

Monthly Investment review

For December 2005

Eagle Star
Winner of the 2005 Investment
Management Excellence Award*
* Financial Services Excellence Awards

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.



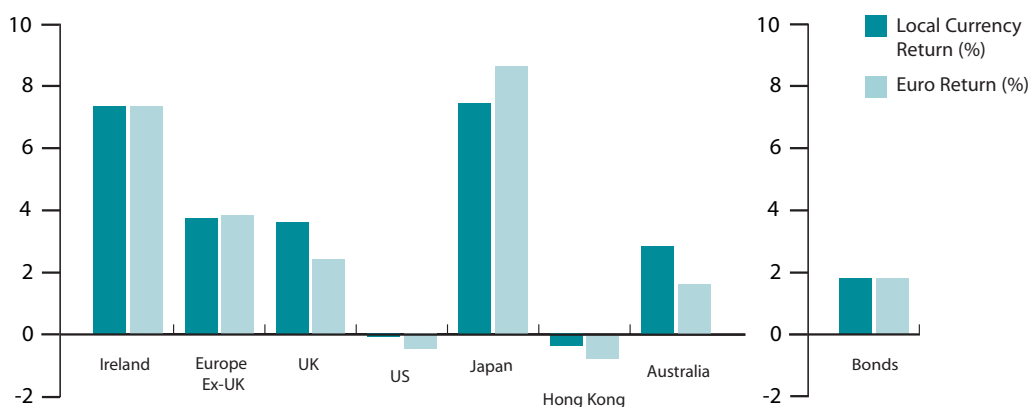
EAGLE STAR

Equity and Bond % Returns

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

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 finished with a flourish in 2005 helped by general optimism over the state of the global economy and the continuing strong corporate profit picture, as well as the expectation that interest rates are unlikely to rise significantly in the next 12 months. Market participants continued to ignore concerns such as the massive, growing, US trade deficit and the high level of energy prices. With the exception of the US, which was flat on the month, all the major markets enjoyed a Christmas rally with gains of between 3% (Australia) and 8% (Japan) in local currency terms in December - with world equities giving a total return of 2.4%. Japan was the best - performing major equity market in each of the last five months and rose by almost 44% in 2005. For the year as a whole, world equities (in euro terms) rose by over 28%, adding to the 8% return in 2004 and the 11% return in 2003. However, in dollar terms equities gave a return of just over 11% in 2005, reflecting the weakness of the euro against the US dollar.
- Sectorwise, there was a mixed bag in December with no clear distinction between cyclical and defensive stocks. The best - performing sectors were healthcare, raw materials and construction while telecoms and technology stocks underperformed. There was some profit - taking in a number of the big technology names such as Intel, IBM and Microsoft, while telecoms have underperformed all year.
- Eurozone bonds finished the year strongly, with a total return of 1.8% in December, following a poorer three months. Bonds were buoyed by indications from the US and eurozone central banks that future interest rate rises may be limited. US bonds performed in line with their European peers.
- Corporate news was relatively muted ahead of the fourth quarter reporting season which begins in earnest in the second week of January. The three previous quarterly results seasons showed profits well ahead of expectations and this was one of the main reasons for the strength in equity markets during 2005.
- The US dollar was little changed against the euro in December ending at \$1.18. For the year as a whole, the dollar rose by 15%, mainly due to the rising interest rate differential between the US and the eurozone.

Eagle Star's Asset Allocation

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

Equities

Countries & Markets: overweight & underweight positions

The fund managers maintained a slightly overweight equity position against the benchmark, taking advantage of the generally positive environment for equities. The major regional moves in December were the reduction in the US equity position from marginally underweight to underweight and a resultant increase in the Japanese position to overweight. The former was due to more attractive valuations in non-US assets, the latter due to stronger economic data emanating from Japan. The funds' main positions at the end of December were overweight Europe and Japan, neutral the Pacific Basin and underweight Ireland, the UK and the US.

Sectors: overweight & underweight positions

The funds remained broadly neutral from a sector point of view, given the underlying changes in the global economic cycle. The main moves during the month were some profit - taking in US technology stocks and a further reduction in telecom stocks, which continue to suffer from increased competition. To counterbalance these reductions, there were purchases of European financials and a number of basic industries and general industrial stocks. The funds continue to have a slight cyclical bias.

