



Aviva Investors Global Convertibles Update

September 2009

This document is for investment professionals and/or qualified investors only. It is not to be viewed by or used with retail investors or pension scheme members.

Investment team



David Clott

Fund Manager

Joined the investment industry in 1992

Experience and qualifications

David joined the firm in 1999. He holds a BSc in Economics and Finance and is a member of the Boston Society of Financial Analysts and Chartered Financial Analysts.



Tom Wills

Fund Manager

Joined the investment industry in 1992

Experience and qualifications

Tom joined the firm in 1999. He holds a Bachelor of Commerce and Finance and an MBA. He is also a member of the CFA and a Canadian Chartered Accountant.



Shawn Mato

Fund Manager

Joined the investment industry in 1994

Experience and qualifications

Shawn joined the firm in 2001. He holds an MA in Finance and is a member of the Boston Society of Financial Analysts and Chartered Financial Analysts.



Naoum Tabet

Product Specialist

Joined the investment industry in 2004

Experience and qualifications

Naoum joined the firm in 2008. He holds a Bachelor of Commerce and Finance and an MBA. He is a member of the Chartered Financial Analysts Institute.

Aviva Investors global convertibles capability



Fund/account type	Assets
Aviva Investors Global Convertibles Fund	\$1,583m
Allocations from multi-asset funds	\$118m
Convertibles hedge fund	\$86m
TOTAL AUM	\$1,787m

Source: Aviva Investors Global Services Limited, as at 31 Aug 2009, GBP-USD X-RATE 1.6287.

Aviva Investors is a major investor in global convertibles, with a broad and diverse product range

Three questions to answer...

Why invest in convertibles?

What is the current opportunity?

Why invest globally?

Why invest in convertibles?

High risk Adjusted returns

- Over time convertibles have provided high risk adjusted returns vs equity and credit
- Expected returns from convertibles remain robust for given level of risk

Diversification

- Equity optionality and separate asset class market dynamics help diversify when adding to a mix of equity and credit

