

Monthly investment review

For July 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.



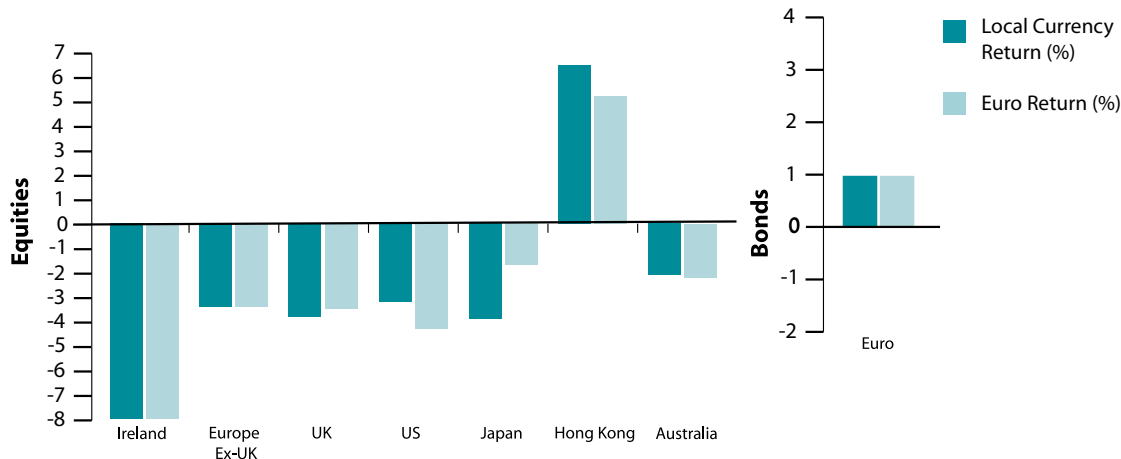
EAGLE STAR

Equity and Bond % Returns

This graph shows the performance of the major equity markets over the month of 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 markets sold off sharply in mid-month as the virtuous circle for equities turned vicious. Although most markets had a positive start to July, investors became concerned by the turmoil in the credit markets and further fallout from weakness in the US housing market. When the sell-off in credit markets developed into a rout, equity markets decided to take note. Financial stocks were in the eye of the storm across several fronts and were amongst the worst performers. Markets appeared to ignore the strong Quarter 2 results season in both the US and Europe. World equities (in euro terms) fell 3.1% in July, giving a total return of 4.2% for 2007 so far. The best-performing market in July in local currency terms was Hong Kong (+6.5%), helped by China's decision to ease rules on the ownership of overseas assets, while the other major markets fell by between 2% (Australia) and 8% (Ireland).
- Despite their recent travails, equities continue to be supported by positive economic growth and corporate earnings, as well as relatively benign inflation and reasonable valuations. However, as we have said for some time, further short-term volatility cannot be ruled out. Market participants continue to watch closely the expectations for short-term interest rates. Futures markets have altered their stance recently with two rate cuts of 0.25% now possible in the US by the end of 2008 and rates expected to peak at 4.5% in the eurozone.
- Sectorwise, there was continued out-performance of cyclicals versus defensive sectors in the US in July, although there was a more mixed picture in Europe. Common to both regions was the significant under-performance of financials, especially insurance stocks.
- Eurozone bonds bucked a four-month trend, posting a positive return of 2.0% during the month. Bond markets in Europe and the US were supported by their safe-haven status and a reduction in short-term interest rates expectations.
- Corporate earnings news was brisk in July as the second-quarter reporting season got into full swing in both the US and Europe. Of the 384 companies in the US S&P 500 Index which have reported so far, 66% have beaten expectations. Overall, profits grew by 9.5% over the Quarter 2 2006 results, beating the market expectation of only 4%. Results in Europe were also encouraging.
- The US dollar was again weaker against the euro in July although it did strengthen slightly towards the end of the month during the equity market correction. The €/£ rate ended the month at 1.37.

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 cut equity holdings slightly mid-month as the credit markets imploded; however, positions were returned to overweight right at the end of the period. Regional weightings were little changed during July. The funds' main positions at the end of July were overweight the Pacific Basin and Europe, underweight the US, the UK and Ireland and close to neutral in Japan.

Sectors: Overweight & Underweight positions

The fund managers maintained an overweight position in industrials and technology stocks and an underweight position in financials during the month. The main move in July was an increase in the European banks' weighting right at the end of the period, examples being UniCredito and BNP. The fund managers believe that some European banks were oversold and have attractive valuations. Other sectoral positions continue to be pretty balanced.