Bonds

Bond markets traded strongly during December, ending what proved to be a much more positive year than many had forecast. Performance was not dented by short rate increases in the US and the eurozone, both of which were discounted in advance. The market did get some support from indications that Fed policy was becoming more dependent on incoming economic data, rather than 'automatically' raising rates at each monthly meeting, and that the ECB had no specific plan for a series of rate hikes. In the eurozone, there was further support for longer - dated bonds from pension fund asset-liability matching. The total return of the Merrill Lynch Over Five Year EMU Government Bond Index was just under 1.8% for the month, giving a total return of 7.9% for the full year.

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

CRH

CRH is a major international producer and distributor of building materials, with a diversified business profile in product and geographical terms. It operates in four main regions the Americas, Ireland, continental Europe and the UK. CRH is a proven leader in its sector with a quality management team focused on creating long term shareholder value. This is illustrated by a 23% CAGR in EPS over the last ten years. This growth has been achieved through strong organic growth and value enhancing acquisitions. Evidence of recovery in construction remains patchy but improving economic data and the group's record of execution on its development strategy leave the material upside potential.

Finance

Allianz

Allianz AG is the largest insurance company in Europe, with significant operations in the US and the Pacific Rim. It owns RAS, Italy, and AGF, France. In Germany the Group operates through a 12,000 strong sales force. The purchase of Dresdner Bank was announced in April 2001. The company also has established an Asset Management division as a core operation and been strengthened with the purchases of PIMCO and Nicholas Applegate. Allianz has the largest portfolio of equity holdings in Germany, including a 19.9 percent shareholding in Munich Re. The company's valuation is attractive relative to its growth.

Consumer

Sumitomo Corp

Sumitomo Corp is a Japanese based consumer oriented trading company. It has interests in such areas as steel, automobiles and

cable TV. The company has been steadily improving its asset efficiency and should enjoy good earnings growth because of the growing Japanese economy. Sumitomo Corp appears undervalued relative to comparable companies.

Technology and Telecoms

Samsung Electronics

Samsung Electronics is one of the world's leading electronic goods manufacturers. Its core businesses consist of semiconductor manufacturing, where it is second only to Intel; mobile handsets, an area in which it supplies mainly high-end models; and TFT-LCD panels for computer monitors and TVs, an area in which Sony recently set up a joint venture with the company. Samsung invests heavily in its businesses to maintain its technological lead and has succeeded in recent years in improving greatly its brand name. The company appears well positioned to deliver strong earnings growth over the next few years and trades at a significant valuation discount to comparable companies.

Healthcare

Teva Pharmaceutical Industries

Teva is one of the largest generic pharmaceutical manufacturers in the world. Although Israeli based, a large proportion of the company's sales are in the US. The generics industry is benefiting as governments and employers seek to control healthcare costs. The generics industry is also being more successful in challenging existing patents. Catalysts for the stock include the closing of the IVAX acquisition and an acceleration in patent expires on branded drugs over the next few months. The valuation is attractive to its forecasted growth rate.

Global Outlook

- Global growth continues to be healthy despite high oil prices and higher global interest rates. Inflation vigilance should remain high among the major central banks during 2006.
- Investors expect US rates to peak at slightly less than 4.75%, from current levels of 4.25%. This expectation depends on the strength of activity and inflation data over the next few months.
- Investors remain on watch for data that may sway the ECB to further rate increases. In the background is still moderate inflation and pension fund liability matching which should continue to offer support to longer-dated bonds.
- Equity markets remain supported by a strong earnings' background and favourable valuations relative to bonds and cash; high oil prices and tighter liquidity conditions from higher interest rates should constrain the upside to markets.

