

# Eagle Star Investments

## Monthly Review For July 2010

Best  
Investment  
Fund Manager  
(Most recent  
MoneyMate Award  
2008)



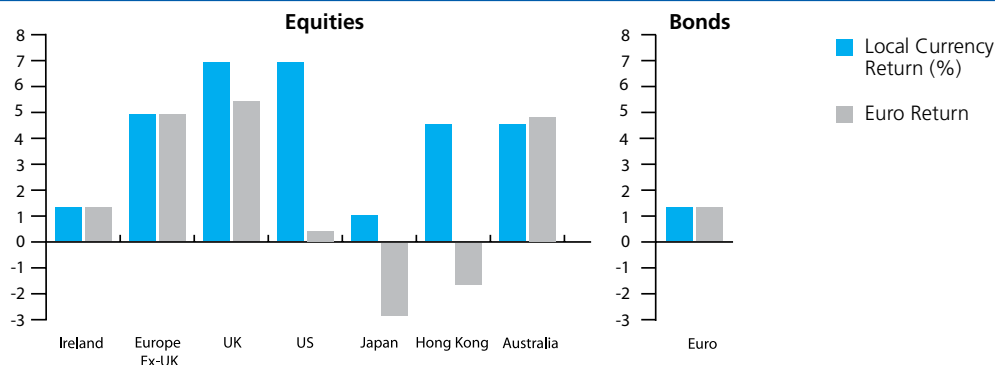
This monthly investment review is produced for professional Insurance Intermediaries. It covers the following: **performance of major stock markets, comment on markets, Eagle Star Funds asset allocation, feature on selected stocks, global outlook and fund performance statistics.** If you require further information, contact your Broker Consultant or your Sales Support Team.

## 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 rebounded from their recent lows in July following two months of steep declines. Concerns regarding sovereign debt default risk in Greece and other peripheral eurozone countries, and the effect of upcoming austerity programmes on the strength of the global economic recovery, subsided somewhat during the month. Instead the market focused on the stronger than expected second-quarter corporate results season and some better economic data, especially in Europe. Equity markets are at a critical stage from a technical perspective, currently sitting around their 200-day moving averages. Although low interest rates, improving earnings and reasonable valuation support equities, market participants continue to monitor economic data releases carefully.
- World equities (in euro terms) rose by just under 2% during the month, leaving the total return for the first seven months of 2010 at just under 8%. However, the monthly figure would have been stronger but for the partial reversal in the €/£ exchange rate. The main markets were stronger across the board during July, ranging from +7% in the US to just 1% in Japan. The Chinese market rebounded by 10% following severe weakness in the first half of the year. China has been attempting to slow down the pace of economic growth and to cool down its property market.
- Short-term interest rates are likely to remain at current emergency low levels for some time, given high debt levels in almost all economies and central bank concerns over the sustainability of the economic recovery. The futures markets are currently factoring in no change in eurozone rates (at 1%) until the first quarter of 2012, and for US rates to remain unchanged (at 0.25%) until the last quarter of 2011. The expected timing of rate rises in the eurozone and the US has been pushed out significantly in recent months. However, due to the strength of some of the Asia-Pacific economies, rates have begun to rise in that area. Australia has already increased interest rates six times since October 2009, from 3% to 4.5%. Elsewhere, commodity prices were mixed during the month. The oil price rose from \$75 to \$78 a barrel on the back of better economic data, while the price of gold fell back by 5% from its all-time high of \$1,246 to \$1,182 per troy ounce.
- Sectorwise, the markets favoured cyclical, such as basic materials and industrials, over defensives, such as healthcare and consumer staples. This was the opposite of the previous two months when defensives outperformed. Financials performed in-line with the market in the US but were particularly strong in Europe. European banks reacted positively to the general passing of stress tests, good earnings results and the watering down of planned new regulation.
- Corporate earnings' news was brisk during July, as the second-quarter results season got into full swing in both the US and Europe. Overall, results

were strong in terms of revenues and earnings, with most companies giving positive guidance. Merger & acquisition (M&A) activity was relatively subdued during the period.

- After stabilising somewhat against the US dollar during June, the euro strengthened significantly during July on the back of stronger economic data in Europe and reduced concerns over sovereign debt default risk. The €/£ rate moved from 1.23 to 1.30 during the month. A €/£ rate of 1.10 to 1.20 is generally seen as fair value.

## Eagle Star Funds - Asset Allocation

**The funds are underweight in equities and overweight in bonds.**

### Equities

#### Countries & Markets: Overweight & Underweight positions

Despite some purchases, the fund managers maintained an underweight equity position in the managed funds during July, given ongoing concerns over the sustainability of the global economic recovery. The main change to regional equity weightings during the period was an increase in Europe at the expense of the US. The funds' main positions at the end of July were underweight in Ireland and the US and close to neutral in Japan, the UK, Europe and the Pacific Basin.

