

Monthly investment review

For May 2007

Best Investment
Manager 2007 (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.



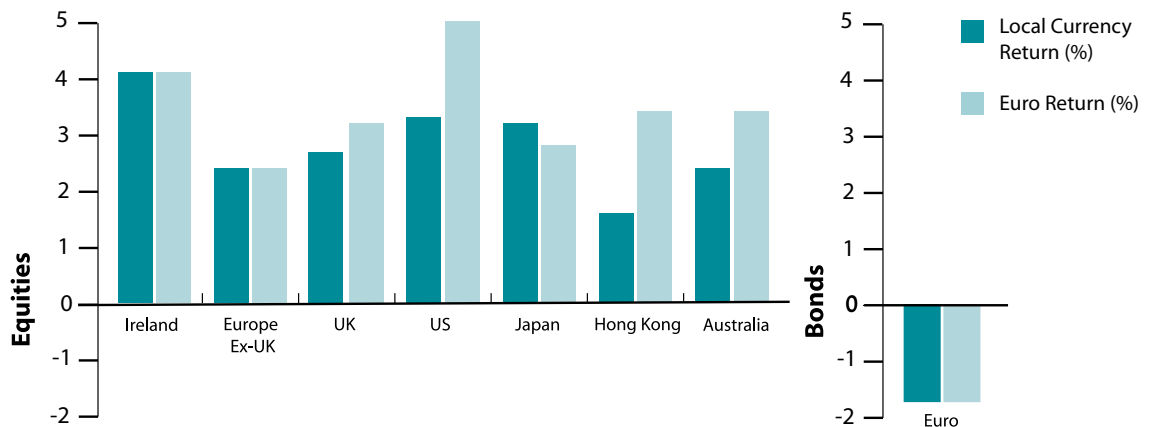
EAGLE STAR

Equity and Bond % Returns

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

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

- Equities and government bonds moved in sharply opposite directions during May. World equities (in euro terms) rose by 4.6%, the strongest monthly return so far this year, giving a total return of 8.4% for the first five months of 2007. Factors driving equities ahead included strong Quarter 1 earnings' results, strong liquidity and continued merger & acquisition (M&A) activity. The best performing markets in May in local currency terms were Ireland, the US and Japan, although all markets were in positive territory. Bucking a long-term trend, the strength of the US\$ during May added to returns for eurozone investors.
- Equities continue to be supported by the positive economic growth and corporate earnings backdrop, as well as relatively benign inflation and reasonable valuations. Further short-term volatility cannot be ruled out as markets have moved well ahead of their moving averages. Market participants continue to watch closely the expectations for short-term interest rates which have moved up in May, both in the US and the eurozone. Futures markets now expect no rate cuts in the US this year and for rates to rise in the eurozone to 4.5%.
- Sectorwise, there was significant out-performance of cyclicals versus defensive sectors over May, after months of similar performances. Basic resources, industrials and energy all outperformed with names like Rio Tinto, BHP Billiton and CRH to the fore. Financials and consumer staples underperformed.
- Eurozone bonds, by contrast, had a particularly weak month in May (-1.7%) following smaller declines in March and April. Bond markets in Europe were negatively affected by stronger eurozone economic data, especially in Germany, and a rise in short-term interest rate expectations. US bonds also performed poorly for similar reasons.
- Corporate earnings news was relatively slack following the third quarter reporting season in April which saw better-than-expected results in both the US and Europe. There was, however, a huge amount of M&A activity and rumour with the following big names involved: NewsCorp, Coca-Cola, Alcoa, Microsoft and UniCredit.
- After a long period of US dollar weakness, May saw a slight reversal with the €/£ rate moving from 1.37 to 1.34 at the end of the period on the back of stronger US economic data and a pick up in US interest rate expectations.

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 May, having increased the content of the higher risk funds during the previous month. Regional weightings were, however, altered somewhat with positions in the UK (neutral to underweight) and Europe (overweight to slightly overweight) being reduced and a corresponding increase in the US weighting (significantly underweight to underweight). The funds' main positions at the end of May were overweight the Pacific Basin and Europe; underweight the US, the UK and Ireland; and neutral in Japan.

Sectors: Overweight & Underweight positions

The fund managers maintained an overweight position in industrials and an underweight position in financials and utility companies during May. The industrials weighting was further increased with the purchases of US and Pacific Basin stocks while financials were further decreased with a reduction in the European weighting. Profits were taken in some French bank holdings which are coming under increased margin pressure as interest rates rise. Other sectoral positions continue to be pretty balanced.

