

Monthly investment review

For November 2007

Best Investment
Manager 2007 (MoneyMate)



EAGLE STAR

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.**

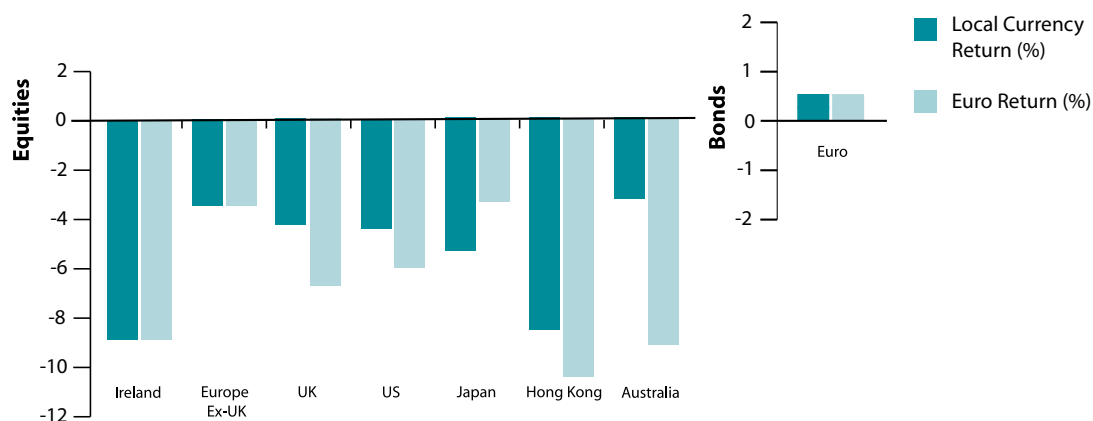
If you require further information, contact your Eagle Star Broker Consultant or your Sales Support Team.

Equity and Bond % Returns

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

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 finally cracked in November under the weight of continued upward revisions by international investment banks of their exposures to mortgage backed securities. Confidence was hit as market participants assessed the chances of the banking crisis spreading to the US economy as a whole and the effect that this could have on corporate profit growth. Markets did, however, rally sharply in the last week of the month in the hope of an early Christmas present from the US Federal Reserve, with the prospect of a supportive rate cut on 11th December. World equities (in euro terms) fell by 5.5% in November, leaving the total return for the first eleven months of 2007 at 1.3%. The worst performing markets during November in local currency terms were Hong Kong (-9%), after an extended period of significant outperformance, and Ireland (-9%) with the Bank of Ireland, Irish Life & Permanent and AIB continuing to suffer badly. Europe (-3.5%) and Australia (-3%) held up best.
- Although a number of the longer-term fundamentals for equities continue to be positive, markets remain concerned about the crisis in the banking sector and the degree of slowdown in the US economy. Although some bargain hunting may take place, markets are likely to remain volatile until these issues are resolved. Interest rate policy continues to be watched closely in all the major economic blocks. Further rate cuts are expected in December and again next year in the US, while in the eurozone, rates are expected to peak at their current level of 4%.
- Sectorwise, defensive sectors such as consumer staples, healthcare and utilities not only outperformed but actually gave positive returns during a difficult period. Cyclical sectors and financial stocks underperformed while there was profit taking amongst technology stocks in both the US and Europe.
- Eurozone bonds were in positive territory in November, helped by their safe-haven status and changes in US interest rate expectations. Higher than expected eurozone inflation was, however, bond negative.
- Corporate news was relatively slack following the third quarter reporting season in October, which saw better-than-expected results. Merger & acquisition activity has more or less dried up due to credit and money market concerns.
- The US dollar was again slightly weaker against the euro in November, due mainly to changes in expectations of US interest rate policy and further concerns over the strength of the US economy. The €//\$ rate ended the period at 1.47, a gain of 1.6%.

Eagle Star's Asset Allocation

The funds are close to neutral in equities and slightly overweight in bonds.

