

Monthly Investment review

For April 2005



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.**

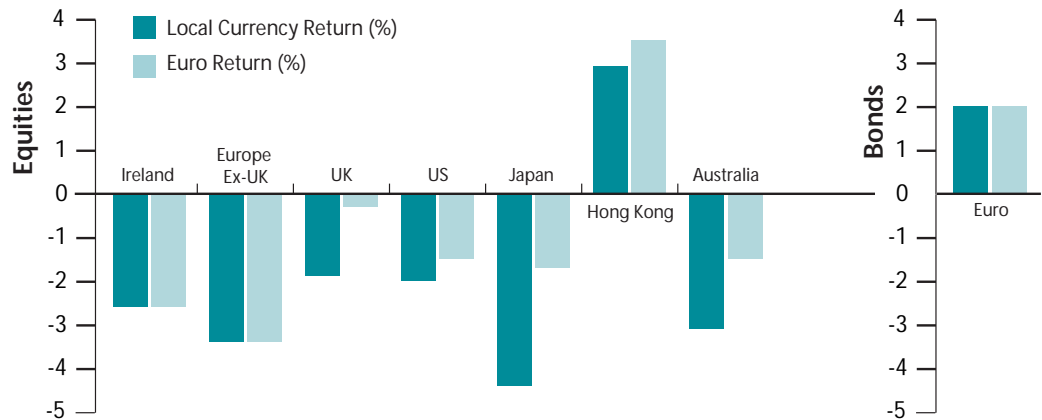
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Equity and Bond % Returns

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

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 came under increased pressure in April, due to concerns over weaker economic data and a fall in consumer confidence, despite a generally strong earnings picture and a fall off in interest rate expectations in both the US and the eurozone. World equities (in euro terms) fell by almost 2%. Conversely, bonds had another excellent month with eurozone bond prices rising by almost 2% and yields falling to generational lows. Most of the major equity markets fell by between 2% to 4% although some of the Pacific Basin markets managed to give positive returns; Hong Kong in particular was helped by its sensitivity to the decline in US interest rate expectations during the month.
- Sectorwise, there was further evidence of the ongoing shift in the economic cycle with defensive sectors such as healthcare, food & beverages and other consumer staples outperforming while cyclical sectors such as autos, retailers and basic materials, underperformed.
- Eurozone bonds recorded their tenth positive monthly return out of the last eleven months. Bonds were supported by sluggish economic data, falling interest rate expectations and weak equity markets. US bonds also performed well over the period.
- Corporate news was brisk in April as the first quarter reporting season got into full swing. Of the 310 companies in the US S&P 500 Index which have reported so far, 67% have beaten expectations, 18% have disappointed while the remaining 15% have been in line with expectations. However, the market has preferred to focus on the poor results with figures from IBM and Harley Davidson in particular causing the market to fall. Other highlights in the US were the positive corporate news from Schering Plough (better earnings) and Eli Lilly (patent success on its biggest drug Zyprexa). In Europe, strong results were recorded by Novartis, Roche, SAP and Nokia while Pernod-Ricard bid for one of its key peers, Allied-Domecq. Poor numbers were reported by Siemens, Philips and Infineon.
- The US dollar was slightly stronger over the month, with the €//\$ falling back from \$1.297 to \$1.29.

Eagle Star's Asset Allocation

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

Equities

Countries & Markets: overweight & underweight positions

The fund managers took further profits in equities during April, due to concerns over weaker economic data in the US and Europe, bringing the equity content down to slightly underweight versus the benchmark. Regional weightings in Europe and the US were reduced over the period. The funds remain overweight in Europe (although less so) and the Pacific Basin, and underweight in the US and Ireland. Neutral positions were maintained in the UK and Japan.

Sectors: overweight & underweight positions

The funds saw a further transition from cyclical sectors into defensive sectors, a process which began in early March. Cyclical areas, such as resources and basic industries, were reduced to a neutral position with the sale of some European oil & gas, construction and chemical stocks. Telecom stocks have also been further reduced. Defensive areas such as food & beverages and pharmaceuticals were increased to slightly overweight.

Bonds

Short rate expectations fell in both the US and eurozone, as a result of weaker than expected economic data in both regions. By the end of the month, investors had pushed eurozone long term interest rates down to historic lows and propelled bond prices to higher levels. Despite the ECB's clear lack of enthusiasm for keeping rates at the low level of 2%, investors are now betting that weaker eurozone growth data and well behaved inflation will prevent the central bank from hiking its rates for some months to come. Bonds also performed well in the US and slightly out-performed eurozone bonds. For the period as a whole, the Merrill Lynch Over 5 Year Eurozone Government Index returned 2%.

