

Monthly investment review

For August 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.



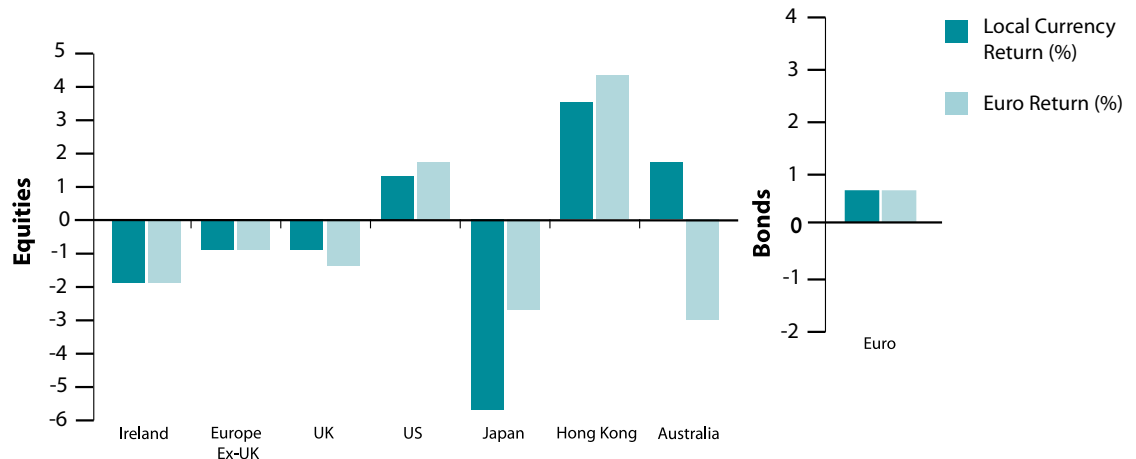
EAGLE STAR

Equity and Bond % Returns

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

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 endured a roller-coaster month during August. The first two weeks saw a continuation of July's sharp falls on further concerns regarding the collapse of the US sub-prime lending market and the drying-up of the credit and money markets. Equities rebounded in the second half of the month following action by some central banks to add liquidity to the money markets and supportive comments by Federal Reserve Chairman Bernanke. Financial stocks in Europe again bore the brunt, though US financials ended the month in positive territory. Despite the volatility and genuine concerns, world equities (in euro terms) rose 0.3% in August, giving a total return of 4.5% for the first eight months of 2007. The best-performing markets in August in local currency terms were Hong Kong (+3.5%), which continued to be supported by China's decision to ease rules on the ownership of overseas assets, Australia (+1.7%) and the US (+1.3%). Japan was the poorest performer, down almost 6%.
- The longer-term fundamentals for equities continue to be positive, as long as the turmoil in the financial markets does not spread to the economy as a whole. 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 significantly in August, with a number of rate cuts of 0.25% now expected in the next six months in the US, and with rates expected to peak at their current level of 4.0%, or perhaps 4.25%, in the eurozone.
- Sectorwise, there was a change in the long-term trend, with many of the defensive sectors, such as consumer staples, outperforming cyclicals. A common feature in both the US and Europe was the strong performance of technology stocks which are now seen to have attractive valuations. In Europe, financials and basic materials were amongst the worst-performing sectors.
- Eurozone bonds performed well for the second month in a row, posting a return of 0.9% during the month. Bond markets in Europe and the US were supported by their safe-haven status and a reduction in short-term interest rate expectations.
- Corporate earnings news was subdued in August following a stronger-than expected Quarter 2 reporting season the previous month, in both the US and Europe. Merger & acquisitions activity also tailed off, not least due to the turmoil in the international credit markets.
- The US dollar was slightly stronger against the euro in August, helped by ongoing financial market concerns. The €//\$ rate ended the month at 1.36.

Eagle Star's Asset Allocation

The funds are close to neutral in both equities and bonds.

Equities

Countries & Markets: Overweight & Underweight positions

The fund managers maintained a slightly overweight position in equities as the fallout from the implosion of the credit markets continued to reverberate. Regional weightings were, however, altered in August with Europe being moved from an overweight benchmark position to neutral, while the US was moved from underweight to neutral. The funds' positions at the end of August were overweight the Pacific Basin, underweight Ireland and close to neutral in Japan, the UK, Europe and the US.

Sectors: Overweight & Underweight positions

The fund managers maintained an overweight position in industrials, telecoms and technology stocks and an underweight position in financials during the month. Other sectoral positions continue to be pretty balanced.

