

Aviva Investors Premier Fixed Income Fund

May 2010



Key features

- The fund provides a broadly diversified fixed income fund offering exposure to full set of fixed income and credit markets
- Aviva Investors has a truly global presence with asset managers located in the UK, Europe and the US
- The fund has a long-term track record of active management through many market cycles
- The portfolio is well suited to times of equity market volatility

Aviva Investors Premier Fixed Income Fund is a diversified fixed interest fund with the ability to add value by accessing the full set of fixed income opportunities



“A sensible approach is to take the best ideas from each investment team and, using an overlay of derivatives and leverage, extract the alpha then inject it

back into a more conventional portfolio. What we refer to as porting alpha between teams. At any one time, there will be multiple positions in force, mixing short term tactical trades with longer term asset allocation based on economic forecasts.

The majority of the unconstrained investment ideas come from different sectors and asset classes that diversify the exposures. This blending helps to increase returns without adding to overall risk. The discipline of quantitative modelling is essential but so is the ingenuity that experience brings.”

Shahid Ikram, Head of sovereign and total return at Aviva Investors, on how we view opportunities in fixed income.

Enhancements to the Premier Fixed Income Fund

Over the past year we have made a number of enhancements to the Aviva Investors Premier Fixed Income Fund, to leverage the resources of Aviva Investors globally to access the full fixed income capabilities of the group.

The fund’s exposure to high yield is managed through an allocation to a portfolio of global high yield securities. Global fixed income exposure is obtained via with an allocation to an actively managed global aggregate portfolio.

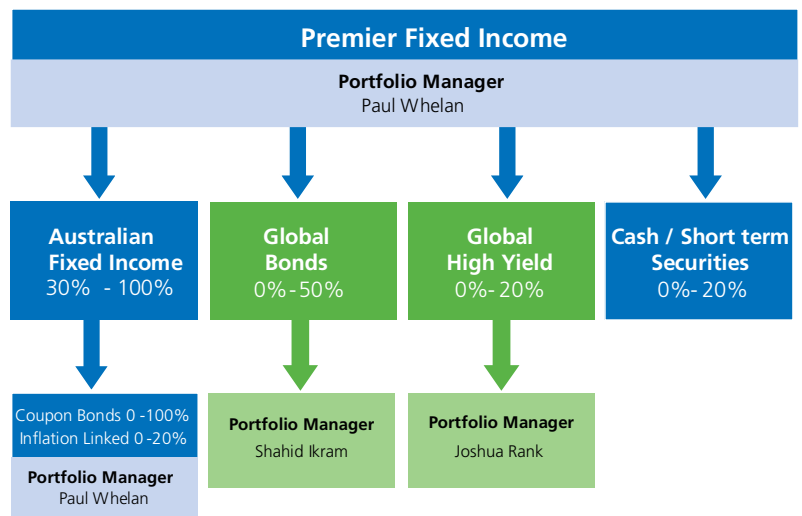
In order to maintain consistency of philosophy and process across the entire portfolio, and to fully leverage the full resources of the group, the Australian fixed income component of the fund is managed by our London fixed income team. Our global fixed income teams cover the full fixed income set including gilts, corporate bonds, global sovereigns, index-linked bonds, emerging markets (hard and local currency debt) and high-yield securities.

Aviva Investors has one of the largest London-based fixed income teams and our affiliates in the US and Europe add to the scale and resources of our operations. We draw further insights from Aviva Investors’ strategy team which provides specialist research on developments in the global economy.

We firmly believe that the improved global reach and access to additional resources will provide investors with an improved and fully diversified fixed income offering, capable of exploiting market inefficiencies across the full fixed income set while still maintaining a domestic focus for investors.

Fund structure

While portfolio management has been transitioned to London, it is important to note that the fund’s existing investment guidelines, management fee and performance objective have remained unchanged.



Aviva Investors Premier Fixed Income Fund at a glance

Investment objective and strategy

We believe that fixed income markets are inefficient and opportunities exist between and within markets to add value through active management.