Equities

Countries & Markets: Overweight & Underweight positions

The fund managers maintained a neutral to slightly underweight position in equities during most of November. Regional positions have been rebalanced over the last number of months, with the US weighting being increased from underweight to neutral, while the overweight position in Europe was reduced. However, there was little change during the month apart from a small reduction in the Pacific Basin position. The funds' main positions at the end of November were overweight Pacific Basin, underweight Ireland and Japan, and more neutral in the other regions.

Sectors: Overweight & Underweight positions

Due to ongoing changes in the economic environment, the cyclical bias of the portfolio has been reduced over the last number of months, while there has been a corresponding increase in defensive stocks. The main change during November was an increase in financial stocks towards the end of the period, with purchases of European and US banks. This has brought the financials weighting from underweight to neutral. Profits were taken in a number of technology stocks, while healthcare stocks were increased to slightly overweight. Other sectoral positions continue to be pretty balanced.

Bonds

Risk aversion again dominated financial markets during November with heightened concerns over liquidity in money markets going into the year end. This led to a significant shift in US rate expectations with investors anticipating further cuts over the coming months, starting with at least a 0.25% reduction in December. In the Eurozone, the ECB continued with its relatively hawkish stance, a view that was bolstered by higher than expected inflation data. The euro strengthened further on the foreign exchange markets – both against a weak dollar and against other major currencies – but again this had little impact on bond market sentiment or ECB rhetoric. Shorter dated bonds benefited more from the November flight to safety but all bonds registered price gains – the Merrill Lynch over five year EMU Government Bond Index rose 0.50% on the month, for a year to date gain of 1%.

This review is available each month at www.eaglestarlife.ie along with other investment information.

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. The company was recently approached by Australian peer, BHP Billiton, regarding a possible merger, however, no formal takeover bid has been made as of yet.

Finance

BNP Paribas

BNP Paribas is France's largest listed banking group. The bank has strong positions in retail, corporate, investment banking and asset management, especially within Europe. The majority of BNP's revenues come from its French operations; however, it also has a banking franchise in Italy, through its subsidiary BNL and in the USA via its BancWest unit. This wide array of businesses has led to a solid earnings base which should be enhanced by continued cost-cutting. The bank trades at a valuation discount to its European peers.

Consumer

Adidas

Adidas is the second largest sporting goods company in the world after Nike. It has three major brands composed of Adidas for the high-end performance product offering, TaylorMade for golf products and Reebok with a more mid-end sports and lifestyle offering. Adidas plans to turn around

the underperforming Reebok brand in the US through better innovation and superior brand management. Adidas has a strong presence in emerging markets and will continue to benefit from strong growth in China and Russia.

Information and Communication Technology

Nokia

Nokia is the world's number one mobile phone handset provider with a global market share of about 33%. The company has recently reiterated its dominant position in mobile phones with strong handset sales volumes and a recovery in market share lost. Nokia is particularly strong in emerging markets with its scale allowing it to provide the lowest-cost mobile handsets. Continued momentum is expected through further product design improvements in the mid to higher ends of the market. Also, through its joint venture with Siemens, Nokia has exposure to infrastructure and networking.

Healthcare, Personal Care & Leisure

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 buys back its own shares annually. The company trades in line with its peers.

Global Outlook

- Global growth has been strong during 2007, although it has moderated from last year'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 has already lowered rates by 0.75% in recent months. Its worries about higher inflation - spurred by energy and commodity prices - seem to have moderated slightly, encouraging investors to expect further reductions in December and again during 2008.
- Following the recent ECB meeting, investors continue to expect eurozone rates to remain on hold for some time, judging that US rate cuts and a stronger euro exchange rate will be sufficient to offset the still hawkish stance of many ECB members. Bonds continue to be a hostage to sentiment in equity and corporate credit markets.
- In the recent past, financial stocks in particular have been hit heavily over concerns regarding exposure to US housing. Investors are also worried about the reliability of earnings' forecasts over the next twelve months, for the markets as a whole. While US rate cuts have helped sentiment somewhat, nervousness and volatility look set to persist for the time being, before confidence returns.

