

# Eagle Star Investments

## Monthly Review For December 2010

Best  
Investment  
Fund Manager  
(Most recent  
MoneyMate Award  
2008)



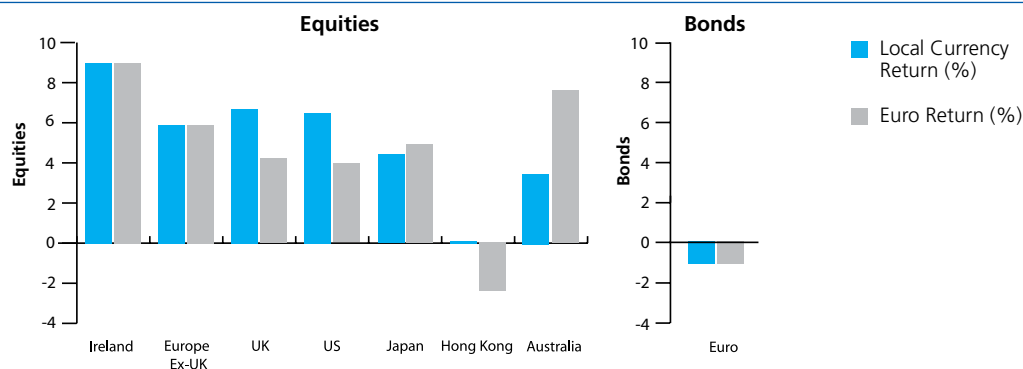
This monthly investment review is produced for professional Insurance Intermediaries. It covers the following: **performance of major stock markets, comment on markets, Eagle Star Funds asset allocation, feature on selected stocks, global outlook and fund performance statistics.** If you require further 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 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 signed off 2010 with a flourish, capping a strong year overall. Delving beneath the surface of the full year numbers reveals the fuller picture, one of often relatively modest growth in local currency terms, boosted substantially for the eurozone investor by the weakness of the euro versus other major currencies, including the US dollar, sterling and the yen. Positive influences on equity market performance included the ongoing economic recovery in many regions, continuing policy action (e.g. QE2 in the US) and encouraging corporate earnings' numbers. On the negative side, the well-documented troubles within the eurozone impacted on European markets, as did monetary tightening in the Pacific Basin region on markets such as Hong Kong and Australia. Looking ahead, while policy error remains a risk and volatility is unlikely to disappear, equities should progress on the back of stronger economic growth and a further pick-up in earnings.
- World equities (in euro terms) rose 4.3% in December, leaving the total return for the calendar year at a very healthy 20.1% in euro terms. Almost all of the major markets made strong gains during the month, though the relative strength of the euro against most other major currencies took a little of the lustre away from overall returns. Hong Kong was the obvious exception, just about achieving positive territory for the month, held in check by steadily tightening monetary policy in China.
- There were no changes in key short-term interest rates in the major western economies in December or, indeed, throughout 2010 with US, UK and eurozone short rates maintained at 0.25%, 0.5% and 1% respectively. Looking to the future, the markets would suggest that there will be very little, if any, change in the coming months. At this point, eurozone and UK rates are likely to remain unchanged until the first quarter of 2012, while the Federal Reserve in the US may move a little earlier, in the fourth quarter of 2011. Elsewhere, in some of the stronger economies of the Asia-Pacific region, rates have been on the rise in such countries as India, Australia and China. On commodity exchanges, gold rose a further 2.5% in December, finishing the year up an astonishing 30%. The price of oil rose sharply to close the year at 26-month highs, driven largely by a surge in demand due to the cold snap in Europe.
- Broadly speaking, more cyclical sectors such as mining, basic materials and energy continued their good run, outperforming more defensive sectors, such as utilities, healthcare and telecoms. Having been hammered in November, European banks rallied in December while, in the US, financials enjoyed a good month, buoyed by rising bond yields which help banks to raise their margins.
- Corporate earnings' results were generally strong during 2010 and, at this time of the year, attention generally turns to the outlook for the year ahead.

