

Fund Profile

Aviva Investors Premier Fixed Income Fund

July 2010



Fund facts

Inception date:	31 May 2000
Fund size at 31 July 2010	\$104.2m
Benchmark:	75% UBS Australia Composite Bond Index and 25% Barclays Capital Global Aggregate Bond Index (hedged into A\$)
Investment timeframe:	At least 3 years
Relative risk:	Low
Relative return:	Medium

¹ On 29 September 2008 the Benchmark name changed from 75% UBS Australia Composite Bond Index and 25% JP Morgan Global Government Bond Index (hedged into A\$) to 75% UBS Australia Composite Bond Index and 25% Barclays Capital Global Aggregate Bond Index (hedged into A\$)

Investment details

Minimum investment:	\$20,000
Minimum additional investment:	\$5,000
Distribution:	Quarterly
Entry fee:	Nil
Exit fee:	Nil
Management fee:	0.48% p.a.

Franking levels

Year end	
30 June 2010	0.00%
30 June 2009	4.60%
30 June 2008	1.27%
30 June 2007	1.76%
30 June 2006	0.11%

Investment returns

Performance to 31 July 2010

Period	Gross return %	Bmk return %	Excess return %	Net return ² %
1 month	0.7	0.5	0.2	0.7
3 months	3.0	3.4	-0.4	2.8
1 year	10.2	8.6	1.6	9.6
3 years p.a.	7.8	8.3	-0.5	7.4
5 years p.a.	6.5	6.5	0.0	6.1
Since inception p.a.	7.0	6.9	0.1	6.6

² 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.

Investment objective and strategy

The fund's objective is to outperform its Benchmark over a rolling three year period by investing in a broadly diversified portfolio of fixed income securities (both Australian and international).

The Australian fixed income component includes coupon bonds (Australian Commonwealth, semi-government and corporate bonds), and inflation-linked bonds.

In addition, we seek to enhance returns and improve diversification by including allocations to both high yield and global fixed income securities.

The fund's exposure to high yield securities will be predominately to high yielding corporate debt, but may also include convertible notes and preference shares. The global fixed income allocation may include exposure to government, corporate and other asset backed securities.

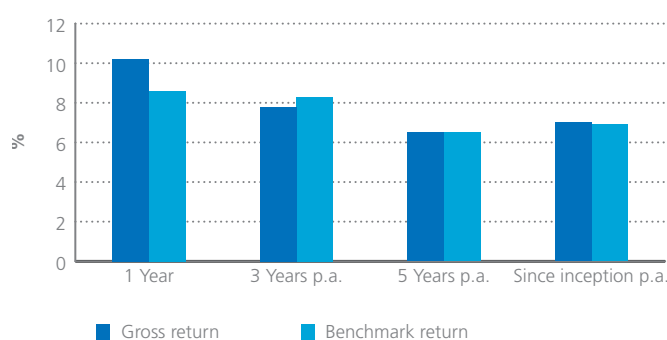
The fund seeks to consistently add value in a risk-controlled way. It is designed to provide investors predominantly with income, along with some capital growth over the medium to long-term.

Investor profile

The Premier Fixed Income Fund is suitable for investors looking for a sophisticated fixed income product, with a diverse portfolio providing both domestic and global exposure, and greater opportunities to generate above Benchmark returns.

Investors should be aware that while fixed income investments are generally less risky than equity investments, the fund will be exposed to changes in interest rates because it holds bonds. Rises in interest rates lower the value of a bond, and hence the value of the fund. The fund is also subject to credit risk.