Investment Performance Report

Annualised Performance to 3rd January 2006



EAGLE STAR

	1 Year	Annualised 3 Years	Annualised 5 Years	Annualised 10 Years	Annualised 15 Years	Fund Size (€)
Cash						
Eagle Star Secure	1.77%	1.99%	2.82%	4.17%	5.80%	106,943,000
Acorn Life (Ind) Pension Deposit	1.65%	1.75%	2.44%	3.63%	5.54%	2,700,000
Ark Life (Ind) Pension Assured 2	1.06%	1.28%	1.89%	Not Started	Not Started	20,917,000
Canada Life (Ind) Setanta Pension Money	1.41%	1.45%	2.18%	3.10%	4.87%	161,189,106
Friends (Ind) Cash	1.35%	1.83%	2.38%	3.23%	4.97%	20,020,000
Hibernian L&P Pension Cash	1.55%	1.70%	2.36%	Not Started	Not Started	42,400,000
Irish Life (Ind) Exempt Cash 1	1.46%	1.57%	2.23%	3.27%	4.86%	400,000
Lifetime/BIAM (Ind) Pen Security	1.06%	1.19%	1.82%	2.83%	4.53%	9,502,000
New Irl (Ind) Pension Cash 2	1.32%	1.44%	1.99%	3.07%	4.90%	36,065,000
Royal Liver (Ind) Money Fund	0.79%	0.88%	Not Started	Not Started	Not Started	4,999,412
Standard (Ind) Cash 1 G	1.24%	1.32%	2.00%	3.01%	4.76%	40,043
MoneyMate Sector Average	1.28%	1.50%	2.26%	3.32%	5.08%	
Fixed Interest						
Eagle Star Active Fixed Income	7.77%	7.30%	7.86%	10.15%	Not Started	78,423,000
Eagle Star Long Bond Fund	11.55%	Not Started	Not Started	Not Started	Not Started	13,486,000
Canada Life (Ind) Setanta Pen Fixed Interest	6.19%	5.90%	6.49%	7.29%	8.86%	452,305,631
Friends (Ind) Fixed Interest	6.39%	6.80%	6.71%	8.13%	9.72%	58,427,000
Hibernian L&P Pension (Hib) H-R Gilt	6.65%	7.76%	7.79%	8.72%	9.35%	10,000,000
Irish Life (Ind) Exempt Fixed Interest 2	6.74%	6.51%	6.81%	8.00%	9.24%	4,000,000
New Irl (Ind) Pension Gilt Edge 2	6.85%	6.52%	6.80%	8.09%	9.20%	628,458,000
Royal Liver (Ind) Fixed Interest	5.47%	5.49%	Not Started	Not Started	Not Started	29,847,630
Standard (Ind) Fixed Interest 1 G	10.17%	7.87%	6.58%	7.46%	8.98%	10,050
MoneyMate Sector Average	6.91%	6.70%	6.99%	8.18%	9.22%	
International Equity						
Eagle Star (Ind) International Dynamic	34.07%	16.82%	1.24%	Not Started	Not Started	44,320,000
Ark Life (Ind) Pension Global	24.62%	13.93%	Not Started	Not Started	Not Started	5,437,000
Canada Life (Ind) Passive Equity 1	24.11%	12.37%	Not Started	Not Started	Not Started	3,784,216
Friends (Ind) International	27.35%	13.62%	-2.29%	7.25%	8.66%	251,717,000
Hibernian L&P Pension (Hib) H-R International	28.82%	14.19%	-1.96%	8.29%	10.56%	17,000,000
Irish Life (Ind) Fidelity Managed Intl	32.03%	12.22%	-5.22%	Not Started	Not Started	Not Available
New Irl (Ind) Pension International 2	18.87%	10.06%	-1.83%	8.40%	9.33%	1,702,914,000
Royal Liver (Ind) International Equity	34.90%	16.73%	Not Started	Not Started	Not Started	12,115,516
Standard (Ind) International Equity 1 G	29.31%	14.50%	-0.87%	8.29%	10.39%	32,588
