

## Fund objective

To outperform the FTSE-A Govt over 15 years Gilt Index by 0.5% p.a over rolling three year periods, before charges.

## Fund manager

Rohin Morjaria

## Benchmark

FTSE-A Govt over 15 years Gilt Index

## Fund size

£23.77m

## Launch date

13 May 1994

## Gross redemption yield

2.85%

## Duration (modified, semiannual)

16.77%

## Convexity (semi-annual)

4.12

## Further information

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

## Fund summary

The Long Dated Gilt Fund\* invests in long dated (greater than 15 years to maturity) Government securities (Gilts). This fund is an actively managed fund.

## Fund comment

Volatility remained elevated over the final quarter of 2011. The European situation continued to dominate the news headlines as well as the focus of investors globally. The flight-to-quality bid within developed bonds persisted, consequently both Gilts and US Treasuries benefited. Both France and Germany, however, began to feel the effects of the on-going European fears. Spreads began to widen out aggressively (especially in the case of France) as funding fears over these two AAA nations began to rise. Political and economic rhetoric followed along the same lines as Q3 2011, however talks over Treaty changes and fiscal union going forward certainly began to gain more traction.

Early in the quarter, the Bank of England voted unanimously in favour of a GBP 75bn extension to their asset purchase programme and left themselves open to flexibility by declaring that the final scale of the programme will be kept under review. The resultant effect on the gilt market saw both yields move lower and the yield curve begin to move flatter. As mentioned in prior commentaries, we have been looking for the curve to flatten for some time and as further monetary stimulus measures are applied, strategic curve opportunities will be presented. Consequently, we positioned ourselves with a flattening bias which proved to work well over the period. This was reduced in early December, however, we look to potentially re-enter this trade at more attractive levels.

Contrary to the US, economic data within the UK over the quarter was not particularly punchy and Fitch warned there is now no room for fiscal slippage. The Chancellor will be wary of the situation in Europe and will be looking at keeping the UK's AAA rating intact, although nervous times no doubt lie ahead.

Going forward, our process is now sitting with more of a neutral bias. We continue to believe we are in a low growth environment and consequently would look to apply duration positions on any significant back up in yields; however we are mindful of event risks in the short-term. Elsewhere, we continue to look for tactical trading opportunities through both stock selection and around issuance.

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

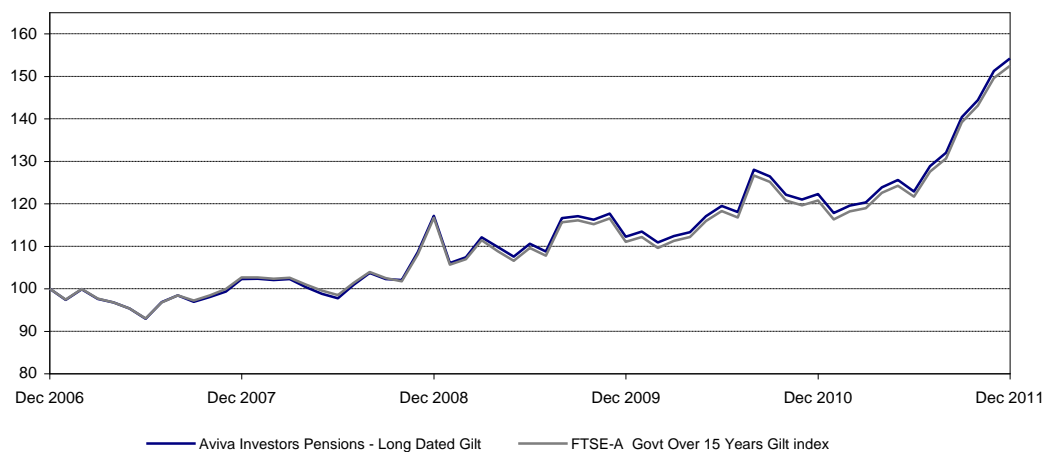
## Fund performance (%)

	3 Months	Year To Date	1 Year	Annualised		
				3 yrs	5 yrs	10 yrs
Fund	9.9	26.2	26.2	9.6	9.0	7.6
Benchmark	9.6	26.3	26.3	9.3	8.8	7.4
Relative †	0.3	-0.1	-0.1	0.3	0.2	0.2

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 April 2006, the Retirement Protection Fund was renamed the Long-dated Gilt Fund. Previously a passive fund, this fund is now actively managed with an outperformance target of 0.50% above its benchmark. Full details are available on request.