The current consensus is for above-trend earnings' growth of around 15% for 2011, though better economic momentum and earnings' revisions may provide positive surprises. Merger and acquisition activity, which picked up in the latter half of 2010, could provide additional support during the coming year.

- On currency markets, the euro made back some of November's falls against the dollar, rising nearly 3%, to close just shy of 1.34. For the year as a whole, however, the dollar strengthened over 6% against the euro, the €/£ having begun the year at 1.43.

## Eagle Star Funds - Asset Allocation

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

### Equities

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

The fund managers maintained a neutral equity position in the managed funds for most of December. The funds' main positions at the end of December were underweight in Ireland and Europe, overweight in the Pacific Basin and North America and closer to neutral elsewhere.

#### Sectors: Overweight & Underweight positions

The main change in sectoral positions during the month was a shift to a slightly overweight position in oil & gas. Overall, the funds' main positions at the end of December were overweight in technology and oil & gas and underweight in financials. Other sectoral positions were pretty balanced.

### Bonds

Eurozone bonds lost more ground in December. This move was helped in part by a large rise in US yields. The Obama administration surprised markets by extending the Bush-era tax cuts. This put pressure on long-end US yields, as investors worried about the long-term fiscal implications of such a move. Subsequently, a series of US bond auctions was poorly received. December typically sees a reduced risk appetite from investors and this, combined with already poor price action, pushed bond prices lower. In addition, some European investors started to position themselves for higher German yields on the basis that, ultimately, any solution for the peripheral European fiscal problems will involve a bailout sponsored by the German taxpayer. Towards the end of the month, there were ratings downgrades for Ireland and Portugal and rumours of future downgrades for France, Spain and Greece. European policy on future haircuts for bank senior bondholders created further uncertainty for bond investors. The Merrill Lynch over 5 year Eurozone government bond index lost 1.1% 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

### Rio Tinto

Rio Tinto is 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.

## 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

### DBS Group Holdings

Established in 1968, DBS Group (27% owned by the government) is Singapore's largest bank by group assets (\$257 billion at December 2008). Although originally conceived as a development bank, DBS is now a fully fledged commercial bank with growing involvement in activities outside traditional commercial lending, such as merchant banking, investment banking, treasury and stock broking. It has, in recent years, significantly enhanced its regional presence with acquisitions in Thailand, Hong Kong, and the Philippines. Its primary focus is Singapore (approximately 62% of group profit before tax) and Hong Kong (approximately 21% of group profit before tax).

## Consumer Sector

### Coca-Cola

The Coca-Cola Company is a leading global beverage manufacturer, selling over 3,000 beverage products in over 200 countries around the world. Coke's emerging market volume growth should remain strong with improvement starting to occur in developed markets, as evidenced by the better than expected 5% volume growth in Q2 2010. The acquisition of its US bottling business should also be a positive for future volume growth in the US. Coke's cash generation is strong and this is enabling it to resume stock buyback shortly and pay a healthy dividend (current dividend yield is over 3%).

