



EAGLE STAR

*A member of the  Zurich Group*

# Earth Resources Fund



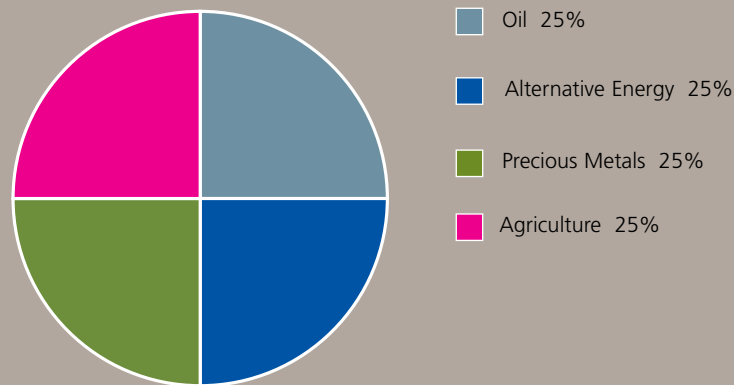
# Earth Resources Fund

The Earth Resources Fund from Eagle Star is a strategy fund which is available as part of the Matrix range of funds. The fund's four components are: oil, alternative energy, precious metals and agriculture. The fund has been designed to offer an easy way for you to benefit from the potential rise in resource prices and to offset the effects of commodity price inflation on your living costs.

## Investment objective

This fund has been designed to offer investors exposure to the world's physical resources. The increasing demand for physical resources, resulting from an expanding population and economic growth in emerging markets underpins the potential for this fund to provide strong investment returns. Within the Matrix range of funds, this is a high risk fund.

### Fund Allocation at Launch



*“World energy consumption is projected to increase by 57 percent between 2004 and 2030.”*

International Energy Outlook, EIA, July 2007





# Why invest in the Earth Resources Fund



- The fund gives you the opportunity to gain investment exposure to a diversified range of the earth's resources.
- A growing demand for the earth's resources, driven by increasing population and economic growth, has the potential to deliver strong returns for investors in the fund:
  - World population is expected to grow from approximately 6.6 billion in 2007 to 9 billion by 2042, an increase of 36% (US Census Bureau).
  - The emerging market economies, including Brazil, Russia, India and China (BRIC), are expected to continue to experience rapid economic growth. For example, according to the IMF, China's economy is expected to grow by 11.5% in 2007.
- The fund will also benefit from:
  - Increasing use of some agricultural commodities to produce bio-fuels (e.g. corn).
  - Increasing demand for metals, with gold jewellery becoming popular in the emerging economies. According to the World Gold Council, demand for gold jewellery rose 37% in the second quarter of 2007, compared to the previous year.
  - Increasing use of alternative energy sources. According to CleanEdge.com, the clean energy industry will quadruple in size within 10 years.
- The fund offers access to the performance of a variety of assets without incurring large costs or the administrative difficulties of dealing directly in these assets.
- Low entry and exit charges – Eagle Star's standard product charges apply, with no additional charge for this fund\*.
- Available for both pension and investment clients (excluding PRSAs).

\* Some of the component funds of the Earth Resources Fund invest in Exchange Traded Funds (ETFs) or other similar investment vehicles. The performance of these funds will reflect the management and other fees deducted by the ETF fund manager.

# What about investment performance



*“It is projected that the four clean-energy technologies (bio-fuels, wind power, solar power and the fuel cell and distributed hydrogen market) ... will quadruple to more than \$226.5 billion within a decade.”*

Clean Energy Trends 2007, CleanEdge.com

## Annualised Investment Performance (%) as at 30/09/07

In order to illustrate how the fund would have performed in the past, Eagle Star has simulated the returns on the fund assuming a fund start date of 01/01/03.

Year	2003	2004	2005	2006	Year to Date*
Return	6.5%	6.1%	32.1%	-0.4%	12.9%

\* Not annualised

The average annualised return over the period from 01/01/03 to 30/09/07, based on simulated performance, would have been **11.5% per annum**.

The returns on the fund may be volatile. It is recommended that you invest in this fund as part of a diversified portfolio.