Bonds

US and European bond markets made gains in July, the first positive performance in five months, as investors sought a safe haven from weakness in credit and equity markets. Price falls in securities formed out of US sub-prime mortgages caused a general nervousness in US and European corporate bond markets, causing a sharp swing in sentiment towards less risky government bonds. While some of the economic releases during the month may have been bond supportive, investors were buying bonds due to risk aversion, as opposed to changes in the economic backdrop. Indeed, both the ECB and Fed continued with relatively hawkish commentary, despite investors lowering rate expectations in both markets - translating into hopes for a US rate cut by year end and less ECB tightening than previously anticipated. While both US and European bond prices saw strong returns, the US market slightly outperformed. For the period as a whole, the Merrill Lynch over 5 year EMU Government Bond Index gained 2%, resulting in a year-to-date return of -1.3%.

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

Boeing

Boeing is one of the leading commercial aircraft manufacturers globally. It dominates the market for large commercial aircraft along with Airbus. It also has a large defense business, manufacturing military aircraft, helicopters and space and missile systems. It is benefiting from the upcycle in commercial aircraft orders, in particular from Asian carriers; this is evident in the company's backlog which at the end of Q2 2007 stood at \$279bn, over 4.5 times 2006 revenue. The company is benefiting from the strong defense spending environment as well. The company has a big competitive advantage over Airbus at the moment in terms of product leadership. Catalysts for the stock include the first flight of the 787 and subsequent first deliveries of the plane. The valuation of the stock is attractive, especially on a free cash flow yield basis.

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 costs and boost efficiencies. The valuation is attractive relative to its growth prospects.

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

Dell

Dell is one of the largest technology companies in the US. The company's main products include desktop computers, laptops, servers and storage hardware. Dell distinguishes itself from competitors with its direct customer model, integrated with a highly efficient manufacturing and supply chain management organization. The company is in the midst of a turnaround with company founder Michael Dell back at the helm as CEO. It is recovering from missteps with regard to product quality, service and support; margins are benefiting from declines in component costs and headcount reductions. Catalysts for the stock include resolution of the accounting investigation and resumption of share buybacks. The valuation of the stock is attractive relative to peers, especially on a price to sales basis.

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 meeting last week. Rates are on hold for the moment as the Fed waits to see inflation moderate further. Recent comments suggest that the Fed is closely monitoring financial markets following the recent credit crunch and market participants have as a result priced for almost 50 basis points of cuts before year end.
- The ECB held rates, as expected, at 4% at its latest meeting. While that level is closer to neutral, ECB comments continue to be hawkish. Recent concerns in the credit markets, beginning with worries over US sub-prime lending, have given support to oversold bond markets in the US and Europe.
- It's still the case that equity markets remain supported by fundamental factors such as earnings and valuations. As stated continuously for some time now, it is likely that tighter liquidity conditions and nervous credit markets will produce further periods of volatility like the one just encountered.