Convertibles make sense in any optimised portfolio

Historical risk and return



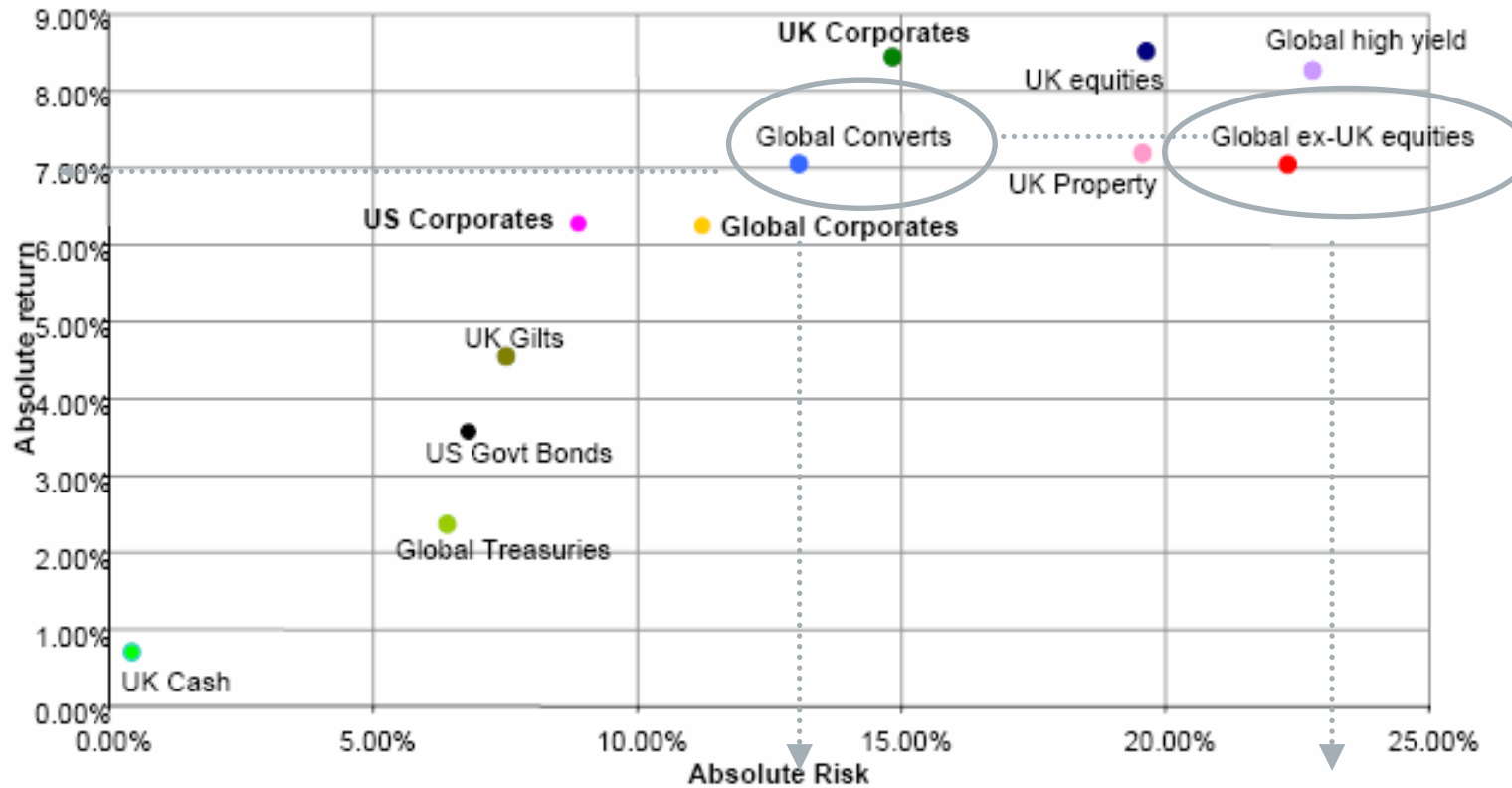
12/89 through 06/09	Ann'd	Standard
	Return	Deviation
All Traditional Convertibles V0A0	8.11%	11.55%
S&P 500	7.28%	16.82%
Russell 2000	7.37%	20.25%
ML Corp. & Govt. Master Index B0A0	6.96%	4.73%
ML US High Yield Cash Pay J0A0	7.93%	6.55%

Source: Merrill Lynch as at 30 June 2009

Risk and return forecast of asset groups

Long-term forecast (5-10 years)