#### Sectors: Overweight & Underweight positions

The main sectoral moves in July were an increase in financials, mainly in European banks, from underweight to neutral and a reduction in consumer goods stocks. Overall, the funds' main positions at the end of July were slightly overweight in technology and slightly underweight in consumer goods and oil & gas stocks. Other sectoral positions were pretty balanced.

### Bonds

Eurozone bonds boasted a strong performance in July. Peripheral European bonds, in particular, powered ahead after suffering large losses in recent months. The main catalyst for the move was the European bank stress tests. Though discredited by some, risk markets in general responded well to their release. In addition, there are rumours that the Basel 3 banking rules will be diluted. In effect, banks will have to raise less capital, removing the threat of large supply overhanging the market. Data yet again was somewhat overlooked during the month. As we finished July, preliminary stories appeared that the Fed may be prepared to embark on a second round of quantitative easing. This helped to push bond markets even higher. While this easing is unlikely to happen in the short-term, markets seem prepared to run with this idea and buy bonds on any dip in price. The Merrill Lynch over 5 year Eurozone government bond index gained 1.4% for the month.

# Spotlight on Stocks

The following stocks are included (at time of going to print) in the Eagle Star funds, including the 5★5 Global Fund.

## Health, Personal Care & Leisure Sector

### Novartis

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 blockbuster drugs such as Diovan and Glivec. Novartis has a strong product pipeline and it has a strategy of diversification into adjacent healthcare product areas which act as a buffer for the more risky pharmaceuticals division. About one third of the group is now comprised of generic drugs, consumer healthcare and vaccines. Novartis has a very strong balance sheet and the company trades in line with its peers.

## Resources and Infrastructure Sector

### Canadian Natural Resources

Canadian Natural Resources is the second largest oil & gas company in Canada after Suncor. Its production is 63% oil weighted with a big exposure to oil sands mainly through its Horizon field in Alberta. The company has a positive investment thesis based on the following: attractive combination of long-term oil production resource growth via its sizable oil sands resource base, strong free cash flow, leverage to constructive outlook for oil prices, and balance sheet strength. The BP oil spill in the Gulf of Mexico should be a big benefit for the Canadian oil sands producers, particularly Canadian Natural Resources with its relatively low cost base.

## Information and Communication Technology Sector

### Apple

Apple is the largest technology company in the world by market value. The company is benefiting from a very strong new product cycle including

the iPhone 4 and iPad. The company enjoys much higher margins on the iPhone compared to its PC business and this is leading to very strong margin expansion overall. One of the company's main competitive advantages is its app store which now contains over 200,000 apps. Potential catalysts include the launch of a CDMA iPhone which would lead to a big increase in its addressable market. Valuation is attractive relative to its growth, especially if account is taken of Apple's net cash position of nearly \$50 per share (versus its current share price of around \$260).

## Finance and Real Estate Sector

### PNC Financial Services

PNC Financial Services is one of the largest regional banks in the US. The company is benefiting from a big improvement in bad debt expenses due to the economic recovery in the US. It has one of the best prospects for loan growth due to synergies from its acquisition of its smaller rival National City last year. The stock looks attractive relative to normalised earnings power and on a sum of the parts basis given its large stake in the world's largest asset manager, Blackrock.

## Consumer Sector

### Walt Disney

Walt Disney is one of the largest entertainment companies in the world. It is benefiting from the recovery in the advertising spending environment through its ownership of ABC and ESPN, and also from the improvement in travel through its theme parks and cruise line businesses. It is gaining from an improvement in fundamentals in the film business with several significant releases imminent, which would lead to strong earnings momentum with potential positive earnings surprises. The valuation is attractive with the stock relative to its earnings growth.