Investment Performance Report

Annualised Performance to 3rd December 2007



EAGLE STAR

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	3.4%	3.7%	2.6%	2.4%	3.5%	4.9%	174,532,000
Acorn Life (Ind) Pension Deposit	3.4%	3.6%	2.5%	2.2%	3.1%	4.5%	2,500,000
Ark Life (Ind) Pension Assured 2	2.8%	3.0%	2.0%	1.7%	2.5%	Not Started	24,910,021
Canada Life (Ind) Setanta Pension Money *	4.2%	4.4%	2.6%	2.2%	2.8%	4.1%	362,588,114
Friends (Ind) Cash	3.0%	3.2%	2.2%	2.1%	2.8%	4.0%	16,069,000
Hibernian L&P Pension Cash	2.9%	3.0%	2.3%	2.1%	Not Started	Not Started	52,468,064
Irish Life (Ind) Exempt Cash 1	3.0%	3.3%	2.3%	2.0%	2.8%	3.9%	530,000
Lifetime/BIAM (Ind) Pen Security	2.5%	2.7%	1.8%	1.6%	2.3%	3.6%	3,317,000
New Irl (Ind) Pension Cash 2 *	2.7%	3.0%	2.1%	1.9%	2.6%	4.0%	93,813,000
Royal Liver (Ind) Money Fund	2.3%	2.4%	1.5%	1.3%	Not Started	Not Started	6,830,735
SL Synergy Cash Fund	2.8%	3.0%	2.0%	Not Started	Not Started	Not Started	68,900,000
MoneyMate Sector Average	3.2%	3.4%	2.2%	2.0%	2.9%	4.2%	
Fixed Interest							
Eagle Star (Ind) Active Fixed Income	0.8%	-1.4%	2.7%	4.5%	6.8%	Not Started	75,416,000
Eagle Star (Ind) Long Bond Fund	-1.6%	-4.6%	2.8%	Not Started	Not Started	Not Started	24,203,000
Acorn Life (Ind) Pens Cautiously Mgd	1.2%	0.5%	2.0%	Not Started	Not Started	Not Started	9,700,000
Canada Life (Ind) Setanta Pen Fixed Interest *	0.6%	-1.3%	1.8%	3.6%	5.3%	7.7%	221,836,220
Friends (Ind) Fixed Interest	-0.8%	-2.9%	1.4%	3.7%	5.2%	8.1%	60,665,000
Hibernian L&P Pension (Hib) H-R Gilt	1.4%	-0.3%	2.4%	4.7%	5.8%	8.0%	15,778,406
Irish Life (Ind) Exempt Fixed Interest 2	0.4%	-1.8%	1.8%	3.9%	5.4%	7.9%	922,000
New Irl (Ind) Pension Gilt Edge 2 *	-0.2%	-2.1%	1.5%	3.6%	5.4%	7.9%	755,179,000
Royal Liver (Ind) Fixed Interest	6.9%	4.8%	3.2%	4.4%	Not Started	Not Started	23,232,975
SL Synergy Government Bond Tracker	0.3%	-1.6%	1.7%	Not Started	Not Started	Not Started	33,900,000
MoneyMate Sector Average	0.2%	-1.6%	1.9%	3.8%	5.5%	8.0%	
International Equity							
Eagle Star (Ind) International Equity	4.0%	7.9%	16.3%	11.8%	9.4%	Not Started	68,255,000
Ark Life (Ind) Pension Global	4.7%	8.0%	12.7%	9.2%	Not Started	Not Started	8,452,157
Canada Life (Ind) Passive Equity 2	-2.5%	-0.5%	9.3%	5.6%	Not Started	Not Started	5,564,211
Friends (Ind) International	3.1%	6.4%	13.8%	9.3%	4.9%	8.8%	321,822,000
Hibernian L&P Pension (Hib) H-R International	3.9%	7.0%	14.0%	9.6%	5.9%	10.0%	17,993,104
Irish Life (Ind) Indexed Global Equity P	-2.4%	1.7%	13.2%	Not Started	Not Started	Not Started	4,946,000
New Irl (Ind) Pension International 2 *	-0.9%	1.6%	8.8%	6.0%	5.5%	9.3%	2,926,624,000
Royal Liver (Ind) International Equity	-4.5%	-1.9%	10.8%	8.0%	Not Started	Not Started	11,912,444
SL Synergy Global Equity Tracker	-1.4%	1.0%	Not Started	Not Started	Not Started	Not Started	200,000
MoneyMate Sector Average	1.2%	4.2%	12.6%	8.9%	5.7%	9.4%	
Managed Aggressive							
Eagle Star (Ind) Dynamic	1.4%	5.9%	16.3%	13.1%	7.8%	13.7%	882,620,000