Gross return vs Benchmark return



Distribution history³

Quarter end	Cents per unit
16 July 2010	36.45
30 June 2010	238.54
31 March 2010	38.85
31 December 2009	55.41
30 September 2009	13.30
30 June 2009	143.27
31 March 2009	46.47
31 December 2008	69.90
30 September 2008	39.37
30 June 2008	127.17
31 March 2008	36.86
31 December 2007	67.94

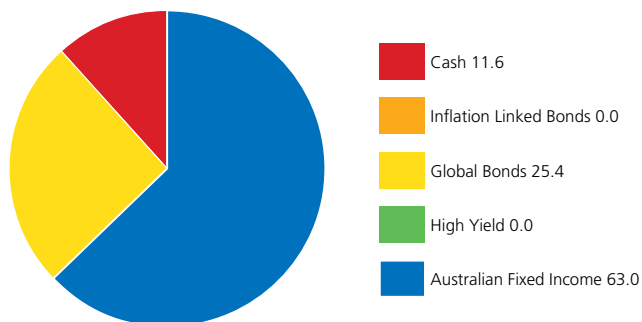
³ Distribution rates have been rounded to two decimal places. As a result, the actual payment rate may differ slightly to the rates listed above.

Investment guidelines and ranges

	Minimum	Benchmark Allocation	Maximum	As at 31 July 10
Australian fixed income	30%	75%	100%	63.0%
Coupon bonds	0%	75%	100%	63.0%
Inflation-linked bonds	0%	-	20%	0.0%
High yield securities	0%	-	20%	0.0%
Global bonds	0%	25%	50%	25.4%
Cash/short-term securities⁴	0%	0%	20%	11.6%

⁴ This allocation does not include cash held as part of the other sub-components for stock selection purposes.

Asset allocation - 31 July 2010



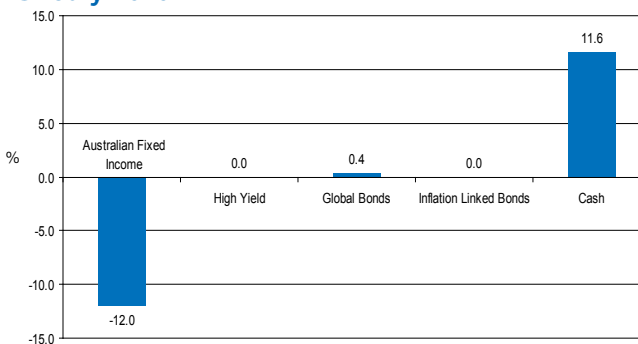
Latest portfolio update

For the month the fund returned 0.7% (gross of fees), outperforming the Benchmark return of 0.5%. The month was characterised by a return of risk appetite to financial markets as sovereign solvency concerns eased and corporate earnings were positive. The fund sold down its high yield bond exposure on the back of this strength with the view that markets are likely to face headwinds for some time to come.

Performance from international government bonds was mostly positive over the month of July, with the odd exception. US government bonds rose as growth estimates and forecasts were generally weaker than expected, talk emerged of further bond purchases by the US authorities and inflation numbers also came in below expectations, suggesting interest rates will remain at their record lows for some time to come. The eurozone economies whose struggles had led to the turbulence in May and June, such as Spain, Portugal and Greece, performed much better in July and in the case of Spain and Portugal were helped by successfully borrowing funds through the bond markets.

Australia Government debt fell in price over the month as risk appetite returned and the flight to quality effect that had seen safe haven bond yields fall substantially, unwound somewhat. The Reserve Bank of Australia (RBA) left rates on hold at 4.5% in July, stating that rates had returned to roughly "average" levels since being hiked from the multi-decade low of 3.

Asset allocation variance from benchmark - 31 July 2010



About Aviva Investors

Aviva Investors is a global asset management company with over A\$445 billion in funds under management. Launched in September 2008, Aviva Investors unites the asset management capabilities of the international investments and insurance group, Aviva plc.

Aviva Investors in Australia operated as Portfolio Partners from 1994 until September 2008. We specialise in the active management of Australian equities, fixed income and listed property, and have A\$7.9 billion in funds under management. Aviva Investors prides itself on providing specialist investment management services to meet our clients' needs.

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