

Fund Profile

Aviva Investors High Growth Shares Fund

December 2011



Investment objective

The Aviva High Growth Shares Fund is an actively traded, high-conviction, long biased, long/short equity fund that aims to outperform the S&P/ASX 200 Accumulation Index by 5% p.a. (before fees) over a rolling five year period.

Fund commentary

The fund delivered a return of -2.6% (net of fees) for the month of December, underperforming its benchmark by 1.2%. The best performing stocks for the portfolio during the month, relative to the Benchmark, were Telstra Corporation (0.17%) and Sydney Airport (0.14%). Stocks detracting from the performance, relative to the Benchmark, were JB Hi-Fi (-0.32%) and Newcrest Mining (-0.31%).

During the month we established a position in Westfield Group on the release of its third quarter report. Although our research view had considerable valuation support, the stock had underperformed the Australian market and its US peers considerably over the course of the year. In the result we identified signs of a nascent retail recovery in the US operations. We also bought back in to Oilsearch when it traded down to a substantial discount to our valuation. We had earlier exited Oilsearch because of concerns over potential project cost increases in its LNG development and potential fallout from domestic political events.

For equity investors the economic outlook points to an ongoing lack of certainty and risk of contagion from Europe. This is offset by attractive valuations, robust balance sheets and strong market yields – if not strong earnings growth. Thus, the causes of last year's volatility may have eased, but are by no means solved. The market is, however, responding to this perceived easing of global risk. As for whether recovery in the US and China can persist and Europe's grand deleveraging can remain orderly, it is too soon to tell. Fundamentally, it is difficult to excise Eurozone risk out of portfolios when its main impact is contagion.

We continue to remain wary of domestic cyclical exposure and highly leveraged companies ahead of the interim reporting season. We have reduced positions our outperforming defensive holdings over the latter part of the year and sought greater exposure to the US, while taking a selective, though positive approach to resources.

Fund facts

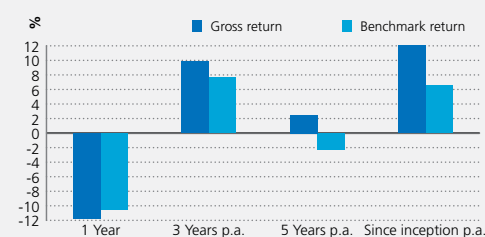
| | |
|---------------------------------------|--------------------------------|
| Inception date: | 7 December 1999 |
| Fund size at 31 December 2011: | \$1.0bn |
| Benchmark: | S&P/ASX 200 Accumulation Index |
| Investment timeframe: | At least 5 years |
| Relative risk: | High - Very High |
| Relative return: | High - Very High |

Investment returns Performance to 31 December 2011

| Period | Gross return % | Bmk return % | Excess return % | Net return ¹ % |
|----------------------|----------------|--------------|-----------------|---------------------------|
| 1 month | -2.5 | -1.4 | -1.1 | -2.6 |
| 3 months | -0.2 | 2.1 | -2.3 | -0.4 |
| 1 year | -11.8 | -10.5 | -1.3 | -12.7 |
| 3 years p.a. | 9.9 | 7.6 | 2.3 | 8.6 |
| 5 years p.a. | 2.5 | -2.3 | 4.8 | 1.3 |
| Since inception p.a. | 12.0 | 6.5 | 5.5 | 10.3 |

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)

- AMP
- BHP Billiton
- Commonwealth Bank
- CSL
- National Australia Bank
- Newcrest Mining
- Rio Tinto
- Telstra Corporation
- Wesfarmers
- Westpac Banking Corporation

Investor profile

The fund is actively managed and its returns may be volatile when compared with the Benchmark return. As such, it may suit investors who are willing to accept higher risk in exchange for the potential opportunity to earn greater returns.

The assets of the fund are actively traded and returns are taxed on a revenue basis. On this basis, gains made by this fund on its investments and distributed to investors will be revenue rather than capital in nature with no entitlement to the capital gains tax (CGT) discount.

Investment details

| | |
|---------------------------------------|--|
| Minimum investment: | \$20,000 |
| Minimum additional investment: | \$5,000 |
| Distribution: | Quarterly |
| Entry fee: | Nil |
| Exit fee: | Nil |
| Management fee: | 1.05% p.a. ¹ |
| Performance fee | 20% of performance above performance hurdle ² |

¹ Excluding performance fee. See page 38 of the current PDS for more information. The PDS is available to download from www.avivainvestors.com.au or by contacting the Client Services Team on 1800 671 849.

² Performance hurdle is the benchmark return +5%p.a.

Investment guidelines and ranges

| | Minimum | Benchmark Allocation | Maximum | As at 31 Dec 11 |
|-----------------------------------|---------|----------------------|---------|-----------------|
| Australian shares | 90% | 100% | 100% | 98.5% |
| Long | 90% | - | 125% | 105.9% |
| Short | 0% | - | -25% | -7.4% |
| Cash/short-term securities | 0% | 0% | 10% | 1.5% |

Distribution history¹

| Quarter end | Cents per unit |
|-------------------|----------------|
| 31 December 2011 | 0.00 |
| 30 September 2011 | 0.00 |
| 30 June 2011 | 5.09 |
| 31 March 2011 | 0.92 |
| 31 December 2010 | 1.23 |
| 30 September 2010 | 0.00 |
| 30 June 2010 | 0.00 |
| 31 March 2010 | 0.00 |
| 31 December 2009 | 0.00 |
| 30 September 2009 | 0.00 |
| 30 June 2009 | 0.00 |
| 31 March 2009 | 0.00 |
| 31 December 2008 | 0.00 |
| 30 September 2008 | 0.67 |
| 30 June 2008 | 5.81 |

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.

Investment terms and guidelines

Short selling involves borrowing a share from a prime broker to sell to the market, with an agreement to purchase that share back at a later date. When the fund short sells a share, we anticipate taking advantage of declines in the price of that share by selling the share at one price, and then aiming to buy back that share at a subsequent lower price. Short selling is limited to 25% of the value of the funds net assets.

Enhanced long positions refer to the shares in which the fund holds the largest overweight positions when compared to its Benchmark weighting. Long positions are limited to 125% of the value of the funds net assets. All long and short positions will be managed to provide investors with a gross exposure to the sharemarket of up to 150%, but the overall net exposure will be between 80 - 100%.

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.



Fund Manager of the Year
Australia

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.

For further information please contact our Client Services Team - Toll Free: 1800 671 849
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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 High Growth Shares Fund ARSN 090 554 082.

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