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 to 1st August 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 (Ind) Secure	2.0%	3.3%	2.4%	2.4%	3.7%	5.1%	112,160,000
Acorn Life (Ind) Pension Deposit	2.0%	3.1%	2.2%	2.1%	3.2%	4.7%	2,500,000
Ark Life (Ind) Pension Assured 2	1.7%	2.7%	1.8%	1.7%	2.5%	Not Started	24,910,021
Canada Life (Ind) Setanta Pension Money *	1.8%	2.9%	2.0%	1.9%	2.8%	4.1%	362,588,114
Friends (Ind) Cash	1.8%	2.8%	2.0%	2.1%	2.8%	4.2%	15,384,000
Hibernian L&P Pension Cash	1.9%	2.9%	2.1%	2.1%	Not Started	Not Started	52,468,064
Irish Life (Ind) Exempt Cash 1	1.8%	2.9%	2.0%	2.0%	2.9%	4.1%	267,907,000
Lifetime/BIAM (Ind) Pen Security	1.7%	2.6%	1.7%	1.6%	2.4%	3.6%	80,144,000
New Irl (Ind) Pension Cash 2 *	1.8%	2.9%	1.9%	1.9%	2.7%	4.2%	94,340,000
Royal Liver (Ind) Money Fund	1.3%	2.1%	1.3%	1.3%	Not Started	Not Started	6,830,735
SL Synergy Cash Fund	1.6%	2.6%	1.7%	Not Started	Not Started	Not Started	35,168,000
MoneyMate Sector Average	1.8%	2.8%	1.9%	1.9%	3.0%	4.3%	
Fixed Interest							
Eagle Star (Ind) Active Fixed Income	-1.3%	0.5%	3.7%	4.9%	7.4%	Not Started	77,450,000
Eagle Star (Ind) Long Bond	-2.7%	-0.2%	4.7%	Not Started	Not Started	Not Started	19,174,000
Canada Life (Ind) Setanta Pen Fixed Interest *	-1.9%	-0.4%	2.4%	3.6%	5.4%	7.2%	221,836,220
Friends (Ind) Fixed Interest	-2.2%	-0.2%	2.4%	4.1%	5.6%	8.0%	59,922,000
Hibernian L&P Pension (Hib) H-R Gilt	-0.4%	1.4%	3.7%	5.5%	6.7%	8.2%	52,829,673
Irish Life (Ind) Exempt Fixed Interest 2	-1.5%	-0.2%	2.8%	4.3%	5.7%	7.7%	52,874,000
New Irl (Ind) Pension Gilt Edge 2 *	-1.6%	-0.3%	2.7%	4.0%	5.8%	7.6%	755,179,000
Royal Liver (Ind) Fixed Interest	2.5%	3.2%	3.2%	4.2%	Not Started	Not Started	23,232,975
SL Synergy Corporate Bond Fund	-0.9%	0.9%	Not Started	Not Started	Not Started	Not Started	Not Available
MoneyMate Sector Average	-1.5%	0.2%	2.9%	4.1%	5.9%	7.7%	
International Equity							
Eagle Star (Ind) International Equity	5.7%	17.1%	18.0%	11.3%	9.1%	Not Started	58,548,000
Ark Life (Ind) Pension Global	5.4%	14.3%	15.0%	8.5%	Not Started	Not Started	8,452,157
Canada Life (Ind) Passive Equity 2	1.1%	8.9%	10.5%	6.3%	Not Started	Not Started	5,564,211
Friends (Ind) International	4.5%	14.3%	14.7%	9.2%	4.4%	9.2%	306,876,000
Hibernian L&P Pension (Hib) H-R International	2.7%	11.5%	14.3%	9.0%	5.1%	10.2%	17,993,104
Irish Life (Ind) Fidelity Managed Intl 4 *	7.4%	15.4%	14.3%	6.6%	Not Started	Not Started	71,234,000
New Irl (Ind) Pension International 2 *	2.6%	11.5%	10.2%	6.2%	5.0%	9.8%	3,054,514,000
Royal Liver (Ind) International Equity	3.5%	15.0%	14.6%	9.6%	Not Started	Not Started	11,912,444
SL Synergy Global Equity Tracker	2.7%	12.1%	Not Started	Not Started	Not Started	Not Started	32,741,000
MoneyMate Sector Average	3.8%	14.1%	14.3%	9.2%	5.4%	9.8%	
Managed Aggressive							
