

Monthly Investment review

For March 2006

Best Investment
Manager 2006 (MoneyMate)
Investment Management
Excellence Award 2005 (FSJ)

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.



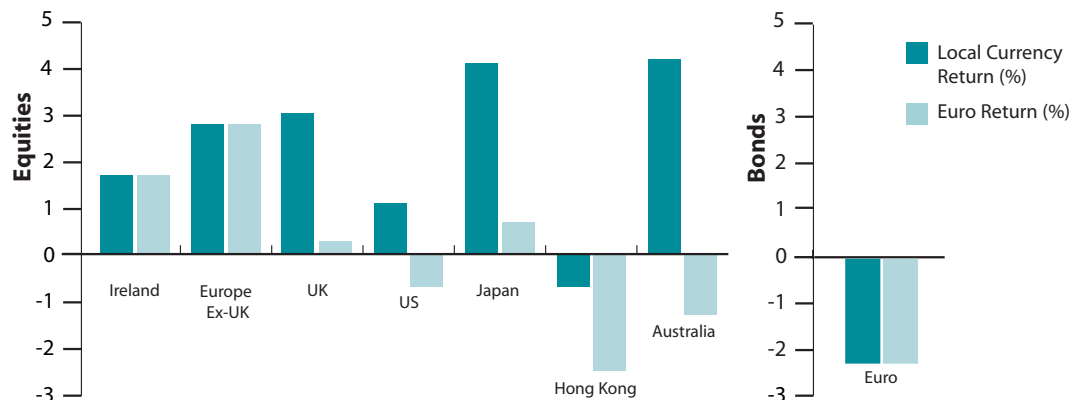
EAGLE STAR

Equity and Bond % Returns

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

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

- March was another positive month for equities although not all markets produced positive returns in euro terms. Equities were buoyed by the continuing strength in the European markets and the resurgence of Japan. However, concerns over rising interest rates were further heightened as the Federal Reserve and the ECB indicated that rate rises could go higher than previously expected. World equities (in euro terms) gave a total return of 0.7% in March, giving a total return of 4.3% for the first quarter. The best performing markets in local currency terms were Japan (4.1%) and Europe (2.8%). Once again, the US underperformed due to the continued headwind of rising interest rates.
- Sectorwise, the theme that had been in place for some time re-emerged this month with cyclical stocks outperforming defensives. Once again, utilities and healthcare underperformed whilst the best performing sectors in March were industrials, basic materials and construction, with stocks such as BHP Billiton (+15%), Rio Tinto (+11%), Corus Group (+19%) and CRH (+5%) giving strong returns.
- Eurozone bond prices fell heavily in March as the markets fretted over increasing signs of a pick up of economic activity and rising interest rate expectations. Official short rates increased in both the US and the eurozone during the period.
- Corporate earnings news was relatively subdued ahead of the first quarter reporting season which begins in early April. Goldman Sachs, the US investment bank, delivered first quarter (end February) net profits which were 50% ahead of analysts' forecasts. Demand for Google surged as it was announced that the stock will be included in the S&P 500 index. Throughout March there was a flurry of merger and acquisition activity. L'Oreal, the French cosmetic giant, agreed a £652million takeover of the Body Shop. Alcatel, the French telecommunications equipment maker, resumed talks with Lucent Technologies. Irish Life & Permanent rose on speculation that it could be a likely takeover target.
- The US dollar weakened against the euro over the month of March (almost reversing the previous month's move), with the €/£ rate moving from \$1.19 to \$1.21.

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 position in equities relative to the benchmark as the positive equity environment continued. A number of alterations took place in March with the US underweight position being further increased, while the overweight Pacific Basin position was reduced to almost neutral. There were increases in Japan, Europe and the UK. The funds' main positions at the end of March were overweight Europe and Japan, underweight the US and Ireland, and neutral in the UK and the Pacific Basin.

Sectors: overweight & underweight positions

The funds continued to have a bias towards cyclical sectors such as basic materials, industrials and financials at the expense of more defensive sectors such as healthcare and consumer goods & services. The main moves during the month were some profit-taking in European insurance stocks, as well as a reduction in the Asian technology weighting.