Bonds

Bond markets in both the US and Europe were weaker during the month of May. Stronger than forecast economic data in the US led bond prices lower and caused futures markets to eliminate expectations of an interest rates cut during 2007. This had a knock on impact on European bonds, although for a change this year European bonds performed in line with their US counterparts, rather than underperforming them. The ECB continued with the same hawkish rhetoric in the run up to the rate hike to 4% in early June. By the end of May, however, markets had already begun to discount rates in the eurozone moving close to 4.5%. This was not sufficient to support the euro on the foreign exchange markets where profit taking saw the currency shed 1.5% against the dollar, albeit from a record strong level at end of April. The Merrill Lynch EMU Government Bond Index fell 1.7% during May for a total year to date return of -2.1%.

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 & acquisition activity in the mining sector over the past decade, Rio Tinto's diverse range of assets provides a 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.

Finance

Merrill Lynch

Merrill Lynch is a leading US investment bank. It is well positioned to benefit from the buoyant mergers & acquisitions environment and strong capital markets activity. Merrill is benefiting from the increase in retail activity in the stock market due to its franchise of 15,000 brokers across the US. The company is buying back its own stock aggressively and this will lead to an improvement in the firm's return on equity. This combined with the fact that Merrill Lynch is trading at a discount relative to its peers should lead to out-performance by the stock.

Consumer

Altria

Altria Group Inc. is the parent company of Philip Morris International (PMI), Philip Morris USA (PM USA) and Philip Morris Capital Corporation. It recently spun off its 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 subsidiary PMI to shareholders and a possible subsequent releveraging of PM USA. The valuation of the stock is attractive as it trades

at a big discount to the US market.

Information and Communication Technology

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 programme 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 selfhelp. 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

- Forecasters continue to expect some moderation in growth in 2007, from the robust levels of 2006. The major central banks remain focused on the cyclical inflation pressures stemming from strong growth.
- At its recent meeting the Fed kept rates at 5.25% for the seventh consecutive time. It remains firmly on hold for now, waiting to see how inflation and economic growth develop over the next few months. With recent economic data firmer than expectations, investors no longer expect any rate cuts this year.
- The ECB recently raised rates as expected to 4%. While that level will be closer to neutral, ECB comments continue to be hawkish. Bonds in the US and Europe have again reacted poorly; investors capitulating and dumping exposures.
- It's still the case that equity markets remain reasonably supported by strong earnings' background, continued merger & acquisition activity and favourable valuations relative to bonds. As stated continuously for some time now, it is likely that tighter liquidity conditions from higher interest rates would produce corrections and further periods of volatility. Recently there has been an air of panic in both bond and equity markets. If investors recover their nerve then equities can regain this lost ground, but most likely at a gradual pace.

