

Monthly investment review

For June 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.



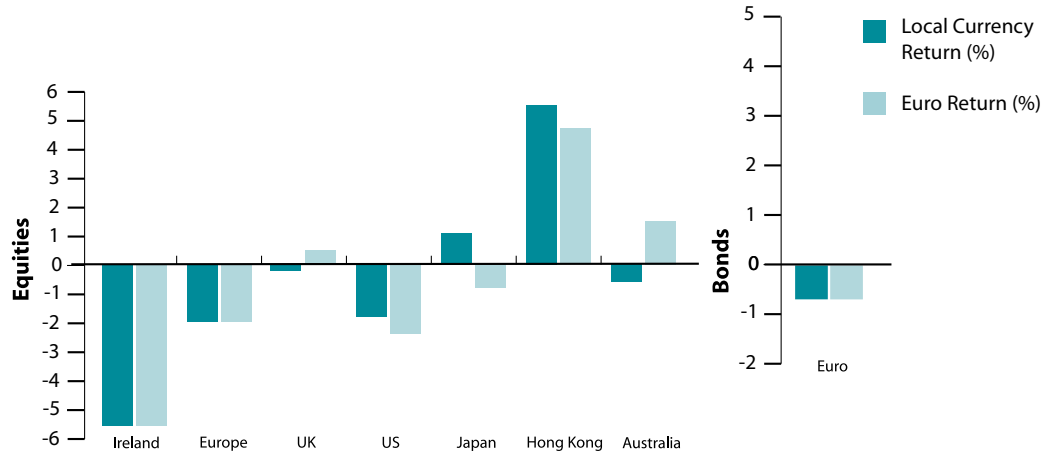
EAGLE STAR

Equity and Bond % Returns

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

- Following a strong three-month run, equities endured a more difficult month in June, experiencing significant volatility. Markets were buffeted by profit-taking, further concerns over US sub-prime mortgages (which adversely affected global financials), a rise in the oil price (to \$71 a barrel) and further rises in bond yields, which somewhat eroded the positive valuation differential for equities. These negatives were, however, mainly quashed by the continued positive fundamentals for equities, not least the presumption that recent strong economic data does not appear to be inflationary. World equities (in euro terms) fell by 0.8% in June, giving a total return of 7.5% for the first six months of 2007. The best-performing markets in June in local currency terms were Hong Kong (+5.5%) and Japan (+1.1%), while the Irish market underperformed (-5.6%) with all the major Irish financials suffering heavily.
- Equities continue to be supported by the positive economic growth and corporate earnings backdrop, as well as relatively benign inflation and reasonable valuations. Merger & acquisition activity is adding further support. However, further short-term volatility cannot be ruled out. Market participants continue to watch closely the expectations for short-term interest rates. Futures markets currently expect no rate cuts in the US this year and rates to rise in the eurozone to 4.5%.
- Sectorwise, there was significant out-performance of cyclicals versus defensive sectors in June, a similar pattern to the previous month. Basic resources, industrials and energy all outperformed. Financials and utilities underperformed; the former not helped by concerns over interest rates and the US sub-prime mortgage market, the latter due to their bond-proxy status. Healthcare stocks also performed poorly.
- Eurozone bonds had another weak month in June (-1.1%) with prices declining for the fourth month in a row. Bond markets in Europe and the US were negatively affected by stronger economic data and concerns over short-term interest rates.
- Corporate earnings' news was relatively subdued ahead of the second-quarter reporting season, which begins in the second week of July. Merger & acquisition activity was quieter during June with the main news being a bid by Akzo Nobel for ICI.
- The US dollar was again slightly weaker against the euro in June following a brief period of strength the previous month. The €//\$ rate ended the month at 1.35.

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 June. Regional weightings were, however, altered marginally with a slight increase in positions in Europe and the Pacific Basin and a slight reduction in positions in Ireland and the US. The funds' main positions at the end of June 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 June. The main move during the month was an increase in the technology position to overweight, with purchases in Europe, such as French software company Business Objects, and the Pacific Basin. The technology sector is late-cyclical with many stocks now having stronger balance sheets and reasonable valuations. Other sectoral positions continue to be pretty balanced.

