

# Fund Profile

## Aviva Investors Australian Shares Fund

December 2011



### Investment objective

The fund's objective is to outperform the S&P/ASX 200 Accumulation Index over a rolling five year period by investing in a diversified portfolio of Australian shares.

### Fund commentary

The Aviva Investors Australian Shares Fund returned -1.6% (net of fees) for the month of December, underperforming its benchmark index by 0.2%. The best performing stocks during the month, relative to the Benchmark, were Telstra Corporation (0.11%) and Australian Infrastructure Fund (0.09%). Stocks detracting from the fund's performance, relative to the Benchmark, were JB Hi-Fi (-0.48%) and Commonwealth Bank (-0.15%).

Over the past quarter, the fund has been increasing its exposure to the banking sector. We initially sold some ANZ early in November, but then the share price fell and we repurchased the stock and added to the holding. This position is based on the compelling yield and low price/earnings ratio. We also expect some buying opportunities in Asia to materialise for ANZ from exiting European banks.

A position in Westpac Banking Corporation was also built up in a similar way to ANZ. The stock is currently out of favour in the market and "analyst land", yet it represents compelling value after lagging the performance of its peers.

During December the RBA eased monetary policy once more, lowering the official cash rate by 0.25% to 4.25%. The statement accompanying the decision suggests that the improved inflation outlook is the main factor that has enabled the RBA to lower the cash rate modestly in response to the slowdown in Europe and sluggish local growth data.

We believe the Australian sharemarket will continue to be affected by global developments although the RBA's recent easing and on going bias towards easier monetary policy is supportive of the market. Domestically, trading conditions remain difficult as consumers are subdued and the relatively high level of the Australian dollar is encouraging offshore purchases via the internet. The recent spate of retail earnings downgrades clearly illustrates this point.

### Fund facts

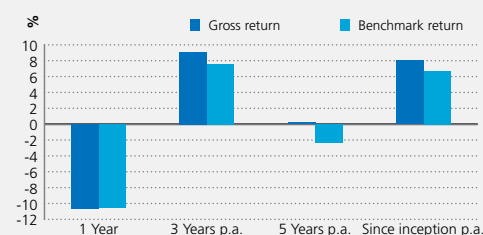
<b>Inception date:</b>	25 January 2000
<b>Fund size at 31 December 2011:</b>	\$10.1m
<b>Benchmark:</b>	S&P/ASX 200 Accumulation Index
<b>Investment timeframe:</b>	At least 5 years
<b>Relative risk:</b>	High
<b>Relative return:</b>	High

### Investment returns Performance to 31 December 2011

Period	Gross return %	Bmk return %	Excess return %	Net return <sup>1</sup> %
1 month	-1.5	-1.4	-0.1	-1.6
3 months	1.7	2.1	-0.4	1.5
1 year	-10.7	-10.5	-0.2	-11.5
3 years p.a.	9.1	7.6	1.5	8.2
5 years p.a.	0.2	-2.3	2.5	-0.7
Since inception p.a.	8.0	6.7	1.3	7.1

<sup>1</sup> 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)

- ANZ Banking Group
- BHP Billiton
- Commonwealth Bank
- CSL
- National Australia Bank
- Rio Tinto
- Telstra Corporation
- Wesfarmers
- Westpac Banking Corporation
- Woodside Petroleum

## Investor profile

This fund is designed for investors who wish to benefit from the long term capital gains available from share investments and who are comfortable with fluctuations in capital value in the short to medium term. Accordingly, the fund has a recommended long-term investment horizon of at least five years.

## Investment details

<b>Minimum investment:</b>	closed to new investments
<b>Minimum additional investment:</b>	closed to new investments
<b>Distribution:</b>	Quarterly
<b>Entry fee:</b>	Nil
<b>Exit fee:</b>	Nil
<b>Management fee:</b>	0.85% p.a.

## Investment guidelines and ranges

	Minimum	Benchmark Allocation	Maximum	As at 31 Dec 11
<b>Australian shares</b>	90%	100%	100%	96%
<b>Cash/short-term securities</b>	0%	0%	10%	4%

## Franking levels

Year end	
30 June 2011	58.45%
30 June 2010	76.61%
30 June 2009	92.95%
30 June 2008	10.82%
30 June 2007	21.85%
30 June 2006	12.61%

## Distribution history<sup>2</sup>

Quarter end	Cents per unit
31 December 2011	1.25
30 September 2011	1.04
30 June 2011	4.11
31 March 2011	0.82
31 December 2010	0.82
30 September 2010	0.82
30 June 2010	0.86
31 March 2010	0.98
31 December 2009	0.93
30 September 2009	0.94
30 June 2009	1.33
31 March 2009	0.81
31 December 2008	1.17
30 September 2008	0.63
30 June 2008	31.18
31 March 2008	5.87
31 December 2007	6.57
30 September 2007	2.83
30 June 2007	18.46
31 March 2007	3.57
31 December 2006	3.61

<sup>2</sup> 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.



**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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