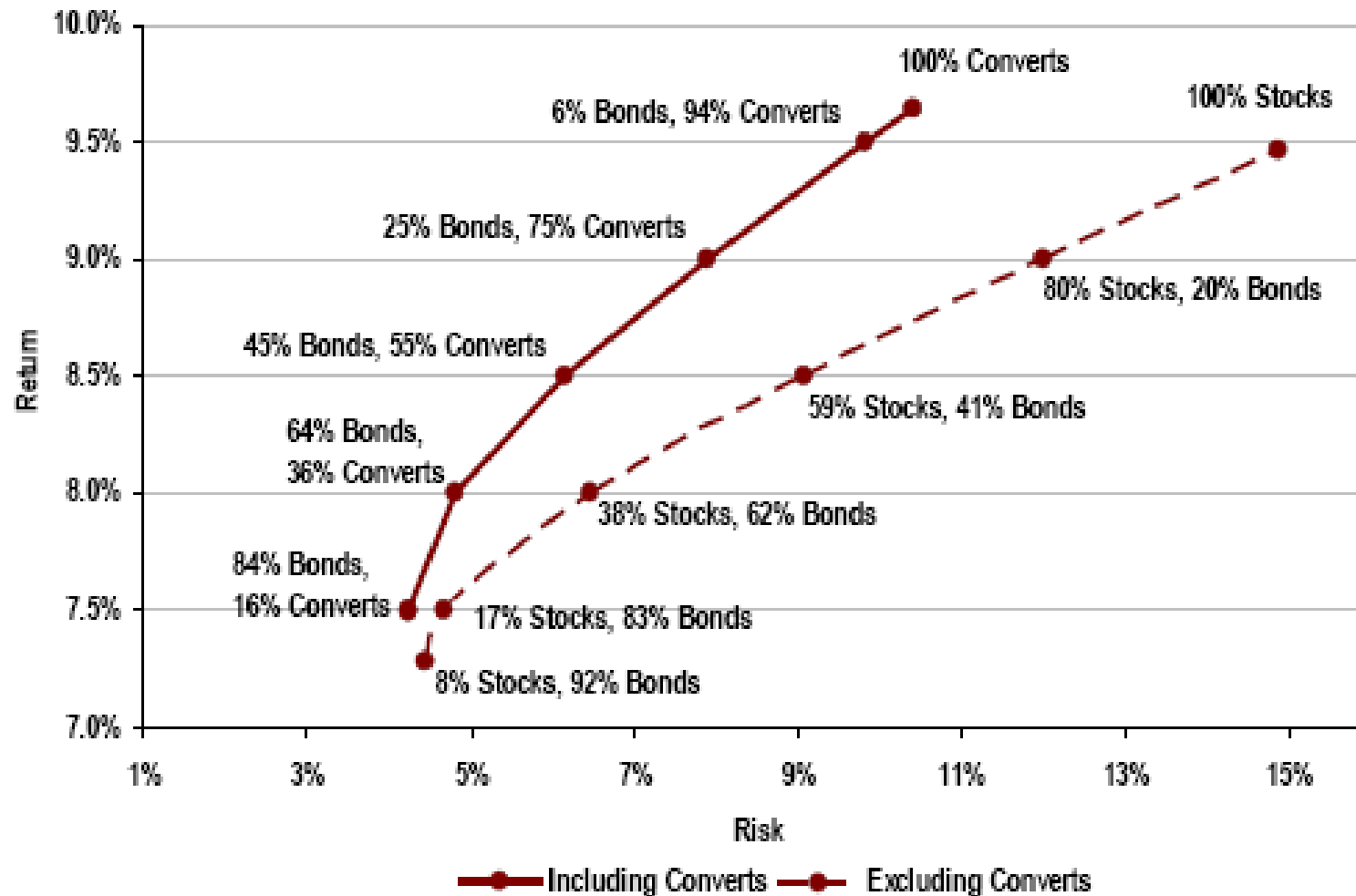
Risk and return of asset groups



Source: Aviva Investors as at 31 April 2009

Efficient frontier analysis

Improved risk/return profile of a portfolio



What is the current opportunity?

Uncertain global markets

- Plenty of opportunity and risk in global equity and credit markets, thus it is an attractive time to look at convertibles due to the long-term risk-adjusted return characteristics of the asset class

Cheap market valuation

- Attractive long-term call options and dislocated credit markets makes convertibles attractive
- The great hedge fund de-leveraging of 2008 forced the global convertible market to its cheapest valuation levels ever!