Bonds

Bond markets in both the US and Europe were again weaker during June. The month began as May ended, with bonds selling off aggressively as strong growth data led to increasing expectations of higher short-term interest rates in Europe, with chances of any US rate cuts also being priced out by markets. Price falls were exaggerated by selling of government bonds to offset losses in other fixed interest securities, particularly US mortgage bonds. Yields peaked around mid-June, when losses from sub-prime mortgage bonds caused distress at two Bear Stearns hedge funds and a subsequent sell-off in high-yield credit gave a flight to quality bid to government bonds. Economic data were generally positive over the month and the positive tone of eurozone data, in particular, is likely to result in further ECB rate hikes by year end. Rates are expected to end the year at 4.5% or higher. The euro remained strong over the month, setting a new record high against the yen and remaining close to record highs against the US dollar. The Merrill Lynch EMU Government Bond Index fell 1.1% during June, for a total year-to-date return of -3.2%.

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 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.

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.

Finance

Allianz

Allianz AG is the largest insurance company in Europe, with significant operations in the US and the Pacific Rim. It owns RAS in Italy, and AGF in France. The group has an investment banking presence through its Dresdner Bank subsidiary and an established Asset Management division, including its PIMCO subsidiary. The company is undergoing extensive restructuring across all divisions in an effort to reduce cost and boost efficiencies. The valuation is attractive relative to its growth prospects.

Information and Communication Technology

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 has recently created a joint venture with Siemens for its networks business, which should allow it to benefit from increased scale and market synergies.

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.

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

- Global growth remains strong, although it has moderated slightly from last year's robust levels. The major central banks remain focused on the cyclical inflation pressures stemming from this strong growth.
- US interest rates were kept at 5.25% at the Fed's last meeting. With recent economic data firmer than expectations and the Fed wishing to see further moderation in inflation, investors no longer expect any rate cuts this year.
- The ECB held rates, as expected, at 4% at its most recent meeting. While that level is closer to neutral, ECB comments continue to be hawkish. While recent concerns about housing and financial conditions had provided some support, bonds in the US and Europe remain under pressure.
- It's still the case that equity markets remain supported by the strong earnings' background, continued merger and 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 will produce corrections and further periods of volatility.