# Global Outlook

- Global growth forecasts for 2011 remain fairly healthy, albeit lower than last year. A strong Asia, with some spreading inflation concerns, is a familiar theme, as is a two-tier European economy. The US economy ended last year reasonably strongly and overall growth is set to be steady this year after a good 2010. Inflation is forecast to remain a regional or country-specific concern for investors, rather than a global problem; meanwhile, currency tensions are spreading more widely as more countries seek to resist currency strength.
- Developed country central banks continue to set interest rates at emergency levels, although they have risen in some of the stronger economies such as Canada, India and China. In the US, UK and eurozone, 2011 rate expectations have risen by 0.3% to 0.5% above their cycle lows. The ECB wants to normalise monetary policy as quickly as possible and that is part of the reason for internal tension over its buying of peripheral bonds. However, given the precarious state of some of the peripheral economies, higher interest rates are not sustainable and we would expect the ECB to stay on hold for some time to come. The same conclusion applies to the Fed, although market sentiment is less convinced about that than heretofore.
- German and US long-term interest rates have risen by around 0.9% from the cyclical lows, in line with higher short rate expectations and better growth numbers. We would expect that bonds in these markets should at least stabilise in the short-term; if nothing else, rising yields are clearly counter to existing Fed policy, although the ECB's reaction to rising yields is more a concern about the periphery than Germany. However, the general consensus is that German and US yields will rise further over the course of 2011. Spreads in peripheral eurozone markets continue to be another major focus of investors who are concerned that they are being softened up for sovereign default, despite rhetoric to the contrary. It remains unlikely that we will get through this peripheral debt crisis without a full scale, long-dated, ECB-funded mechanism.
- Global equities have started the year positively and the general market expectation is for further gains during 2011, on the basis of reasonable valuations and mid-teens earnings' growth. The eurozone debt crisis continues to dominate country performance within Europe and this trend is likely to persist for some time. In the short-term, overall market sentiment measures are high, although not extreme, suggesting that the fuel for near-term price gains may be limited. We can expect gains during the year to be accompanied by volatility and we can anticipate unspecified "surprises" over the next 12 months, as experienced last year. Investors will need to be vigilant and active once again during 2011.

