

Fund objective

To outperform the FTSE All-Share Index by 2.0% p.a. before charges, over the longer term by investing in companies which conform to Aviva Investors social and environmental, as well as economic, criteria.

Fund manager

Peter Michaelis

Benchmark

FTSE All-Share Index

Fund size

£ 12.26m

No of holdings

58

Launch date

02 July 2001

Further information

www.avivainvestors.com

Fund summary

The UK Equity Sustainable Future Fund* is designed to produce higher returns over the longer term and consequently has a higher risk profile. It is a fund which is designed to suit “young” pension schemes where the liability profile may allow them to invest totally in equities.

Fund comment

The Fund lagged the benchmark All Share Index last quarter. This was partially attributable to an underweight position in energy stocks, as major oil companies BP and Royal Dutch Shell are excluded on environmental grounds. Both stocks performed well on the back of rising oil prices. Our holding in Virgin Media weakened as the mobile telecoms and broadband provider announced plans to increase capital spending and lower prices as it continues to invest in digital technology. Amongst small cap stocks, we saw pronounced weakness in the share price of Trading Emissions, an investment company listed on the Alternative Investment Market (AIM). The company's main strategy is to buy 'emissions assets' ranging from projects designed to reduce greenhouse gas emissions to energy efficient solutions. The weak economic backdrop in Europe had a profound impact on the EU Emissions Trading Scheme as the carbon credit market fell to a record low, and the company's net asset value (NAV) has fallen sharply. Elsewhere, waste management group Shanks weakened on broker downgrades although it has continued to deliver revenue growth in a challenging operating environment. The main contributor last quarter was IP Group which specialises in funding innovative businesses such as Photopharmica, where it has a 50% holding and which announced positive trials for its treatment of chronic leg ulcers. Another key contributor was Kenmare Resources - a low environmental impact, low cost titanium miner. Prices for the raw materials that the company extracts in Mozambique, including titanium oxide and rutile, have sharply increased.

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	6.1	-4.1	-4.1	12.5	0.4	4.2
Benchmark	8.4	-3.5	-3.5	12.9	1.2	4.8
Relative †	-2.1	-0.7	-0.7	-0.4	-0.8	-0.6

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

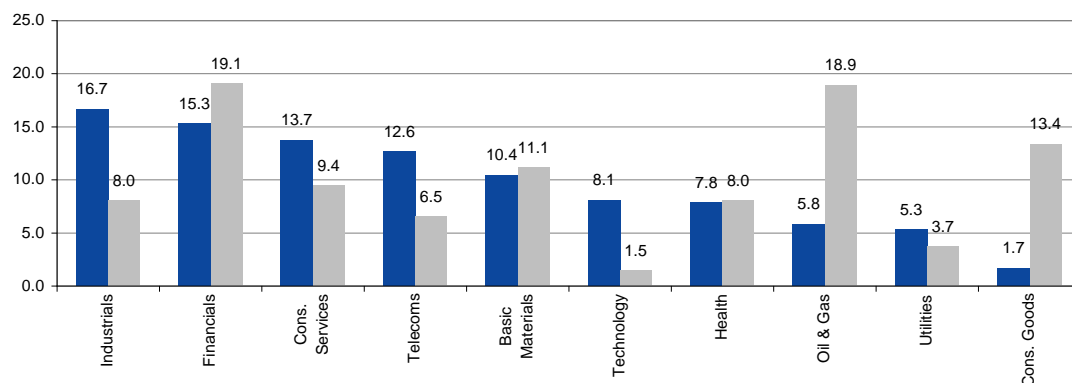


Source: Aviva Investor/ Lipper Hindsight as at 31 December 2011
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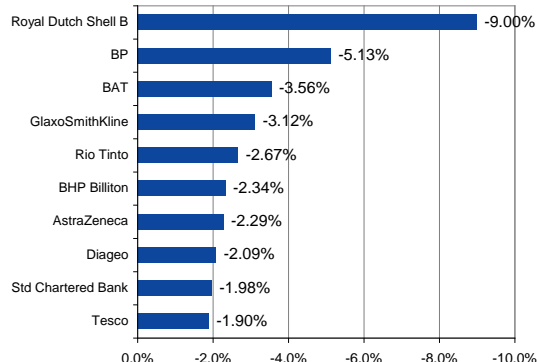
Additional information

* In April 2006, the SRI UK Equity Fund was renamed the UK Equity Sustainable Future Fund.

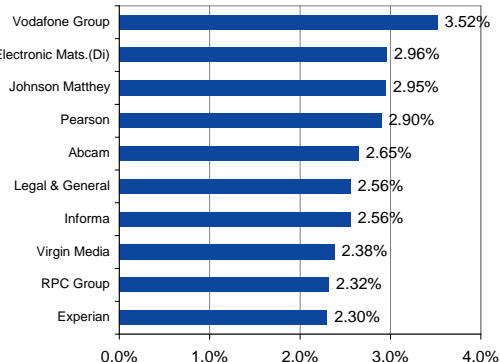
Sector weightings (fund ■ vs benchmark ■)



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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