

## Fund objective

To outperform the benchmark\* by 1.5% p.a. over rolling three year periods, before charges.

## Fund manager

Yoram Lustig

## Benchmark

ABI Mixed Investment 20%-60% shares

## Fund size

£58.72m

## Launch date

30 November 1991

## Further information

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

## Fund summary

The Sentinel Managed Fund offers lower volatility of returns for those pension schemes which are more risk averse and have more immediate requirements for income from the scheme. A lower equity component is appropriate for this lower risk fund. The fund gains its exposure to return seeking assets through its strategic allocation to the Aviva Investors Pensions - Global Return Seeker fund

## Fund comment

The Fund returned 4.3 per cent (gross of fees) as the value of its investments in equities, bonds and property all rose. The fund outperformed its peer group (the ABI UK – mixed investment category) by 1.0 percentage points.

Outperformance relative to the benchmark was driven primarily by asset allocation decisions. The fund's relative lack of exposure to international bonds proved astute as several less-highly rated European markets suffered sizeable falls as fears that any one of a number of European nations could default continued to mount. The fund's overweight exposure to North American equities was also lucrative as the US stock market spearheaded the global rally. Strong stock selection within alternative investments – the result of solid returns from the Aviva Investors Absolute TAA fund – was another positive influence on overall performance.

On the downside, the fund's overweight position in UK corporate debt proved costly as this asset class delivered lacklustre returns relative to the benchmark, while stock selection within equities also hurt.

The manager has in recent weeks brought the fund's holdings more closely into line with those of its peer group. To this end, exposure to UK equities has been increased while positions in both US and European equities have been cut. The fund's position in both UK corporate and government bonds has also been increased. Gilts should provide the fund with some downside protection in the event we see a flight to higher-quality assets, for instance as a result of global economic growth beginning to falter.

Source: Aviva Investor/ Bloomberg as at 31 December 2011  
Basis: Mid to mid, Income reinvested, before charge, in Sterling

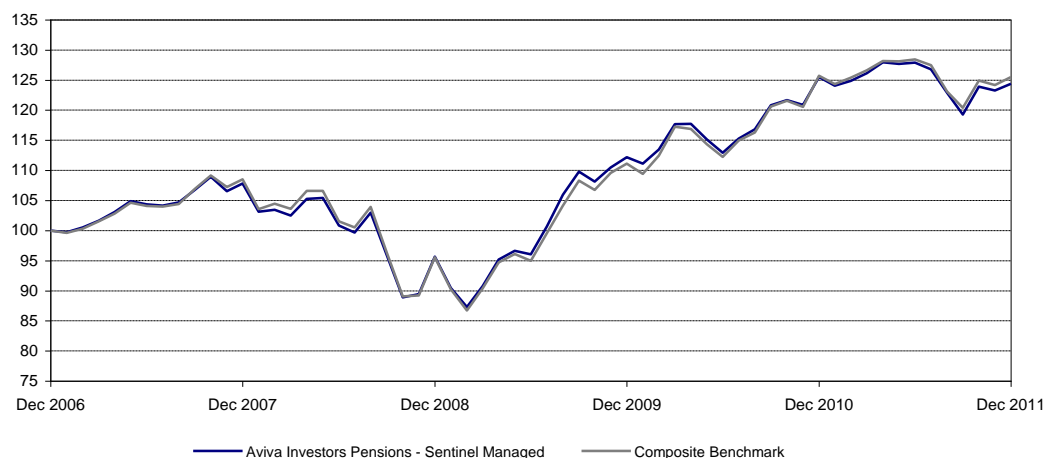
## Fund performance (%)

	3 Months	Year To Date	1 Year	Annualised		
				3 yrs	5 yrs	10 yrs
Fund	4.3	-0.9	-0.9	9.2	4.5	5.8
Benchmark	3.2	-1.1	-1.1	8.6	1.5	3.9
Relative †	1.0	0.2	0.2	0.6	2.9	1.8

Past performance is not a guide to the future

Source: Aviva Investor/ Lipper Hindsight as at 31 December 2011  
Basis: Mid to mid, Income reinvested, before charge, in Sterling

## Fund performance vs Benchmark (%) 5 years

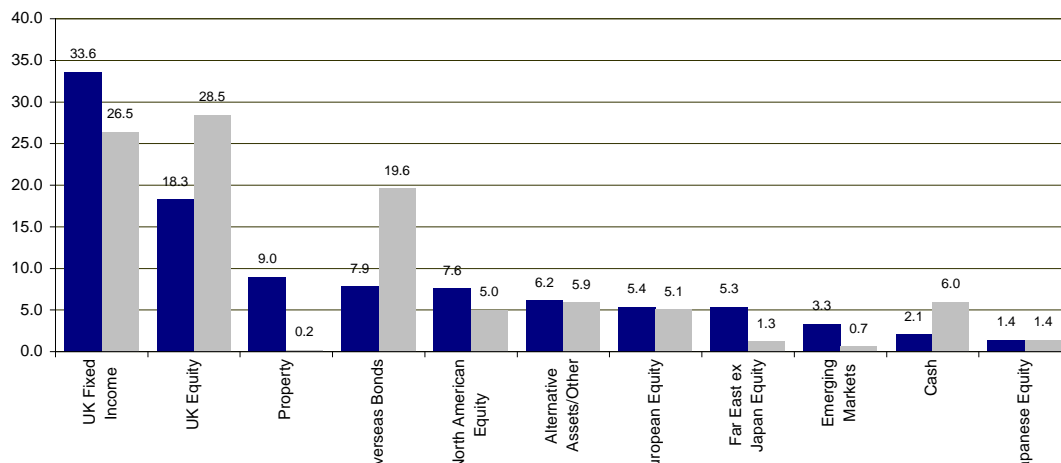


Source: Aviva Investor/ Lipper Hindsight as at 31 December 2011  
Basis: Mid to mid, Income reinvested, before charge, in Sterling

**Additional information**

\*In December 2010 the benchmark of the fund changed from a composite to the Association of British Insurers Mixed Investment 20%-60% shares

**Distribution % (fund ■ vs benchmark ■)**



**Asset allocation rationales**

*Favour*

**Property** – Rental yields are close to fair value but property offers diversification benefits versus equities and attractive return potential relative to gilts and cash

**UK Fixed Income** – UK credit offer attractive yields relative to gilts and cash on a default-adjusted basis

*Do not favour*

**Overseas bonds** – Low yields across most developed markets do not justify a high allocation

Past performance is not a guide to the future

† 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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