	9.5%	12.9%	1,029,877,000
Eagle Star (Ind) Performance	0.2%	10.7%	16.9%	9.3%	9.7%	13.3%	775,725,000
Acorn Life (Ind) Pension Managed	0.9%	9.7%	13.6%	7.2%	9.0%	10.7%	166,800,000
Ark Life (Ind) Pension Managed 2	0.3%	8.0%	12.6%	4.8%	6.7%	Not Started	509,611,244
Canada Life (Ind) Setanta Pension Managed *	0.1%	6.2%	12.1%	6.5%	7.7%	9.7%	1,027,369,604
Friends (Ind) Managed	-0.1%	8.7%	13.5%	7.3%	8.6%	10.3%	480,585,000
Hibernian L&P Pension (Hib) H&R Managed	-1.4%	7.7%	12.8%	6.8%	9.2%	10.5%	208,564,014
Irish Life (Ind) Exempt Managed 1	0.4%	9.3%	14.5%	7.9%	9.0%	9.9%	34,383,000
Lifetime/BIAM (Ind) Pen Growth	-0.9%	5.7%	10.9%	6.3%	8.6%	10.5%	2,569,138,000
New Irl (Ind) Pension Managed 3	-0.9%	5.4%	11.0%	6.2%	9.7%	10.9%	2,591,995,000
SL Synergy Managed	0.9%	9.7%	Not Started	Not Started	Not Started	Not Started	340,266,000
MoneyMate Sector Average	-0.1%	8.9%	12.1%	6.5%	8.8%	10.5%	
Irish Equity							
Eagle Star (Ind) Irish Equity	-0.1%	26.8%	Not Started	Not Started	Not Started	Not Started	13,508,000
Ark Life (Ind) Pension Irish	-0.3%	16.2%	21.5%	13.2%	Not Started	Not Started	3,100,430
Friends (Ind) Irish Equity	-0.9%	21.2%	24.2%	15.5%	13.9%	15.2%	141,659,000
Hib Life & Pen NU (Ind) Irish Equity *	-3.3%	18.2%	24.0%	15.9%	15.1%	Not Started	3,641,378
New Irl (Ind) Pension Irish Equity 3 *	-0.1%	18.4%	23.8%	16.0%	15.4%	Not Started	465,400,000
Royal Liver (Ind) Irish Equity	2.7%	23.0%	23.9%	16.4%	Not Started	Not Started	14,942,883
SL Synergy Irish Equity Tracker	-0.1%	19.4%	Not Started	Not Started	Not Started	Not Started	22,144,000
MoneyMate Sector Average	-0.9%	21.9%	23.6%	14.9%	13.8%	14.9%	
Euro Zone Equity²							
Eagle Star Eurozone Equity G	0.6%	15.3%	21.9%	Not Started	Not Started	Not Started	13,189,000
Ark Life Eurozone 2 G	0.4%	7.7%	12.9%	2.8%	Not Started	Not Started	103,648,727
Hibernian L&P Euro Equity G	-2.8%	9.3%	15.4%	5.7%	Not Started	Not Started	2,776,285
New Ireland Euroland Equity S 9 G	-0.9%	10.8%	14.6%	3.1%	Not Started	Not Started	19,833,000
SL Synergy European Equity Tracker	2.0%	12.6%	Not Started	Not Started	Not Started	Not Started	54,128,000
MoneyMate Sector Average¹	-0.3%	11.4%	15.3%	4.4%	N/A	N/A	