# Eagle Star Investments

Annualised Performance to 4th January 2011

|  | 1 Year       | Annualised<br>3 Years | Annualised<br>5 Years | Annualised<br>10 Years | Annualised<br>15 Years | Annualised<br>20 Years | Fund Size<br>(€) |
|--|--------------|-----------------------|-----------------------|------------------------|------------------------|------------------------|------------------|
| <b>Cash</b>                                    |              |                       |                       |                        |                        |                        |                  |
| <b>Eagle Star (Ind) Secure</b>                 | 0.4%         | 1.7%                  | 2.3%                  | 2.5%                   | 3.5%                   | 4.9%                   | 431,151,361      |
| Acorn Life (Ind) Pension Deposit               | 1.9%         | 2.9%                  | 2.9%                  | 2.7%                   | 3.4%                   | 4.9%                   | 3,400,000        |
| Ark Life (Ind) Pension Assured 2               | 0.2%         | 1.4%                  | 1.8%                  | 1.9%                   | Not Started            | Not Started            | 27,588,804       |
| Canada Life (Ind) Setanta Pension Money *      | 0.2%         | 1.8%                  | 2.2%                  | 2.2%                   | 2.8%                   | 4.2%                   | 362,588,114      |
| Friends (Ind) Cash                             | 1.2%         | 2.1%                  | 2.3%                  | 2.3%                   | 2.9%                   | 4.3%                   | 83,260,000       |
| Hibernian L&P Pension Cash                     | 1.7%         | 2.6%                  | 2.6%                  | 2.5%                   | Not Started            | Not Started            | 172,843,642      |
| Irish Life (Ind) Exempt Cash 1                 | 1.9%         | 2.7%                  | 2.8%                  | 2.5%                   | 3.1%                   | 4.3%                   | 905,875          |
| Lifetime/BIAM (Ind) Pen Security               | 0.0%         | 1.4%                  | 1.8%                  | 1.8%                   | 2.5%                   | 3.8%                   | 1,839,000        |
| New Irl (Ind) Pension Cash 2 *                 | 0.3%         | 1.7%                  | 2.0%                  | 2.0%                   | 2.7%                   | 4.2%                   | 693,817,000      |
| Royal Liver (Ind) Money                        | 0.8%         | 1.8%                  | 1.9%                  | Not Started            | Not Started            | Not Started            | 6,830,735        |
| SL Synergy Cash                                | 0.0%         | 1.2%                  | 1.7%                  | Not Started            | Not Started            | Not Started            | 239,600,000      |
| <b>MoneyMate Sector Average</b>                | <b>0.9%</b>  | <b>1.8%</b>           | <b>2.1%</b>           | <b>2.2%</b>            | <b>3.0%</b>            | <b>4.4%</b>            |                  |
| <b>Fixed Interest</b>                          |              |                       |                       |                        |                        |                        |                  |
| <b>Eagle Star (Ind) Active Fixed Income</b>    | 1.0%         | 5.7%                  | 3.1%                  | 5.6%                   | 7.8%                   | Not Started            | 211,199,823      |
| <b>Eagle Star (Ind) Long Bond</b>              | 1.3%         | 5.3%                  | 2.1%                  | Not Started            | Not Started            | Not Started            | 58,192,897       |
| Acorn Life (Ind) Pens Cautiously Mgd           | 3.3%         | 6.0%                  | 3.7%                  | Not Started            | Not Started            | Not Started            | 13,400,000       |
| Canada Life (Ind) Setanta Pen Fixed Interest * | -3.1%        | 3.1%                  | 1.2%                  | 3.8%                   | 5.2%                   | 6.9%                   | 221,836,220      |
| Friends (Ind) Fixed Interest                   | 0.2%         | 3.8%                  | 1.3%                  | 4.1%                   | 5.8%                   | 7.6%                   | 70,420,000       |
| Aviva L&P Pen Laser Pension Bond               | -5.9%        | 2.2%                  | 1.3%                  | 4.3%                   | 5.9%                   | 6.9%                   | 54,949,651       |
| Irish Life (Ind) Exempt Fixed Interest 2       | 2.2%         | 5.4%                  | 2.6%                  | 4.7%                   | 6.2%                   | 7.5%                   | 1,044,835        |
| New Irl (Ind) Pension Gilt Edge 2 *            | 1.2%         | 4.7%                  | 2.0%                  | 4.5%                   | 6.0%                   | 7.4%                   | 675,093,000      |
| Royal Liver (Ind) Fixed Interest               | 3.3%         | 6.5%                  | 4.2%                  | Not Started            | Not Started            | Not Started            | 23,232,975       |