Bonds

Bond prices rose during August as investors sought the relative safety of government securities. The previous month's weakness in credit markets turned into a rout and caused credit and money markets to virtually seize up, forcing some of the major central banks to add money to the markets in an attempt to re-lubricate the system and get banks lending to one another in the normal fashion. As investors shunned credit markets they embraced shorter maturity government bonds. This was despite the fact that central banks were proving reluctant (in the case of the Fed) or very reluctant (ECB) to indicate that short term rates would be altered because of the credit crisis. Nonetheless by the end of the month investors had begun to discount a number of 0.25% cuts from the Fed over the next six months, and had scaled back further the prospects for ECB tightening. For the month as a whole the over 5 year EMU Government Bond Index gained 0.9% for a year to date return of -0.4%.

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 Quarter 2 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

China Construction Bank

China Construction Bank is the third largest bank in China by total assets. It is the largest mortgage lender in China and the second largest issuer of credit cards, as well as being one of the country's principal infrastructure lenders. The company should be a prime beneficiary of China's economic growth and the bank's orientation towards consumer banking presents massive opportunities given the market remains largely unpenetrated.

Consumer

Nokia

Nokia is the world's number one mobile phone handset provider and is a leading telecommunications and networking company. The company also develops, makes, and markets remote controls, digital TV receivers, and digital music players, as well as indoor and outdoor antennas and other accessories.

The company has recently reiterated its dominant position in mobile phones with strong handset sales volumes and a recovery in market share lost.

Information and Communication Technology

Accenture

Accenture Ltd. is a management consulting, technology services and outsourcing company with more than 110 offices in 48 countries. The company's business is structured around five operating groups, which, together, are comprised of 18 industry groups serving clients in every major industry. Its operating groups are Communications and High Tech, Financial Services, Government, Products and Resources. Investment positives include its market position (intellectual leadership), broad portfolio of contracts (diverse geographically and by industry), strong management team and strong balance sheet and cash flow, as evidenced by the high stock repurchases. The company is benefiting from the healthy consulting market at the moment. The valuation is attractive, especially on a free cash flow basis.

Healthcare

Schering-Plough

Schering-Plough is a U.S. pharmaceutical company. The Company's core product groups include allergy/respiratory, anti-infective/anticancer, dermatologicals, and cardiovasculars, as well as an animal health business. It is benefiting from strong growth in sales of its cholesterol drug Vytorin, which it co-promotes with its partner Merck. The company has agreed to acquire Akzo Nobel's pharmaceutical business Organon. There should be substantial synergies from this deal as Schering better utilises its sales force and adds to its pipeline of drug candidates; the closing of this deal later in the year should be a catalyst for the stock. The valuation of the stock is attractive relative to its growth rate.

Global Outlook

- Global growth has been strong year to date, although it has moderated from 2006's robust levels. The major central banks had been focused on cyclical inflation pressures, but have clearly become concerned about dislocation in parts of the credit markets and how that might impact on real economic activity.
- The Fed kept rates at 5.25% at its last scheduled meeting, but did add liquidity to try to unseize the money markets. Public commentary from the Fed suggests a reluctance to ease its main interest rate; nonetheless the markets expect a 0.25% cut next week and a further 0.5% by year end.
- While markets have lowered eurozone interest rate expectations slightly, as a result of the turmoil in credit markets, ECB rhetoric has remained relatively hawkish – a stance repeated at the press conference at the beginning of September. Investors, nevertheless expect hardly any further tightening this year and are likely to continue to regard bonds as a safe haven, given the credit turmoil.
- Credit markets are dominating investor sentiment at the moment. While recent Fed and ECB moves to add liquidity to the money markets have helped calm the situation, equity markets will remain nervous until financing conditions return closer to normality.