Spotlight on Stocks

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

Technology & Telecoms

Reuters

Reuters Group plc is an international news and information organisation. The company provides economic and financial information to the business community, in addition to supplying various news services. Competition among publishers of financial information is limited with the three main players having almost 60% market share, Reuters share being around 35%. Market conditions are showing signs of improvement after a strong contraction in the last three years, Reuters has announced a price increase of 2-3% across products after several years of deflation and also launched some new products to complete its product range. Reuters generates strong free cash flow and trades on a P/E of around 13 x 2006 earnings, around a 10% discount to the industry average.

Resources and Infrastructure

Ocean Rig

Ocean Rig ASA invests in and operates oil drilling rigs and production rigs, with a focus on operations in deep waters and risky weather situations. The company services the oil and gas industry in the North Sea and is a leveraged pure play bet on the deep water drilling market. This leverage has severely hurt the company in the weak rig market experienced during the last couple of years. However, the higher market price of oil and strong demand for offshore drilling in recent times offers upside growth.

Finance

Goldman Sachs

Goldman Sachs is one of the world's largest investment banks. It's a consistent top-tier global player in key high-margin lines of business such as equity underwriting

and mergers & acquisitions (M&A). It is benefiting from the recent increase in initial public offerings and M&A activity. The company is exceptionally creative and aggressive and is one of two dominant Prime Brokers to the fast-growing hedge fund industry. The valuation is attractive with the stock trading below its historical price-to-book multiple.

Consumer

Nestle

Nestle SA processes and manufactures food, beverages and culinary products through a variety of business divisions and subsidiaries. The company has the best global food portfolio when compared with any of its competitors. It also produces pharmaceuticals and cosmetics. Better capital discipline, share buy-backs and an increase in dividends have indicated to the market that value destructive acquisitions are less likely while it is best positioned to take advantage of emerging market growth.

Healthcare

Barr Pharmaceuticals

Barr Pharmaceuticals Inc. develops, manufactures, and markets generic pharmaceuticals (i.e. non-branded pharmaceuticals). The company manufactures and distributes products in core therapeutic categories, including oncology, female healthcare, and cardiovascular. The company will benefit from the expiration of several major branded drugs over the next two years. A possible catalyst for the stock should be more M&A among generic companies at big premiums to the current valuations following on from Novartis' takeover of Eon Labs. The valuation of the stock is attractive relative to its history and relative to the price paid for Eon Labs.

Global Outlook

- The global economy has continued to slow from last year's robust pace, with much of the recent data in most economies disappointing expectations. Policymakers remain vigilant regarding the effects of high oil prices on growth and inflation.
- We have said for some time that inflation data will remain central to the Fed's policy actions over coming months. Although US rate expectations have eased back in recent weeks, markets still expect the Fed to raise its rates by a further 0.75% to 3.75% by year end.
- The ECB remains on hold with rates at 2% and inflation projections which are still benign. It had voiced concerns over rising property prices, generous financial liquidity conditions and the level of government borrowings, although recent weak data has tempered these concerns somewhat. It is still likely that low ECB rates and well behaved inflation can remain supportive of eurozone bonds, although recent gains leave eurozone bonds slightly stretched.
- Equity market returns have been quite varied so far this year; some of the major indices have recently slipped into negative territory. The US market remains the most sluggish of the large markets and technology has been the weaker sector. For 2005, global profit growth is still expected to be around 10%, although investors are now attaching less certainty to that prediction.

