

## Fund objective

To outperform the MSCI Emerging Markets Index by 3.0% p.a. over rolling three year periods, before charges.

## Fund manager

Mark Artherton

## Benchmark

MSCI Emerging Markets Index

## Fund size

£69.62 m

## No of holdings

343

## Launch date

02/10/1996

## Further information

[www.avivainvestors.com](http://www.avivainvestors.com)

## Fund summary

The Emerging Equity Active Fund\* invests in a global portfolio of stocks selected from 15-20 emerging countries.

## Fund comment

The MSCI Emerging Markets index fell 7.0 per cent in Q2 2010, its biggest quarterly drop since Q4 2008. Markets were dragged lower by the sovereign debt crisis in Europe, a slowdown in Chinese growth and increased concerns of a “double-dip” in global economic activity. The traditional macroeconomic drivers of emerging markets, namely oil, commodities, and US dollar all moved in the wrong direction; oil prices fell 10 per cent, commodities dropped 5.0 per cent and the US dollar rose 6.0 per cent. The unpegging of the Chinese yuan did little to stem China’s underperformance as tightening of the property markets and a slowdown in growth caused investor concerns.

Against this backdrop the fund lost 7.3 per cent over the quarter underperforming the index by 0.3 per cent. An overweight in consumer discretionary stocks and underweight positions in financials and energy stocks helped the fund’s performance. On the negative side our underweights in consumer staples and telecommunication services dragged the fund’s performance lower.

In terms of country exposure an underweight to Brazil helped the fund as Brazilian stocks fell sharply due to falling commodity prices. The fund was overweight in South Korea and although South Korean stocks suffered from a drop in global economic activity good stock selection generated good relative performance in this region. Both India and China performed poorly over the quarter - although the fund remained underweight in these countries, stock selection factors had an adverse effect on performance.

Source of market data: Factset, all performance figures are in US dollars

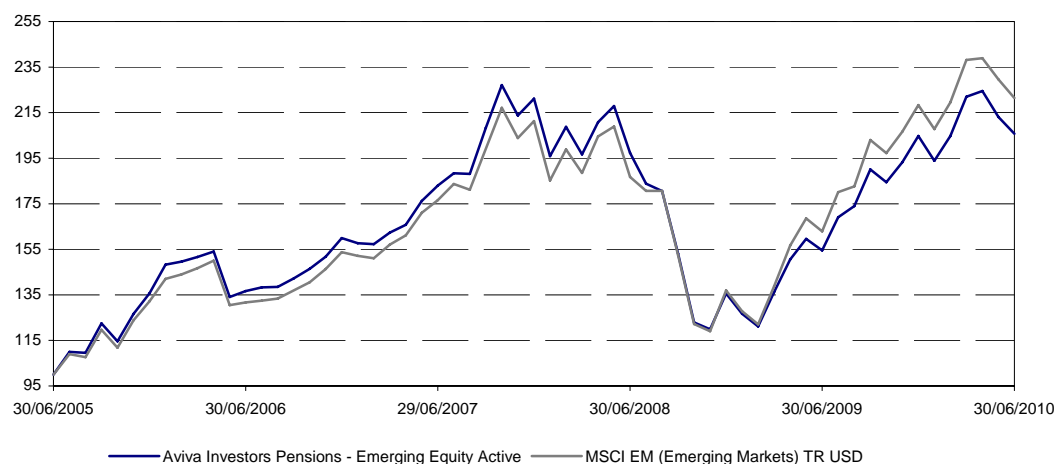
## Fund performance (%)

	3 Months	Year To Date	1 Year	Annualised to 30/06/10		
				3 yrs	5 yrs	10 yrs
Fund	-7.3	0.5	33.1	4.0	15.5	9.7
Benchmark	-7.0	1.4	35.9	7.8	17.2	10.5
Relative †	-0.3	-0.9	-2.1	-3.6	-1.5	-0.7

Past performance is not a guide to the future.

Source: Aviva Investors, mid to mid, income reinvested, before charges.