## Credit rating

Rating	Fund	Benchmark	Relative
AAA	99.78	100.00	-0.22
AA	0.00	0.00	0.00
A	0.00	0.00	0.00
BBB	0.00	0.00	0.00
BB	0.00	0.00	0.00
B	0.00	0.00	0.00
Other	0.22	0.00	0.22
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>0.00</b>

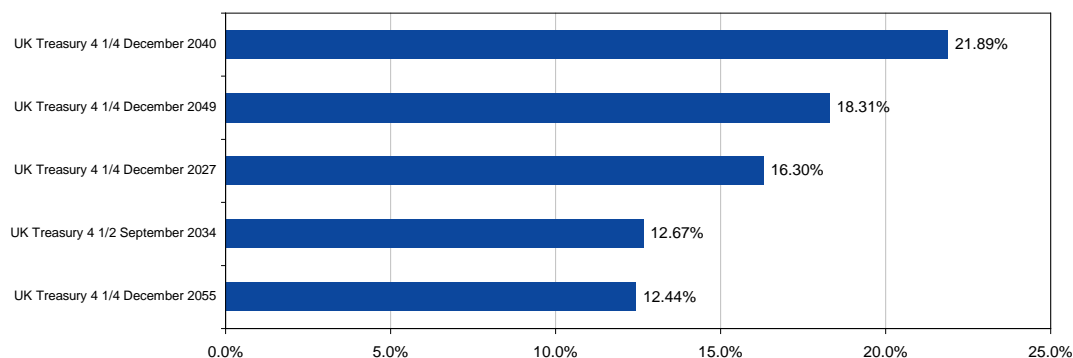
Source: Aviva Investors/BDRISIS/ThinkFolio as at 31<sup>st</sup> December 2011  
Basis: Includes cash, unassigned & derivatives

## Maturity rating

Maturity	Fund	Benchmark	Relative
0-3m	0.00	0.00	0.00
3m - 1Y	1.21	0.00	0.00
1-3 yrs	0.00	0.00	0.00
3-5 yrs	0.00	0.00	0.00
5-7 yrs	0.00	0.00	0.00
7-10 yrs	3.53	0.00	0.00
10-15 yrs	0.00	0.00	0.00
15-20 Yrs	21.43	23.68	-2.25
20+ Yrs	73.83	76.32	-2.49
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>0.00</b>

Source: Aviva Investors/BDRISIS/ThinkFolio as at 31<sup>st</sup> December 2011  
Basis: Includes cash, unassigned & derivatives

## Largest holdings



Source: Aviva Investors/BDRISIS/ThinkFolio as at 31<sup>st</sup> December 2011  
Basis: Includes cash, unassigned & derivatives

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 =  $[(1 + \text{Fund Return} / 100) / (1 + \text{Benchmark Return} / 100) - 1] * 100$

Aviva Investors Pensions Limited is the company through which the pooled fund contract is written. Any opinions expressed are based on views of Aviva Investors Global Services Limited, the investment manager appointed by Aviva Investors Pensions Limited to manage the funds. The content of this factsheet should not be viewed as indicating any guarantee of return from an investment in the funds nor should any part be construed as a recommendation to invest or to buy and sell stocks. The value of an investment can go down as well as up and investors may not get back their original investment. Further important details on our service, charges, available funds and specific risk warnings are provided in the Key Features document which is available on request.

Aviva Investors Pensions Limited, registered in England No. 1059606. Registered Office: No. 1 Poultry, London EC2R 8EJ. Authorised and regulated in the UK by the Financial Services Authority and a member of the Association of British Insurers.  
Contact us at Aviva Investors Pensions Limited, No. 1 Poultry, London EC2R 8EJ. 12/0069/30042012

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