Investment Performance Report

Annualised Performance to 3rd May 2005

	Year to Date	1 Year	Annualised 3 Years	Annualised 5 Years	Annualised 10 Years	Annualised 15 Years	Fund Size (€)
Cash							
Eagle Star Secure	0.57%	1.77%	2.57%	3.23%	4.67%	6.18%	81,854,000
Acorn Life Pension Deposit	0.52%	1.57%	2.02%	2.75%	4.01%	5.96%	4,100,000
Ark Life Pension Assured 2	0.46%	1.35%	1.61%	2.32%	Not Started	Not Started	20,601,000
Canada Life Setanta Pension Money	0.47%	1.33%	1.72%	2.51%	3.44%	5.25%	41,200,000
Friends Cash	0.44%	1.53%	2.05%	2.65%	3.50%	5.36%	43,801,000
Hibernian L&P Pension Cash	0.50%	1.88%	1.95%	Not Started	Not Started	Not Started	42,400,000
Irish Life Exempt Cash 1	0.47%	1.43%	1.84%	2.56%	3.56%	5.27%	335,158
Lifetime/BIAM Pen Security	0.34%	1.04%	1.47%	2.10%	3.29%	4.90%	9,502,000
New Ireland Pension Cash 2	0.45%	1.30%	1.72%	2.44%	3.34%	5.28%	36,065,000
Royal Liver Money Fund	0.27%	0.81%	1.14%	Not Started	Not Started	Not Started	3,837,983
Standard Cash 1 G	0.42%	1.25%	1.60%	2.33%	3.28%	5.16%	19,434,000
MoneyMate Sector Average	0.42%	1.36%	1.86%	2.62%	3.69%	5.47%	
Fixed Interest							
Eagle Star Active Fixed Income	3.73%	11.97%	9.68%	8.93%	Not Started	Not Started	51,694,000
Eagle Star Long Bond Fund	4.81%	16.31%	Not Started	Not Started	Not Started	Not Started	10,562,000
Canada Life Setanta Pen Fixed Interest	3.16%	10.02%	7.62%	6.97%	8.22%	9.41%	11,140,000
Friends Fixed Interest	3.23%	10.25%	8.87%	7.46%	9.41%	10.07%	150,783,000
Hibernian L&P Pension (Hib) H-R Gilt	2.34%	10.25%	9.71%	8.34%	9.78%	9.65%	10,000,000
Irish Life Exempt Fixed Interest 2	3.15%	10.58%	8.66%	7.23%	9.20%	9.55%	4,132,003
New Ireland Pension Gilt Edge 2	3.23%	10.23%	8.52%	7.43%	9.14%	9.47%	628,458,000
Royal Liver Fixed Interest	2.90%	9.53%	7.94%	Not Started	Not Started	Not Started	8,946,048
Standard Fixed Interest 1 G	3.37%	10.98%	8.28%	6.53%	8.26%	9.12%	4,803,000
MoneyMate Sector Average	3.10%	10.57%	8.35%	7.58%	9.09%	9.56%	
International Equity							
Eagle Star International Dynamic	3.97%	7.00%	-2.94%	-6.39%	Not Started	Not Started	33,657,000
Ark Life Pension Global	0.59%	6.79%	-5.42%	Not Started	Not Started	Not Started	3,783,000
Canada Life Passive Equity 1	3.55%	2.77%	-5.72%	Not Started	Not Started	Not Started	1,980,000
Friends International	2.36%	3.67%	-4.81%	-10.00%	6.28%	5.86%	596,447,000
Hibernian L&P Pension (Hib) H-R International	2.60%	6.66%	-4.62%	-8.45%	6.99%	8.39%	17,000,000
Irish Life Fidelity Managed Intl	1.65%	-2.87%	-10.40%	Not Started	Not Started	Not Started	Not Available
