

Fund Profile

Aviva Investors Small Companies Fund

December 2011



Investment objective

The fund's objective is to outperform the S&P/ASX Small Ordinaries Accumulation Index by 5% per annum over a rolling five year period by investing in a diversified portfolio of Australian smaller companies.

Fund commentary

The Aviva Investors Small Companies Fund returned -4.1% (net of fees) for the month of December, outperforming its benchmark index by 0.2%. The best performing stocks during the month, relative to the Benchmark, were Gloucester Coal (0.39%) and Billabong International (0.39%). Stocks detracting from the fund's performance, relative to the Benchmark, were Mirabela Nickel (0.52%) and Talent2 International (-0.48%).

We undertook minimal transactions in December as we are generally happy with the stocks within the portfolio at current prices. We are also waiting for additional data points relating to the domestic economy and further developments overseas.

The major contributors to the fund's relative performance during the month included Billabong International. This stock recently exited the Top 100 and joined the S&P/ASX Small Ordinaries Index. It was not owned within the portfolio and fell heavily in December after it issued another profit downgrade. We believe the company has an over extended balance sheet and is currently suffering both cyclical weakness as well as structural headwinds. Gloucester Coal was also a positive contributor after entering into a merger proposal with Yanzhou Coal.

The major detractors to the fund's relative performance during the month included Kathmandu Holdings which updated the market in late December on its sales performance. Same store sales growth has fallen sharply in the final weeks of 2011. This is likely a result of lower foot traffic and that those customers in the stores were far more cautious and appear to be avoiding the bigger ticket items.

Fund facts

Inception date:	19 November 1999 ¹
Fund size at 31 December 2011:	\$102.9m
Benchmark:	S&P/ASX Small Ordinaries Accumulation Index
Investment timeframe:	At least 5 years
Relative risk:	High - Very High
Relative return:	High - Very High

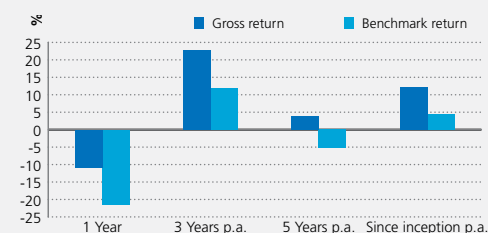
¹ This is the inception date of the Portfolio Partners Emerging Shares Trust, which is the former name of the Aviva Investors Small Companies Fund.

Investment returns Performance to 31 December 2011

Period	Gross return %	Bmk return %	Excess return %	Net return ¹ %
1 month	-4.0	-4.3	0.3	-4.1
3 months	-1.6	-0.6	-1.0	-1.8
1 year	-10.8	-21.4	10.6	-11.7
3 years p.a.	22.9	11.8	11.1	21.7
5 years p.a.	4.0	-5.2	9.2	2.9
Since inception p.a.	12.1	4.4	7.7	11.0

¹ Investment returns are based on exit to exit prices of Professional Selection units, are net of management fees and assume reinvestment of all distributions. Past performance is not a guide to or indication of future performance.

Gross return vs Benchmark return



Top 10 share holdings at 31 December 2011 (alphabetical order)

- Adelaide Brighton
- Aston Resources
- Gloucester Coal
- McMillan Shakespeare
- Mineral Resources
- NRW Holdings
- PanAust
- SAI Global
- Sandfire Resources
- Super Retail Group

Investor profile

The fund may be suitable, as part of a broadly diversified investment portfolio, for investors seeking higher returns than cash and fixed interest over timeframes greater than five years and who are able to take higher levels of risk.

Investment details

Minimum investment:	\$20,000
Minimum additional investment:	\$5,000
Distribution:	Quarterly
Entry fee:	Nil
Exit fee:	Nil
Management fee:	0.98% p.a.

Investment guidelines and ranges

	Minimum	Benchmark Allocation	Maximum	As at 31 Dec 11
Australian shares	80%	100%	100%	96%
Cash/short-term securities	0%	0%	20%	4%

Franking levels

Year end	
30 June 2011	20.29%
30 June 2010	122.44%
30 June 2009	95.94%
30 June 2008	10.55%
30 June 2007	9.21%
30 June 2006	4.71%

Distribution history¹

Quarter end	Cents per unit
31 December 2011	0.93
30 September 2011	0.26
30 June 2011	6.67
31 March 2011	0.37
31 December 2010	0.32
30 September 2010	0.15
30 June 2010	0.36
31 March 2010	0.29
31 December 2009	0.35
30 September 2009	0.20
30 June 2009	0.09
10 June 2009	0.60
31 March 2009	0.35
31 December 2008	0.54
30 September 2008	0.28
30 June 2008	14.47
31 March 2008	3.00
31 December 2007	2.58
30 September 2007	1.25
30 June 2007	13.42
31 March 2007	4.37

¹ Distribution rates have been rounded to two decimal places. As a result, the actual payment rate may differ slightly to the rates listed above

About Aviva Investors

Aviva Investors specialises in the active management of Australian equities and listed property. We are dedicated to providing market leading investment solutions to both institutional and retail clients.

Since our inception in 1994, Aviva Investors has developed an excellent reputation as a leading specialist in the active management of Australian equities and listed property. Our dynamic culture, coupled with the quality of our investment team, allows us to deliver a compelling range of investment solutions. Aviva Investors is wholly owned by nabinvest, the direct investment arm of NAB Wealth Management.



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The above information is of a general nature and has been prepared without taking account of your individual investment objectives, financial situation or particular investment needs. It is not intended as financial advice to retail clients. Before making an investment decision, you should consider the appropriateness of the information, having regard to your objectives, financial situation and needs. We recommend you consult with your financial adviser, who can help you determine how best to achieve your financial goals and whether investing in a fund is appropriate for you. Investment in the Aviva Investors funds will only be made upon receipt of a completed application form from the current PDS, a copy of which can be obtained from Aviva Investors. Aviva Investors Small Companies Fund ARSN 090 564 873.

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