Acorn Life (Ind) Pension Managed Growth	-1.9%	1.8%	14.0%	11.2%	7.5%	11.8%	230,500,000
Hib Life & Pen NU (Ind) Focussed Managed I	-1.8%	2.0%	11.7%	9.7%	8.0%	Not Started	4,850,668
Lifetime/BIAM (Ind) Pen Opportunity	-7.7%	-4.1%	7.4%	6.7%	6.0%	10.1%	84,574,000
New Irl (Ind) Pension Ethical Managed 6	-7.9%	-4.7%	5.1%	Not Started	Not Started	Not Started	4,689,000
Royal Liver (Ind) Managed Fund	-7.7%	-4.4%	8.4%	8.4%	Not Started	Not Started	47,944,362
MoneyMate Sector Average	-2.5%	0.9%	11.1%	9.5%	7.2%	11.7%	
Managed Balanced							
Eagle Star (Ind) Balanced	1.6%	5.2%	13.6%	11.3%	7.8%	12.8%	1,211,771,000
Eagle Star (Ind) Performance	0.9%	5.0%	15.3%	12.4%	7.9%	13.2%	847,346,000
Acorn Life (Ind) Pension Managed	-1.4%	1.5%	11.4%	9.5%	7.0%	11.0%	145,100,000
Ark Life (Ind) Pension Managed 2	-1.6%	1.7%	10.4%	8.3%	4.8%	Not Started	509,611,244
Canada Life (Ind) Setanta Pension Managed *	-0.4%	1.0%	10.4%	9.4%	6.4%	10.0%	1,027,369,604
Friends (Ind) Managed	-2.2%	1.5%	11.3%	9.8%	6.6%	10.7%	434,964,000
Hibernian L&P Pension (Hib) Laser Managed	-1.6%	1.8%	10.6%	9.2%	6.8%	10.2%	370,592,817
Irish Life (Ind) Exempt Managed 1	-2.4%	1.2%	11.5%	10.4%	7.1%	10.4%	29,451,000
Lifetime/BIAM (Ind) Pen Growth	-7.1%	-3.8%	7.4%	7.1%	6.5%	10.2%	96,845,000
New Irl (Ind) Pension Managed 3	-6.8%	-3.6%	7.4%	7.3%	7.3%	11.1%	2,535,706,000
SL Synergy Balanced MultiManager	-6.0%	-3.0%	9.5%	Not Started	Not Started	Not Started	375,100,000
MoneyMate Sector Average	-2.6%	0.4%	9.8%	8.6%	6.8%	10.7%	
Irish Equity							
Eagle Star (Ind) Irish Equity	-18.8%	-11.2%	Not Started	Not Started	Not Started	Not Started	14,707,000
Ark Life (Ind) Pension Irish	-22.5%	-15.7%	6.6%	9.5%	Not Started	Not Started	3,100,430
Friends (Ind) Irish Equity	-23.0%	-16.1%	7.9%	11.6%	8.5%	14.5%	105,317,000
Hib Life & Pen NU (Ind) Irish Equity *	-23.0%	-16.3%	8.3%	11.8%	9.8%	Not Started	3,641,378
Irish Life (Ind) Irish Equity Indexed Fund P	-22.2%	-15.8%	8.0%	Not Started	Not Started	Not Started	1,599,000
New Irl (Ind) Pension Irish Equity 3 *	-26.1%	-19.4%	7.1%	10.6%	9.7%	15.3%	1,457,368,000
Royal Liver (Ind) Irish Equity	-28.4%	-22.6%	4.6%	9.6%	Not Started	Not Started	14,942,883
SL Synergy Irish Equity Tracker	-23.7%	-17.7%	7.0%	Not Started	Not Started	Not Started	37,800,000
MoneyMate Sector Average	-25.3%	-18.4%	7.0%	10.5%	8.3%	14.2%	
Euro Equity²							
Eagle Star Eurozone Equity G	11.7%	16.9%	24.1%	Not Started	Not Started	Not Started	41,344,000
AIB Inv Mgr Ltd Eurozone Equity Indexmaster B	8.8%	13.1%	19.7%	15.5%	Not Started	Not Started	135,758,059
Ark Life Eurozone 2 G	4.5%	8.5%	13.9%	10.5%	Not Started	Not Started	103,648,727
Hibernian L&P Euro Equity G	5.0%	9.3%	17.1%	13.2%	Not Started	Not Started	2,776,285
New Ireland Euroland Equity S9	5.8%	9.9%	15.5%	10.8%	Not Started	Not Started	13,604,000
SL Synergy European Equity Tracker	5.1%	7.9%	Not Started	Not Started	Not Started	Not Started	122,600,000
MoneyMate Sector Average¹	5.9%	10.2%	17.1%	12.2%	N/A	N/A	