Bonds

Bond prices fell sharply during March reflecting investors' concerns about stronger economic growth and prospects for higher short term rates. Another negative factor for bond markets generally was the Bank of Japan's announcement of an end to its super-easy money policies of the past few years. Closer to home, bond investors have been focused on survey indicators pointing to a strengthening of economic activity in the eurozone. These – compounded by ECB rhetoric following the early March rate hike to 2.5% – have led markets to raise their expectations of short rates by 0.25% to around 3.25%. Similarly, in the US the Fed raised rates for a record 15th consecutive time (to 4.75%) but did not give the markets any clear indication of when they might stop the process. Investors raised their year end short rate expectations by around 0.20% as a result. For the month as a whole, the Merrill Lynch Over Five Year EMU Government Bond Index fell 2.2%, for a total year-to-date performance of -3.3%.

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

ING Group

ING Group is a global financial institution offering banking, insurance and asset management. Based on market capitalisation, ING is one of the 20 largest financial institutions worldwide and ranked in the top 10 in Europe. The company has operations in the Americas, the Netherlands and Central and Eastern Europe. ING is in a strong, and quite unique position where strong earnings (and in particular free cash flow generated from the banking operations) can fund growth in banking and insurance, as well as sustaining a high dividend yield.

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

First Data Corporation

First Data Corporation (FDC) operates electronic commerce, payment services and customer account management businesses. The company provides credit, debit, private-label, smart and stored-value card issuing; merchant transaction processing services; and cheque guarantee and verification services. The Group operates in the United States, the United Kingdom and Australia. It operates in three segments: Payment Services, Merchant Services and Card Issuing Services. On January 26th, 2006, FDC announced its intention to separate the Western Union money transfer business into an independent company through a spin-off of 100% of Western Union.

Healthcare

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, cardiovascular diseases, fungal infections and skin conditions. Novartis has a strong product pipeline and minimal patent risk over the next few years. The company also produces generic drugs and is a major player in animal nutrition, baby food and clinical nutrition products. Novartis has a very strong balance sheet and buys back its own shares annually. The company trades in line with its peers.

Global Outlook

- Growth expectations continue to nudge higher with global GDP now expected to expand by 3.7% in 2006, slightly above last year's figure of 3.6%.
- After the Fed's 15th consecutive hike to 4.75%, investors now expect rates to peak close to 5.25%. The strength of economic activity and inflation data over the next few months will be key in this regard.
- Following the most recent ECB rate hike to 2.5%, investors expect to be around the 3.25% mark by year end. Despite moderate inflation in the eurozone, rising short rates and less than expected demand from pension funds has kept bond prices under some pressure.
- Equity markets remain reasonably supported by a strong earnings' background and favourable valuations relative to bonds; high oil prices and tighter liquidity conditions from higher interest rates should constrain the upside to markets. The gradual ending of super-easy money policies in Japan continues to deserve attention because of its potential negative impact on various asset classes.