Investment Performance Report

Annualised Performance to 1st June 2007



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 Secure	1.4%	3.0%	2.2%	2.5%	3.8%	5.1%	107,566,000
Acorn Life (Ind) Pension Deposit	1.4%	2.8%	2.1%	2.1%	3.2%	4.8%	3,500,000
Ark Life (Ind) Pension Assured 2	1.2%	2.5%	1.7%	1.7%	2.6%	Not Started	24,910,021
Canada Life (Ind) Setanta Pension Money *	1.3%	2.7%	1.9%	1.9%	2.8%	4.1%	362,588,114
Friends (Ind) Cash	1.3%	2.6%	1.9%	2.0%	2.9%	4.2%	28,582,000
Hibernian L&P Pension Cash	1.3%	2.8%	2.2%	2.1%	Not Started	Not Started	52,468,064
Irish Life (Ind) Exempt Cash 1	1.2%	2.7%	1.9%	1.9%	2.9%	4.2%	324,000
Lifetime/BIAM (Ind) Pen Security	1.2%	2.4%	1.6%	1.6%	2.5%	3.7%	80,144,000
New Irl (Ind) Pension Cash 2 *	1.3%	2.6%	1.8%	1.9%	2.7%	4.2%	75,014,000
Royal Liver (Ind) Money Fund	0.9%	1.9%	1.2%	1.2%	Not Started	Not Started	6,830,735
SL Synergy Cash Fund	1.1%	2.4%	1.6%	Not Started	Not Started	Not Started	35,168,000
MoneyMate Sector Average	1.2%	2.6%	1.8%	1.9%	3.0%	4.4%	
Fixed Interest							
Eagle Star Active Fixed Income	-2.4%	0.3%	4.0%	5.5%	7.8%	Not Started	77,300,000
Eagle Star Long Bond	-3.7%	0.2%	5.4%	Not Started	Not Started	Not Started	18,404,000
Canada Life (Ind) Setanta Pen Fixed Interest *	-2.7%	-0.2%	2.8%	4.1%	5.7%	7.1%	221,836,220
Friends (Ind) Fixed Interest	-2.1%	0.8%	3.1%	4.8%	6.0%	7.9%	66,055,000
Hibernian L&P Pension (Hib) H-R Gilt	-1.6%	1.7%	3.9%	6.0%	6.9%	8.0%	52,829,673
Irish Life (Ind) Exempt Fixed Interest 2	-2.4%	-0.1%	3.0%	4.8%	6.1%	7.5%	1,126,000
New Irl (Ind) Pension Gilt Edge 2 *	-2.3%	-0.1%	2.9%	4.6%	6.1%	7.5%	747,883,000
Royal Liver (Ind) Fixed Interest	-0.6%	0.6%	2.7%	4.3%	Not Started	Not Started	23,232,975
SL Synergy Corporate Bond Fund	0.0%	2.0%	Not Started	Not Started	Not Started	Not Started	Not Available
MoneyMate Sector Average	-1.9%	0.5%	3.2%	4.6%	6.2%	7.6%	
International Equity							
Eagle Star International Equity	9.1%	20.7%	19.5%	8.1%	10.6%	Not Started	59,148,000
Ark Life (Ind) Pension Global	8.4%	16.5%	16.4%	5.3%	Not Started	Not Started	8,452,157
Canada Life (Ind) Passive Equity 2	6.8%	16.4%	12.1%	3.5%	Not Started	Not Started	5,564,211
Friends (Ind) International	8.0%	19.2%	15.9%	5.9%	5.9%	8.5%	316,755,000
Hibernian L&P Pension (Hib) H-R International	5.6%	16.2%	15.5%	5.3%	6.6%	9.5%	17,993,104
Irish Life (Ind) Fidelity Managed Intl 4*	10.7%	20.8%	14.2%	2.6%	Not Started	Not Started	14,101,000
New Irl (Ind) Pension International 2 *	7.5%	17.8%	11.7%	3.5%	6.6%	9.2%	2,944,876,000
Royal Liver (Ind) International Equity	5.3%	16.1%	15.0%	5.4%	Not Started	Not Started	11,912,444
SL Synergy Global Equity Tracker	6.8%	19.0%	Not Started	Not Started	Not Started	Not Started	32,741,000
MoneyMate Sector Average	7.2%	19.0%	15.5%	5.8%	6.8%	9.2%	
Managed Aggressive							