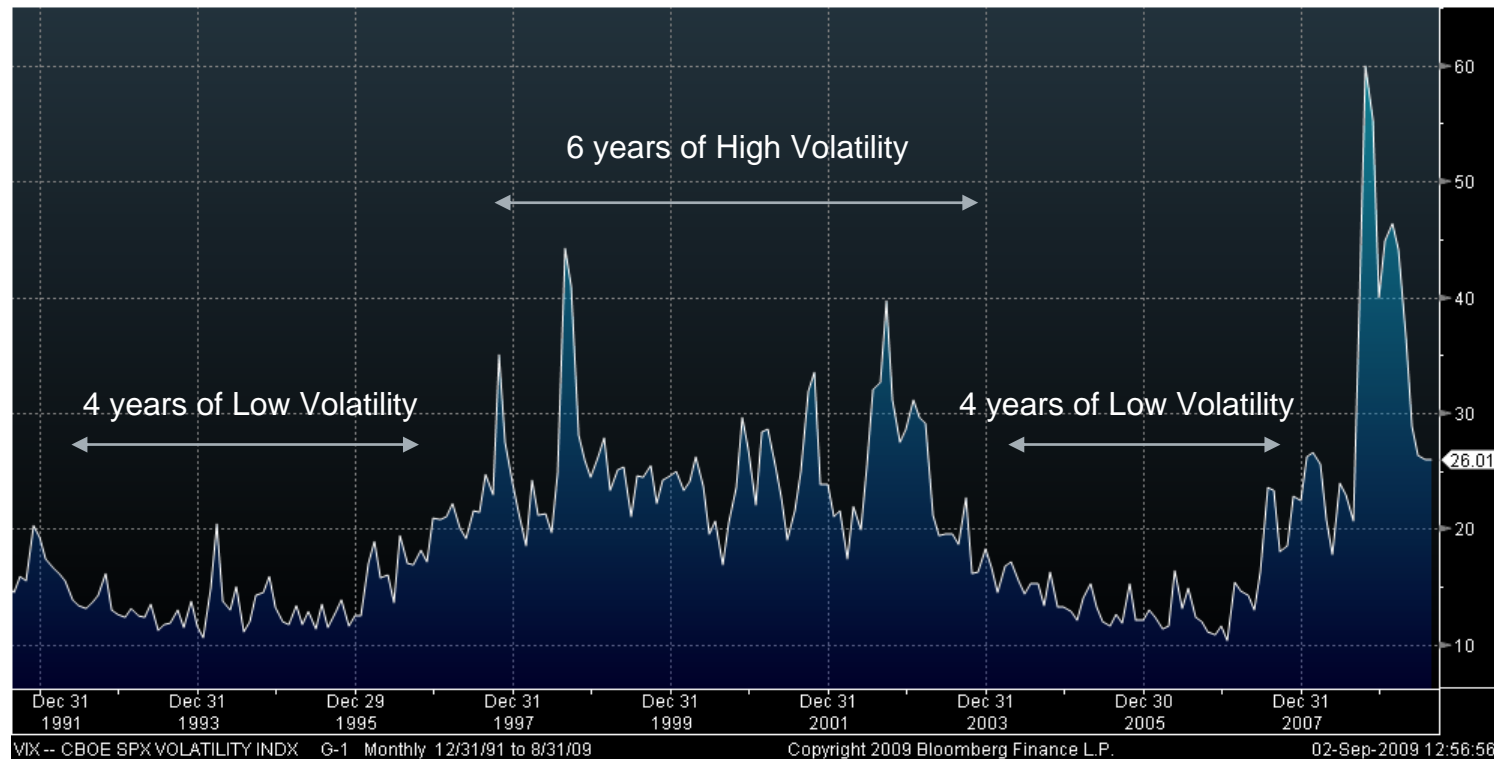
Strong supply

- Credit freeze has created a back-log of firms needing to borrow
- And as the secondary market is cheap, so is the primary!