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

Investment Performance Report

Annualised Performance to 3rd December 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	3.9%	10.6%	26.2%	Not Started	Not Started	Not Started	124,547,000
BOI Life - Unit Funds European Ex UK S2	2.0%	5.3%	13.4%	9.5%	Not Started	Not Started	1,702,644,000
Canada Life /Setanta European Equity G	-4.9%	-2.2%	13.7%	10.6%	Not Started	Not Started	14,812,185
Friends First European Equity G	6.5%	11.0%	18.9%	13.9%	Not Started	Not Started	392,465,000
Hibernian L&P European Equity G	5.3%	9.1%	17.1%	12.9%	Not Started	Not Started	4,843,802
Irish Life Europascope 2 G	8.6%	12.1%	17.0%	12.3%	Not Started	Not Started	22,297,000
New Ireland European Equity S9	1.5%	4.8%	12.9%	8.9%	Not Started	Not Started	1,702,644,000
Royal Liver European Equity G	4.1%	8.6%	16.4%	14.4%	Not Started	Not Started	8,455,976
SL Synergy European Eq MultiManager	3.2%	7.0%	Not Started	Not Started	Not Started	Not Started	138,900,000
MoneyMate Sector Average¹	4.2%	8.5%	18.1%	13.8%	8.8%	N/A	
Far East Equity²							
Eagle Star 5★5 Asia Pacific G	22.6%	29.9%	29.0%	Not Started	Not Started	Not Started	110,104,000
AIB Inv Mgr Ltd Far East Equity G	12.7%	20.2%	17.3%	12.5%	Not Started	Not Started	15,322,538
BOI Life - Unit Funds Far East Equity S2	1.3%	2.8%	13.6%	7.9%	Not Started	Not Started	571,091,000
Hibernian L&P Pacific Basin Equity G	21.3%	26.8%	23.4%	18.0%	Not Started	Not Started	1,191,927
Irish Life Indexed Pacific Basin 1 G	18.9%	23.2%	23.4%	17.3%	Not Started	Not Started	88,000
New Ireland Pacific Basin S9	19.3%	23.7%	24.2%	16.1%	Not Started	Not Started	571,091,000
SL Synergy Pacific Basin MultiManager	18.7%	24.1%	Not Started	Not Started	Not Started	Not Started	54,400,000
MoneyMate Sector Average¹	16.2%	20.2%	21.4%	14.7%	N/A	N/A	
American Equity²							
Eagle Star 5★5 Americas G	3.6%	6.8%	14.6%	Not Started	Not Started	Not Started	17,508,000
AIB Inv Mgr Ltd US Equity G	1.4%	-0.9%	8.4%	4.0%	Not Started	Not Started	16,297,352
BOI Life - Unit Funds North American S2	-5.7%	-4.2%	1.8%	1.0%	Not Started	Not Started	1,012,863,000
Hibernian L&P US Equity G	2.8%	3.5%	9.0%	4.9%	Not Started	Not Started	1,437,075