Eagle Star Dynamic	8.4%	23.7%	21.6%	11.2%	9.3%	14.0%	880,934,000
Acorn Life (Ind) Pension Managed Growth	7.4%	24.5%	19.6%	9.5%	9.1%	11.6%	244,800,000
Hib Life & Pen NU (Ind) Focussed Managed I	4.8%	20.0%	16.3%	8.1%	9.9%	Not Started	4,850,668
Lifetime/BIAM (Ind) Pen Opportunity	5.2%	17.6%	13.3%	6.5%	8.1%	10.7%	87,776,000
New Irl (Ind) 2016/2040 Series 3 *	5.5%	18.8%	14.8%	7.2%	9.4%	Not Started	1,036,878,000
Royal Liver (Ind) Managed Fund	6.2%	20.5%	16.3%	8.6%	Not Started	Not Started	47,944,362
MoneyMate Sector Average	5.6%	19.3%	16.1%	8.4%	8.8%	12.2%	
Managed Balanced							
Eagle Star Balanced	6.6%	19.6%	17.8%	10.1%	9.2%	13.0%	1,143,299,000
Eagle Star Performance	7.6%	22.1%	20.5%	11.0%	9.4%	13.4%	852,361,000
Acorn Life (Ind) Pension Managed	5.5%	19.0%	15.6%	8.5%	8.5%	11.0%	162,600,000
Ark Life (Ind) Pension Managed 2	6.2%	17.4%	15.6%	6.6%	6.5%	Not Started	509,611,244
Canada Life (Ind) Setanta Pension Managed *	4.6%	14.1%	13.8%	8.0%	7.6%	10.7%	1,027,369,604
Friends (Ind) Managed	5.8%	19.0%	15.9%	9.0%	8.4%	10.7%	480,585,000
Hibernian L&P Pension (Hib) H-R Managed	4.7%	17.5%	15.5%	8.4%	9.0%	10.9%	208,564,014
Irish Life (Ind) Exempt Managed 1	6.2%	19.4%	16.8%	9.3%	8.9%	10.3%	34,383,000
Lifetime/BIAM (Ind) Pen Growth	4.9%	17.0%	13.4%	7.3%	8.6%	10.9%	2,569,138,000
New Irl (Ind) Pension Managed 3	5.0%	17.3%	13.7%	7.8%	9.4%	11.4%	2,527,772,000
SL Synergy Managed	6.8%	20.7%	Not Started	Not Started	Not Started	Not Started	340,266,000
MoneyMate Sector Average	4.8%	16.7%	14.3%	7.7%	8.6%	10.9%	
Irish Equity							
Eagle Star Irish Equity	5.1%	36.6%	Not Started	Not Started	Not Started	Not Started	15,585,000
Ark Life (Ind) Pension Irish	5.3%	27.5%	24.3%	12.7%	Not Started	Not Started	3,100,430
Friends (Ind) Irish Equity	4.7%	31.5%	25.4%	15.0%	13.6%	15.9%	141,659,000
Hib Life & Pen NU (Ind) Irish Equity *	2.2%	28.4%	25.1%	15.0%	14.6%	Not Started	3,641,378
New Irl (Ind) Pension Irish Equity 3 *	2.9%	27.0%	25.3%	14.2%	14.9%	Not Started	1,747,621,000
Royal Liver (Ind) Irish Equity	8.4%	38.1%	25.7%	15.8%	Not Started	Not Started	14,942,883
SL Synergy Irish Equity Tracker	5.7%	31.2%	Not Started	Not Started	Not Started	Not Started	22,144,000
MoneyMate Sector Average	4.7%	32.0%	25.3%	14.3%	13.6%	15.5%	
Euro Equity²							
Eagle Star Eurozone Equity G	13.8%	33.4%	28.7%	Not Started	Not Started	Not Started	21,477,000
Ark Life Eurozone 2 G	11.0%	22.8%	18.7%	7.0%	Not Started	Not Started	103,648,727
Hibernian L&P Euro Equity G	9.0%	25.6%	21.9%	8.7%	Not Started	Not Started	2,776,285
New Ireland Euroland Equity S 9	11.3%	27.4%	19.3%	6.0%	Not Started	Not Started	16,065,000
SL Synergy European Equity Tracker	10.8%	28.4%	Not Started	Not Started	Not Started	Not Started	54,128,000
MoneyMate Sector Average¹	11.1%	27.0%	21.0%	7.8%	N/A	N/A	

