

# Aviva Investors – Absolute TAA Fund (Share class - Ix GBP)

As at 31 July 2010



## Fund manager

Adrian Jarvis

Since 26 January 2006

Steve Cleal

Since 26 January 2006

## Benchmark

1 month LIBOR

## NAV

121.2458 GBP

## AUM

845.63 m GBP

## Fund base currency

GBP

## Fund codes Share class Ix GBP

ISIN: LU0242629524

Bloomberg: AVABTI2 LX

Sedol: BOX6DX8

## S&P Rating

AA

## Legal form

Sub fund of the Aviva Investors  
Luxembourg SICAV

## History

• As of 1st July 2010 the Aviva Investors SICAV has implemented Swing pricing. Refer to prospectus for full details.

## Fund Objective

The Sub-Fund pursues at all times and in relation to the entirety of the assets an absolute return strategy which means that its target is to achieve a positive return under all market conditions. The aim of the Sub-Fund is to generate long term capital appreciation and income by implementing active positions in a diversified range of assets including cash, equities, bonds, currencies and indirectly, property and commodities. Investments will be selected by the Investment Adviser with input from a team of specialist analysts and quantitative models.

## Fund Comment

After an extremely disappointing second quarter, the fund underperformed in July. Over the past few months, heightened concerns over public finances in Europe and fears of a sharp slowdown in global economic growth have given way to a more sanguine assessment of the state of the European banking sector and renewed demand for risk assets. During this period, we have found it difficult to construct a portfolio that is both well balanced given the range of possible scenarios and capable of dealing with these sharp swings in investor sentiment.

In July, the fund maintained a number of positions to hedge against our 'European Contagion' scenario. Included in this group are a short European equity position (eurostoxx and banks) and long Germany/short Italian bond pair. During the month, the results of the European bank stress tests were greeted positively and were accompanied by improving confidence surrounding public sector finances. As a consequence, the spreads between yields on German government bonds and those of European countries with sizeable current account deficits (e.g. Greece, Spain and Portugal) narrowed and equities recovered their poise. Our European hedges performed poorly in this environment.

At the same time, positions in place to benefit from the stronger growth scenario failed to offset these losses. In particular, a short bond position, which was expected to deliver positive results should investors' appetite for risk improve, failed to perform as expected. Bond markets have remained relatively immune to supply issues and the movement in yields in July suggest that bond investors, at least, remain concerned about economic headwinds and see few upward pressures on inflation.

During this difficult period our strategy is to remain focussed on fundamental economic factors, cyclical drivers and identifying mis-priced assets capable of performing under a range of outcomes. We continue to remain concerned about the fiscal position of many Southern European countries and are analysing a number of indicators pointing to waning activity in the US and elsewhere. Positions are also in place to protect the fund against periods when risk appetite rebounds from oversold levels. By remaining faithful to this process, we are confident that performance will soon return to positive territory.

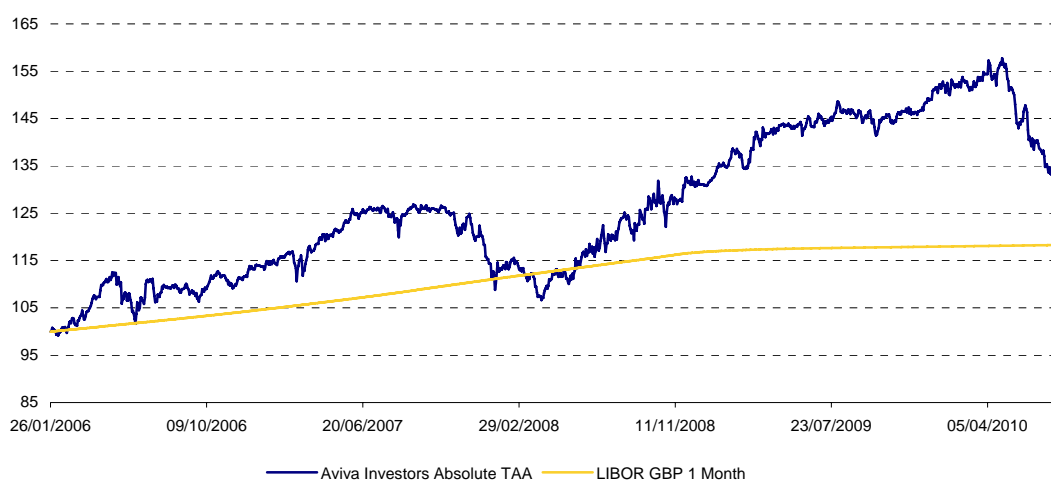
## Fund Performance (%) Share class Ix GBP