Investment Performance Report

Annualised Performance to 2nd July 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	1.7%	3.1%	2.3%	2.4%	3.7%	5.1%	109,398,000
Acorn Life (Ind) Pension Deposit	1.7%	2.9%	2.1%	2.1%	3.2%	4.8%	3,500,000
Ark Life (Ind) Pension Assured 2	1.4%	2.7%	1.7%	1.7%	2.5%	Not Started	24,910,021
Canada Life (Ind) Setanta Pension Money *	1.5%	2.7%	1.9%	1.9%	2.8%	4.1%	362,588,114
Friends (Ind) Cash	1.5%	2.7%	1.9%	2.1%	2.9%	4.2%	28,582,000
Hibernian L&P Pension Cash	1.6%	3.0%	2.2%	2.1%	Not Started	Not Started	52,468,064
Irish Life (Ind) Exempt Cash 1	1.5%	2.8%	2.0%	2.0%	2.9%	4.1%	324,000
Lifetime/BIAM (Ind) Pen Security	1.4%	2.6%	1.6%	1.6%	2.4%	3.7%	80,144,000
New Irl (Ind) Pension Cash 2 *	1.5%	2.8%	1.9%	1.9%	2.7%	4.2%	75,014,000
Royal Liver (Ind) Money Fund	1.1%	2.0%	1.3%	1.3%	Not Started	Not Started	6,830,735
SL Synergy Cash Fund	1.4%	2.6%	1.7%	Not Started	Not Started	Not Started	35,168,000
MoneyMate Sector Average	1.5%	2.7%	1.8%	1.9%	3.0%	4.4%	
Fixed Interest							
Eagle Star Active Fixed Income	-3.6%	-0.2%	3.3%	4.8%	7.5%	Not Started	76,182,000
Eagle Star Long Bond	-5.5%	-1.0%	4.2%	Not Started	Not Started	Not Started	18,588,000
Canada Life (Ind) Setanta Pen Fixed Interest *	-3.6%	-0.7%	2.2%	3.6%	5.4%	7.1%	221,836,220
Friends (Ind) Fixed Interest	-3.6%	-0.2%	2.2%	4.1%	5.6%	7.8%	66,055,000
Hibernian L&P Pension (Hib) H-R Gilt	-2.6%	0.3%	3.3%	5.4%	6.6%	8.0%	52,829,673
Irish Life (Ind) Exempt Fixed Interest 2	-3.4%	-0.8%	2.5%	4.2%	5.8%	7.5%	1,126,000
New Irl (Ind) Pension Gilt Edge 2 *	-3.3%	-0.7%	2.3%	4.0%	5.8%	7.4%	747,883,000
Royal Liver (Ind) Fixed Interest	-1.9%	0.0%	2.1%	3.7%	Not Started	Not Started	23,232,975
SL Synergy Corporate Bond Fund	-0.8%	2.1%	Not Started	Not Started	Not Started	Not Started	Not Available
MoneyMate Sector Average	-3.1%	-0.2%	2.7%	4.0%	5.9%	7.6%	
International Equity							
Eagle Star International Equity	8.7%	21.6%	18.4%	10.3%	10.2%	Not Started	35,753,000
Ark Life (Ind) Pension Global	8.1%	16.7%	15.4%	7.0%	Not Started	Not Started	8,452,157
Canada Life (Ind) Passive Equity 2	5.3%	14.6%	10.6%	5.6%	Not Started	Not Started	5,564,211
Friends (Ind) International	7.0%	17.9%	14.8%	8.0%	5.4%	8.9%	316,755,000
Hibernian L&P Pension (Hib) H-R International	5.2%	15.0%	14.3%	7.5%	6.1%	9.9%	17,993,104
Irish Life (Ind) Fidelity Managed Intl 4*	9.6%	17.7%	13.5%	5.4%	Not Started	Not Started	14,101,000
New Irl (Ind) Pension International 2 *	6.8%	16.7%	10.8%	5.3%	6.2%	9.7%	2,944,876,000
Royal Liver (Ind) International Equity	5.1%	19.8%	13.9%	7.7%	Not Started	Not Started	11,912,444
SL Synergy Global Equity Tracker	6.0%	16.3%	Not Started	Not Started	Not Started	Not Started	32,741,000
MoneyMate Sector Average	6.7%	18.2%	14.7%	7.9%	6.4%	9.6%	
Managed Aggressive							