New Ireland Pension International 2	0.61%	0.64%	-5.57%	-5.86%	7.94%	7.56%	1,702,914,000
Royal Liver International Equity	2.53%	-3.54%	-5.28%	Not Started	Not Started	Not Started	7,428,089
Standard International Equity 1 G	3.28%	4.37%	-3.77%	-7.84%	7.61%	7.65%	14,241,000
MoneyMate Sector Average	1.74%	2.90%	-5.48%	-7.84%	6.84%	7.42%	
Managed Aggressive							
Eagle Star Dynamic	1.93%	9.38%	1.06%	-2.70%	9.82%	12.77%	390,396,000
Acorn Life Pension Managed Growth	0.64%	6.66%	-0.90%	-5.14%	9.52%	8.68%	161,800,000
Hib Life & Pen NU Focussed Managed D	1.71%	8.07%	2.31%	-0.43%	Not Started	Not Started	12,100,000
Lifetime/BIAM Pen Opportunity	1.64%	5.92%	0.02%	0.03%	9.71%	7.66%	7,325,000
New Ireland 2016/2040 Series 3	1.82%	7.55%	0.21%	0.13%	10.51%	Not Started	613,474,000
Royal Liver Managed Fund	-0.16%	3.69%	0.95%	Not Started	Not Started	Not Started	23,589,166
MoneyMate Sector Average	1.33%	7.54%	0.63%	-1.95%	10.02%	10.03%	
Managed Balanced							
Eagle Star Balanced	1.93%	8.95%	2.28%	-0.77%	10.53%	12.71%	579,141,000
Eagle Star Performance	2.07%	9.71%	1.90%	-1.70%	10.15%	11.90%	442,151,000
Acorn Life Pension Managed	0.99%	6.44%	0.87%	-2.26%	9.61%	9.57%	121,100,000
Ark Life Pension Managed 2	1.20%	7.90%	-1.63%	-4.19%	Not Started	Not Started	338,728,000
Canada Life Setanta Pension Managed	3.42%	8.84%	2.20%	-0.87%	9.02%	8.22%	251,490,000
Friends Managed	1.19%	6.91%	1.48%	-2.24%	9.26%	8.53%	789,671,000
Hibernian L&P Pension (Hib) H-R Managed	0.99%	9.03%	1.47%	-1.22%	9.71%	8.78%	416,000,000
Irish Life Exempt Active Managed 2	1.11%	8.30%	1.86%	0.22%	8.95%	8.62%	594,770,155
Lifetime/BIAM Pen Growth	1.87%	7.59%	1.78%	1.51%	10.18%	9.80%	461,774,000
New Ireland Pension Managed 2	1.94%	7.85%	1.85%	1.49%	10.91%	9.85%	1,896,664,000
Standard Managed 1 G	1.23%	6.88%	1.23%	-2.55%	8.09%	8.19%	167,258,000
MoneyMate Sector Average	1.62%	7.43%	1.18%	-0.90%	9.32%	9.21%	
Irish Equity*							
Eagle Star Irish Equity	-7.30%	Not Started	Not Started	Not Started	Not Started	Not Started	1,047,000
Ark Life Pension Irish	-5.91%	16.43%	4.03%	Not Started	Not Started	Not Started	1,254,000
Friends Irish Equity	-6.83%	14.10%	6.16%	4.66%	13.91%	11.46%	194,373,000
Hibernian L&P Pension Irish Equity	-7.09%	17.27%	7.90%	6.97%	Not Started	Not Started	9,000,000
New Ireland Pension Irish Equity 3	0.36%	23.63%	8.11%	9.82%	16.15%	Not Started	1,017,279,000
Royal Liver Irish Equity	-10.61%	3.72%	5.43%	Not Started	Not Started	Not Started	8,118,971
Standard Irish Equity 1 G	-8.65%	10.50%	6.51%	1.69%	12.43%	10.31%	6,599,000
MoneyMate Sector Average	-7.07%	13.39%	5.63%	4.22%	14.15%	11.09%	