Investment Performance Report

Annualised Performance to 3rd April 2006



EAGLE STAR

	Year to date	1 Year	Annualised 3 Years	Annualised 5 Years	Annualised 10 Years	Annualised 15 Years	Fund Size (€)
Cash							
Eagle Star Secure	0.50%	1.86%	1.88%	2.68%	4.11%	5.73%	110,996,000
Acorn Life (Ind) Pension Deposit	0.48%	1.73%	1.70%	2.32%	3.50%	5.40%	2,700,000
Ark Life (Ind) Pension Assured 2	0.38%	1.13%	1.24%	1.79%	Not Started	Not Started	22,134,000
Canada Life (Ind) Setanta Pension Money	0.45%	1.50%	1.42%	2.06%	3.06%	4.71%	143,906,531
Friends (Ind) Cash	0.41%	1.43%	1.81%	2.23%	3.16%	4.83%	38,240,000
Hibernian L&P Pension Cash	0.46%	1.60%	1.70%	2.25%	Not Started	Not Started	1,031,500
Irish Life (Ind) Exempt Cash 1	0.41%	1.51%	1.53%	2.11%	3.20%	4.72%	750,382
Lifetime/BIAM (Ind) Pen Security	0.43%	1.20%	1.16%	1.73%	2.75%	4.24%	72,059,000
New Irl (Ind) Pension Cash 2	0.50%	1.50%	1.41%	1.88%	3.02%	4.75%	72,059,000
Royal Liver (Ind) Money Fund	0.26%	0.85%	0.84%	1.50%	Not Started	Not Started	5,510,035
Standard (Ind) Cash 1 G	0.37%	1.33%	1.29%	1.88%	2.93%	4.62%	27,916,000
MoneyMate Sector Average¹	0.39%	1.27%	1.46%	2.09%	3.25%	4.93%	
Fixed Interest							
Eagle Star Active Fixed Income	-3.11%	2.48%	5.48%	6.82%	9.85%	Not Started	78,332,000
Eagle Star Long Bond Fund	-4.55%	3.66%	7.15%	Not Started	Not Started	Not Started	15,037,000
Canada Life (Ind) Setanta Pen Fixed Interest	-3.25%	1.30%	4.43%	5.21%	7.15%	8.14%	463,598,243
Friends (Ind) Fixed Interest	-3.64%	1.05%	4.65%	5.74%	7.87%	8.90%	165,570,000
Hibernian L&P Pension (Hib) H-R Gilt	-2.42%	2.55%	5.98%	8.50%	8.65%	8.83%	37,105,543
Irish Life (Ind) Exempt Fixed Interest 2	-3.36%	1.85%	4.63%	5.69%	7.83%	8.55%	2,518,142
New Irl (Ind) Pension Gilt Edge 2	-3.42%	1.77%	4.80%	5.68%	7.87%	8.46%	663,305,000
Royal Liver (Ind) Fixed Interest	-2.37%	2.68%	3.90%	5.12%	Not Started	Not Started	35,207,851
Standard (Ind) Fixed Interest 1 G	-3.10%	4.82%	5.76%	5.52%	7.20%	8.26%	6,804,000
MoneyMate Sector Average¹	-2.93%	2.03%	4.96%	5.99%	8.00%	8.53%	
International Equity							
Eagle Star (Ind) International Equity	5.83%	33.80%	21.52%	3.96%	Not Started	Not Started	48,637,000
Ark Life (Ind) Pension Global	6.88%	29.50%	18.76%	Not Started	Not Started	Not Started	6,174,000
Canada Life (Ind) Passive Equity 1	4.81%	25.15%	17.85%	Not Started	Not Started	Not Started	4,342,977
Friends (Ind) International	6.09%	29.90%	19.63%	1.00%	7.12%	7.68%	825,750,000
Hibernian L&P Pension (Hib) H-R International	6.74%	30.50%	20.10%	1.57%	8.23%	9.91%	17,472,369
Irish Life (Ind) Fidelity Managed Intl	5.01%	32.66%	16.96%	-2.50%	Not Started	Not Started	21,931,222
New Irl (Ind) Pension International 2	4.18%	21.42%	15.61%	0.11%	7.99%	8.74%	2,723,731,000
Royal Liver (Ind) International Equity	5.08%	34.75%	22.73%	2.32%	Not Started	Not Started	14,048,080
Standard (Ind) International Equity 1 G	5.37%	29.82%	19.97%	1.89%	8.16%	9.38%	25,675,000