# Global Outlook

- Economists expect the global economy to expand by around 3.5% this year, although weak bank lending and financial market volatility add to downside risks for this forecast. Inflation pressures globally remain modest, reflecting weaker data in the US, Europe and Japan and stronger readings in emerging economies and Asia. Exports are very strong from some European economies but domestic demand remains subdued and concerns linger about whether the private sector in Europe and the US can grow without continued government support.
- The eurozone debt crisis had reawakened worries about sovereign creditworthiness, the long-term consequences of the credit burst and the unintended consequences of a myriad of policy actions – factors which periodically increase the risk concerns of equity investors. Investors have not been focusing on such concerns of late, however.
- Central banks continue to set interest rates at emergency levels in Europe and the US, although they have risen somewhat in some of the stronger economies such as Canada, India and China. By extension, 2011 rate expectations remain very close to their cycle lows in the US, UK and eurozone. Investors, therefore, expect that low rates will persist for some time, a view reinforced by the recent testimony from Federal Reserve Chairman, Ben Bernanke.
- These low short-term interest rates, combined with disinflation concerns, continue to be of general support to the major bond markets such as Germany, the US and Japan. Peripheral bond spreads in the eurozone have narrowed of late, with the general situation much calmer since Greece has fallen out of the investment grade universe. However, it is clear that the longer-term success of the euro project will require a more centralised fiscal framework than we have currently and it is likely that this issue will come to the fore again at some stage.
- Global equities are flat so far this year but this masks very substantial volatility - four 7%+ falls, one 14% recovery and the recent 9% rally. Low interest rates certainly provide some forward support to risk markets and the reaction to the strong US earnings' season and European bank stress tests has been more on the positive side than the negative. Also, investors seem to believe that the Fed will soon embark on another quantitative easing policy ("QE2"). Sentiment and market action are positive and further gains are possible, although the pattern of the market this year makes us slightly cautious still.