Eagle Star (Ind) Dynamic	4.3%	18.2%	19.7%	13.4%	7.7%	14.1%	882,227,000
Acorn Life (Ind) Pension Managed Growth	3.9%	18.7%	18.2%	12.8%	7.5%	12.0%	235,200,000
Hib Life & Pen NU (Ind) Focussed Managed I	0.2%	12.6%	14.1%	10.0%	8.1%	Not Started	4,850,668
Lifetime/BIAM (Ind) Pen Opportunity	-1.2%	10.2%	10.7%	8.0%	6.5%	10.7%	87,776,000
New Irl (Ind) 2016/2040 Series 3 *	-0.7%	11.2%	12.1%	8.9%	7.6%	Not Started	121,075,000
Royal Liver (Ind) Managed Fund	1.9%	16.6%	14.4%	11.1%	Not Started	Not Started	47,944,362
MoneyMate Sector Average	1.2%	13.0%	14.1%	10.4%	7.3%	12.4%	
Managed Balanced							
Eagle Star (Ind) Balanced	3.5%	15.3%	16.3%	11.6%	7.8%	13.0%	1,158,383,000
Eagle Star (Ind) Performance	3.6%	16.9%	18.6%	12.8%	7.8%	13.5%	842,146,000
Acorn Life (Ind) Pension Managed	3.0%	14.9%	14.6%	10.6%	7.2%	11.1%	149,600,000
Ark Life (Ind) Pension Managed 2	1.9%	12.8%	13.5%	8.7%	5.1%	Not Started	509,611,244
Canada Life (Ind) Setanta Pension Managed *	1.5%	8.8%	12.2%	9.7%	6.4%	10.2%	1,027,369,604
Friends (Ind) Managed	1.2%	13.0%	13.9%	10.7%	6.9%	10.9%	104,271,000
Hibernian L&P Pension (Hib) H-R Managed	0.5%	11.2%	13.3%	10.3%	7.4%	11.1%	208,564,014
Irish Life (Ind) Exempt Managed 1	2.4%	14.5%	15.0%	11.5%	7.5%	10.6%	2,176,317,000
Lifetime/BIAM (Ind) Pen Growth	-0.9%	9.9%	10.8%	8.5%	7.1%	10.8%	2,569,138,000
New Irl (Ind) Pension Managed 3	-0.7%	10.2%	11.2%	9.0%	7.9%	11.4%	2,649,673,000
SL Synergy Managed	2.2%	14.4%	Not Started	Not Started	Not Started	Not Started	340,266,000
MoneyMate Sector Average	0.8%	11.4%	12.5%	9.5%	7.2%	11.0%	
Irish Equity							
Eagle Star (Ind) Irish Equity	-7.1%	19.8%	Not Started	Not Started	Not Started	Not Started	13,617,000
Ark Life (Ind) Pension Irish	-8.5%	12.1%	17.1%	13.8%	Not Started	Not Started	3,100,430
Friends (Ind) Irish Equity	-8.6%	15.8%	18.2%	16.2%	10.7%	15.3%	127,340,000
Hib Life & Pen NU (Ind) Irish Equity *	-11.0%	12.7%	18.1%	15.8%	11.6%	Not Started	3,641,378
New Irl (Ind) Pension Irish Equity 3 *	-9.6%	13.3%	17.9%	14.9%	12.1%	Not Started	1,697,013,000
Royal Liver (Ind) Irish Equity	-5.3%	22.1%	19.4%	17.6%	Not Started	Not Started	14,942,883
SL Synergy Irish Equity Tracker	-7.6%	15.5%	Not Started	Not Started	Not Started	Not Started	22,144,000
MoneyMate Sector Average	-9.8%	14.7%	18.1%	15.4%	10.6%	14.9%	
Euro Equity²							
Eagle Star Eurozone Equity G	10.2%	27.2%	26.7%	Not Started	Not Started	Not Started	31,324,000
Ark Life Eurozone 2 G	6.1%	17.7%	17.3%	10.1%	Not Started	Not Started	103,648,727
Hibernian L&P Euro Equity G	3.6%	17.7%	19.2%	12.7%	Not Started	Not Started	2,776,285
New Ireland Euroland Equity S 9	6.6%	20.3%	17.8%	10.1%	Not Started	Not Started	15,874,000
SL Synergy European Equity Tracker	5.6%	18.5%	Not Started	Not Started	Not Started	Not Started	54,128,000
MoneyMate Sector Average¹	6.1%	20.5%	19.5%	11.3%	N/A	N/A	