An unprecedented sequence of events creates great opportunities

Convertible bonds in volatile markets

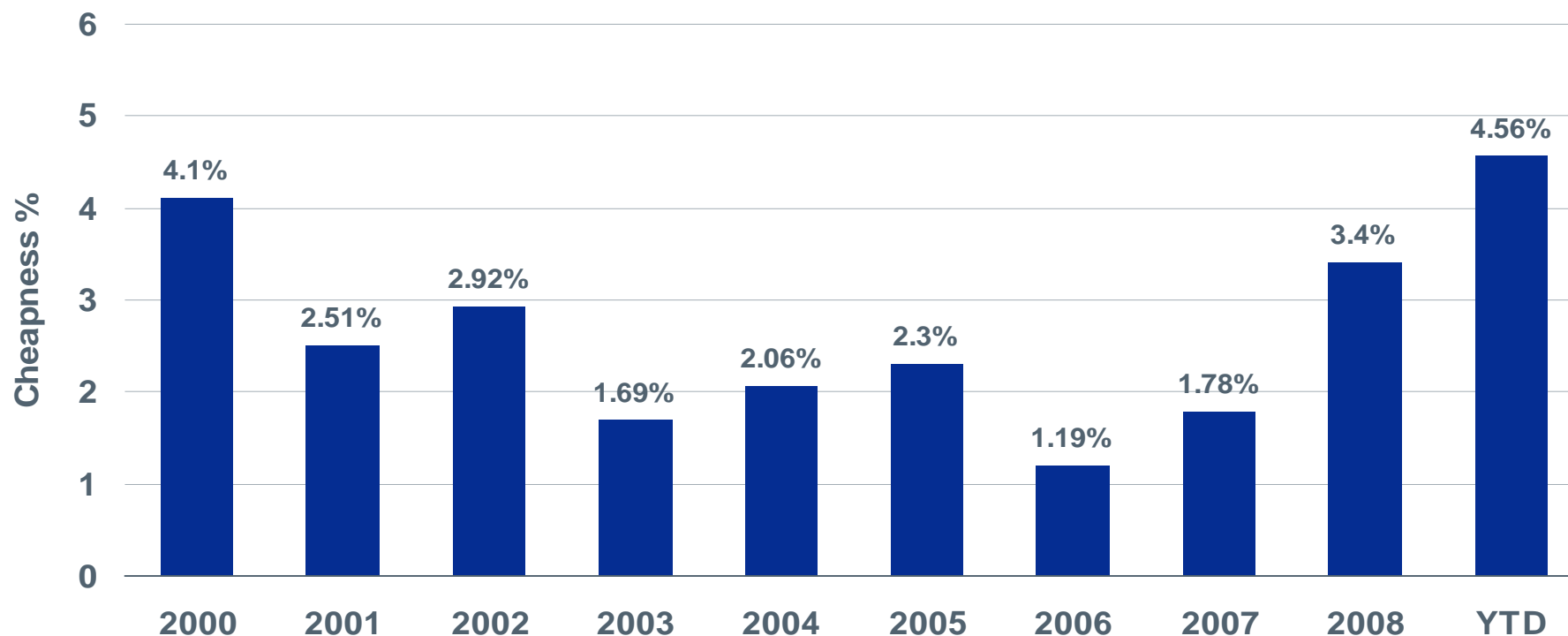
While the implied volatilities of convertible bonds are longer-term than the VIX index, if short-term volatility is sustained at these higher levels over a reasonable period of time, longer-term volatility gradually rises, benefiting convertible bond valuations.



Source: Bloomberg, 31 August 2009

“Volatile Markets aid convertible valuations!”

Average annual cheapness of new issues



Source: Aviva Investors / Barclays Capital. All data was obtained from publicly available information, internally developed data and other third party sources believed to be reliable. Data as at 31 August 2009.

Why invest globally?

More Bonds to choose From

- Issuance ebbs and flows by region, but globally the supply is strong

Add value with regional view

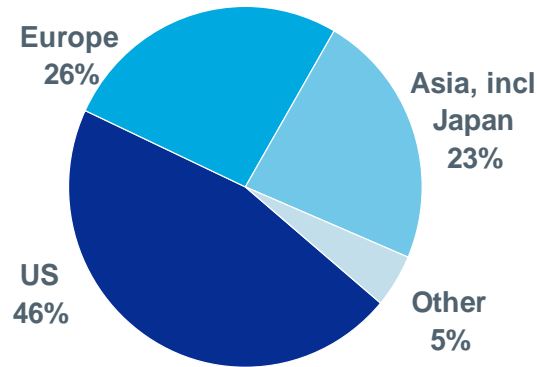
- We can overweight or underweight a region based on equity/credit views and regional convertible market attractiveness

Why look at one region when globally you can select from over 3,000 bonds ?