Investment Performance Report

Annualised Performance to 3rd September 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	2.4%	3.3%	2.4%	2.4%	3.6%	5.0%	124,463,000
Acorn Life (Ind) Pension Deposit	2.4%	3.2%	2.3%	2.2%	3.1%	4.7%	2,500,000
Ark Life (Ind) Pension Assured 2	2.0%	2.8%	1.8%	1.7%	2.5%	Not Started	24,910,021
Canada Life (Ind) Setanta Pension Money*	2.2%	3.0%	2.0%	1.9%	2.8%	4.0%	362,588,114
Friends (Ind) Cash	2.1%	2.9%	2.0%	2.1%	2.8%	4.1%	15,384,000
Hibernian L&P Pension Cash	2.1%	3.0%	2.1%	2.1%	Not Started	Not Started	52,468,064
Irish Life (Ind) Exempt Cash 1	2.1%	3.0%	2.1%	2.0%	2.9%	4.1%	267,907,000
Lifetime/BIAM (Ind) Pen Security	1.9%	2.7%	1.7%	1.6%	2.4%	3.6%	80,144,000
New Irl (Ind) Pension Cash 2*	2.0%	2.9%	2.0%	1.9%	2.7%	4.1%	94,340,000
Royal Liver (Ind) Money Fund	1.5%	2.2%	1.4%	1.3%	Not Started	Not Started	6,830,735
SL Synergy Cash Fund	1.9%	2.7%	1.8%	Not Started	Not Started	Not Started	60,800,000
MoneyMate Sector Average	2.1%	2.9%	1.9%	1.9%	3.0%	4.3%	
Fixed Interest							
Eagle Star (Ind) Active Fixed Income	-0.3%	-0.4%	3.4%	4.6%	7.4%	Not Started	76,763,000
Eagle Star (Ind) Lond Bond Fund	-2.3%	-2.2%	4.1%	Not Started	Not Started	Not Started	22,173,000
Canada Life (Ind) Setanta Pen Fixed Interest*	-1.2%	-1.4%	2.1%	3.5%	5.5%	7.2%	221,836,220
Friends (Ind) Fixed Interest	-1.7%	-1.5%	2.1%	3.8%	5.6%	8.0%	59,922,000
Hibernian L&P Pension (Hib) Laser Gilt	-0.1%	0.0%	2.9%	4.7%	6.2%	7.7%	15,778,406
Irish Life (Ind) Exempt Fixed Interest 2	-0.8%	-1.2%	2.5%	4.1%	5.8%	7.7%	52,874,000
New Irl (Ind) Pension Gilt Edge 2*	-0.9%	-1.1%	2.3%	3.9%	5.9%	7.6%	755,179,000
Royal Liver (Ind) Fixed Interest	3.3%	2.8%	3.2%	3.9%	Not Started	Not Started	23,232,975
SL Synergy Corporate Bond Fund	-0.7%	0.1%	Not Started	Not Started	Not Started	Not Started	83,200,000
MoneyMate Sector Average	-1.0%	-0.9%	2.6%	3.8%	5.9%	7.7%	
International Equity							
Eagle Star (Ind) International Equity	5.6%	14.6%	17.9%	11.4%	9.6%	Not Started	58,462,000
Ark Life (Ind) Pension Global	5.3%	9.5%	15.0%	8.6%	Not Started	Not Started	8,452,157
Canada Life (Ind) Passive Equity 2	2.0%	7.6%	10.6%	6.7%	Not Started	Not Started	5,564,211
Friends (Ind) International	4.1%	11.7%	14.9%	9.2%	5.1%	9.4%	306,876,000
Hibernian L&P Pension (Hib) H-R International	2.9%	9.5%	14.5%	9.0%	6.0%	10.5%	17,993,104
Irish Life (Ind) Fidelity Managed Intl 4*	6.6%	12.9%	14.5%	7.0%	Not Started	Not Started	71,234,000
New Irl (Ind) Pension International 2*	2.0%	8.4%	10.0%	6.0%	5.9%	10.0%	3,054,514,000
Royal Liver (Ind) International Equity	2.2%	12.2%	13.6%	9.0%	Not Started	Not Started	11,912,444
SL Synergy Global Equity Tracker	1.3%	9.0%	Not Started	Not Started	Not Started	Not Started	200,000
MoneyMate Sector Average	2.8%	10.5%	14.0%	8.9%	6.0%	10.0%	
Managed Aggressive							
