

Aviva Investors Dividend Builder



Fund Manager of the Year
Australia

Key features

- Invests in high yielding Australian shares that will grow their dividends over time
- Focused on maximising tax efficient income for investors
- Emphasis on securing franked income and minimising stock turnover
- Low management fees
- Benefits from a large, well resourced and experienced investment team

From 1 October 2011, Aviva Investors Australia Limited (ABN 85 066 081 114) is a wholly-owned subsidiary of National Australia Bank Limited and is no longer part of the Aviva plc Group.

Aviva Investors Dividend Builder provides investors with the potential to earn high regular income while aiming to provide some capital growth via a simplified investment strategy.

10 reasons why a high yield investment strategy is prudent:

1. Yield is a significant component of expected equity market returns
2. Significant tax advantages of receiving franked income
3. Dividend income is a stable source of returns
4. Assists in generation of an income stream
5. High dividends signal that companies have real cashflows
6. High dividend paying companies experience high future earnings growth
7. High levels of franked income
8. If the Reserve Bank is in the process of easing monetary policy, high yield interest rate sensitive investments will benefit
9. In the longer term higher yielding shares tend to outperform
10. Helps fund, or retire debt

Investment objective

The fund's primary objective is to regularly deliver higher levels of dividend income on a tax effective basis, relative to the S&P/ASX 200 Industrials Accumulation Index. The fund's other objective is to provide some capital appreciation.

Investment style

Our investment philosophy is based on the premise that the pricing of individual stocks in the Australian sharemarket is at times inefficient.

This mispricing occurs for a number of reasons:

- Investors take a short-term view;
- Investors under or over react to changes in a company's operating environment; and
- Investors make incorrect generalisations about similar companies.

We believe these inefficiencies can be exploited through bottom-up stock selection.

Stock selection

Criteria	Benefits
Primary Top quartile dividend yield	→ Ensures high yield
Other Discount to valuation on Aviva Investors research	→ Helps to achieve capital growth
Preferences for: <ul style="list-style-type: none"> • Diversification of operations • Large market share • Strong cash flow and balance sheet • Sustainable payout ratio 	→ Sustainability of earnings and income
Predominantly Australian taxpayers	→ Franking credits
Low turnover	→ Preserves capital gains

Portfolio construction

Sector Level = Industrials (industrial benchmark)

- Market Capitalisation

	Portfolio Range
Top 100	90% to 100%
ex 100	0% to 10%

- Turnover - 20% to 25% target
- Stock numbers - 15 to 25
- Diversification - The portfolio is well diversified across industries

Aviva Investors Dividend Builder provides investors with high levels of tax effective income through investment in high quality Australian shares

How we invest

Fund Strategy	Benefits
Invest in stocks in the top quartile by yield	Ensures high income returns
Stocks must have an ability to grow their yield	Protects buying power against inflation
Generally the companies we invest in will have large market share	Reliability of income stream in bad times
Invest in companies where we are comfortable with management	Less unexpected negative surprises
Discount to Aviva Investors' valuation	Ensures potential capital growth
Long term investment horizon with low portfolio turnover	Low level of realised capital gains
Preference for franked income where possible	Tax efficient income stream
Diversified portfolio	Helps smooth out volatility
Target 15 to 25 stocks	Concentrates the portfolio in favoured investments

Distribution Yield as at 30 September 2011

	Fund ¹	Index ²
1 year	6.34%	5.55%
3 years p.a.	5.92%	5.11%

¹ Calculated as distributions paid divided by average monthly fund net asset value.

² Calculated as dividends paid by the S&P/ASX 200 Industrials Accumulation Index divided by its average monthly market capitalisation.

How to use this fund

The Dividend Builder fund is designed for investors seeking a stable, tax effective income stream through participating in the Australian sharemarket and investing in companies providing dividend growth. Given the fund's focus on generating tax effective income the fund is suited to investors seeking a consistently high distribution yield from their investments.

Fund details

Inception date:
6 September 2005

Fund size at 30 November 2011:
\$19.8 million

Benchmark:
S&P/ASX 200 Industrials Accumulation Index

Investment timeframe:
At least 5 years

Relative Risk:
High

Relative Return:
High

Minimum Investment:
\$20,000

Minimum additional investment:
\$5,000

Distribution:
Quarterly

Entry fee:
Nil

Exit fee:
Nil

Management fee:
0.60% p.a.

Availability:
BT Wrap, Macquarie Wrap, Navigator

Ratings:
Lonsec - Recommended*
S&P - Four Stars**

Portfolio Managers



Glenn Hart
Head of Equities

Key responsibilities: Glenn is responsible for leading the Australian Equities team and is the Portfolio Manager of Dividend Builder and the Australian Equities Fund. He is also a member of the Executive team.

Years with the group: 14

Years of industry experience: 25

Previous roles: Glenn joined the company following the merger with CGU Insurance's investment operations, where he was Manager of Equities. Before CGU, Glenn held positions at Structured Asset Management and JBWere Asset Management.

Qualifications: B.Com (Melb), F Fin, Member CPA Australia



Brett McNeill
Investment Manager

Key responsibilities: Brett is the Portfolio Manager of the Listed Property Fund and Deputy Portfolio Manager of Dividend Builder. He is also responsible for researching stocks in the Listed Property and Infrastructure sectors.

Years with the group: 6

Years of industry experience: 9

Previous roles: Brett was previously a Research Analyst with Navigator Australia.

Qualifications: B.Com (Economics & Finance) (Monash), CFA Charterholder

For further information, please contact:

- Client Services team on 1800 671 849
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Important information

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