

Fund objective

To outperform the FTSE All-Share Index by 3.0% p.a. over rolling three year periods, before charges.

Fund manager

Graham Elliott-Shircore

Benchmark

FTSE All-Share Index

Fund size

£19.98m

Launch date

06 September 2007

Further information

www.avivainvestors.com

Fund summary

The investment objective of the Special Situations Fund is to generate equity returns by concentrating on an unconstrained contrarian approach with a long term view, using a repeatable value-oriented recovery biased process. This process provides scope for alpha generation though bottom-up stock selection whilst being overweight mid cap stocks and underweight large caps.

Fund comment

The fund underperformed its benchmark in the fourth quarter of 2011. Stock selection detracted, although strong sector selection partly offset this.

The fund had a difficult quarter due to a couple of stock-specific hits. The fund's overweight position in Vectura Group, which develops inhaled pharmaceuticals, was the most significant detractor. Vectura shares fell sharply after its joint-venture partner Novartis reported delays in getting US regulatory approval for a drug treating chronic obstructive pulmonary disease.

In the industrials sector, an overweight position in ground engineering specialist Keller hurt performance. A surprise profit warning, driven by weakness in the Far East and Australasia, knocked investor confidence which was already fragile given heightened uncertainty about the outlook for the global economy.

On the positive side, the fund's focus on defensive stocks, where profits tend to be less heavily swayed by the state of overall economic activity, served it well. Specifically, overweight positions in Compass, the world's largest catering company, and distribution company Bunzl added value.

The fund benefited from its underweight stance in financials, which had another difficult quarter due to worries over the future of the banking sector. However, stock selection in financials detracted value. While the fund benefited from not owning Lloyds Banking Group, the positive impact of this was offset by our preference for Royal Bank of Scotland as both stocks fell sharply over the quarter.

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

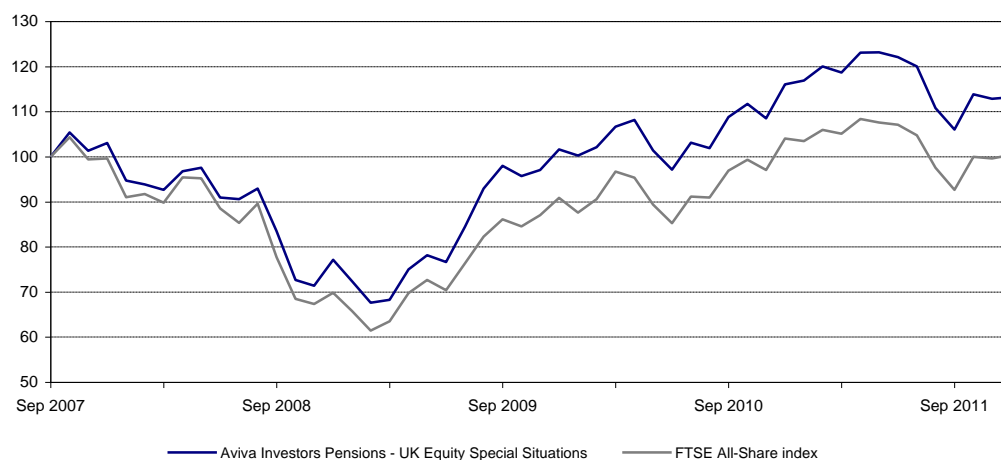
Fund performance (%)

	3 Months	Year To Date	1 Year	3 yrs	Annualised 5 yrs	10 yrs
Fund	6.8	-2.5	-2.5	-	-	-
Benchmark	8.4	-3.5	-3.5	-	-	-
Relative †	-1.5	1.0	1.0	-	-	-

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 (%) Since launch

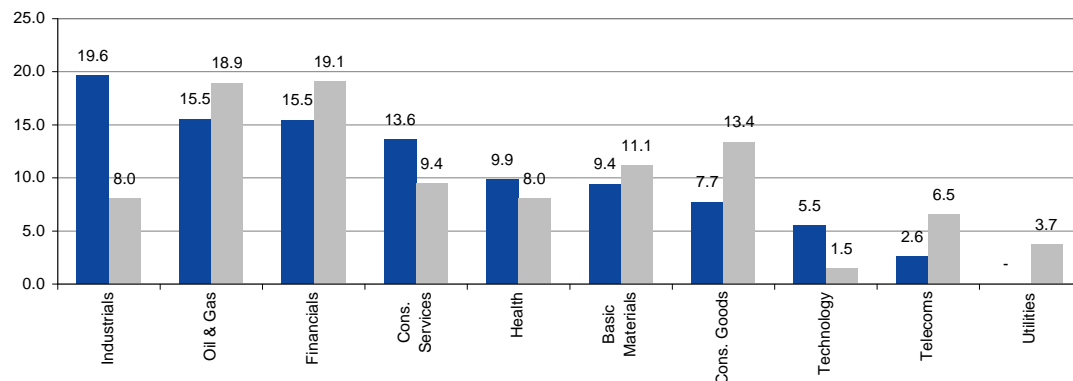


Source: Aviva Investor/ Lipper Hindsight as at 31 December 2011
Basis: Mid to mid, Income reinvested, before charge, in Sterling

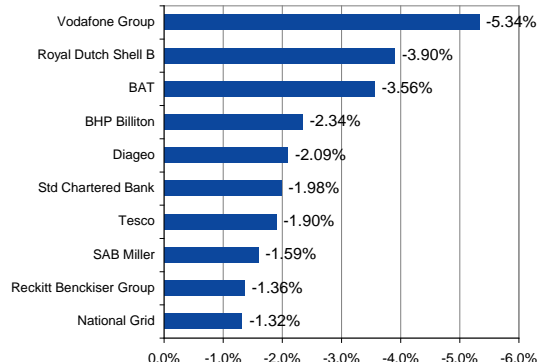
Additional information

Change of Fund Manager on 15 December 2009

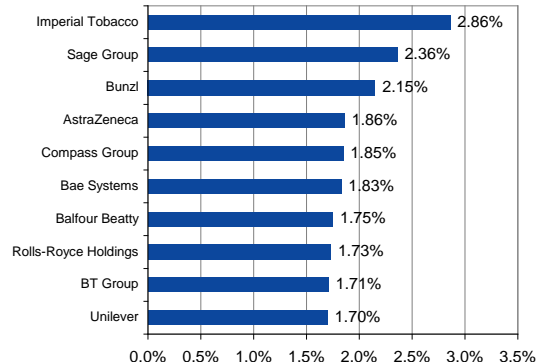
Sector weightings (fund ■ vs benchmark ■)



Top 10 underweights§



Top 10 overweights§



§Fund positions relative to the benchmark

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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