## Fund performance vs Benchmark (%) 5 years (or since launch)

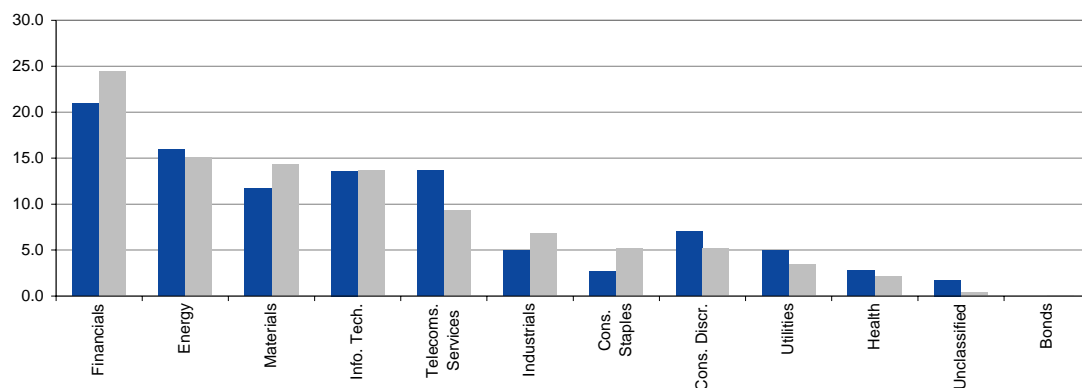


Source : Aviva Investors and Lipper Hindsight – mid to mid, income reinvested, before charges

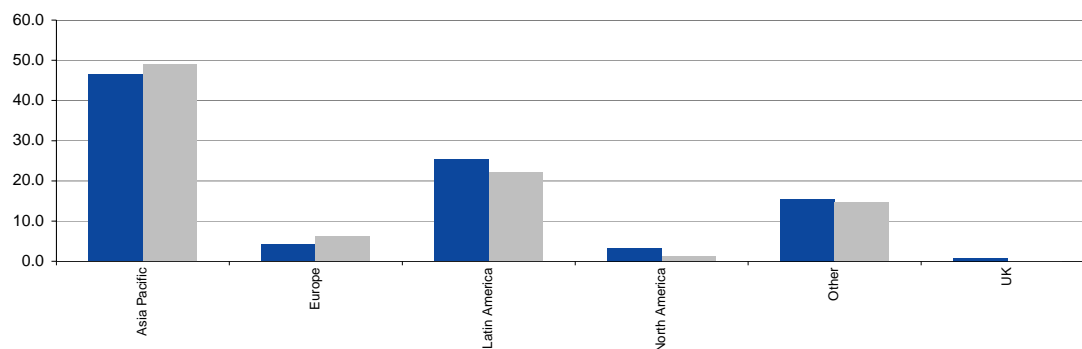
## Additional information

\* In April 2006, the Emerging Markets Equity Fund was renamed the Emerging Equity Active Fund, and the performance target increased from 2% to 3% per annum (gross of fees). Full details are available on request.

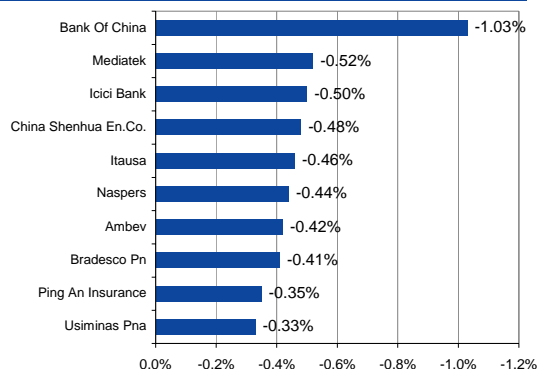
## Sector weightings (fund ■ vs benchmark ■)



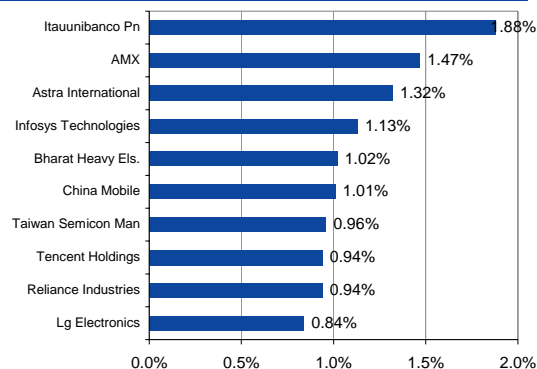
## Country weightings (fund ■ vs benchmark ■)



## Top 10 underweights§



## Top 10 overweights§



§Fund positions relative to the benchmark

† Performance has been calculated on a geometric relative basis

There are two methods of comparing a fund against a benchmark, the geometric relative or arithmetic, 'simple difference'. Aviva Investors uses the geometric relative. This is a ratio of out/under performance rather than simply the Fund Return less Benchmark Return. We believe this is a more realistic measure of out/underperformance particularly for comparisons between short and long term performance. The different calculations are shown below.

Performance Calculation:

Arithmetic Relative = Fund Performance – Benchmark Performance

Geometric Relative =  $[(1 + \text{Fund Return} / 100) / (1 + \text{Benchmark Return} / 100) - 1] * 100$

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