# Eagle Star Investments

Annualised Performance to 1st August 2010

|  | Year to Date | 1 Year       | Annualised 3 Years | Annualised 5 Years | Annualised 10 Years | Annualised 15 Years | Annualised 20 Years | Fund Size (€)        |
|--|--------------|--------------|--------------------|--------------------|---------------------|---------------------|---------------------|----------------------|
| <b>Cash</b>                                    |              |              |                    |                    |                     |                     |                     |                      |
| <b>Eagle Star (Ind) Secure</b>                 | <b>0.2%</b>  | <b>0.4%</b>  | <b>2.2%</b>        | <b>2.4%</b>        | <b>2.7%</b>         | <b>3.8%</b>         | <b>5.1%</b>         | <b>414,388,000</b>   |
| Acorn Life (Ind) Pension Deposit               | 1.1%         | 1.9%         | 3.2%               | 2.9%               | 2.8%                | 3.6%                | 5.1%                | 3,400,000            |
| Ark Life (Ind) Pension Assured 2               | 0.1%         | 0.3%         | 1.8%               | 1.9%               | 2.1%                | Not Started         | Not Started         | 27,588,804           |
| Canada Life (Ind) Setanta Pension Money *      | 0.1%         | 0.3%         | 2.2%               | 2.3%               | 2.3%                | 3.0%                | 4.4%                | 362,588,114          |
| Friends (Ind) Cash                             | 0.8%         | 1.3%         | 2.4%               | 2.3%               | 2.4%                | 3.0%                | 4.5%                | 83,260,000           |
| Hibernian L&P Pension Cash                     | 1.2%         | 2.6%         | 2.9%               | 2.7%               | Not Started         | Not Started         | Not Started         | 172,843,642          |
| Irish Life (Ind) Exempt Cash 1                 | 1.2%         | 2.0%         | 3.0%               | 2.8%               | 2.6%                | 3.2%                | 4.5%                | 905,875              |
| Lifetime/BIAM (Ind) Pen Security               | 0.0%         | 0.1%         | 1.8%               | 1.9%               | 1.9%                | 2.7%                | 4.0%                | 1,839,000            |
| New Irl (Ind) Pension Cash 2 *                 | 0.2%         | 0.4%         | 2.0%               | 2.1%               | 2.2%                | 2.9%                | 4.4%                | 693,817,000          |
| Royal Liver (Ind) Money                        | 0.6%         | 1.4%         | 2.1%               | 1.9%               | Not Started         | Not Started         | Not Started         | 6,830,735            |
| SL Synergy Cash                                | 0.0%         | 0.0%         | 1.7%               | 1.8%               | Not Started         | Not Started         | Not Started         | 239,600,000          |
| <b>MoneyMate Sector Average</b>                | <b>0.6%</b>  | <b>1.2%</b>  | <b>2.3%</b>        | <b>2.2%</b>        | <b>2.4%</b>         | <b>3.2%</b>         | <b>4.7%</b>         |                      |
| <b>Fixed Interest</b>                          |              |              |                    |                    |                     |                     |                     |                      |
| <b>Eagle Star (Ind) Active Fixed Income</b>    | <b>5.1%</b>  | <b>6.3%</b>  | <b>7.7%</b>        | <b>4.2%</b>        | <b>6.5%</b>         | <b>8.8%</b>         | <b>Not Started</b>  | <b>188,625,000</b>   |
| <b>Eagle Star (Ind) Long Bond</b>              | <b>5.8%</b>  | <b>7.0%</b>  | <b>7.1%</b>        | <b>3.5%</b>        | <b>Not Started</b>  | <b>Not Started</b>  | <b>Not Started</b>  | <b>59,064,000</b>    |
| Acorn Life (Ind) Pens Cautiously Mgd           | 4.3%         | 7.2%         | 6.7%               | 4.1%               | Not Started         | Not Started         | Not Started         | 13,400,000           |
| Canada Life (Ind) Setanta Pen Fixed Interest * | 2.8%         | 3.2%         | 5.6%               | 2.6%               | 4.9%                | 6.2%                | 7.3%                | 221,836,220          |
| Friends (Ind) Fixed Interest                   | 3.9%         | 5.7%         | 5.1%               | 2.3%               | 4.9%                | 6.8%                | 7.8%                | 70,420,000           |
| Aviva L&P Pen Laser Pension Bond               | 1.2%         | 4.8%         | 5.3%               | 3.1%               | 5.5%                | 7.1%                | 7.2%                | 54,949,651           |
| Irish Life (Ind) Exempt Fixed Interest 2       | 6.2%         | 7.6%         | 7.1%               | 3.6%               | 5.5%                | 7.2%                | 7.8%                | 1,044,835            |
| New Irl (Ind) Pension Gilt Edge 2 *            | 4.8%         | 5.6%         | 6.2%               | 3.0%               | 5.3%                | 7.0%                | 7.5%                | 675,093,000          |
| Royal Liver (Ind) Fixed Interest               | 7.5%         | 10.6%        | 8.9%               | 5.2%               | Not Started         | Not Started         | Not Started         | 23,232,975           |
