

Fund objective

To outperform the FTSE All-Share Index by 2.25% p.a. over rolling three year periods, before charges.

Fund manager

David Lis

Benchmark

FTSE All-Share Index

Fund size

£38.11 m

No of holdings

82

Launch date

04/08/1972

Further information

www.avivainvestors.com

Fund summary

The UK Equity Active Fund* is actively managed and invests in companies within the FTSE All-Share Index via growth, value and small caps modules.

Value is added from positions combining 'top-down' strategic, economic and market views with 'bottom-up' fundamental research analysis of companies.

Fund comment

In the second quarter UK equities fell sharply, suffering their biggest quarterly reversal in nearly two years, as investors concluded that severe fiscal austerity measures being imposed in the UK and continental Europe risks pushing the region back into recession and squeezing corporate earnings. Against this backdrop the fund outperformed the index by 2.1 per cent. In absolute terms the FTSE All Share index fell -11.8 per cent while the fund fell -9.9 per cent. Both UK Equity Special Situations and UK Equity Focus portions of the fund outperformed the index by just over two per cent.

We remained underweight consumer goods and this proved to be one of the best performing sectors. Being underweight oil and gas that fell following well publicised troubles at BP also contributed positively on a relative basis. The main underperformer in the portfolio was technology and stock selection proved to be the cause for this. A preference for industrials stocks helped across a range of sub-sectors such as engineering, transportation and support services, as they generally outperformed the market.

In terms of stocks one of the biggest contributors was BT, where investor focus shifted away from the size of the company's pension liabilities to the extent of the operational progress the company has made over recent years. Elsewhere in the portfolio an underweight position in mining heavyweights BHP Billiton, Rio Tinto and Xstrata proved another large positive, as the sector suffered on taxation and global growth concerns, particularly in China.

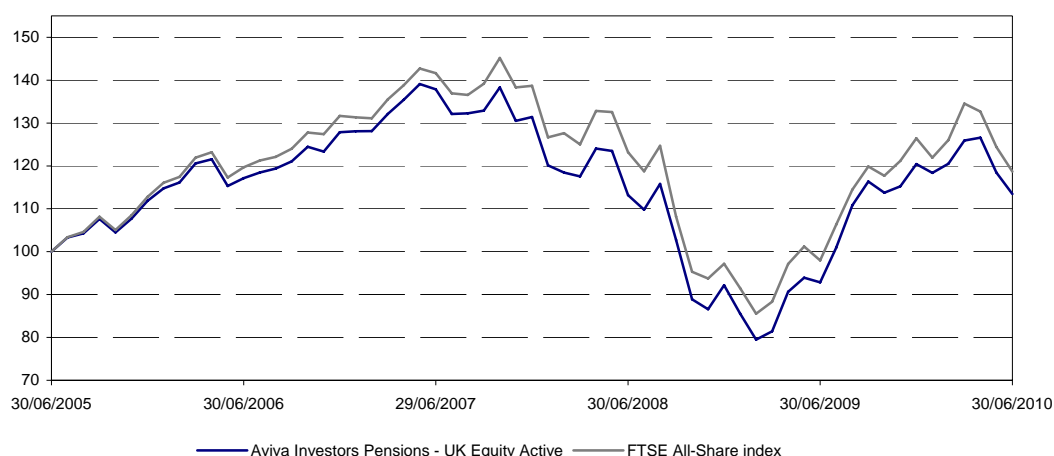
Fund performance (%)

	3 Months	Year To Date	1 Year	Annualised to 30/06/10		
				3 yrs	5 yrs	10 yrs
Fund	-9.9	-5.8	22.2	-6.3	2.6	0.1
Benchmark	-11.8	-6.1	21.1	-5.7	3.5	1.6
Relative †	2.1	0.3	0.9	-0.6	-0.9	-1.4

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)

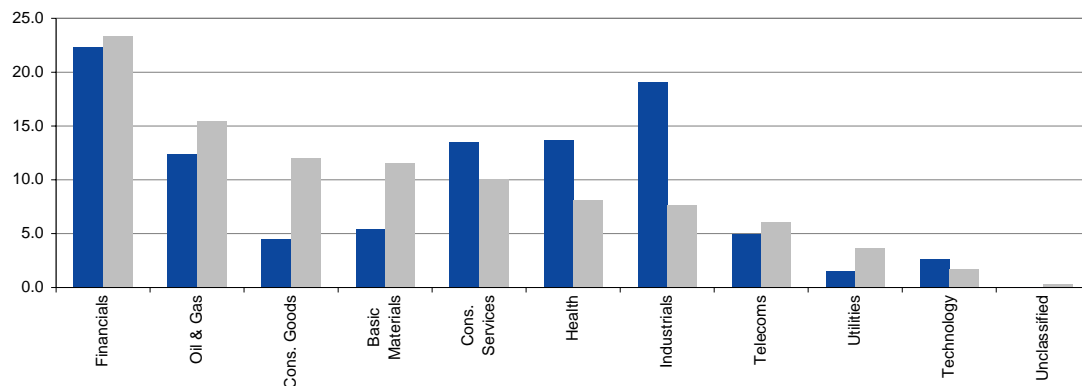


Source : Aviva Investors and Lipper Hindsight – mid to mid, income reinvested, before charges

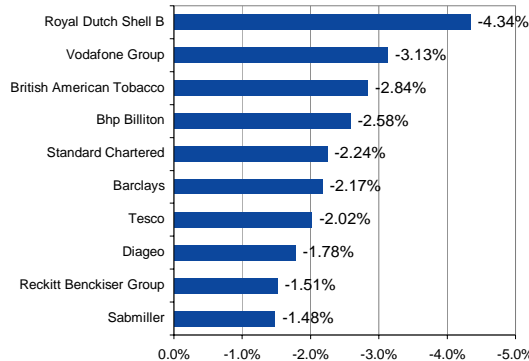
Additional information

* In April 2006, the UK Equity Fund was renamed the UK Equity Active Fund. The style of this Fund has also changed to a 'modular' or internal multi manager approach. A modular approach to equity fund management combines individual portfolios, or modules, each with a fund manager process and investment style independent yet complementary of its companion modules, to form a single modular fund. Combining modules in this way limits reliance on any one manager and investment style thereby aiming to offer returns that are more consistent and less volatile than that of the individual modules in isolation. In this instance, the approaches combined into a single modular fund are value, growth and small cap.

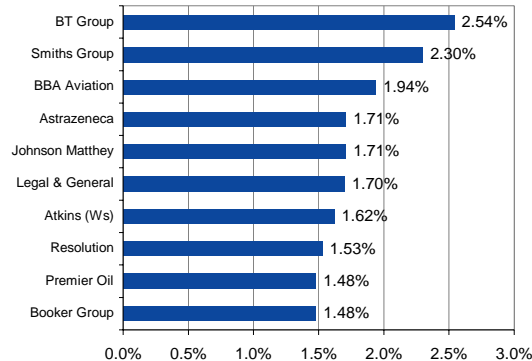
Sector weightings (fund ■ vs benchmark ■)



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 = $\left[\frac{1 + \text{Fund Return} / 100}{1 + \text{Benchmark Return} / 100} - 1 \right] * 100$

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