We achieve this through top-down and bottom-up research based on:

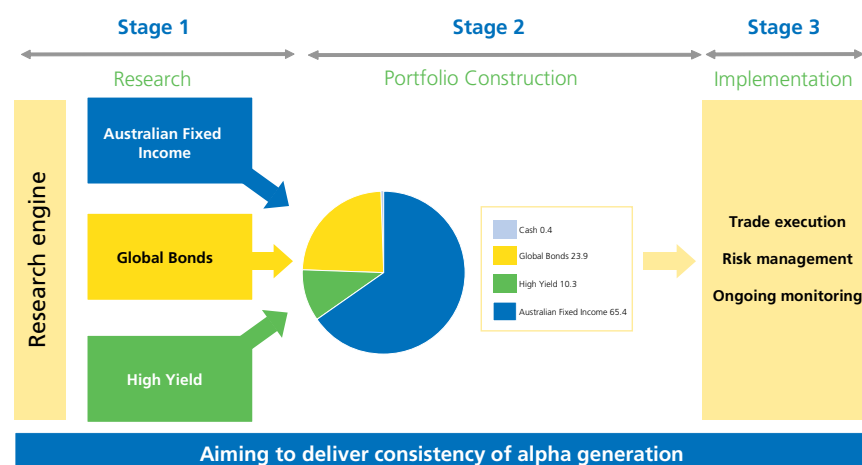
- Blending independent research with experienced fund management through dedicated specialist teams
- Utilising a mixture of fundamental, technical and quantitative analysis to manage portfolios
- Having an understanding of all risk aspects from a multi-dimensional perspective

	Minimum	Benchmark Allocation	Maximum	As at 30 April 2010	Investment Type
Australian fixed income	30%	75%	100%	60.2%	Australian fixed income, largely high quality assets
Coupon bonds	0%	75%	100%	60.2%	
Inflation-linked bonds	0%	--	20%	0.0%	
High yield securities	0%	-	20%	11.2%	Predominantly North American sub-investment grade credit
Global bonds	0%	25%	50%	24.4%	Global sovereign, currencies, credit; sector and asset rotation; and mortgages
Cash/short-term securities³	0%	0%	20%	4.2%	Cash-at-bank, term deposits, bank bills

Investment process

Aviva Investors seeks to add value across all areas of the investment process. Starting from a neutral asset allocation position, the Portfolio Manager determines a strategic 'through the cycle' allocation to each sub-component of the fund.

Within the Australian fixed income and global bond allocations, alpha is provided from duration management, allocations in credit sector and sovereign market, and yield curve management.



How to use this fund

Diversified fixed interest funds such as this can provide sound diversification benefits when combined with equities as part of a balanced portfolio. Fixed interest funds generally have low default risk and high credit quality.

Fund details

Inception date:
31 May 2000

Fund size at 30 April 2010:
\$142.9m

Benchmark:
75% UBS Australia Composite Bond Index and 25% Barclays Capital Global Aggregate Index (hedged into A\$)

Investment timeframe:
At least 3 years

Relative Risk:
Low

Relative Return:
Medium

Minimum Investment:
\$20,000

Minimum additional investment:
\$5,000

Distribution:
Quarterly

Entry fee:
Nil

Exit fee:
Nil

Management fee:
0.48% p.a.

Availability:
BT Wrap, Macquarie Wrap, Navigator, IOOF and Colonial First Wrap

Ratings:
Lonsec* – Investment Grade

Portfolio Managers



Paul Whelan
Credit Fund Manager

Key responsibilities: Paul is responsible for managing fixed income credit portfolios and for construction of diversified fixed income portfolios. Paul is Portfolio Manager of the Premier Fixed Income Fund and manages the Australian fixed income allocation.

Years with the group: 1

Years of industry experience: 9

Previous roles: Paul previously worked at Henderson Global Investors as a Fixed Income Fund Manager. Paul began his investment career at UBS Asset Management where he held the roles of Fixed Income Fund Manager and Portfolio Manager.

Qualifications: BSc, IMC and CFA and is a member of UKSIP AIMR.



Shahid Ikram
Deputy CIO, Fixed
Income

Key responsibilities: Shahid is Deputy CIO, Fixed Income and Head of Sovereign Bonds and Absolute Return

Years with the group: 20

Years of industry experience: 20

Previous roles: Shahid joined the firm in 1990 after working at the National Bank of Kuwait. He progressed from gilt fund manager to Head of UK sovereign bonds. In Feb 2003 he launched the Aviva Investors G7 hedge fund. Since then, Shahid has been appointed Deputy CIO, Fixed Income and Head of Sovereign Bonds and Absolute Return.

Qualifications: BSc (Hons) in Mathematics and is an associate member of the Institute of Investment Management and Research (IIMR)

For further information, please contact:

- Client Services team on 1800 671 849
- investorservices.au@avivainvestors.com
- visiting www.avivainvestors.com.au/premierfixedincome

Important information

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A member of the Aviva plc group.
Website: www.avivainvestors.com.au

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