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

Investment Performance Report

Annualised Performance to 3rd May 2005

	Year to Date	1 Year	Annualised 3 Years	Annualised 5 Years	Annualised 10 Years	Annualised 15 Years	Fund Size (€)
Euro Equity							
Eagle Star Eurozone G	2.43%	13.76%	Not Started	Not Started	Not Started	Not Started	2,407,000
Ark Life Eurozone 2 G	1.48%	8.36%	-4.97%	Not Started	Not Started	Not Started	90,703,000
Hibernian L&P Euro Equity G	3.18%	12.02%	-2.95%	Not Started	Not Started	Not Started	31,300,000
New Ireland Euroland Equity 8 G	0.78%	9.54%	-4.73%	Not Started	Not Started	Not Started	5,893,000
MoneyMate Sector Average¹	1.25%	8.13%	-4.73%	N/A	N/A	N/A	
European Equities²							
Eagle Star 5★5 Europe	8.70%	26.58%	Not Started	Not Started	Not Started	Not Started	13,849,000
BOI Life - Unit Funds European Ex UK 2 G	1.82%	6.94%	-5.28%	Not Started	Not Started	Not Started	4,089,000
Canada Life /Setanta European Equity G	1.40%	10.54%	-2.10%	Not Started	Not Started	Not Started	9,270,000
Friends First European Equity	1.95%	7.73%	Not Started	Not Started	Not Started	Not Started	214,382,000
Hibernian L&P European Equity G	1.74%	10.30%	-3.07%	Not Started	Not Started	Not Started	5,000,000
Irish Life Indexed Europe 1 G	-0.10%	6.92%	-4.32%	Not Started	Not Started	Not Started	950,000
New Ireland European Equity 8 G	2.05%	7.89%	-4.03%	Not Started	Not Started	Not Started	342,599,000
Royal Liver European Equity G	3.76%	10.02%	-0.77%	Not Started	Not Started	Not Started	4,813,899
Standard Life MW European Equity 5 G	3.14%	10.05%	-1.16%	Not Started	Not Started	Not Started	12,044,000
MoneyMate Sector Average¹	2.21%	10.28%	-2.44%	-7.92%	N/A	N/A	
Far East Equity²							
Eagle Star 5★5 Asia Pacific	10.49%	22.98%	Not Started	Not Started	Not Started	Not Started	10,730,000
BOI Life - Unit Funds Far East Equity 2 G	2.38%	-3.59%	-5.21%	Not Started	Not Started	Not Started	60,804,000
Hibernian L&P Pacific Basin Equity G	4.27%	15.02%	1.61%	Not Started	Not Started	Not Started	2,100,000
Irish Life Indexed Pacific Basin 1 G	5.09%	11.49%	0.44%	Not Started	Not Started	Not Started	350,000
New Ireland Pacific Basin 8 G	8.32%	10.82%	0.96%	Not Started	Not Started	Not Started	63,212,000
Standard Life MW Pacific Basin Equity 5 G	5.63%	4.89%	-2.86%	Not Started	Not Started	Not Started	2,237,000
MoneyMate Sector Average¹	5.47%	8.18%	-2.16%	N/A	N/A	N/A	
American Equity²							
Eagle Star 5★5 Americas	4.42%	10.20%	Not Started	Not Started	Not Started	Not Started	1,350,000
BOI Life - Unit Funds North American 3 G	-2.75%	-6.30%	-7.67%	Not Started	Not Started	Not Started	310,174,000
Hibernian L&P US Equity G	0.27%	-2.19%	-7.94%	Not Started	Not Started	Not Started	2,700,000
Irish Life Fidelity American Growth 1 G	-7.74%	-12.02%	-11.92%	Not Started	Not Started	Not Started	650,000
New Ireland North American 8	-2.25%	-4.87%	-6.36%	Not Started	Not Started	Not Started	366,384,000
Standard Life MW North American Equity 5 G	3.26%	-0.67%	-7.34%	Not Started	Not Started	Not Started	7,383,000
MoneyMate Sector Average¹	-0.57%	-1.80%	-7.93%	-4.79%	N/A	N/A	
Concentrated Funds³							
Eagle Star 5★5	4.12%	11.38%	5.94%	Not Started	Not Started	Not Started	139,989,000
New Ireland Smart Stocks 15	-0.21%	-6.18%	-10.84%	Not Started	Not Started	Not Started	12,641,000
New Ireland Smart Stocks 35	-1.17%	-5.39%	-9.71%	Not Started	Not Started	Not Started	11,230,000
Canada Life/Setanta Focus 15	2.20%	0.58%	-7.88%	Not Started	Not Started	Not Started	35,360,000
Hib Life & Pens Target 20	0.04%	5.76%	-7.79%	Not Started	Not Started	Not Started	28,000,000
Average of Selected Funds	1.00%	1.23%	-6.06%	N/A	N/A	N/A	
Consensus Funds⁴							
Irish Life Exempt Consensus	1.48%	8.26%	1.56%	-0.92%	Not Started	Not Started	765,412,751
Friends Individual Consensus	0.81%	7.26%	2.21%	-1.05%	Not Started	Not Started	17,795,000
Canada Life Consensus Index 1	1.56%	7.12%	1.15%	-1.58%	Not Started	Not Started	54,120,000
Hib Life & Pen NU Pen Grp Consensus	0.37%	6.64%	1.12%	-1.43%	Not Started	Not Started	90,100,000
BIAM (Grp) EUT Consensus Fund	0.47%	10.72%	2.52%	-0.58%	Not Started	Not Started	208,730,000
Average of Selected Funds	0.94%	8.00%	1.71%	-1.11%	N/A	N/A	

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

Source: MoneyMate as at 03/05/05.

Returns are based on offer/offered performance of the funds and do not represent the returns achieved by individual policies linked to the funds. Unit prices in the funds are not guaranteed and may fall as well as rise. Benefits may be affected by fluctuations in exchange rates between the currency of the underlying investment and the policy currency. Past performance may not be a reliable guide to future returns which are dependent on future investment conditions. 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 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.

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 5★5 fund to that of its closest competitors in the Irish Domestic Funds (Gross) sector.

⁴ This is not a sector on MoneyMate but includes all the funds identifiable as consensus funds on MoneyMate available to group and individual pension policies.

* Irish Equity - Year to date figures taken from 1st February as this is the launch date of Eagle Star's Irish Equity Fund.