Eagle Star (Ind) Dynamic	3.5%	14.0%	19.2%	13.1%	8.2%	14.3%	874,767,000
Acorn Life (Ind) Pension Managed Growth	2.6%	13.5%	17.4%	12.2%	8.1%	12.1%	235,200,000
Hib Life & Pen NU (Ind) Focussed Managed I	0.0%	8.4%	13.9%	9.8%	8.5%	Not Started	4,850,668
Lifetime/BIAM (Ind) Pen Opportunity	-2.1%	5.8%	10.2%	7.5%	6.8%	10.9%	87,776,000
New Irl (Ind) 2016/2040 Series 3*	-1.6%	6.6%	11.6%	8.5%	8.0%	Not Started	121,075,000
Royal Liver (Ind) Managed Fund	0.7%	12.3%	13.5%	10.4%	Not Started	Not Started	47,944,362
MoneyMate Sector Average	0.5%	8.9%	13.6%	10.0%	7.7%	12.6%	
Managed Balanced							
Eagle Star (Ind) Balanced	3.1%	12.0%	15.9%	11.3%	8.2%	13.1%	1,169,580,000
Eagle Star (Ind) Performance	3.0%	13.0%	18.2%	12.5%	8.3%	13.6%	842,109,000
Acorn Life (Ind) Pension Managed	2.0%	10.9%	13.9%	10.4%	7.6%	11.1%	149,600,000
Ark Life (Ind) Pension Managed 2	1.6%	8.5%	13.3%	8.4%	5.5%	Not Started	509,611,244
Canada Life (Ind) Setanta Pension Managed*	1.6%	6.8%	12.2%	9.5%	6.7%	10.3%	1,027,369,604
Friends (Ind) Managed	0.8%	9.5%	13.7%	10.5%	7.3%	10.9%	104,271,000
Hibernian L&P Pension (Hib) Laser Managed	0.0%	7.7%	12.5%	9.5%	7.3%	10.4%	370,592,817
Irish Life (Ind) Exempt Managed 1	1.5%	10.2%	14.5%	11.1%	7.9%	10.7%	2,176,317,000
Lifetime/BIAM (Ind) Pen Growth	-1.7%	5.7%	10.3%	7.9%	7.4%	10.9%	2,569,138,000
New Irl (Ind) Pension Managed 3	-1.5%	5.9%	10.5%	8.3%	8.3%	11.6%	2,649,673,000
SL Synergy Managed	0.4%	9.1%	Not Started	Not Started	Not Started	Not Started	575,800,000
MoneyMate Sector Average	0.3%	7.7%	12.1%	9.1%	7.4%	11.0%	
Irish Equity							
Eagle Star (Ind) Irish Equity	-8.7%	9.9%	Not Started	Not Started	Not Started	Not Started	13,572,000
Ark Life (Ind) Pension Irish	-10.0%	2.2%	15.8%	12.5%	Not Started	Not Started	3,100,430
Friends (Ind) Irish Equity	-10.1%	6.5%	16.8%	15.2%	10.8%	15.3%	127,340,000
Hib Life & Pen NU (Ind) Irish Equity*	-12.4%	3.2%	16.7%	14.8%	11.7%	Not Started	3,641,378
New Irl (Ind) Pension Irish Equity 3*	-11.7%	3.1%	16.4%	13.8%	12.1%	Not Started	1,697,013,000
Royal Liver (Ind) Irish Equity	-7.6%	13.3%	17.6%	16.0%	Not Started	Not Started	14,942,883
SL Synergy Irish Equity Tracker	-10.4%	5.0%	Not Started	Not Started	Not Started	Not Started	138,200,000
MoneyMate Sector Average	-11.6%	4.7%	16.6%	14.3%	10.6%	15.0%	
Euro Equity²							
Eagle Star Eurozone Equity G	9.1%	21.7%	26.5%	Not Started	Not Started	Not Started	34,403,000
Ark Life Eurozone 2 G	4.2%	10.5%	16.8%	9.6%	Not Started	Not Started	103,648,727
Hibernian L&P Euro Equity G	3.1%	13.7%	19.1%	12.3%	Not Started	Not Started	2,776,285
New Ireland Euroland Equity S9	5.6%	14.6%	17.8%	9.6%	Not Started	Not Started	15,874,000
SL Synergy European Equity Tracker	4.8%	14.9%	Not Started	Not Started	Not Started	Not Started	54,128,000
MoneyMate Sector Average¹	5.4%	14.9%	19.4%	11.2%	N/A	N/A	