| SL Synergy Government Bond Tracker             | -0.3%        | 3.8%                  | 1.6%                  | Not Started            | Not Started            | Not Started            | 35,400,000       |
| <b>MoneyMate Sector Average</b>                | <b>0.7%</b>  | <b>4.0%</b>           | <b>2.1%</b>           | <b>4.4%</b>            | <b>6.1%</b>            | <b>7.3%</b>            |                  |
| <b>International Equity</b>                    |              |                       |                       |                        |                        |                        |                  |
| <b>Eagle Star (Ind) International Equity</b>   | 16.9%        | -2.0%                 | 1.5%                  | 1.2%                   | Not Started            | Not Started            | 218,987,135      |
| Canada Life (Ind) Passive Equity 2             | 17.2%        | -3.8%                 | -2.1%                 | Not Started            | Not Started            | Not Started            | 5,564,211        |
| Friends (Ind) International                    | 17.2%        | -2.8%                 | 0.7%                  | -1.0%                  | 5.1%                   | 6.6%                   | 178,100,000      |
| Aviva L&P Pen Laser Pension International Eq   | 14.4%        | -5.1%                 | -1.0%                 | -1.7%                  | 4.8%                   | 6.3%                   | 40,207,818       |
| Irish Life (Ind) Indexed Global Equity P       | 16.3%        | -5.1%                 | -1.2%                 | Not Started            | Not Started            | Not Started            | 195,167,952      |
| New Irl (Ind) Pension International 2 *        | 14.2%        | -3.3%                 | -1.1%                 | -1.7%                  | 5.1%                   | 6.6%                   | 651,516,000      |
| Royal Liver (Ind) International Equity         | 23.2%        | -2.2%                 | -0.9%                 | Not Started            | Not Started            | Not Started            | 11,912,444       |
| SL Synergy Global Equity Tracker               | 18.4%        | -2.2%                 | 0.0%                  | Not Started            | Not Started            | Not Started            | 200,000          |
| <b>MoneyMate Sector Average</b>                | <b>17.5%</b> | <b>-3.6%</b>          | <b>-0.1%</b>          | <b>-0.4%</b>           | <b>5.3%</b>            | <b>7.4%</b>            |                  |
| <b>Managed Aggressive</b>                      |              |                       |                       |                        |                        |                        |                  |
| <b>Eagle Star (Ind) Dynamic</b>                | 12.9%        | -3.5%                 | 1.2%                  | 2.3%                   | 7.2%                   | 11.4%                  | 1,021,199,728    |
| Acorn Life (Ind) Pension Managed Growth        | 17.6%        | -5.0%                 | -0.5%                 | 0.4%                   | 6.8%                   | 8.3%                   | 171,200,000      |
| Hib Life & Pen NU (Ind) Focussed Managed I     | 12.1%        | -7.0%                 | -2.4%                 | -0.2%                  | Not Started            | Not Started            | 6,904,196        |
| Lifetime/BIAM (Ind) Pen Opportunity            | 11.4%        | -3.9%                 | -2.3%                 | 0.3%                   | 5.7%                   | 7.8%                   | 6,002,000        |
| Royal Liver (Ind) Managed                      | 13.2%        | -4.2%                 | -1.4%                 | Not Started            | Not Started            | Not Started            | 47,944,362       |
| <b>MoneyMate Sector Average</b>                | <b>12.2%</b> | <b>-6.1%</b>          | <b>-1.8%</b>          | <b>0.1%</b>            | <b>6.6%</b>            | <b>9.4%</b>            |                  |
| <b>Managed Balanced</b>                        |              |                       |                       |                        |                        |                        |                  |
| <b>Eagle Star (Ind) Balanced</b>               | 11.0%        | -1.9%                 | 1.7%                  | 2.9%                   | 7.6%                   | 11.1%                  | 1,310,823,912    |
| <b>Eagle Star (Ind) Performance</b>            | 11.4%        | -3.2%                 | 1.1%                  | 2.6%                   | 7.3%                   | 10.9%                  | 881,259,450      |
| Acorn Life (Ind) Pension Managed               | 15.0%        | -3.0%                 | 0.3%                  | 1.5%                   | 6.7%                   | 8.1%                   | 107,300,000      |
| Ark Life (Ind) Pension Managed 2               | 9.4%         | -6.6%                 | -2.3%                 | -1.3%                  | Not Started            | Not Started            | --               |
| Canada Life (Ind) Setanta Pension Managed *    | 8.9%         | -1.9%                 | 0.4%                  | 1.6%                   | 6.3%                   | 7.7%                   | 1,027,369,604    |
