

Fund objective

To outperform the MSCI AC Pacific (ex Japan) Index by 2.0% p.a. over rolling three year periods, before charges.

Fund manager

Mark Artherton

Benchmark

MSCI AC Pacific (ex Japan)

Fund size

£21.52 m

No of holdings

134

Launch date

30/11/1991

Further information

www.avivainvestors.com

Fund summary

The Asia-Pacific Equity Active Fund* invests in both the core and emerging markets of the Pacific Basin excluding Japan. The fund also has exposure in Australia and New Zealand. A “top-down” investment approach is employed which places considerable emphasis on macroeconomic analysis.

Fund comment

The MSCI Asia Pacific index fell 8.2 per cent in Q2 2010, their biggest quarterly drop since Q4 2008, but outperformed developed markets during the quarter. 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. Australia underperformed significantly as investors grew wary about resource taxes and exposures of Australian companies in Europe. The unpegging of the Chinese yuan did little to stem China’s underperformance as tightening of the property markets and a slowdown in growth affected investor confidence. The defensive qualities of utilities, consumer staples and information technology sectors were preferred to cyclical such as energy, materials and industrials.

Against this backdrop the fund fell by 8.8 per cent, underperforming the index by 0.6 per cent. Although the fund was underweight in industrials, which performed poorly during the quarter, stock selection in the sector hampered relative performance. Overweight positions in consumer discretionary and telecommunication stocks proved positive for the fund. Good stock selection in Indonesia, the leading performer in the region, was also favourable while stock selection in poorly performing countries in the region such as China and South Korea hurt the fund’s performance.

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

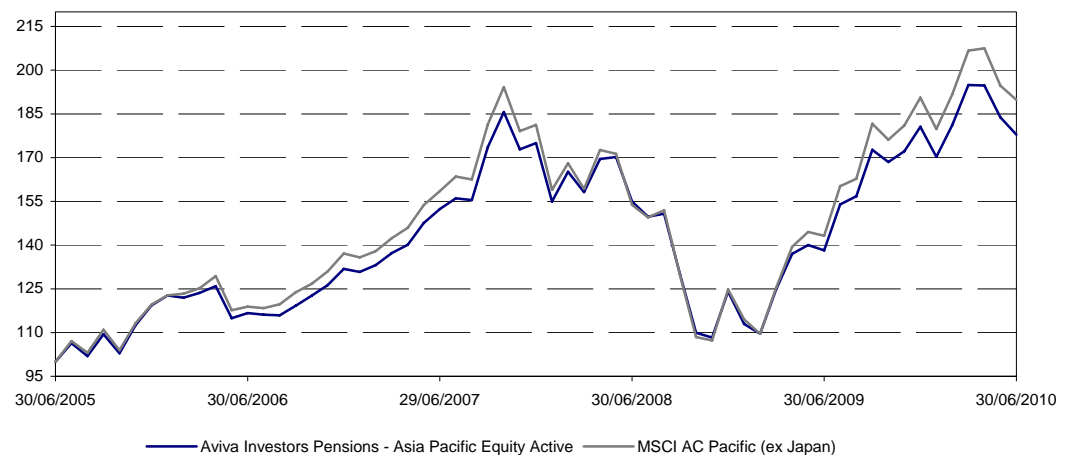
Fund performance (%)

	3 Months	Year To Date	1 Year	Annualised to 30/06/10		
				3 yrs	5 yrs	10 yrs
Fund	-8.8	-1.5	28.7	5.3	12.2	7.7
Benchmark	-8.2	-0.4	32.5	6.2	13.7	8.4
Relative †	-0.6	-1.1	-2.9	-0.8	-1.3	-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)