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

Investment Performance Report

Annualised Performance to 3rd September 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 Star 5 Europe G	1.0%	13.2%	28.9%	Not Started	Not Started	Not Started	124,078,000
BOI Life - Unit Funds European Ex UK S2	3.7%	10.3%	16.0%	9.0%	Not Started	Not Started	500,297,000
Canada Life /Setanta European Equity G	0.0%	7.3%	17.3%	11.1%	Not Started	Not Started	14,812,185
Friends First European Equity G	7.5%	18.2%	21.5%	Not Started	Not Started	Not Started	364,988,000
Hibernian L&P European Equity G	3.2%	12.8%	18.9%	12.0%	Not Started	Not Started	4,843,802
Irish Life Europascope 2 G	6.1%	14.7%	19.0%	11.3%	Not Started	Not Started	73,037,000
New Ireland European Equity S9	3.3%	9.8%	15.4%	8.5%	Not Started	Not Started	486,083,000
Royal Liver European Equity G	7.3%	18.3%	20.6%	13.5%	Not Started	Not Started	8,455,976
SL Synergy European Equity	8.9%	19.2%	Not Started	Not Started	Not Started	Not Started	54,128,000
MoneyMate Sector Average¹	5.5%	16.6%	21.0%	13.5%	9.7%	N/A	
Far East Equity²							
Eagle Star 5 Star 5 Asia Pacific G	19.9%	41.7%	31.6%	Not Started	Not Started	Not Started	99,599,000
BOI Life - Unit Funds Far East Equity S2	0.7%	3.4%	12.4%	7.6%	Not Started	Not Started	1,640,000
Hibernian L&P Pacific Basin Equity G	13.4%	28.3%	22.9%	16.4%	Not Started	Not Started	1,191,927
Irish Life Indexed Pacific Basin 1 G	15.2%	28.6%	24.3%	16.1%	Not Started	Not Started	5,033,000
New Ireland Pacific Basin S9	12.7%	27.5%	22.7%	15.2%	Not Started	Not Started	133,659,000
SL Synergy Pacific Basin Eq Tracker	12.6%	29.3%	Not Started	Not Started	Not Started	Not Started	15,238,000
MoneyMate Sector Average¹	13.0%	27.7%	23.3%	14.8%	N/A	N/A	
American Equity²							
Eagle Star 5 Star 5 Americas G	5.9%	13.2%	16.9%	Not Started	Not Started	Not Started	16,186,000
BOI Life - Unit Funds North American S2	-0.8%	7.4%	2.3%	1.2%	Not Started	Not Started	304,684,000
Hibernian L&P US Equity G	2.1%	5.8%	7.5%	4.9%	Not Started	Not Started	1,437,075
Irish Life Indexed US 1 G	1.6%	7.2%	7.6%	4.1%	Not Started	Not Started	165,115,000
New Ireland North American S9	-1.0%	6.9%	1.8%	0.9%	Not Started	Not Started	285,720,000
SL Synergy North American Equity	0.4%	7.3%	Not Started	Not Started	Not Started	Not Started	37,832,000
MoneyMate Sector Average¹	1.2%	7.5%	7.3%	4.1%	6.0%	N/A	
Concentrated Funds³							
Eagle Star 5*5 Global G	2.0%	10.2%	17.8%	14.8%	Not Started	Not Started	237,893,000
New Ireland Smart Stocks 15 G	1.5%	6.2%	3.7%	-0.5%	Not Started	Not Started	8,188,000
New Ireland Smart Stocks 35 G	0.8%	7.1%	5.8%	1.7%	Not Started	Not Started	8,789,000
Canada Life / Setanta Focus 15 G	-3.8%	5.8%	11.9%	5.6%	Not Started	Not Started	120,878,771
Hib Life & Pens Target 20 G	0.4%	7.6%	10.8%	4.5%	Not Started	Not Started	41,309,797
Average of selected funds	0.2%	7.4%	10.0%	5.2%	N/A	N/A	
Selected Property Funds³							
Eagle Star Eurozone Property G	-13.4%	6.5%	Not Started	Not Started	Not Started	Not Started	82,560,000
BOI Life - Unit Funds Property S2	3.4%	7.1%	14.1%	12.1%	Not Started	Not Started	192,624,000
Canada Life / Setanta Property G	4.4%	8.8%	15.3%	15.6%	Not Started	Not Started	266,708,159
Friends First Property G	6.3%	16.3%	17.6%	17.9%	18.2%	16.2%	86,505,000
Hibernian L&P Irish Property G	3.8%	8.9%	18.0%	14.9%	Not Started	Not Started	135,234,868
Irish Life Property 1 G	3.4%	10.5%	16.7%	12.6%	Not Started	Not Started	605,765,000
New Ireland Property S9	3.0%	6.6%	13.5%	11.4%	Not Started	Not Started	191,466,000
SL Synergy Property	3.5%	7.1%	14.0%	12.3%	Not Started	Not Started	164,000,000
Average of selected funds	3.5%	9.0%	15.6%	13.8%	18.2%	16.2%	
Specialist Funds³							
Eagle Star Dividend Growth G	-0.4%	9.7%	Not Started	Not Started	Not Started	Not Started	190,602,000
Hibernian L&P SRI High Yield G	4.5%	14.5%	Not Started	Not Started	Not Started	Not Started	6,216,668
Canada Life CL/Set Equity Div Non Dis G	0.8%	9.0%	14.1%	Not Started	Not Started	Not Started	304,347,164
Blokhams High Yield Fund 1 G	-1.6%	7.4%	14.8%	Not Started	Not Started	Not Started	351,896,000
Average of selected funds	0.8%	10.1%	14.4%	N/A	N/A	N/A	

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

Warning: 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. 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 03/09/2007.

- 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.