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

Investment Performance Report

Annualised Performance to 1st June 2007

	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 G	5.5%	16.7%	32.2%	Not Started	Not Started	Not Started	126,585,000
BOI Life - Unit Funds European Ex UK S2	11.3%	24.5%	17.9%	6.0%	Not Started	Not Started	1,859,658,000
Canada Life /Setanta European Equity G	6.4%	20.5%	20.0%	8.7%	Not Started	Not Started	14,812,185
Friends First European Equity G	11.8%	28.0%	22.1%	Not Started	Not Started	Not Started	349,692,000
Hibernian L&P European Equity G	8.1%	22.5%	20.5%	8.1%	Not Started	Not Started	4,843,802
Irish Life Europascope 2 G	11.2%	26.5%	19.9%	7.3%	Not Started	Not Started	23,903,000
New Ireland European Equity S 9	11.1%	23.9%	17.3%	5.5%	Not Started	Not Started	497,675,000
Royal Liver European Equity G	11.3%	23.0%	22.3%	9.7%	Not Started	Not Started	8,455,976
SL Synergy European Equity	14.1%	31.9%	Not Started	Not Started	Not Started	Not Started	54,128,000
MoneyMate Sector Average¹	11.5%	28.7%	23.1%	10.4%	11.4%	N/A	
Far East Equity²							
Eagle Star 5★5 Asia Pacific G	14.7%	36.7%	31.9%	Not Started	Not Started	Not Started	85,905,000
BOI Life - Unit Funds Far East Equity S2	2.6%	6.8%	13.0%	4.1%	Not Started	Not Started	1,637,000
Hibernian L&P Pacific Basin Equity G	7.3%	24.3%	22.1%	11.0%	Not Started	Not Started	1,191,927
Irish Life Indexed Pacific Basin 1 G	10.7%	27.6%	23.5%	11.3%	Not Started	Not Started	758,000
New Ireland Pacific Basin S 9	8.9%	25.7%	22.3%	10.4%	Not Started	Not Started	126,930,000
SL Synergy Pacific Basin Eq Tracker	11.2%	30.4%	Not Started	Not Started	Not Started	Not Started	15,238,000
MoneyMate Sector Average¹	10.6%	26.6%	22.6%	9.7%	N/A	N/A	
American Equity²							
Eagle Star 5★5 Americas G	9.6%	19.7%	19.0%	Not Started	Not Started	Not Started	13,929,000
BOI Life - Unit Funds North American S2	5.3%	15.5%	4.6%	-0.5%	Not Started	Not Started	1,187,479,000
Hibernian L&P US Equity G	2.4%	8.5%	7.5%	0.8%	Not Started	Not Started	1,437,075
Irish Life Indexed US 1 G	6.4%	15.7%	9.0%	1.0%	Not Started	Not Started	1,768,000
New Ireland North American S 9	5.1%	14.9%	4.1%	-0.9%	Not Started	Not Started	294,945,000
SL Synergy North American Equity	7.8%	19.7%	Not Started	Not Started	Not Started	Not Started	37,832,000
MoneyMate Sector Average¹	7.1%	15.5%	9.0%	1.6%	7.9%	N/A	
Concentrated Funds³							
Eagle Star 5★5 Global G	6.9%	15.4%	20.4%	13.1%	Not Started	Not Started	254,281,000
New Ireland Smart Stocks 15 G	1.5%	10.4%	3.6%	-3.1%	Not Started	Not Started	8,188,000
New Ireland Smart Stocks 35 G	0.8%	11.1%	5.9%	-1.3%	Not Started	Not Started	8,789,000
Canada Life /Setanta Focus 15 G	4.7%	19.2%	14.3%	3.3%	Not Started	Not Started	120,878,771
Hib Life & Pens Target 20 G	3.1%	9.9%	11.0%	0.7%	Not Started	Not Started	41,309,797
Average of Selected Funds	3.4%	13.2%	11.0%	2.5%	N/A	N/A	
Selected Property Funds³							
Eagle Star Eurozone Property G	4.6%	39.5%	Not Started	Not Started	Not Started	Not Started	112,528,000
BOI Life - Unit Funds Property S2	2.5%	14.0%	14.5%	12.2%	Not Started	Not Started	1,018,790,000
Canada Life /Setanta Property G	1.6%	11.0%	14.8%	15.1%	Not Started	Not Started	266,708,159
Friends First Property G	3.9%	18.1%	17.6%	17.7%	18.4%	15.9%	240,623,000
Hibernian L&P Irish Property G	1.4%	13.8%	18.3%	14.5%	Not Started	Not Started	135,234,868
Irish Life Property 1 G	1.1%	16.4%	16.4%	12.4%	Not Started	Not Started	2,136,000
New Ireland Property S 9	2.2%	13.4%	13.9%	11.4%	Not Started	Not Started	192,677,000
SL Synergy Property	2.3%	10.3%	14.4%	12.4%	Not Started	Not Started	164,000,000
Average of Selected Funds	2.4%	17.1%	15.7%	13.7%	18.4%	15.9%	
Specialist Funds³							
Eagle Star Dividend Growth G	8.4%	25.7%	Not Started	Not Started	Not Started	Not Started	201,981,000
Hibernian L&P High Yield G	9.8%	26.9%	19.6%	8.8%	Not Started	Not Started	15,450,153
Canada Life CL/Set Equity Div Non Dis G	6.0%	18.5%	17.1%	Not Started	Not Started	Not Started	304,347,164
Bloxxams High Yield Fund 1 G	5.7%	22.0%	18.6%	Not Started	Not Started	Not Started	12,924,000
Average of Selected Funds	7.5%	23.3%	18.4%	8.8%	N/A	N/A	

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

Warning: 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 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 01/06/07.

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 average shown is the average of the selected funds above.

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