	Cumulative								Annualised		
	1 M	3 M	6 M	YTD	1 Y	3 Y	5 Y	Since launch	1 Y	3 Y	5 Y
Fund GBP	-5.76	-16.52	-13.75	-12.50	-11.45	3.59	-	30.42	-11.45	1.18	-
Benchmark GBP	0.05	0.14	0.27	0.32	0.54	9.62	-	18.31	0.54	3.11	-

Calendar	2009	2008	2007	2006	2005
Fund GBP	13.96	8.85	5.46	-	-
Benchmark GBP	0.91	5.54	5.97	-	-

Past performance is not a guide to the future

## Fund Performance vs Benchmark (GBP, %) – 10 years or since launch (unless indicated otherwise)



Source : Lipper Hindsight, net of all fees

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As at 31 July 2010



## Launch date

26 January 2006

## Minimum investment Share class Ix GBP

500,000 GBP

## Fees - Share class Ix GBP

Initial charge: Max 5.00%

Management fee: 0.85% p.a.

Performance fee: 20.00% of net out-performance of benchmark

## Settlement

T +3

## NAV Calculation

18:00 CET

## Investment advisor

Aviva Investors Global Services Ltd

## Custodian

J.P. Morgan Bank Luxembourg S.A.

## Auditor

Ernst & Young S.A.

## Contact

info.lu@avivainvestors.com  
info.uk@avivainvestors.com

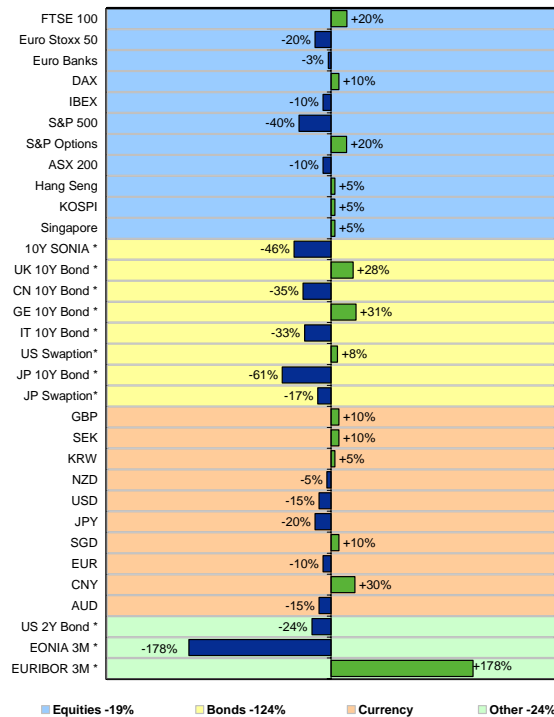
## Marketing and Distribution Agent

Aviva Investors Luxembourg SA  
34 avenue de la Liberté  
4th floor  
L-1930 Luxembourg

## Publication of NAV values

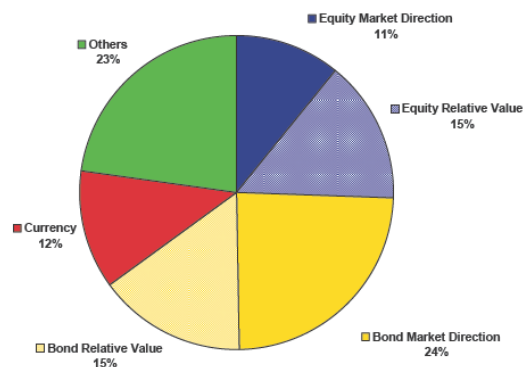
www.avivainvestors.com

## Target positions for Absolute TAA Fund (LIBOR +20% gross target)



\*The position sizes for these interest rate trades are duration-adjusted to match a US 10 year bond.

## Risk attribution for Absolute TAA Fund (20% gross target)



Performance figures sourced from Lipper Hindsight and illustrated on a bid to bid, gross income reinvested basis in the currency shown. \*A & Ax class shares became available on 20 November 2006. Therefore performance figures prior to that date are based on the previously available P1 class shares. Past performance is not a guide to the future. The value of an investment in the fund can go down as well as up and can fluctuate in response to changes in exchange rates. Please refer to the current Prospectus for full details of the current fund range before investing. Other information sourced from Aviva Investors. The opinions expressed are based on the views of Aviva Investors Global Services Limited and should not be relied upon as indicating any guarantee of return from an investment in the fund. The information contained within this document should not be viewed as a recommendation to buy or sell stocks.

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Copies of the Full and Simplified Prospectus together with the Report and Accounts of the SICAV are available free of charge from the offices of Aviva Investors Global Services Limited at No.1 Poultry, London EC2R 8EJ or from Aviva Investors Luxembourg, 34 avenue de la Liberté, 4th floor, L-1930 Luxembourg. Registered in Luxembourg Nr. B25708. 10/0993/301110

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