| Friends (Ind) Managed                          | 11.9%        | -5.4%                 | -1.6%                 | 0.5%                   | 5.9%                   | 7.4%                   | 259,100,000      |
| Aviva L&P Pen Laser Pension Managed            | 8.4%         | -7.6%                 | -2.8%                 | -0.3%                  | 5.3%                   | 6.6%                   | 376,832,448      |
| Irish Life (Ind) Exempt Managed 1              | 8.2%         | -5.3%                 | -1.4%                 | 1.3%                   | 5.9%                   | 7.1%                   | 1,266,373,498    |
| Lifetime/BIAM (Ind) Pen Growth                 | 10.2%        | -3.9%                 | -2.1%                 | 1.0%                   | 6.0%                   | 7.8%                   | --               |
| New Irl (Ind) Pension Managed 3                | 10.5%        | -3.7%                 | -2.0%                 | 1.1%                   | 6.6%                   | 7.8%                   | 1,837,486,000    |
| SL Synergy Balanced MultiManager               | 11.7%        | -5.3%                 | -2.4%                 | Not Started            | Not Started            | Not Started            | 137,100,000      |
| <b>MoneyMate Sector Average</b>                | <b>9.9%</b>  | <b>-4.3%</b>          | <b>-1.1%</b>          | <b>0.6%</b>            | <b>6.2%</b>            | <b>8.0%</b>            |                  |
| <b>Irish Equity</b>                            |              |                       |                       |                        |                        |                        |                  |
| <b>Eagle Star (Ind) Irish Equity</b>           | 1.1%         | -22.5%                | -13.1%                | Not Started            | Not Started            | Not Started            | 7,953,880        |
| Ark Life (Ind) Pension Irish                   | -3.8%        | -22.0%                | -15.3%                | Not Started            | Not Started            | Not Started            | 3,178,494        |
| Friends (Ind) Irish Equity                     | -0.7%        | -21.4%                | -13.9%                | -3.5%                  | 4.2%                   | 6.7%                   | 32,270,000       |
| Hib Life & Pen NU (Ind) Irish Equity *         | -3.7%        | -23.0%                | -14.9%                | -3.7%                  | Not Started            | Not Started            | 3,571,281        |
| Irish Life (Ind) Irish Equity Indexed P        | -1.2%        | -24.5%                | -16.4%                | Not Started            | Not Started            | Not Started            | 62,489,161       |
| New Irl (Ind) Pension Irish Equity 3 *         | 0.1%         | -22.3%                | -15.5%                | -2.9%                  | 4.5%                   | Not Started            | 81,096,000       |
| Royal Liver (Ind) Irish Equity                 | -1.8%        | -23.3%                | -14.9%                | Not Started            | Not Started            | Not Started            | 14,942,883       |
| SL Synergy Irish Equity Tracker                | -1.8%        | -24.1%                | -15.8%                | Not Started            | Not Started            | Not Started            | 11,800,000       |
| <b>MoneyMate Sector Average</b>                | <b>-0.7%</b> | <b>-23.8%</b>         | <b>-15.2%</b>         | <b>-4.8%</b>           | <b>3.6%</b>            | <b>5.9%</b>            |                  |
| <b>Euro Equity<sup>2</sup></b>                 |              |                       |                       |                        |                        |                        |                  |
| <b>Eagle Star Eurozone Equity G</b>            | 7.7%         | -4.7%                 | 3.6%                  | Not Started            | Not Started            | Not Started            | 79,074,610       |
| AIB Inv Mgr Ltd Eurozone Equity Indexmaster B  | 4.4%         | -9.3%                 | -0.4%                 | Not Started            | Not Started            | Not Started            | 67,630,936       |
| Ark Life Eurozone 2 G                          | 6.7%         | -10.4%                | -3.3%                 | -3.5%                  | Not Started            | Not Started            | 72,080,973       |
| Aviva L&P Euro Equity                          | -0.2%        | -9.6%                 | -1.7%                 | -1.8%                  | Not Started            | Not Started            | 11,959,507       |
| New Ireland Euroland Equity S9                 | -0.8%        | -11.2%                | -2.6%                 | -3.4%                  | Not Started            | Not Started            | 5,026,000        |
| SL Synergy European Equity Tracker             | 9.1%         | -7.5%                 | 0.3%                  | Not Started            | Not Started            | Not Started            | 70,300,000       |
| <b>MoneyMate Sector Average<sup>1</sup></b>    | <b>5.5%</b>  | <b>-8.1%</b>          | <b>-1.4%</b>          | <b>-2.6%</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 4th January 2011