MoneyMate Sector Average¹	5.68%	28.34%	19.31%	1.96%	7.53%	8.84%	
Managed Aggressive							
Eagle Star (Ind) Dynamic	8.22%	33.37%	22.96%	6.87%	10.22%	13.43%	623,415,000
Acorn Life (Ind) Pension Managed Growth	6.94%	30.92%	23.43%	4.43%	10.41%	10.32%	220,200,000
Hib Life & Pen NU (Ind) Focussed Managed D	3.46%	17.57%	15.20%	4.89%	Not Started	Not Started	12,100,000
Lifetime/BIAM (Ind) Pen Opportunity	5.29%	20.96%	16.56%	4.82%	10.01%	10.41%	79,339,000
New Irl (Ind) 2016/2040 Series 3	5.63%	21.96%	17.66%	5.17%	10.88%	Not Started	1,052,334,000
Royal Liver (Ind) Managed Fund	5.92%	25.37%	19.11%	4.90%	Not Started	Not Started	50,283,619
MoneyMate Sector Average¹	5.86%	25.15%	18.50%	4.86%	10.38%	11.52%	
Managed Balanced							
Eagle Star (Ind) Balanced	6.09%	26.46%	19.00%	6.67%	10.59%	12.69%	836,920,000
Eagle Star (Ind) Performance	7.42%	31.31%	21.43%	7.15%	10.50%	13.06%	643,873,000
Acorn Life (Ind) Pension Managed	4.96%	23.94%	18.25%	4.73%	9.91%	10.47%	160,100,000
Ark Life (Ind) Pension Managed 2	5.15%	24.00%	15.72%	2.72%	Not Started	Not Started	441,911,000
Canada Life (Ind) Setanta Pension Managed	4.24%	21.81%	17.18%	4.58%	9.22%	9.43%	968,477,358
Friends (Ind) Managed	5.39%	25.45%	18.36%	5.17%	9.77%	9.94%	366,115,000
Hibernian L&P Pension (Hib) H-R Managed	6.59%	24.16%	17.90%	5.43%	10.41%	10.58%	204,049,324
Irish Life (Ind) Exempt Active Managed 2	5.05%	25.88%	20.57%	5.76%	9.70%	9.63%	588,000,000
Lifetime/BIAM (Ind) Pen Growth	4.65%	19.29%	15.72%	5.69%	10.29%	10.69%	2,376,306,000
New Irl (Ind) Pension Managed 2	4.71%	19.58%	15.89%	5.80%	11.03%	10.71%	2,376,306,000
Standard (Ind) Managed 1 G	4.73%	26.32%	18.04%	4.85%	8.52%	9.60%	262,810,000
MoneyMate Sector Average¹	4.87%	22.22%	16.87%	4.79%	9.85%	10.36%	
Irish Equity*							
Eagle Star (Ind) Irish Equity	10.34%	32.75%	Not Started	Not Started	Not Started	Not Started	4,972,000
Ark Life (Ind) Pension Irish	8.87%	30.81%	23.98%	Not Started	Not Started	Not Started	2,085,000
Friends (Ind) Irish Equity	10.14%	32.10%	27.37%	11.30%	14.86%	13.89%	250,670,000
Hibernian L&P Pension Irish Equity	10.55%	33.83%	28.59%	13.12%	Not Started	Not Started	17,657,826
New Irl (Ind) Pension Irish Equity 3	11.45%	28.33%	27.74%	15.49%	16.80%	Not Started	1,445,372,000
Royal Liver (Ind) Irish Equity	10.12%	32.69%	27.75%	9.84%	Not Started	Not Started	14,298,820
Standard (Ind) Irish Equity 1 G	8.84%	35.48%	27.93%	9.45%	13.44%	12.99%	12,368,000
MoneyMate Sector Average¹	9.61%	32.70%	26.83%	10.46%	14.82%	13.50%	
Euro Equity²							
Eagle Star Eurozone G	11.06%	39.67%	30.34%	Not Started	Not Started	Not Started	5,223,000
Ark Life Eurozone 2 G	9.17%	29.47%	21.92%	0.87%	Not Started	Not Started	125,556,000
Hibernian L&P Euro Equity G	10.27%	31.63%	25.36%	2.24%	Not Started	Not Started	42,723,795
New Ireland Euroland Equity S 8 G	7.75%	24.77%	21.69%	-0.86%	Not Started	Not Started	16,508,000
MoneyMate Sector Average¹	9.70%	30.70%	24.19%	0.96%	N/A	N/A	