The simulated performance shown reflects the fact that the constituents of the fund have been selected with the benefit of hindsight. The investment vehicles in which the funds invest were not available throughout the period shown. Where they were not available, we have simulated the performance of these funds using the underlying indices which they aim to track.

**Warning: These figures are estimates only. They are not a reliable guide to the future performance of this investment. The value of your investment may go down as well as up. Benefits may be affected by changes in currency exchange rates.**

# How does the Earth Resources Fund work



This is a unit-linked fund initially made up of the following constituents:

Asset	Investment Vehicle (see back of brochure for further details)
Oil	ETFS Brent Oil
Alternative Energy	PowerShares WilderHill Clean Energy Portfolio
Precious Metals	ETFS Physical Precious Metals Basket
Agriculture	ETFS Agriculture DJ-AIGCI

Each of these assets will initially make up 25% of the fund. Over time the relative percentages will change with market movements. In order to maintain a balanced portfolio, the fund is monitored and rebalanced if any asset moves significantly outside its guideline exposure (see table below).

Exposure to each asset will be reset to 25% on rebalancing.

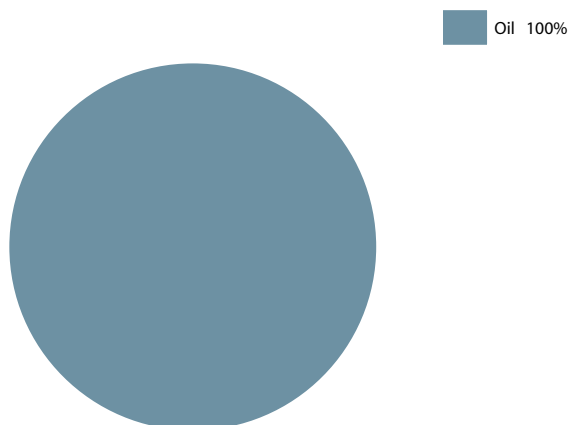
## Asset Guideline Exposure

Asset	Guideline Exposure
Oil	20-30%
Alternative Energy	20-30%
Precious Metals	20-30%
Agriculture	20-30%

What does  
the fund  
invest in

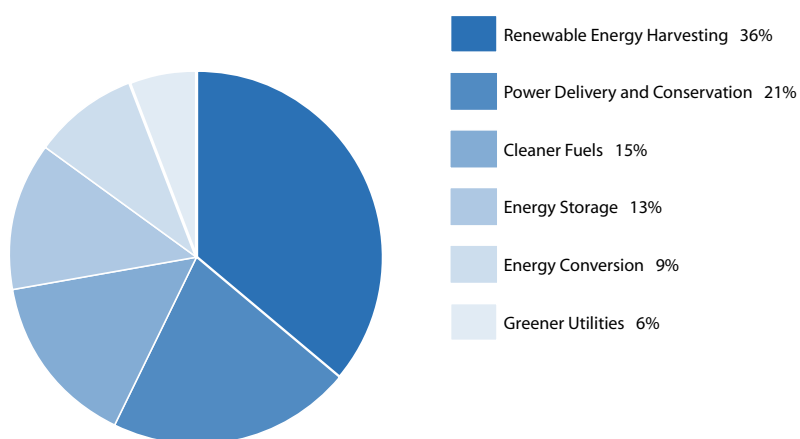


ETFS Brent Oil (%)



Source: ETFS

PowerShares WilderHill Clean Energy Portfolio (%)

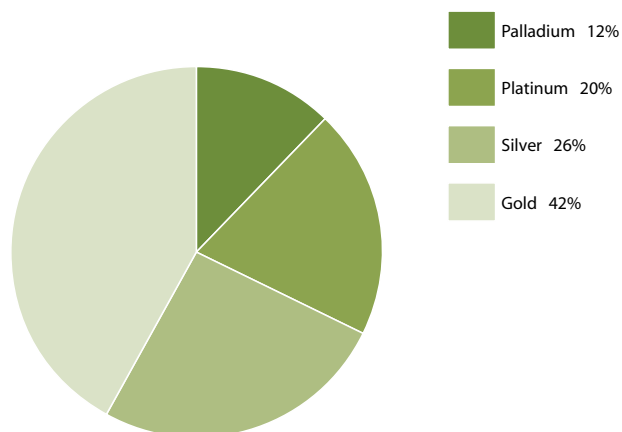


Source: WilderHill

*“Gold ownership for Chinese citizens was legalised in 2004. Chinese gold consumption is expected to rise 17% in 2007.”*