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

Investment Performance Report

Annualised Performance as at 28th February 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 G	-1.6%	13.0%	28.0%	Not Started	Not Started	Not Started	117,365,000
BOI Life - Unit Funds European Ex UK 2 G	-1.5%	6.8%	13.0%	3.1%	Not Started	Not Started	1,859,658,000
Canada Life /Setanta European Equity G	-1.6%	9.6%	16.7%	6.1%	Not Started	Not Started	14,812,185
Friends First European Equity G	-0.9%	11.2%	16.4%	Not Started	Not Started	Not Started	349,692,000
Hibernian L&P European Equity G	-3.1%	7.8%	14.8%	5.4%	Not Started	Not Started	4,843,802
Irish Life Europascope 2 G	-0.9%	10.1%	14.0%	3.8%	Not Started	Not Started	23,903,000
New Ireland European Equity S 9 G	-1.7%	6.2%	12.4%	2.5%	Not Started	Not Started	524,142,000
Royal Liver European Equity G	3.0%	10.9%	18.1%	8.3%	Not Started	Not Started	8,455,976
SL Synergy European Equity	2.6%	16.1%	Not Started	Not Started	Not Started	Not Started	54,128,000
MoneyMate Sector Average¹	0.3%	13.7%	17.6%	7.3%	N/A	N/A	
Far East Equity²							
Eagle Star 5*5 Asia Pacific G	3.3%	21.6%	25.6%	Not Started	Not Started	Not Started	66,143,000
BOI Life - Unit Funds Far East Equity 2 G	-2.5%	-6.3%	9.6%	3.6%	Not Started	Not Started	1,637,000
Hibernian L&P Pacific Basin Equity G	-1.5%	7.7%	15.2%	9.1%	Not Started	Not Started	1,191,927
Irish Life Indexed Pacific Basin 1 G	1.0%	10.1%	17.3%	9.2%	Not Started	Not Started	758,000
New Ireland Pacific Basin S 9 G	-1.3%	9.4%	14.8%	8.5%	Not Started	Not Started	110,718,000
SL Synergy Pacific Basin Eq Tracker	5.7%	19.6%	Not Started	Not Started	Not Started	Not Started	15,238,000
MoneyMate Sector Average¹	1.2%	11.1%	16.9%	8.2%	N/A	N/A	
American Equity²							
Eagle Star 5*5 Americas G	-1.4%	-1.1%	12.9%	Not Started	Not Started	Not Started	10,582,000
BOI Life - Unit Funds North American 2 G	-3.6%	-3.6%	1.2%	-3.2%	Not Started	Not Started	1,187,479,000
Hibernian L&P US Equity G	-3.6%	-6.2%	5.1%	-2.6%	Not Started	Not Started	1,437,075
Irish Life Indexed US 1 G	-0.7%	-0.3%	6.3%	-2.6%	Not Started	Not Started	1,768,000
New Ireland North American S 9	-3.7%	-4.2%	0.7%	-3.6%	Not Started	Not Started	321,991,000
SL Synergy North American Equity	0.6%	0.3%	Not Started	Not Started	Not Started	Not Started	37,832,000
MoneyMate Sector Average¹	-0.3%	-1.9%	5.8%	-1.9%	7.3%	N/A	
Concentrated Funds³							
Eagle Star 5*5 Global G	-1.3%	3.3%	15.6%	11.2%	Not Started	Not Started	256,811,000
New Ireland Smart Stocks 15 G	-0.7%	0.9%	2.5%	-4.8%	Not Started	Not Started	8,886,000
New Ireland Smart Stocks 35 G	-0.7%	1.4%	5.1%	-2.7%	Not Started	Not Started	39,082,000
Canada Life /Setanta Focus 15 G	-0.8%	9.8%	12.5%	0.5%	Not Started	Not Started	120,878,771
Hib Life & Pens Target 20 G	-2.5%	-1.3%	7.6%	-1.5%	Not Started	Not Started	41,309,797
Average of Selected Funds	-1.2%	2.8%	8.7%	0.6%	N/A	N/A	
Property³							
Eagle Star Eurozone Property G	5.0%	37.6%	Not Started	Not Started	Not Started	Not Started	104,536,000
BOI Life - Unit Funds Property 2 G	1.0%	17.5%	14.6%	11.9%	Not Started	Not Started	1,018,790,000
Canada Life /Setanta Property G	0.7%	17.3%	15.2%	14.8%	Not Started	Not Started	266,708,159
Friends First Property G	2.3%	20.4%	17.9%	17.4%	18.7%	15.9%	240,623,000
Hibernian L&P Irish Property G	0.4%	17.9%	18.7%	14.5%	Not Started	Not Started	135,234,868
Irish Life Property 1 G	0.5%	20.2%	17.0%	12.4%	Not Started	Not Started	2,136,000
New Ireland Property S 9 G	0.9%	16.9%	14.0%	11.1%	Not Started	Not Started	1,018,790,000
SL Synergy Property	1.0%	11.2%	14.9%	12.3%	Not Started	Not Started	164,000,000
MoneyMate Sector Average¹	0.8%	17.7%	16.4%	13.5%	18.7%	15.9%	
Specialist Funds³							
Eagle Star Dividend Growth G	-0.1%	12.3%	Not Started	Not Started	Not Started	Not Started	161,798,000
Hibernian L&P High Yield G	-0.5%	11.3%	14.6%	6.1%	Not Started	Not Started	15,450,153
Canada Life CL/Set Equity Div Non Dis G	-0.5%	10.0%	15.0%	Not Started	Not Started	Not Started	304,347,164
Bloxxams High Yield Fund 1 G	0.1%	12.6%	16.8%	Not Started	Not Started	Not Started	12,924,000
Average of Selected Funds	-0.2%	11.6%	15.5%	N/A	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. Benefits 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 a company has no open fund in the category, the best performing closed fund has been chosen. 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 28/02/2007.

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.