MoneyMate Sector Average	26.99%	13.38%	-1.58%	7.75%	9.68%	
Managed Aggressive						
Eagle Star (Ind) Dynamic	28.39%	17.39%	3.60%	10.22%	15.12%	541,117,000
Acorn Life (Ind) Pension Managed Growth	26.50%	17.43%	1.49%	10.53%	11.42%	220,200,000
Hib Life & Pen NU (Ind) Focussed Managed D	16.46%	12.14%	3.14%	Not Started	Not Started	12,100,000
Lifetime/BIAM (Ind) Pen Opportunity	18.52%	12.26%	3.18%	9.93%	11.41%	7,325,000
New Irl (Ind) 2016/2040 Series 3	19.40%	13.34%	3.06%	10.80%	Not Started	613,474,000
Royal Liver (Ind) Managed Fund	20.76%	15.11%	Not Started	Not Started	Not Started	41,012,782
MoneyMate Sector Average	21.96%	14.18%	2.30%	10.38%	12.85%	
Managed Balanced						
Eagle Star (Ind) Balanced	23.30%	14.97%	4.27%	10.61%	14.30%	756,449,000
Eagle Star (Ind) Performance	27.23%	16.61%	4.26%	10.52%	14.24%	585,179,000
Acorn Life (Ind) Pension Managed	21.29%	14.38%	2.84%	10.04%	10.83%	160,100,000
Ark Life (Ind) Pension Managed 2	20.49%	12.32%	0.11%	Not Started	Not Started	414,973,000
Canada Life (Ind) Setanta Pension Managed	21.94%	14.32%	2.89%	9.39%	10.22%	904,811,999
Friends (Ind) Managed	22.02%	14.69%	2.80%	9.75%	10.57%	366,115,000
Hibernian L&P Pension (Hib) H-R Managed	20.32%	13.87%	2.72%	10.22%	10.98%	416,000,000
Irish Life (Ind) Exempt Active Managed 2	22.75%	16.43%	4.06%	9.65%	10.16%	588,000,000
Lifetime/BIAM (Ind) Pen Growth	17.41%	12.25%	4.29%	10.28%	11.35%	461,774,000
New Irl (Ind) Pension Managed 2	17.70%	12.54%	4.11%	11.04%	11.27%	1,896,664,000
Standard (Ind) Managed 1 G	23.30%	14.78%	2.72%	8.52%	10.37%	488,449
MoneyMate Sector Average	19.64%	13.25%	2.76%	9.88%	11.04%	
Irish Equity*						
Eagle Star (Ind) Irish Equity	16.10%	Not Started	Not Started	Not Started	Not Started	2,869,000
Ark Life (Ind) Pension Irish	17.24%	20.21%	Not Started	Not Started	Not Started	1,791,000
Friends (Ind) Irish Equity	15.85%	22.44%	8.06%	14.54%	14.60%	94,996,000
Hibernian L&P Pension Irish Equity	17.61%	23.80%	9.46%	Not Started	Not Started	9,000,000
New Irl (Ind) Pension Irish Equity 3	19.29%	23.07%	11.42%	16.21%	Not Started	1,017,279,000
Royal Liver (Ind) Irish Equity	13.99%	22.78%	Not Started	Not Started	Not Started	11,784,090
Standard (Ind) Irish Equity 1 G	15.84%	23.28%	6.30%	13.22%	13.77%	21,027
MoneyMate Sector Average	16.28%	22.25%	7.23%	14.40%	14.24%	
Euro Equity²						
Eagle Star Eurozone G	33.40%	Not Started	Not Started	Not Started	Not Started	3,594,000
Ark Life Eurozone 2 G	23.73%	14.36%	-3.35%	Not Started	Not Started	116,941,000
Hibernian L&P Euro Equity G	28.81%	16.49%	-1.80%	Not Started	Not Started	31,300,000
New Ireland Euroland Equity S 8 G	22.00%	14.20%	-2.86%	Not Started	Not Started	13,601,000
MoneyMate Sector Average¹	24.95%	14.60%	-2.55%	N/A	N/A	