Eagle Star Dynamic	7.3%	23.0%	20.3%	12.6%	8.9%	14.1%	889,989,000
Acorn Life (Ind) Pension Managed Growth	6.4%	22.4%	18.0%	11.3%	8.6%	11.9%	244,800,000
Hib Life & Pen NU (Ind) Focussed Managed I	3.6%	17.5%	14.9%	9.3%	9.4%	Not Started	4,850,668
Lifetime/BIAM (Ind) Pen Opportunity	2.9%	15.2%	11.7%	7.5%	7.7%	10.7%	87,776,000
New Irl (Ind) 2016/2040 Series 3 *	3.4%	16.3%	13.1%	8.3%	8.8%	Not Started	1,036,878,000
Royal Liver (Ind) Managed Fund	4.3%	21.5%	14.7%	9.7%	Not Started	Not Started	47,944,362
MoneyMate Sector Average	4.3%	17.6%	14.7%	9.5%	8.4%	12.3%	
Managed Balanced							
Eagle Star Balanced	5.8%	19.2%	16.8%	11.1%	8.9%	13.0%	1,154,338,000
Eagle Star Performance	6.6%	21.6%	19.3%	12.2%	9.0%	13.4%	849,195,000
Acorn Life (Ind) Pension Managed	4.7%	17.7%	14.5%	9.8%	8.1%	11.1%	162,600,000
Ark Life (Ind) Pension Managed 2	4.8%	16.4%	14.3%	7.7%	6.1%	Not Started	509,611,244
Canada Life (Ind) Setanta Pension Managed *	3.7%	12.9%	12.6%	9.0%	7.2%	10.1%	1,027,369,604
Friends (Ind) Managed	4.1%	17.0%	14.5%	10.1%	7.9%	10.9%	480,585,000
Hibernian L&P Pension (Hib) H-R Managed	3.5%	15.1%	13.9%	9.6%	8.5%	11.0%	208,564,014
Irish Life (Ind) Exempt Managed 1	5.6%	18.8%	15.8%	10.7%	8.6%	10.6%	34,383,000
Lifetime/BIAM (Ind) Pen Growth	2.9%	14.7%	11.8%	8.1%	8.1%	10.8%	2,569,138,000
New Irl (Ind) Pension Managed 3	3.0%	15.0%	12.3%	8.4%	9.0%	11.5%	2,527,772,000
SL Synergy Managed	4.7%	18.8%	Not Started	Not Started	Not Started	Not Started	340,266,000
MoneyMate Sector Average	3.6%	15.3%	13.1%	8.8%	8.1%	11.0%	
Irish Equity							
Eagle Star Irish Equity	0.4%	30.8%	Not Started	Not Started	Not Started	Not Started	15,010,000
Ark Life (Ind) Pension Irish	-0.3%	21.5%	20.1%	13.4%	Not Started	Not Started	3,100,430
Friends (Ind) Irish Equity	-0.7%	25.5%	21.2%	15.8%	12.6%	15.8%	141,659,000
Hib Life & Pen NU (Ind) Irish Equity *	-3.1%	22.4%	21.1%	15.8%	13.6%	Not Started	3,641,378
New Irl (Ind) Pension Irish Equity 3 *	-3.2%	20.7%	20.7%	14.4%	13.9%	Not Started	1,747,621,000
Royal Liver (Ind) Irish Equity	3.0%	35.1%	22.2%	16.4%	Not Started	Not Started	14,942,883
SL Synergy Irish Equity Tracker	-0.6%	25.1%	Not Started	Not Started	Not Started	Not Started	22,144,000
MoneyMate Sector Average	-1.2%	25.8%	21.2%	15.1%	12.5%	15.3%	
Euro Equity²							
Eagle Star Eurozone Equity G	13.0%	33.7%	27.6%	Not Started	Not Started	Not Started	26,846,000
Ark Life Eurozone 2 G	8.9%	19.4%	17.0%	7.5%	Not Started	Not Started	103,648,727
Hibernian L&P Euro Equity G	7.9%	23.5%	19.5%	10.4%	Not Started	Not Started	2,776,285
New Ireland Euroland Equity S 9	10.4%	25.0%	18.4%	7.8%	Not Started	Not Started	16,065,000
SL Synergy European Equity Tracker	10.0%	27.8%	Not Started	Not Started	Not Started	Not Started	54,128,000
MoneyMate Sector Average¹	10.2%	26.0%	19.6%	8.9%	N/A	N/A	