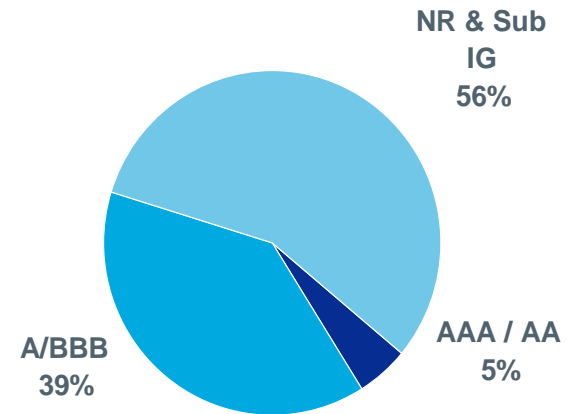
Convertibles are a diverse \$518 billion market



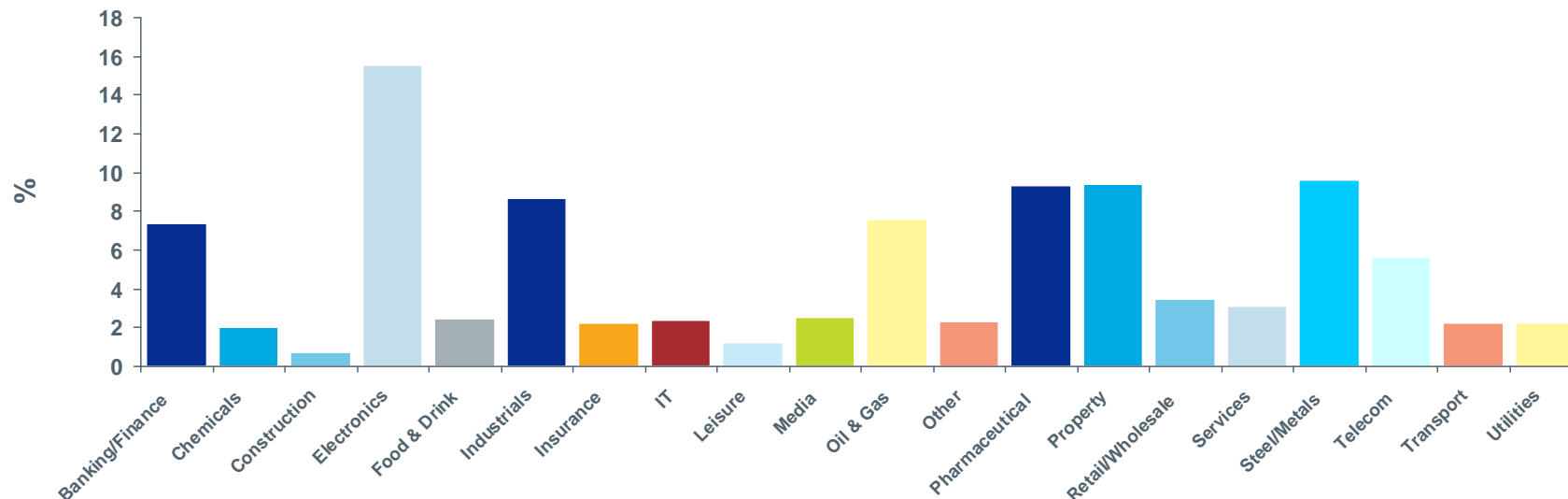
Global investable universe, by region



UBS Global Index, by rating



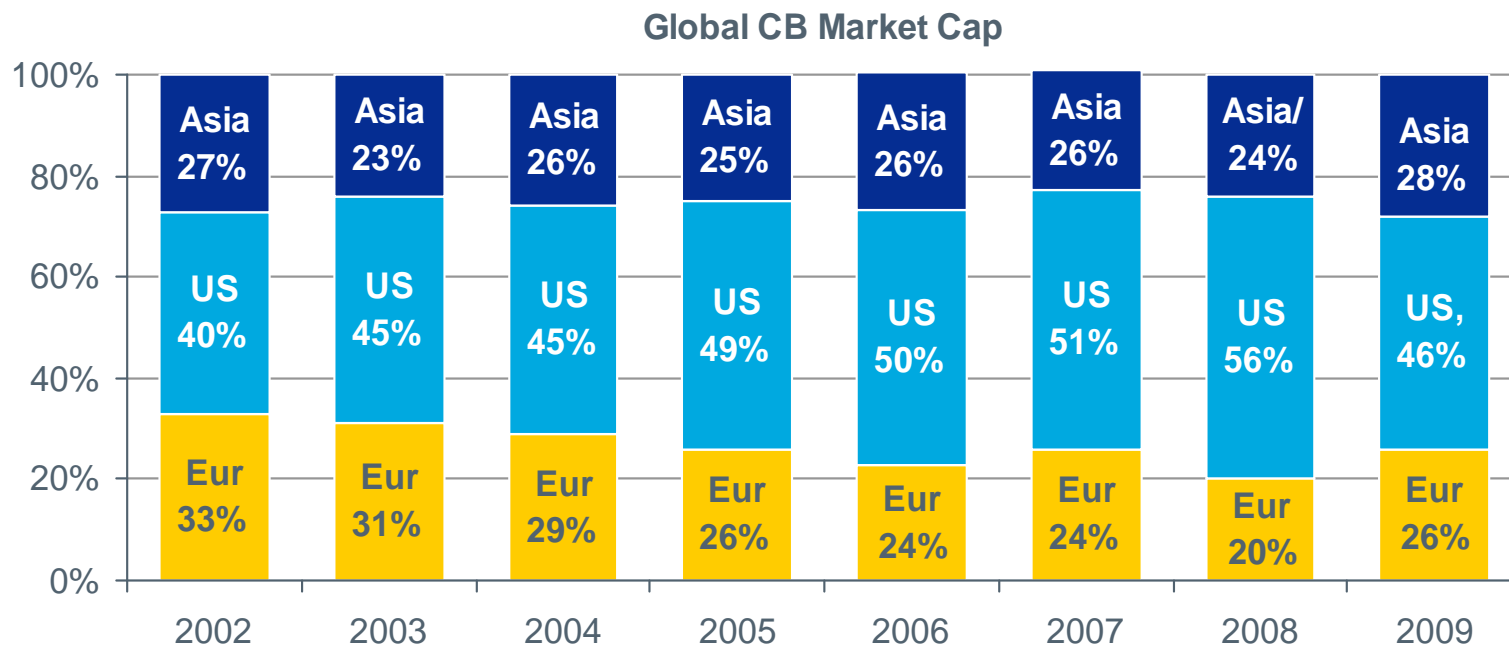
UBS Global Index, by sector



It makes sense to invest globally

Using the global universe adds value

- Over weight cheap markets, avoid synthetics
- Ensure fund maintains crucial delta balance
- Optimize universe for ideas



Source: UBS as at 31 August 2008



Our regional view

Regional characteristics – North America*

\$238 bln market cap ~ 46% of Global mkt

Balanced market

- Delta ~ 53%
- Implied Volatility ~ 37%
- Current Yield ~ 4%
- Yield to Put/Maturity ~ 2.8%

IT, Healthcare and Industrials ~ 45%

Credit split 50/50 investment grade / non IG

Theoretical Cheapness ~ 3%

New Issuance

- ~ \$37 bln YTD
- 123 deals
- Average deal size \$300 million
- Intel, US Steel, and Alcoa notable 2009

Performance

- YTD + 33%
- Financial (Bank) and Auto recovery
- Speculative grade outperformance

* Source: UBS website, as at 31 Aug 2009.

Trade example – North America

Chesapeake Energy Corp 2.5%, 15-May-2037

Independent US natural gas producer

Putable 2017 – YTP > 6%

~ 50% Delta + out-of-the-money warrants

1 Yr Horizon Analysis

- +/- 20% equity performance
- +18% / -6% convertible performance

5 Yr Horizon Analysis

- + 100% / - 50% equity performance
- + 80% / + 20% convertible performance

Theoretically 10% undervalued via sum-of-the-parts = potential upside



For illustrative purposes only

Regional characteristics – Asia (inc. Japan) & other*

\$144 bln market cap ~ 28% of Global mkt

Balanced market

- **Delta ~ 30%**
- **Implied Volatility ~ 35%**
- **Current Yield ~ 1%**
- **Yield to Put/Maturity ~ 3%**

Technology, Property and Telecom ~ 40%

**Credit split 35/65 investment grade / non IG
(with about 50% of non IG being unrated)**

Theoretical Cheapness ~ 2.2%

New Issuance

- **~ \$10 bln YTD**
- **62 deals**
- **Average deal size \$250 million**
- **SK Telecom, Capitaland, Daewoo notable new issues in 2009**