Irish Life Indexed US 1 G	-4.5%	-3.0%	6.2%	2.7%	Not Started	Not Started	1,824,000
New Ireland North American S9	-6.1%	-4.7%	1.3%	0.6%	Not Started	Not Started	1,012,863,000
SL Synergy North American Equity	-3.6%	-1.2%	Not Started	Not Started	Not Started	Not Started	99,900,000
MoneyMate Sector Average¹	-3.0%	-1.7%	6.2%	3.1%	6.0%	N/A	
Concentrated Funds³							
Eagle Star 5★5 Global G	4.1%	8.2%	17.3%	15.3%	Not Started	Not Started	250,456,000
Canada Life /Setanta Focus 15 G	-3.2%	-1.0%	12.4%	6.9%	Not Started	Not Started	120,878,771
Hib Life & Pens Target 20 G	-0.1%	3.3%	8.9%	5.3%	Not Started	Not Started	41,309,797
Average of selected funds	0.3%	3.5%	12.9%	9.2%	N/A	N/A	
Selected Property Funds³							
Eagle Star Eurozone Property G*	-22.3%	-15.4%	Not Started	Not Started	Not Started	Not Started	64,805,000
BOI Life - Unit Funds Property S2	0.4%	2.5%	12.6%	11.3%	Not Started	Not Started	1,153,409,000
Canada Life /Setanta Property G	5.9%	8.4%	15.7%	15.6%	Not Started	Not Started	266,708,159
Friends First Property G	5.9%	10.4%	16.1%	17.6%	17.6%	16.2%	278,840,000
Hibernian L&P Irish Property G	5.5%	7.7%	17.9%	14.9%	Not Started	Not Started	135,234,868
Irish Life Property 1 G	5.6%	9.0%	14.0%	12.8%	Not Started	Not Started	1,648,000
New Ireland Property S9	0.0%	2.0%	12.0%	10.7%	Not Started	Not Started	1,153,199,000
SL Synergy Property	-9.9%	-8.4%	7.1%	8.3%	Not Started	Not Started	563,000,000
Average of selected funds	-1.1%	2.0%	13.6%	13.0%	17.6%	16.2%	
Specialist Funds³							
Eagle Star Dividend Growth G	-10.3%	-6.5%	Not Started	Not Started	Not Started	Not Started	163,962,000
Hibernian L&P High Yield G	4.6%	8.6%	15.8%	10.8%	Not Started	Not Started	15,450,153
Canada Life CL/Set Equity Div Non Dis G	-5.4%	-2.2%	10.0%	Not Started	Not Started	Not Started	304,347,164
Bloxhams High Yield Fund 1 G	-8.5%	-4.6%	10.9%	10.5%	Not Started	Not Started	12,392,000
Average of selected funds	-4.9%	-1.2%	12.2%	10.7%	N/A	N/A	

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

Warnings: 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 03/12/2007.

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 5H5 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.