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

Investment Performance Report

Annualised Performance to 2nd July 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	6.2%	24.0%	31.5%	Not Started	Not Started	Not Started	127,477,000
BOI Life - Unit Funds European Ex UK S2	10.1%	22.1%	16.8%	7.6%	Not Started	Not Started	500,297,000
Canada Life/Setanta European Equity G	5.4%	18.8%	18.3%	10.3%	Not Started	Not Started	14,812,185
Friends First European Equity G	10.7%	26.2%	20.8%	Not Started	Not Started	Not Started	364,988,000
Hibernian L&P European Equity G	6.6%	20.5%	18.5%	9.8%	Not Started	Not Started	4,843,802
Irish Life Europascope 2 G	10.9%	25.3%	18.8%	9.1%	Not Started	Not Started	23,903,000
New Ireland European Equity S 9	9.8%	21.4%	16.3%	7.0%	Not Started	Not Started	497,675,000
Royal Liver European Equity G	9.8%	25.7%	20.5%	11.6%	Not Started	Not Started	8,455,976
SL Synergy European Equity	12.7%	30.2%	Not Started	Not Started	Not Started	Not Started	54,128,000
MoneyMate Sector Average¹	10.4%	27.0%	21.3%	11.7%	10.5%	N/A	
Far East Equity²							
Eagle Star 5★5 Asia Pacific G	18.7%	46.1%	32.1%	Not Started	Not Started	Not Started	91,624,000
BOI Life - Unit Funds Far East Equity S2	3.7%	8.1%	12.5%	6.1%	Not Started	Not Started	1,640,000
Hibernian L&P Pacific Basin Equity G	11.3%	28.3%	22.9%	14.5%	Not Started	Not Started	1,191,927
Irish Life Indexed Pacific Basin 1 G	14.7%	32.1%	25.3%	14.6%	Not Started	Not Started	758,000
New Ireland Pacific Basin S 9	10.6%	27.0%	23.5%	12.7%	Not Started	Not Started	126,930,000
SL Synergy Pacific Basin Eq Tracker	15.6%	37.9%	Not Started	Not Started	Not Started	Not Started	15,238,000
MoneyMate Sector Average¹	13.5%	31.2%	24.0%	12.8%	N/A	N/A	
American Equity²							
Eagle Star 5★5 Americas G	8.5%	18.4%	16.7%	Not Started	Not Started	Not Started	14,982,000
BOI Life - Unit Funds North American S2	3.3%	13.4%	3.3%	1.4%	Not Started	Not Started	304,684,000
Hibernian L&P US Equity G	1.3%	6.9%	6.2%	3.1%	Not Started	Not Started	1,437,075
Irish Life Indexed US 1 G	4.3%	13.0%	7.5%	3.3%	Not Started	Not Started	1,768,000
New Ireland North American S 9	3.0%	12.8%	2.8%	0.9%	Not Started	Not Started	294,945,000
SL Synergy North American Equity	6.1%	16.0%	Not Started	Not Started	Not Started	Not Started	37,832,000
MoneyMate Sector Average¹	5.2%	12.8%	7.6%	3.4%	7.1%	N/A	
Concentrated Funds³							
Eagle Star 5★5 Global G	6.7%	20.5%	18.9%	14.9%	Not Started	Not Started	254,315,000
New Ireland Smart Stocks 15 G	1.5%	10.8%	3.2%	-0.7%	Not Started	Not Started	8,188,000
New Ireland Smart Stocks 35 G	0.8%	11.5%	5.4%	0.7%	Not Started	Not Started	8,789,000
Canada Life/Setanta Focus 15 G	2.9%	16.3%	13.6%	5.2%	Not Started	Not Started	120,878,771
Hib Life & Pens Target 20 G	2.3%	10.2%	10.9%	2.5%	Not Started	Not Started	41,309,797
Average of Selected Funds	2.8%	13.9%	10.4%	4.5%	N/A	N/A	
Selected Property Funds³							
Eagle Star Eurozone Property G	-5.0%	23.2%	Not Started	Not Started	Not Started	Not Started	100,636,000
BOI Life - Unit Funds Property S2	3.0%	10.6%	14.5%	12.4%	Not Started	Not Started	192,624,000
Canada Life /Setanta Property G	4.0%	10.2%	15.4%	15.5%	Not Started	Not Started	266,708,159
Friends First Property G	5.3%	17.1%	17.8%	17.9%	18.5%	16.3%	86,505,000
Hibernian L&P Irish Property G	2.4%	13.3%	17.9%	14.7%	Not Started	Not Started	135,234,868
Irish Life Property 1 G	3.2%	15.3%	17.0%	12.8%	Not Started	Not Started	2,136,000
New Ireland Property S 9	2.8%	10.0%	13.9%	11.5%	Not Started	Not Started	1,143,989,000
SL Synergy Property	2.7%	9.5%	13.9%	12.4%	Not Started	Not Started	164,000,000
Average of Selected Funds	2.3%	13.6%	15.8%	13.9%	18.5%	16.3%	
Specialist Funds³							
Eagle Star Dividend Growth G	5.3%	21.8%	Not Started	Not Started	Not Started	Not Started	203,215,000
Hibernian L&P High Yield G	9.7%	25.7%	18.7%	10.3%	Not Started	Not Started	15,450,153
Canada Life CL/Set Equity Div Non Dis G	3.6%	15.7%	15.2%	Not Started	Not Started	Not Started	304,347,164
Blokhams High Yield Fund 1 G	3.5%	18.5%	16.9%	Not Started	Not Started	Not Started	12,924,000
Average of Selected Funds	5.5%	20.4%	16.9%	10.3%	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 02/07/2007.

- 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. The average shown is the average of the selected funds above.

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