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

Investment Performance Report

Annualised Performance to 1st August 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	2.2%	17.2%	29.9%	Not Started	Not Started	Not Started	125,292,000
BOI Life - Unit Funds European Ex UK S2	6.1%	16.0%	16.5%	9.7%	Not Started	Not Started	500,297,000
Canada Life /Setanta European Equity G	0.7%	10.8%	17.5%	11.3%	Not Started	Not Started	14,812,185
Friends First European Equity G	7.9%	21.8%	21.2%	Not Started	Not Started	Not Started	364,988,000
Hibernian L&P European Equity G	3.2%	15.5%	18.4%	12.2%	Not Started	Not Started	4,843,802
Irish Life Europascope 2 G	6.6%	19.0%	18.6%	11.6%	Not Started	Not Started	73,037,000
New Ireland European Equity S 9	5.8%	15.6%	15.9%	9.1%	Not Started	Not Started	486,083,000
Royal Liver European Equity G	9.0%	22.7%	21.2%	14.6%	Not Started	Not Started	8,455,976
SL Synergy European Equity	10.2%	24.9%	Not Started	Not Started	Not Started	Not Started	54,128,000
MoneyMate Sector Average¹	6.7%	21.3%	21.2%	13.6%	9.5%	N/A	
Far East Equity²							
Eagle Star 5★5 Asia Pacific G	21.6%	48.4%	33.5%	Not Started	Not Started	Not Started	98,587,000
BOI Life - Unit Funds Far East Equity S2	-0.3%	5.8%	12.3%	7.1%	Not Started	Not Started	1,640,000
Hibernian L&P Pacific Basin Equity G	14.0%	32.3%	24.5%	16.5%	Not Started	Not Started	1,191,927
Irish Life Indexed Pacific Basin 1 G	17.4%	34.4%	26.9%	16.3%	Not Started	Not Started	5,033,000
New Ireland Pacific Basin S 9	9.4%	30.4%	23.9%	13.8%	Not Started	Not Started	133,659,000
SL Synergy Pacific Basin Eq Tracker	14.7%	33.5%	Not Started	Not Started	Not Started	Not Started	15,238,000
MoneyMate Sector Average¹	14.2%	32.7%	25.0%	14.4%	N/A	N/A	
American Equity²							
Eagle Star 5★5 Americas G	4.0%	12.7%	15.9%	Not Started	Not Started	Not Started	14,818,000
BOI Life - Unit Funds North American S2	-1.3%	7.8%	2.3%	2.0%	Not Started	Not Started	304,684,000
Hibernian L&P US Equity G	-0.7%	4.2%	6.4%	4.2%	Not Started	Not Started	1,437,075
Irish Life Indexed US 1 G	-0.2%	7.5%	6.8%	3.8%	Not Started	Not Started	165,115,000
New Ireland North American S 9	-1.6%	7.3%	1.8%	1.3%	Not Started	Not Started	285,720,000
SL Synergy North American Equity	2.4%	10.9%	Not Started	Not Started	Not Started	Not Started	37,832,000
MoneyMate Sector Average¹	1.0%	8.7%	6.9%	4.1%	6.2%	N/A	
Concentrated Funds³							
Eagle Star 5★5 Global G	2.7%	14.0%	18.2%	15.7%	Not Started	Not Started	242,595,000
New Ireland Smart Stocks 15 G	1.5%	9.1%	3.8%	0.2%	Not Started	Not Started	8,188,000
New Ireland Smart Stocks 35 G	0.8%	10.0%	6.1%	2.1%	Not Started	Not Started	8,789,000
Canada Life /Setanta Focus 15 G	-1.5%	12.0%	13.1%	5.8%	Not Started	Not Started	120,878,771
Hib Life & Pens Target 20 G	0.5%	9.8%	11.3%	4.0%	Not Started	Not Started	41,309,797
Average of Selected Funds	0.8%	11.0%	10.5%	5.6%	N/A	N/A	
Selected Property Funds³							
Eagle Star Eurozone Property G*	-13.0%	8.2%	Not Started	Not Started	Not Started	Not Started	87,820,000
BOI Life - Unit Funds Property S2	3.7%	8.5%	14.2%	12.5%	Not Started	Not Started	192,624,000
Canada Life /Setanta Property G	4.1%	8.7%	15.2%	15.7%	Not Started	Not Started	266,708,159
Friends First Property G	6.0%	16.5%	17.9%	18.0%	18.3%	16.3%	86,505,000
Hibernian L&P Irish Property G	2.6%	7.9%	17.6%	14.7%	Not Started	Not Started	135,234,868
Irish Life Property 1 G	3.3%	11.7%	17.0%	12.5%	Not Started	Not Started	605,765,000
New Ireland Property S 9	3.4%	7.9%	13.7%	11.5%	Not Started	Not Started	191,466,000
SL Synergy Property	3.2%	8.8%	13.9%	12.2%	Not Started	Not Started	164,000,000
Average of Selected Funds	1.7%	9.8%	15.6%	13.9%	18.3%	16.3%	
Specialist Funds³							
Eagle Star Dividend Growth G	0.7%	14.8%	Not Started	Not Started	Not Started	Not Started	195,948,000
Hibernian L&P High Yield G	6.2%	20.6%	17.6%	12.2%	Not Started	Not Started	15,450,153
Canada Life CL/Set Equity Div Non Dis G	0.7%	10.1%	14.3%	Not Started	Not Started	Not Started	304,347,164
Blokhams High Yield Fund 1 G	-1.2%	11.4%	15.2%	Not Started	Not Started	Not Started	351,896,000
Average of Selected Funds	1.6%	14.2%	15.7%	12.2%	N/A	N/A	

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

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

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 01/08/2007.

- 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.