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

Investment Performance Report

Annualised Performance to 3rd January 2006



	1 Year	Annualised 3 Years	Annualised 5 Years	Annualised 10 Years	Annualised 15 Years	Fund Size (€)
European Equity²						
Eagle Star 5★5 Europe	46.93%	Not Started	Not Started	Not Started	Not Started	41,708,000
BOI Life - Unit Funds European Ex UK 2 G	24.49%	13.72%	-2.78%	Not Started	Not Started	4,089,000
Canada Life /Setanta European Equity G	26.85%	16.90%	-0.42%	Not Started	Not Started	13,314,235
Friends First European Equity G	28.38%	16.44%	Not Started	Not Started	Not Started	302,630,000
Hibernian L&P European Equity G	27.92%	16.90%	-1.54%	Not Started	Not Started	5,000,000
Irish Life Europascope 2 G	23.02%	13.97%	-4.19%	Not Started	Not Started	16,960,000
New Ireland European Equity S 8 G	25.62%	14.84%	-1.76%	Not Started	Not Started	342,599,000
Royal Liver European Equity G	27.83%	20.43%	0.15%	Not Started	Not Started	7,490,578
Standard Life MW European Equity 5 G	30.09%	17.11%	-0.67%	Not Started	Not Started	12,044,000
MoneyMate Sector Average¹	28.17%	17.72%	-1.63%	N/A	N/A	
Far East Equity²						
Eagle Star 5★5 Asia Pacific	44.08%	Not Started	Not Started	Not Started	Not Started	31,286,000
BOI Life - Unit Funds Far East Equity 2 G	39.18%	16.42%	2.83%	Not Started	Not Started	60,804,000
Hibernian L&P Pacific Basin Equity G	35.92%	21.60%	6.34%	Not Started	Not Started	2,100,000
Irish Life Indexed Pacific Basin 1 G	37.35%	22.09%	Not Started	Not Started	Not Started	350,000
New Ireland Pacific Basin S 8 G	39.53%	20.64%	8.54%	Not Started	Not Started	63,212,000
Standard Life MW Pacific Basin Equity 5 G	34.69%	18.26%	4.24%	Not Started	Not Started	2,237,000
MoneyMate Sector Average¹	40.78%	21.95%	6.92%	N/A	N/A	
American Equity²						
Eagle Star 5★5 Americas	36.92%	Not Started	Not Started	Not Started	Not Started	6,434,000
BOI Life - Unit Funds North American 2 G	8.54%	4.17%	-1.04%	Not Started	Not Started	310,174,000
Hibernian L&P US Equity G	24.20%	10.00%	-4.72%	Not Started	Not Started	2,700,000
Irish Life Indexed US 1 G	21.70%	7.89%	Not Started	Not Started	Not Started	330,000
New Ireland North American S 8	9.59%	5.23%	-0.01%	Not Started	Not Started	366,384,000
Standard Life MW North American Equity 5 G	19.91%	7.41%	-4.85%	Not Started	Not Started	7,383,000
MoneyMate Sector Average¹	18.93%	7.99%	-3.28%	N/A	N/A	
Concentrated Funds³						
Eagle Star 5★5	35.68%	22.18%	9.47%	Not Started	Not Started	214,480,000
New Ireland Smart Stocks 15	10.07%	1.32%	-3.95%	Not Started	Not Started	113,887,000
New Ireland Smart Stocks 35	15.18%	4.60%	-3.09%	Not Started	Not Started	10,689,000
Canada Life/Setanta Focus 15	24.45%	10.26%	-6.76%	Not Started	Not Started	127,749,193
Hib Life & Pens Target 20	20.57%	9.57%	-4.37%	Not Started	Not Started	28,000,000
Average of Selected Funds	21.19%	9.58%	-1.74%	N/A	N/A	
Property[*]						
Eagle Star Eurozone Property Fund G	20.40%	Not Started	Not Started	Not Started	Not Started	15,806,000
BOI Life - Unit Funds Property 2 G	13.84%	12.95%	9.67%	Not Started	Not Started	208,339,000
Canada Life /Setanta Property G	17.12%	17.56%	10.99%	Not Started	Not Started	187,225,108
Friends First Property G	20.20%	21.44%	12.43%	18.64%	14.67%	136,548,000
Hibernian L&P Irish Property G	23.29%	17.27%	10.08%	Not Started	Not Started	110,000,000
Irish Life Property 1 G	11.27%	12.98%	Not Started	Not Started	Not Started	1,290,000
New Ireland Property S 8 G	14.78%	14.08%	10.22%	Not Started	Not Started	217,415,000
Standard Life MW Property 5 G	17.72%	12.42%	11.20%	Not Started	Not Started	51,207,000
MoneyMate Sector Average¹	14.77%	14.68%	10.03%	18.64%	14.67%	
Specialist Funds^{3*}						
Eagle Star Dividend Growth	17.50%	Not Started	Not Started	Not Started	Not Started	20,853,000
Hibernian L&P High Yield G	8.86%	12.34%	Not Started	Not Started	Not Started	10,000,000
Canada Life All Eq Non-distributing G	8.92%	Not Started	Not Started	Not Started	Not Started	159,395,455
Bloxhams High Yield 2 G	7.73%	16.30%	Not Started	Not Started	Not Started	151,418,055
Average of Selected Funds	10.75%	14.32%	N/A	N/A	N/A	

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

Source: MoneyMate as at 03/01/2006.

Returns are based on offer/offer 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 Eagle Star Fund to that of its closest competitors in the Irish Domestic Funds (Gross) sector.

* The 1 Year figures for these sectors is taken from the start date of the Eagle Star funds i.e. 1st February 2005 for Irish Equity, 1st April 2005 for Property and 1st July 2005 for Specialist Funds.