|   | 1 Year       | Annualised<br>3 Years | Annualised<br>5 Years | Annualised<br>10 Years | Annualised<br>15 Years | Annualised<br>20 Years | Fund Size<br>(€)   |
|---|--------------|-----------------------|-----------------------|------------------------|------------------------|------------------------|--------------------|
| <b>European Equities<sup>2</sup></b>              |              |                       |                       |                        |                        |                        |                    |
| <b>Eagle Star 5 Star 5 Europe G</b>               | <b>6.4%</b>  | <b>-8.4%</b>          | <b>0.3%</b>           | <b>Not Started</b>     | <b>Not Started</b>     | <b>Not Started</b>     | <b>87,127,750</b>  |
| BOI Life - Unit Funds European Ex UK S2           | 4.4%         | -8.2%                 | -2.6%                 | -2.8%                  | Not Started            | Not Started            | 8,141,000          |
| Canada Life /Setanta European Equity G            | 6.9%         | -4.7%                 | -0.9%                 | -0.7%                  | Not Started            | Not Started            | 14,812,185         |
| Friends First European Equity G                   | 7.9%         | -8.4%                 | -0.6%                 | Not Started            | Not Started            | Not Started            | 179,700,000        |
| Aviva L&P European Equity                         | -0.1%        | -7.3%                 | -0.7%                 | -1.1%                  | Not Started            | Not Started            | 2,835,348          |
| Irish Life Europascope 2 G                        | -3.6%        | -11.7%                | -2.6%                 | -3.5%                  | Not Started            | Not Started            | 33,728,375         |
| New Ireland European Equity S9                    | 3.8%         | -8.6%                 | -3.1%                 | -3.1%                  | Not Started            | Not Started            | 244,105,000        |
| Royal Liver European Equity G                     | 20.4%        | -2.3%                 | 2.7%                  | 1.4%                   | Not Started            | Not Started            | 8,455,976          |
| SL Synergy European Eq MultiManager               | 6.6%         | -8.5%                 | -1.0%                 | Not Started            | Not Started            | Not Started            | 69,700,000         |
| <b>MoneyMate Sector Average<sup>1</sup></b>       | <b>15.1%</b> | <b>-3.1%</b>          | <b>1.0%</b>           | <b>-0.6%</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>6.9%</b>  | <b>-7.4%</b>          | <b>2.9%</b>           | <b>Not Started</b>     | <b>Not Started</b>     | <b>Not Started</b>     | <b>107,494,085</b> |
| AIB Inv Mgr Ltd Far East Equity G                 | 23.3%        | -0.8%                 | 3.0%                  | Not Started            | Not Started            | Not Started            | 7,314,817          |
| BOI Life - Unit Funds Far East Equity S2          | 20.5%        | 1.0%                  | 0.3%                  | 1.6%                   | Not Started            | Not Started            | 1,244,000          |
| Aviva L&P Pacific Basin Equity                    | 26.8%        | 0.5%                  | 6.7%                  | 6.5%                   | Not Started            | Not Started            | 2,791,617          |
| Irish Life Indexed Pacific Basin 1 G              | 27.2%        | 2.7%                  | 7.5%                  | Not Started            | Not Started            | Not Started            | 10,031,363         |
| New Ireland Pacific Basin S9                      | 17.9%        | 1.4%                  | 7.5%                  | 7.2%                   | Not Started            | Not Started            | 121,610,000        |
| SL Synergy Pacific Basin MultiManager             | 23.6%        | 0.5%                  | 6.7%                  | Not Started            | Not Started            | Not Started            | 29,400,000         |
| <b>MoneyMate Sector Average<sup>1</sup></b>       | <b>24.4%</b> | <b>2.7%</b>           | <b>9.1%</b>           | <b>8.5%</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>14.7%</b> | <b>-0.6%</b>          | <b>1.4%</b>           | <b>Not Started</b>     | <b>Not Started</b>     | <b>Not Started</b>     | <b>50,739,254</b>  |
| AIB Inv Mgr Ltd US Equity G                       | 24.9%        | -4.9%                 | -2.8%                 | Not Started            | Not Started            | Not Started            | 8,051,825          |
| BOI Life - Unit Funds North American S2           | 19.5%        | 1.0%                  | -0.4%                 | -1.0%                  | Not Started            | Not Started            | 251,014,000        |
