

Fund objective

To outperform the Barclays Global Aggregate Index by 1.25% p.a. over rolling three year periods, before charges.

Fund manager

Shahid Ikram

Benchmark

Barclays Global Aggregate (unhedged) Index

Fund size

£55.71 m

Launch date

30/04/1991

Further information

www.avivainvestors.com

Fund summary

The High Alpha Global Bond Fund invests in fixed interest securities quoted on the world's major financial markets. The core of the investments will be in established international markets.

Fund comment

Fund performance over the third quarter of 2010 was positive on an absolute basis and comfortably outperformed the benchmark. Global bonds generally performed well over the period, with the strongest returns coming in August, when a slew of disappointing economic data led financial markets to reduce their growth expectations and become less concerned about inflationary pressures, thus sending bond yields lower. The sovereign solvency concerns that dominated the previous quarter diminished somewhat, although fears surrounding Portugal and Ireland in particular lingered and actually increased towards the end of the period. The government bond portion of the portfolio outperformed its benchmark thanks to effective country positioning, with a US treasury bias over German bunds, and underweight in Belgium government bonds on the back of political uncertainty, and a preference for Germany over France all adding to returns. Within corporate bonds, holdings in subordinated bank bonds – which are so-called as the rank below senior bonds with regard to claims on a company's assets in the event of a liquidation, and are therefore more risky – were positive for returns following the announcement of the latest regulatory framework, called Basel III, which makes these type of bond more likely to be called by the issuer at the earliest opportunity. This was positive for performance as most of these securities trade at significant discounts to their par value, having been beaten up during the credit crunch.

Source of market data: Bloomberg

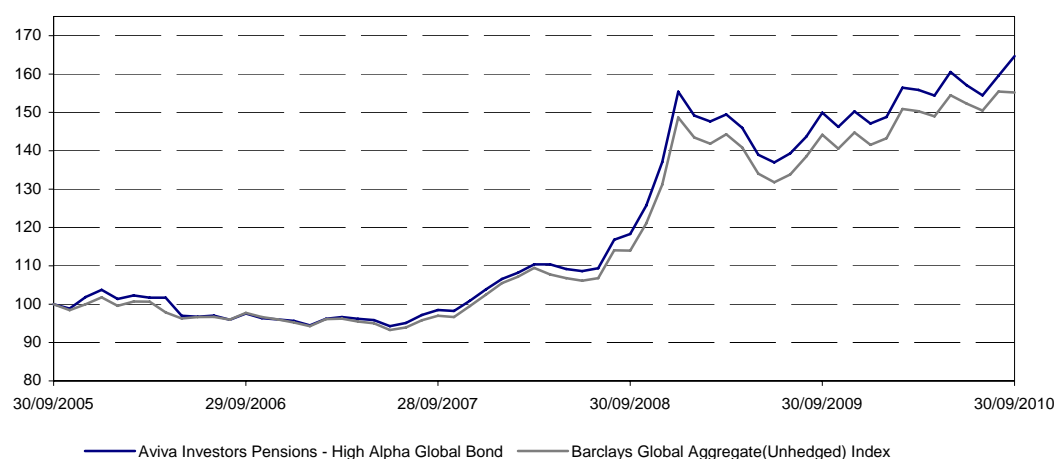
Fund performance (%)

	3 Months	Year To Date	1 Year	Annualised to 30/09/10		
				3 yrs	5 yrs	10 yrs
Fund	4.8	12.0	9.8	18.6	10.5	7.1
Benchmark	1.9	9.6	7.6	16.9	9.2	6.6
Relative †	2.9	2.1	2.0	1.5	1.2	0.5

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

*Prior to 4 October 2005 the benchmark was JP Morgan Traded Global Bond Index.

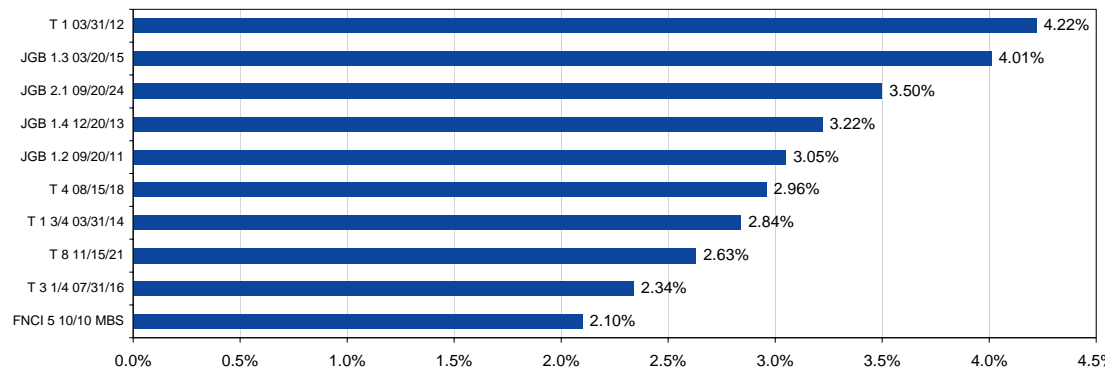
Credit rating

Rating	%
Cash	15.75
AAA	47.80
AA	25.48
A	3.93
BBB	1.54
BB	0.08
B	-
Other	5.42
Total	100.00

Maturity rating

Maturity	%
Cash	1.69
0-2 Yrs	23.50
2-5 Yrs	13.84
5-7 yrs	3.02
7-10 yrs	19.64
10-20 Yrs	3.93
20-30 Yrs	24.06
30+ Yrs	10.32
Total	100.00

Largest holdings



† 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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