Aviva Investors Pensions –
Global Return-Seeker Fund

Q4 2011

Fund objective
To outperform the benchmark* by 2.0% p.a.over rolling three year periods, before charges.

Fund manager
Yoram Lustig

Benchmark
ABI Global Equity Pension sector average*

Fund size
£67.44 m

Launch date
30 November 1991

Further information
www.avivainvestors.com

Fund summary
The Global Return-Seeker 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 for "young" pension schemes where the liability profile allows them to invest totally in equities.

It's asset allocation is designed to offer the best risk/reward combination within equities. It's higher weighting in Asian and Emerging Markets reflects our view that these markets offer more substantial long-term returns and that their greater volatility is compensated by the diversification weights they can bring to a portfolio.

Fund comment
The Global Return Seeker Fund returned 6.5 per cent (gross of fees) as the value of its investments in equities, bonds and property all advanced. The fund outperformed its peer group by 1 percentage point.

Outperformance relative to the benchmark was driven by asset allocation decisions, especially between equity markets. An underweight in Japanese equities was especially profitable as this market was among the few around the world to deliver negative returns on the quarter. An underweight in European equities likewise boosted relative returns as shares were restrained by mounting concern the Euro Zone could be heading back into recession. The fund's overweight position in UK equities was another positive factor.

On the downside, an underweight in North American equities was costly as the US stock market spearheaded the global rally. Stock selection within individual equity markets was also negative as the bulk of the individual equity portfolios underperformed their respective regional/country benchmarks.

The fund is overweight UK equities in view of the attractive dividend yields on offer. It is simultaneously underweight European and US markets. The former is expected to underperform given the poor economic environment, while US shares offer paltry yields.

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

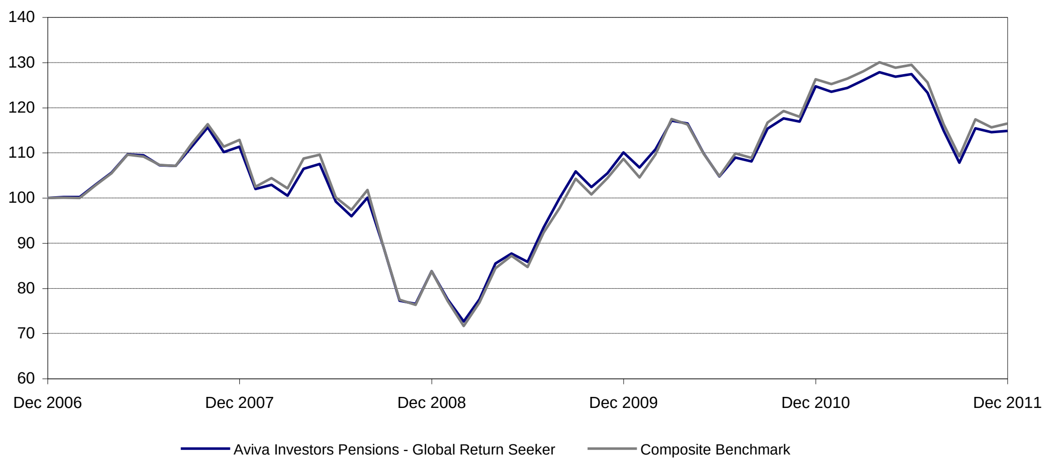
Fund performance (%)

					Annualised	
	3 Months	Year To Date	1 Year	3 yrs	5 yrs	10 yrs
Fund	6.5	-7.9	-7.9	11.1	2.8	4.5
Benchmark	5.5	-9.1	-9.1	9.2	1.6	3.5
Relative †	1.0	1.3	1.3	1.8	1.2	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 (%) 5 years



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

THIS DATA IS FOR INVESTMENT PROFESSIONALS ONLY. IT IS NOT TO BE VIEWED OR USED WITH RETAIL INVESTORS

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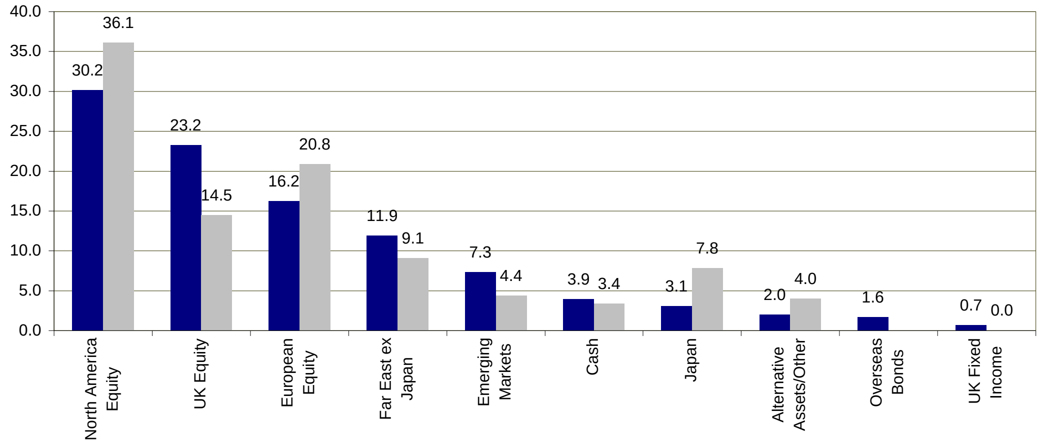
Additional information

* In December 2010 the benchmark of the fund was changed from a composite to the Association of British Insurers Global Equity Pension sector average

Distribution % (fund ■ vs benchmark ■)



Asset Allocation Rationales

Favour

UK equities – Long-term expected return is higher than other developed markets driven by a higher dividend yield than US equities and better dividend growth prospects than European equities

Pacific ex-Japan & Emerging Market equities - Strong expected long-term growth driven by productivity convergence and more favourable demographics than developed countries

Do not favour

North American and Japanese equities - Carry very low dividend yields hampering long-term return prospects

European equities – Fiscal tightening is constraining the recovery and sovereign debt problems linger

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 + Fund Return / 100) / (1 + Benchmark Return / 100) – 1] * 100