| Aviva L&P US Equity                               | 22.0%        | -3.3%                 | -1.3%                 | -3.0%                  | Not Started            | Not Started            | 977,492            |
| Irish Life Indexed US 1 G                         | 21.3%        | -1.1%                 | -1.2%                 | Not Started            | Not Started            | Not Started            | 148,984,754        |
| New Ireland North American S9                     | 18.8%        | 0.5%                  | -1.0%                 | -1.2%                  | Not Started            | Not Started            | 207,670,000        |
| SL Synergy North American Equity                  | 23.1%        | 0.1%                  | -0.1%                 | Not Started            | Not Started            | Not Started            | 81,800,000         |
| <b>MoneyMate Sector Average<sup>1</sup></b>       | <b>21.0%</b> | <b>-1.4%</b>          | <b>-0.1%</b>          | <b>-1.5%</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>12.3%</b> | <b>-5.2%</b>          | <b>-0.5%</b>          | <b>4.4%</b>            | <b>Not Started</b>     | <b>Not Started</b>     | <b>227,379,803</b> |
| BOI Life - Smart Funds Spotlight S9               | 16.5%        | 2.0%                  | Not Started           | Not Started            | Not Started            | Not Started            | 6,168,000          |
| Canada Life /Setanta Focus 15 G                   | 26.0%        | 4.5%                  | 4.6%                  | -1.3%                  | Not Started            | Not Started            | 120,878,771        |
| Aviva L&P Target 20                               | 19.2%        | -7.6%                 | -4.1%                 | -4.3%                  | Not Started            | Not Started            | 12,421,427         |
| <b>Average of selected funds</b>                  | <b>18.5%</b> | <b>-1.6%</b>          | <b>0.0%</b>           | <b>-0.4%</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>28.2%</b> | <b>-3.5%</b>          | <b>Not Started</b>    | <b>Not Started</b>     | <b>Not Started</b>     | <b>Not Started</b>     | <b>8,271,619</b>   |
| <b>Eagle Star European Ex UK Property</b>         | <b>21.0%</b> | <b>2.0%</b>           | <b>Not Started</b>    | <b>Not Started</b>     | <b>Not Started</b>     | <b>Not Started</b>     | <b>8,467,036</b>   |
| <b>Eagle Star Eurozone Property G*</b>            | <b>13.1%</b> | <b>-3.7%</b>          | <b>0.0%</b>           | <b>Not Started</b>     | <b>Not Started</b>     | <b>Not Started</b>     | <b>34,477,071</b>  |
| AIB Inv Mgr Ltd Euro Prop Stocks G                | 17.5%        | -4.3%                 | -2.1%                 | Not Started            | Not Started            | Not Started            | 3,228,921          |
| Friends First Global Property Venture             | 1.3%         | -14.3%                | Not Started           | Not Started            | Not Started            | Not Started            | 2,400,000          |
| SL Synergy Global REIT                            | 16.3%        | -10.9%                | Not Started           | Not Started            | Not Started            | Not Started            | 46,100,000         |
| <b>Average of selected funds</b>                  | <b>16.2%</b> | <b>-5.8%</b>          | <b>-1.0%</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>19.2%</b> | <b>-2.7%</b>          | <b>-1.0%</b>          | <b>Not Started</b>     | <b>Not Started</b>     | <b>Not Started</b>     | <b>131,481,928</b> |
| Aviva L&P High Yield                              | 15.8%        | -2.7%                 | 2.9%                  | Not Started            | Not Started            | Not Started            | 5,897,305          |
| Canada Life CL/Set Equity Div Non Dis G           | 11.2%        | -2.5%                 | 0.0%                  | Not Started            | Not Started            | Not Started            | 304,347,164        |
| Bloxxams High Yield 1 G                           | 15.1%        | -3.0%                 | -0.5%                 | Not Started            | Not Started            | Not Started            | 224,439,921        |
| Merrion SB Ltd Merrion High Yield G               | 5.0%         | -14.9%                | -8.7%                 | Not Started            | Not Started            | Not Started            | 12,205,610         |
| <b>Average of selected funds</b>                  | <b>13.3%</b> | <b>-5.2%</b>          | <b>-1.5%</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 05/01/2011.

- 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.

Returns are based on an investment in the funds and do not represent the returns achieved by individual policies linked to the funds.

**Warning: 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.**