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

Investment Performance Report

Annualised Performance to 3rd April 2006



	Year to Date	1 Year	Annualised 3 Years	Annualised 5 Years	Annualised 10 Years	Annualised 15 Years	Fund Size (€)
European Equity²							
Eagle Star 5★5 Europe	18.52%	53.34%	Not Started	Not Started	Not Started	Not Started	69,640,000
BOI Life - Unit Funds European Ex UK 2 G	4.21%	25.03%	21.54%	-0.09%	Not Started	Not Started	1,254,279,00
Canada Life/Setanta European Equity G	7.28%	28.76%	22.26%	2.31%	Not Started	Not Started	15,656,756
Friends First European Equity G	9.58%	35.08%	24.76%	Not Started	Not Started	Not Started	318,610,000
Hibernian L&P European Equity G	9.79%	32.75%	25.24%	2.71%	Not Started	Not Started	9,110,243
Irish Life Europascope 2 G	7.63%	27.82%	23.01%	-0.51%	Not Started	Not Started	24,362,967
New Ireland European Equity S 8 G	4.08%	24.39%	20.50%	-0.52%	Not Started	Not Started	139,004,700
Royal Liver European Equity G	11.61%	33.75%	29.81%	4.05%	Not Started	Not Started	9,037,706
Standard Life MW European Equity 5 G	8.45%	35.87%	25.46%	3.85%	Not Started	Not Started	12,044,000
MoneyMate Sector Average¹	9.86%	34.18%	26.82%	2.25%	N/A	N/A	
Far East Equity²							
Eagle Star 5★5 Asia Pacific	4.58%	36.89%	Not Started	Not Started	Not Started	Not Started	41,249,000
BOI Life - Unit Funds Far East Equity 2 G	8.77%	45.69%	23.82%	4.61%	Not Started	Not Started	1,558,000
Hibernian L&P Pacific Basin Equity G	3.35%	32.47%	26.10%	9.72%	Not Started	Not Started	4,648,322
Irish Life Indexed Pacific Basin 1 G	2.71%	31.90%	26.97%	Not Started	Not Started	Not Started	670,148
New Ireland Pacific Basin S 8 G	7.50%	37.00%	25.81%	8.84%	Not Started	Not Started	36,187,583
Standard Life MW Pacific Basin Equity 5 G	3.88%	31.02%	23.82%	7.51%	Not Started	Not Started	2,237,000
MoneyMate Sector Average¹	6.35%	40.28%	28.70%	9.38%	N/A	N/A	
American Equity²							
Eagle Star 5★5 Americas	3.03%	30.27%	Not Started	Not Started	Not Started	Not Started	8,225,000
BOI Life - Unit Funds North American 2 G	0.94%	11.01%	7.34%	-1.02%	Not Started	Not Started	1,260,497,00
Hibernian L&P US Equity G	3.68%	24.07%	13.50%	-1.39%	Not Started	Not Started	4,774,430
Irish Life Indexed US 1 G	1.43%	20.88%	10.88%	Not Started	Not Started	Not Started	691,323
New Ireland North American S 8	0.76%	10.42%	6.84%	-1.40%	Not Started	Not Started	145,308,777
Standard Life MW North American Equity 5 G	1.76%	16.20%	9.54%	-2.42%	Not Started	Not Started	7,383,000
MoneyMate Sector Average¹	2.75%	21.07%	11.13%	-1.95%	N/A	N/A	
Concentrated Funds³							
Eagle Star 5★5	9.36%	37.63%	25.97%	12.80%	Not Started	Not Started	246,904,000
New Ireland Smart Stocks 15	0.96%	9.51%	5.12%	-3.06%	Not Started	Not Started	11,718,000
New Ireland Smart Stocks 35	1.84%	17.18%	8.88%	-2.27%	Not Started	Not Started	11,300,000
Canada Life/Setanta Focus 15	4.35%	23.02%	14.48%	-3.32%	Not Started	Not Started	131,653,039
Hib Life & Pens Target 20	6.11%	24.38%	13.96%	-3.72%	Not Started	Not Started	65,305,952
Average of Selected Funds¹	4.52%	22.34%	13.68%	0.09%	N/A	N/A	
Property³							
Eagle Star Eurozone Property Fund G	20.71%	46.30%	Not Started	Not Started	Not Started	Not Started	27,967,000
BOI Life - Unit Funds Property 2 G	3.52%	17.99%	12.75%	10.13%	Not Started	Not Started	682,620,000
Canada Life/Setanta Property G	5.46%	23.52%	18.63%	10.44%	Not Started	Not Started	212,602,698
Friends First Property G	2.42%	23.10%	19.98%	12.44%	18.42%	14.85%	274,860,000
Hibernian L&P Irish Property G	4.60%	28.92%	18.49%	10.55%	Not Started	Not Started	28,264,680
Irish Life Property 1 G	3.53%	15.20%	13.79%	Not Started	Not Started	Not Started	1,719,743
New Ireland Property S 8 G	3.39%	17.43%	12.20%	8.85%	Not Started	Not Started	202,207,449
Standard Life MW Property 5 G	3.45%	21.83%	12.97%	11.28%	Not Started	Not Started	51,207,000
MoneyMate Sector Average¹	5.35%	20.29%	15.30%	10.87%	18.42%	14.85%	
Specialist Funds^{3*}							
Eagle Star Dividend Growth	8.87%	Not Started	Not Started	Not Started	Not Started	Not Started	49,118,000
Hibernian L&P High Yield G	8.23%	26.23%	19.46%	Not Started	Not Started	Not Started	30,302,610
Canada Life All Eq Non-distributing G	5.48%	20.33%	21.03%	Not Started	Not Started	Not Started	197,282,065
Bloxhams High Yield 2 G	7.11%	22.68%	22.60%	Not Started	Not Started	Not Started	151,418,055
Average of Selected Funds	7.42%	23.08%	21.03%	N/A	N/A	N/A	

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

Source: MoneyMate as at 03/04/2006. Note: Performance figures for Ark Life are based on prices last priced on 30/03/2006.

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 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.