| SL Synergy Government Bond Tracker             | 3.8%         | 5.3%         | 5.6%               | 2.6%               | Not Started         | Not Started         | Not Started         | 35,400,000           |
| <b>MoneyMate Sector Average</b>                | <b>4.4%</b>  | <b>6.4%</b>  | <b>5.7%</b>        | <b>3.1%</b>        | <b>5.4%</b>         | <b>7.1%</b>         | <b>7.7%</b>         |                      |
| <b>International Equity</b>                    |              |              |                    |                    |                     |                     |                     |                      |
| <b>Eagle Star (Ind) International Equity</b>   | <b>4.8%</b>  | <b>16.4%</b> | <b>-6.1%</b>       | <b>1.7%</b>        | <b>-0.8%</b>        | <b>Not Started</b>  | <b>Not Started</b>  | <b>176,572,000</b>   |
| Canada Life (Ind) Passive Equity 2             | 7.3%         | 17.1%        | -8.3%              | -2.2%              | Not Started         | Not Started         | Not Started         | 5,564,211            |
| Friends (Ind) International                    | 6.3%         | 19.9%        | -6.6%              | 0.7%               | -3.1%               | 4.9%                | 4.9%                | 178,100,000          |
| Aviva L&P Pen Laser Pension International Eq   | 6.2%         | 18.1%        | -7.4%              | -0.3%              | -3.2%               | 4.7%                | 5.0%                | 40,207,818           |
| Irish Life (Ind) Indexed Global Equity P       | 5.3%         | 18.1%        | -10.2%             | -1.2%              | Not Started         | Not Started         | Not Started         | 195,167,952          |
| New Irl (Ind) Pension International 2 *        | 4.5%         | 17.9%        | -7.6%              | -1.5%              | -2.5%               | 4.9%                | 5.4%                | 651,516,000          |
| Royal Liver (Ind) International Equity         | 11.4%        | 21.2%        | -7.5%              | 0.0%               | Not Started         | Not Started         | Not Started         | 11,912,444           |
| SL Synergy Global Equity Tracker               | 6.6%         | 19.0%        | -6.8%              | -0.7%              | Not Started         | Not Started         | Not Started         | 200,000              |
| <b>MoneyMate Sector Average</b>                | <b>6.4%</b>  | <b>19.5%</b> | <b>-7.5%</b>       | <b>-0.1%</b>       | <b>-1.9%</b>        | <b>5.1%</b>         | <b>5.9%</b>         |                      |
| <b>Managed Aggressive</b>                      |              |              |                    |                    |                     |                     |                     |                      |
| <b>Eagle Star (Ind) Dynamic</b>                | <b>3.1%</b>  | <b>14.2%</b> | <b>-7.5%</b>       | <b>1.5%</b>        | <b>1.1%</b>         | <b>7.2%</b>         | <b>10.5%</b>        | <b>903,678,000</b>   |
| Acorn Life (Ind) Pension Managed Growth        | 7.2%         | 19.8%        | -9.9%              | -0.4%              | -0.9%               | 6.5%                | 6.7%                | 171,200,000          |
| Hib Life & Pen NU (Ind) Focussed Managed I     | 5.6%         | 15.7%        | -10.1%             | -2.0%              | -0.6%               | Not Started         | Not Started         | 6,904,196            |
| Lifetime/BIAM (Ind) Pen Opportunity            | 4.0%         | 14.6%        | -8.7%              | -2.5%              | 0.0%                | 5.6%                | 5.3%                | 6,002,000            |
| Royal Liver (Ind) Managed                      | 8.1%         | 14.6%        | -8.2%              | -0.7%              | Not Started         | Not Started         | Not Started         | 47,944,362           |
| <b>MoneyMate Sector Average</b>                | <b>4.9%</b>  | <b>14.7%</b> | <b>-9.6%</b>       | <b>-1.3%</b>       | <b>-0.4%</b>        | <b>6.5%</b>         | <b>8.0%</b>         |                      |
| <b>Managed Balanced</b>                        |              |              |                    |                    |                     |                     |                     |                      |
| <b>Eagle Star (Ind) Balanced</b>               | <b>3.0%</b>  | <b>12.1%</b> | <b>-5.1%</b>       | <b>1.9%</b>        | <b>2.0%</b>         | <b>7.7%</b>         | <b>10.3%</b>        | <b>1,187,405,000</b> |
| <b>Eagle Star (Ind) Performance</b>            | <b>3.2%</b>  | <b>13.4%</b> | <b>-6.8%</b>       | <b>1.4%</b>        | <b>1.5%</b>         | <b>7.5%</b>         | <b>9.9%</b>         | <b>806,064,000</b>   |
| Acorn Life (Ind) Pension Managed               | 6.6%         | 17.5%        | -7.0%              | 0.3%               | 0.6%                | 6.7%                | 7.5%                | 107,300,000          |
| Ark Life (Ind) Pension Managed 2               | 4.2%         | 12.2%        | -9.4%              | -1.9%              | -1.7%               | Not Started         | Not Started         | --                   |
| Canada Life (Ind) Setanta Pension Managed *    | 5.0%         | 14.1%        | -3.9%              | 1.0%               | 1.5%                | 6.6%                | 6.7%                | 1,027,369,604        |