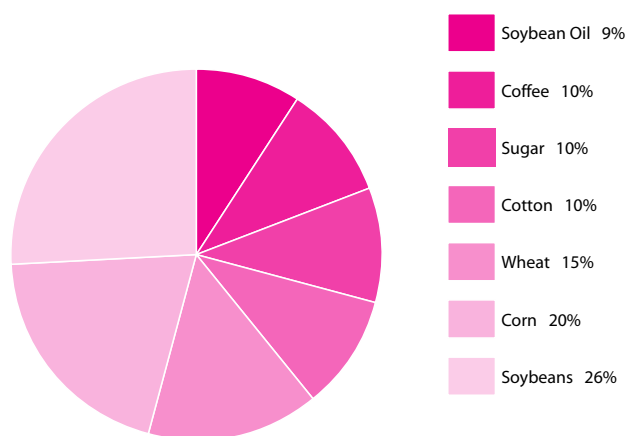
Chairman of the China Gold Association

ETFS Physical Precious Metals Basket (%)



Source: ETFS

ETFS Agriculture DJ-AIGCI (%)



Source: ETFS

By choosing four investment vehicles, three of which are diversified in their own right, the fund offers **an excellent spread of investments**. These pie charts illustrate the asset splits of each investment vehicle.

# Investment vehicle descriptions

The current investment vehicles used by Eagle Star within the Earth Resources Fund are set out below. Eagle Star may use other vehicles in the future if it considers them to be more effective. While each of the vehicles is designed to track an index, there is no guarantee that the performance of the index will be matched.



## Oil

Eagle Star uses the ETFS Brent Oil Exchange Traded Commodity (ETC) to gain exposure to oil. This tracks the IntercontinentalExchange Futures Brent Oil contract and is backed by matching contracts from Royal Dutch Shell Group. The ETC is designed to provide a total return, consisting of the excess return generated by oil futures contracts plus accrued interest.



## Alternative Energy

Eagle Star uses the PowerShares WilderHill Clean Energy Portfolio Exchange Traded Fund (ETF) to gain exposure to the alternative energy sector. This ETF aims to track the performance of the WilderHill Clean Energy Index (Total Return). This index is generally comprised of companies in the following areas:

- Renewable energy supplies
- Energy storage
- Cleaner fuels
- Energy conversion
- Greener utilities
- Power delivery and conservation



## Precious Metals

Eagle Star uses the ETFS Physical Precious Metals Basket ETC to gain exposure to the precious metals market. The basket gives direct exposure to physical metals and is backed by physical allocated metal held by the custodian, HSBC Bank. The price of the basket is designed to move in line with the spot prices of precious metals.



## Agriculture

Eagle Star uses the ETFS Agriculture ETC to gain exposure to agricultural commodities. The ETC tracks the DJ-AIG Agriculture Sub-index and is backed by matching contracts purchased from AIG Financial Products Corporation. The ETC is designed to provide a total return, consisting of the excess return generated by agricultural futures contracts plus accrued interest.

ETFS Securities Limited (ETFS) is the leading pioneer in developing ETCs. These are securities which track commodity prices and trade on a stock exchange.

PowerShares Capital Management LLC (PowerShares) operates a family of more than 90 domestic and international ETFs. PowerShares is part of Invesco plc.

# Diversification

The Matrix range of funds from Eagle Star provides you with the facility to diversify your investment portfolio.

Different asset classes tend to perform well in different market conditions. This is why diversification is one of the most important tools available to reduce overall risk within a portfolio.

By combining different asset classes, you can offset some of the risks that each investment carries on its own, while enjoying the advantages and benefits of each.

If you want access to the potential returns that oil, alternative energy, precious metals and agriculture have to offer, simply contact your Financial Advisor for more information about investing in Eagle Star's Earth Resources Fund.





For more  
information  
**contact your  
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