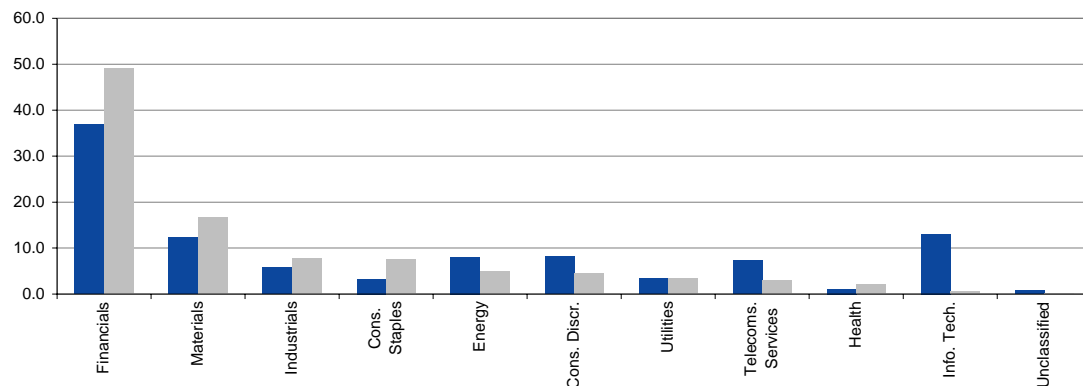


Source : Aviva Investors and Lipper Hindsight – mid to mid, income reinvested, before charges

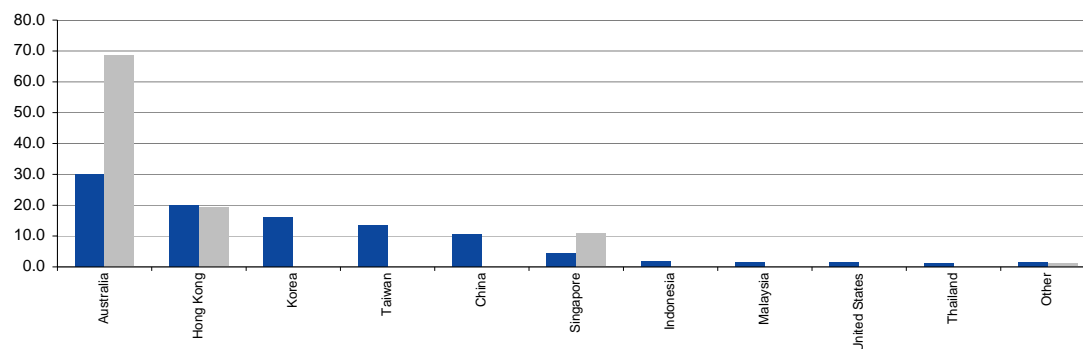
Additional information

* As at April 2006, the Asia Pacific (ex Japan) Fund was renamed the Asia Pacific Equity Active Fund. Its benchmark changed from the FTSE World Asia (ex Japan) to the MSCI AC Pacific (ex Japan) Index. This involved significant restructuring to gain greater exposure to China plus new countries in the benchmark. Full details are available on request.

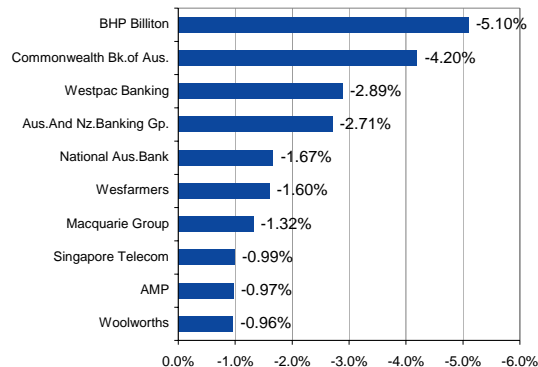
Sector weightings (fund ■ vs benchmark ■)



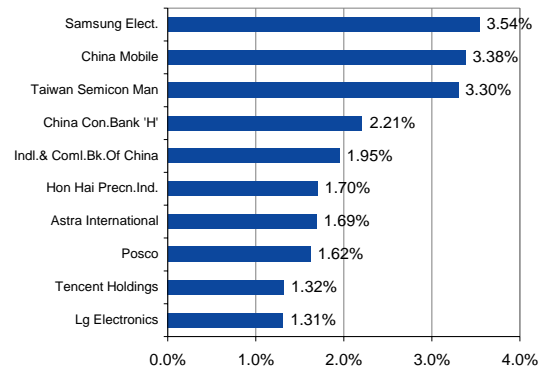
Country weightings (fund ■ vs benchmark ■)



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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