| Friends (Ind) Managed                          | 4.6%         | 13.4%        | -9.0%              | -1.3%              | -0.3%               | 5.9%                | 6.3%                | 259,100,000          |
| Aviva L&P Pen Laser Pension Managed            | 3.8%         | 12.1%        | -9.8%              | -2.1%              | -0.7%               | 5.4%                | 5.3%                | 376,832,448          |
| Irish Life (Ind) Exempt Managed 1              | 4.3%         | 14.3%        | -8.2%              | -0.5%              | 1.2%                | 6.1%                | 6.3%                | 1,266,373,498        |
| Lifetime/BIAM (Ind) Pen Growth                 | 3.8%         | 13.2%        | -8.3%              | -2.2%              | 0.8%                | 6.0%                | 6.9%                | --                   |
| New Irl (Ind) Pension Managed 3                | 3.9%         | 13.5%        | -8.1%              | -2.0%              | 0.9%                | 6.6%                | 7.0%                | 1,837,486,000        |
| SL Synergy Balanced MultiManager               | 4.5%         | 14.2%        | -9.8%              | -2.1%              | Not Started         | Not Started         | Not Started         | 137,100,000          |
| <b>MoneyMate Sector Average</b>                | <b>4.3%</b>  | <b>13.0%</b> | <b>-7.2%</b>       | <b>-0.9%</b>       | <b>0.3%</b>         | <b>6.2%</b>         | <b>7.0%</b>         |                      |
| <b>Irish Equity</b>                            |              |              |                    |                    |                     |                     |                     |                      |
| <b>Eagle Star (Ind) Irish Equity</b>           | <b>-1.4%</b> | <b>8.3%</b>  | <b>-27.5%</b>      | <b>-12.3%</b>      | <b>Not Started</b>  | <b>Not Started</b>  | <b>Not Started</b>  | <b>7,743,000</b>     |
| Ark Life (Ind) Pension Irish                   | -0.9%        | 4.1%         | -26.4%             | -13.5%             | Not Started         | Not Started         | Not Started         | 3,178,494            |
| Friends (Ind) Irish Equity                     | -0.9%        | 6.8%         | -26.7%             | -12.7%             | -2.0%               | 4.6%                | 5.5%                | 32,270,000           |
| Hib Life & Pen NU (Ind) Irish Equity *         | -2.5%        | 2.5%         | -27.2%             | -13.4%             | -1.9%               | Not Started         | Not Started         | 3,571,281            |
| Irish Life (Ind) Irish Equity Indexed P        | -1.2%        | 6.7%         | -29.7%             | -14.9%             | Not Started         | Not Started         | Not Started         | 62,489,161           |
| New Irl (Ind) Pension Irish Equity 3 *         | -0.9%        | 6.6%         | -28.4%             | -15.0%             | -0.8%               | 5.0%                | Not Started         | 81,096,000           |
| Royal Liver (Ind) Irish Equity                 | 1.4%         | 3.0%         | -28.1%             | -12.9%             | Not Started         | Not Started         | Not Started         | 14,942,883           |
| SL Synergy Irish Equity Tracker                | -0.5%        | 4.0%         | -29.0%             | -14.2%             | Not Started         | Not Started         | Not Started         | 11,800,000           |
| <b>MoneyMate Sector Average</b>                | <b>-1.2%</b> | <b>5.6%</b>  | <b>-28.9%</b>      | <b>-13.9%</b>      | <b>-3.3%</b>        | <b>4.0%</b>         | <b>4.7%</b>         |                      |
| <b>Euro Equity<sup>2</sup></b>                 |              |              |                    |                    |                     |                     |                     |                      |
| <b>Eagle Star Eurozone Equity G</b>            | <b>-0.6%</b> | <b>14.2%</b> | <b>-6.9%</b>       | <b>4.0%</b>        | <b>Not Started</b>  | <b>Not Started</b>  | <b>Not Started</b>  | <b>73,142,000</b>    |
| AiB Inv Mgr Ltd Eurozone Equity Indexmaster B  | 0.2%         | 12.0%        | -10.5%             | 0.4%               | Not Started         | Not Started         | Not Started         | 67,630,936           |
| Ark Life Eurozone 2 G                          | 0.8%         | 13.4%        | -12.5%             | -2.9%              | Not Started         | Not Started         | Not Started         | 72,080,973           |
| Aviva L&P Euro Equity                          | -0.5%        | 11.0%        | -9.5%              | 0.0%               | Not Started         | Not Started         | Not Started         | 11,959,507           |
| New Ireland Euroland Equity S9                 | -4.2%        | 9.4%         | -12.5%             | -2.2%              | Not Started         | Not Started         | Not Started         | 5,026,000            |
| SL Synergy European Equity Tracker             | 0.7%         | 12.7%        | -9.9%              | 0.6%               | Not Started         | Not Started         | Not Started         | 70,300,000           |
| <b>MoneyMate Sector Average<sup>1</sup></b>    | <b>-1.0%</b> | <b>12.7%</b> | <b>-9.9%</b>       | <b>-0.7%</b>       | <b>N/A</b>          | <b>N/A</b>          | <b>N/A</b>          |                      |

\* Note that this fund is no longer open to new business. Other similar funds which are open to new business may be available from the relevant fund manager.

Figures highlighted in navy indicate where the Eagle Star fund has outperformed the average.

# Eagle Star Investments

Annualised Performance to 1st August 2010

|   | Year to Date | 1 Year       | Annualised 3 Years | Annualised 5 Years | Annualised 10 Years | Annualised 15 Years | Annualised 20 Years | Fund Size (€)      |
|---|--------------|--------------|--------------------|--------------------|---------------------|---------------------|---------------------|--------------------|
| <b>European Equities<sup>2</sup></b>              |              |              |                    |                    |                     |                     |                     |                    |
| <b>Eagle Star 5 Star 5 Europe G</b>               | <b>-0.9%</b> | <b>10.6%</b> | <b>-9.9%</b>       | <b>0.7%</b>        | <b>Not Started</b>  | <b>Not Started</b>  | <b>Not Started</b>  | <b>84,598,000</b>  |
| BOI Life - Unit Funds European Ex UK S2           | -1.7%        | 14.0%        | -11.5%             | -2.3%              | Not Started         | Not Started         | Not Started         | 8,141,000          |
| Canada Life /Setanta European Equity G            | 1.7%         | 19.4%        | -8.3%              | -0.1%              | Not Started         | Not Started         | Not Started         | 14,812,185         |
| Friends First European Equity G                   | 2.3%         | 16.4%        | -10.7%             | 0.2%               | Not Started         | Not Started         | Not Started         | 179,700,000        |
| Aviva L&P European Equity                         | -0.4%        | 11.4%        | -7.2%              | 1.4%               | Not Started         | Not Started         | Not Started         | 2,835,348          |
| Irish Life Europascope 2 G                        | -5.5%        | 6.4%         | -11.7%             | -1.6%              | Not Started         | Not Started         | Not Started         | 33,728,375         |
| New Ireland European Equity S9                    | -2.0%        | 13.6%        | -12.0%             | -2.8%              | Not Started         | Not Started         | Not Started         | 244,105,000        |
| Royal Liver European Equity G                     | 8.3%         | 21.8%        | -6.8%              | 2.1%               | Not Started         | Not Started         | Not Started         | 8,455,976          |
| SL Synergy European Eq MultiManager               | 0.9%         | 14.3%        | -11.7%             | -0.4%              | Not Started         | Not Started         | Not Started         | 69,700,000         |
| <b>MoneyMate Sector Average<sup>1</sup></b>       | <b>3.3%</b>  | <b>18.6%</b> | <b>-9.3%</b>       | <b>0.9%</b>        | <b>N/A</b>          | <b>N/A</b>          | <b>N/A</b>          |                    |
| <b>Far East Equity<sup>2</sup></b>                |              |              |                    |                    |                     |                     |                     |                    |
| <b>Eagle Star 5 Star 5 Asia Pacific G</b>         | <b>-5.3%</b> | <b>-2.2%</b> | <b>-11.4%</b>      | <b>2.9%</b>        | <b>Not Started</b>  | <b>Not Started</b>  | <b>Not Started</b>  | <b>96,005,000</b>  |
| AIB Inv Mgr Ltd Far East Equity G                 | 8.1%         | 17.5%        | -4.9%              | 3.5%               | Not Started         | Not Started         | Not Started         | 7,314,817          |
| BOI Life - Unit Funds Far East Equity S2          | 10.4%        | 19.9%        | -2.6%              | 1.7%               | Not Started         | Not Started         | Not Started         | 1,244,000          |
| Aviva L&P Pacific Basin Equity                    | 10.0%        | 23.2%        | -2.4%              | 6.0%               | Not Started         | Not Started         | Not Started         | 2,791,617          |
| Irish Life Indexed Pacific Basin 1 G              | 8.1%         | 24.9%        | -2.8%              | 6.3%               | Not Started         | Not Started         | Not Started         | 10,031,363         |
| New Ireland Pacific Basin S9                      | 10.1%        | 23.2%        | 1.8%               | 7.2%               | Not Started         | Not Started         | Not Started         | 121,610,000        |
| SL Synergy Pacific Basin MultiManager             | 9.0%         | 26.1%        | -3.4%              | 6.8%               | Not Started         | Not Started         | Not Started         | 29,400,000         |
| <b>MoneyMate Sector Average<sup>1</sup></b>       | <b>9.0%</b>  | <b>23.4%</b> | <b>-0.3%</b>       | <b>8.2%</b>        | <b>N/A</b>          | <b>N/A</b>          | <b>N/A</b>          |                    |
| <b>American Equity<sup>2</sup></b>                |              |              |                    |                    |                     |                     |                     |                    |
| <b>Eagle Star 5 Star 5 Americas G</b>             | <b>4.4%</b>  | <b>13.9%</b> | <b>-3.1%</b>       | <b>2.5%</b>        | <b>Not Started</b>  | <b>Not Started</b>  | <b>Not Started</b>  | <b>45,259,000</b>  |
| AIB Inv Mgr Ltd US Equity G                       | 9.4%         | 19.1%        | -9.4%              | -3.8%              | Not Started         | Not Started         | Not Started         | 8,051,825          |
| BOI Life - Unit Funds North American S2           | 8.0%         | 20.2%        | -4.1%              | -1.7%              | Not Started         | Not Started         | Not Started         | 251,014,000        |
| Aviva L&P US Equity                               | 10.8%        | 24.8%        | -5.1%              | -1.7%              | Not Started         | Not Started         | Not Started         | 977,492            |
| Irish Life Indexed US 1 G                         | 8.9%         | 21.4%        | -6.0%              | -2.3%              | Not Started         | Not Started         | Not Started         | 148,984,754        |
| New Ireland North American S9                     | 7.6%         | 19.5%        | -4.6%              | -2.2%              | Not Started         | Not Started         | Not Started         | 207,670,000        |
| SL Synergy North American Equity                  | 6.7%         | 21.5%        | -5.8%              | -2.0%              | Not Started         | Not Started         | Not Started         | 81,800,000         |
| <b>MoneyMate Sector Average<sup>1</sup></b>       | <b>7.1%</b>  | <b>20.3%</b> | <b>-5.7%</b>       | <b>-1.3%</b>       | <b>N/A</b>          | <b>N/A</b>          | <b>N/A</b>          |                    |
| <b>Concentrated Funds<sup>3</sup></b>             |              |              |                    |                    |                     |                     |                     |                    |
| <b>Eagle Star 5 Star 5 Global G</b>               | <b>1.0%</b>  | <b>8.8%</b>  | <b>-8.3%</b>       | <b>-0.2%</b>       | <b>Not Started</b>  | <b>Not Started</b>  | <b>Not Started</b>  | <b>208,722,000</b> |
| BOI Life - Smart Funds Spotlight S9               | 7.4%         | 17.4%        | -5.0%              | Not Started        | Not Started         | Not Started         | Not Started         | 6,168,000          |
| Canada Life /Setanta Focus 15 G                   | 11.7%        | 28.5%        | -0.6%              | 3.5%               | Not Started         | Not Started         | Not Started         | 120,878,771        |
| Aviva L&P Target 20                               | 5.2%         | 18.1%        | -11.9%             | -5.1%              | Not Started         | Not Started         | Not Started         | 12,421,427         |
| <b>Average of selected funds</b>                  | <b>6.3%</b>  | <b>18.2%</b> | <b>-6.4%</b>       | <b>-0.6%</b>       | <b>N/A</b>          | <b>N/A</b>          | <b>N/A</b>          |                    |
| <b>Selected Property Equity Funds<sup>3</sup></b> |              |              |                    |                    |                     |                     |                     |                    |
| <b>Eagle Star Australasia Property</b>            | <b>12.3%</b> | <b>21.9%</b> | <b>-7.8%</b>       | <b>Not Started</b> | <b>Not Started</b>  | <b>Not Started</b>  | <b>Not Started</b>  | <b>5,793,000</b>   |
| <b>Eagle Star European Ex UK Property</b>         | <b>7.1%</b>  | <b>30.4%</b> | <b>-3.8%</b>       | <b>Not Started</b> | <b>Not Started</b>  | <b>Not Started</b>  | <b>Not Started</b>  | <b>5,690,000</b>   |
| <b>Eagle Star Eurozone Property G*</b>            | <b>1.7%</b>  | <b>23.8%</b> | <b>-11.8%</b>      | <b>-2.1%</b>       | <b>Not Started</b>  | <b>Not Started</b>  | <b>Not Started</b>  | <b>32,856,000</b>  |
| AIB Inv Mgr Ltd Euro Prop Stocks G                | 6.3%         | 22.9%        | -12.8%             | -3.0%              | Not Started         | Not Started         | Not Started         | 3,228,921          |
| Friends First Global Property Venture             | 0.9%         | 13.2%        | -19.0%             | Not Started        | Not Started         | Not Started         | Not Started         | 2,400,000          |
| SL Synergy Global REIT                            | 5.3%         | 27.4%        | -16.0%             | Not Started        | Not Started         | Not Started         | Not Started         | 46,100,000         |
| <b>Average of selected funds</b>                  | <b>5.6%</b>  | <b>23.3%</b> | <b>-11.9%</b>      | <b>-2.6%</b>       | <b>N/A</b>          | <b>N/A</b>          | <b>N/A</b>          |                    |
| <b>Specialist Funds<sup>3</sup></b>               |              |              |                    |                    |                     |                     |                     |                    |
| <b>Eagle Star Dividend Growth G</b>               | <b>10.6%</b> | <b>23.3%</b> | <b>-9.9%</b>       | <b>0.1%</b>        | <b>Not Started</b>  | <b>Not Started</b>  | <b>Not Started</b>  | <b>109,012,000</b> |
| Aviva L&P High Yield                              | 7.3%         | 20.5%        | -5.5%              | 2.6%               | Not Started         | Not Started         | Not Started         | 5,897,305          |
| Canada Life CL/Set Equity Div Non Dis G           | 4.0%         | 18.6%        | -6.9%              | -0.1%              | Not Started         | Not Started         | Not Started         | 304,347,164        |
| Bloxxams High Yield 1 G                           | 5.0%         | 18.0%        | -8.9%              | -1.0%              | Not Started         | Not Started         | Not Started         | 224,439,921        |
| Merrion SB Ltd Merrion High Yield G               | -0.6%        | 20.0%        | -21.8%             | -8.2%              | Not Started         | Not Started         | Not Started         | 12,205,610         |
| <b>Average of selected funds</b>                  | <b>5.3%</b>  | <b>20.1%</b> | <b>-10.6%</b>      | <b>-1.3%</b>       | <b>N/A</b>          | <b>N/A</b>          | <b>N/A</b>          |                    |

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' funds, and to show the performance of competitors over short, medium and long terms.

Source: MoneyMate as on 03/08/2010.

- 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.
- 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.
- 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. Other similar funds which are open to new business may be available from the relevant fund manager.

**Warning: The income you get from an 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.**