Performance

- **YTD + 22%**
- **Japan is a laggard, only up 5% YTD**
- **Speculative grade outperformance**

* Source: UBS website, as at 31 August 2009

Trade example – Asia (inc. Japan) and other

Nikon Corporation 0% 03/15/11

Global Technology Company

Maturity in 2011, 1.5 year until maturity

~ 30% Delta, stable credit

1 Yr Horizon Analysis

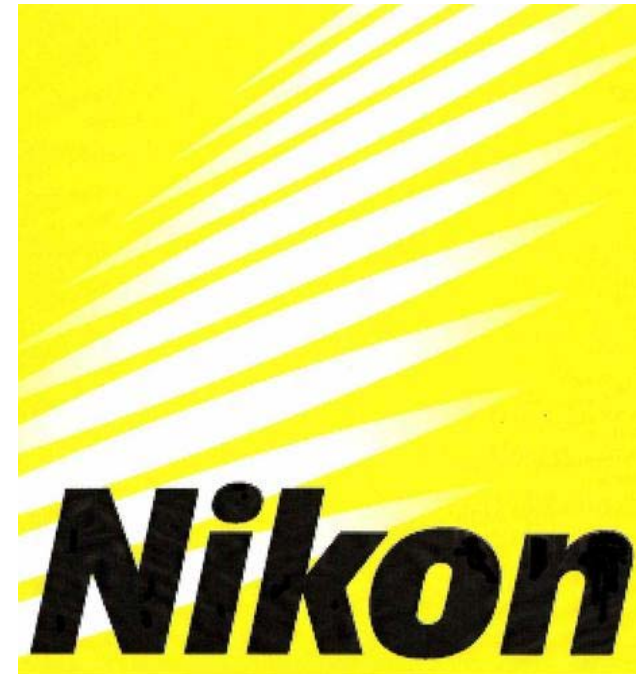
- +/- 50% equity performance
- +15% / -7% convertible performance

1.5 Yr (maturity) Horizon Analysis

- + 100% / - 50% equity performance
- + 48% / - 6% convertible performance

Theoretically 2% undervalued via sum-of-the-parts = potential upside

For illustrative purposes only



Regional characteristics – Europe*

\$136 bln market cap ~ 26% of Global mkt

Balanced market

- Delta ~ 40%
- Implied Volatility ~ 45%
- Current Yield ~ 3.3%
- Yield to Put/Maturity ~ 3.4%

Sector breadth is good but depth is weak

Credit split 50/50 investment grade / non IG

Theoretical Cheapness ~ 2%

New Issuance

- ~ \$37 bln YTD
- 40 deals
- Average deal size \$535 million
- Arcelor, Anglo American, Cap Gemini notable 2009

Performance

- YTD + 27%
- Financial (Bank) and Industrials recovery
- Speculative grade out performance

* Source: UBS website, as at 31 August 2009

Trade example – Europe

Arcelor Mittal 7.25% April 1, 2014

Global Steel company

Current Yield 4.9%

~ 60% Delta 1 Yr Horizon Analysis

- +/- 20% equity performance
- +16% / -9% convertible performance

4.5 Yr (maturity) Horizon Analysis

- + 100% / - 50% equity performance
- + 80% / -14% convertible performance

Theoretically 6% undervalued via sum-of-the-parts = potential upside



ArcelorMittal

For illustrative purposes only

Summary



Convertibles always make sense

- Asymmetry provides high risk-adjusted return potential
- Diversification

Timing to buy Is very good

- Asset class sweet spot of volatile markets, depressed valuations and high supply of cheap new issues

Aviva Investors

- Experienced team with strong 7-year track record, AA-rated by S&P*
- One of Europe's largest funds, economies of scale with market presence
- Truly global approach to maximise opportunity set

* S&P 'AA' rating held since 1 March 2007, on Aviva Investors Global Convertibles Fund.

An unprecedented sequence of events creates great opportunities

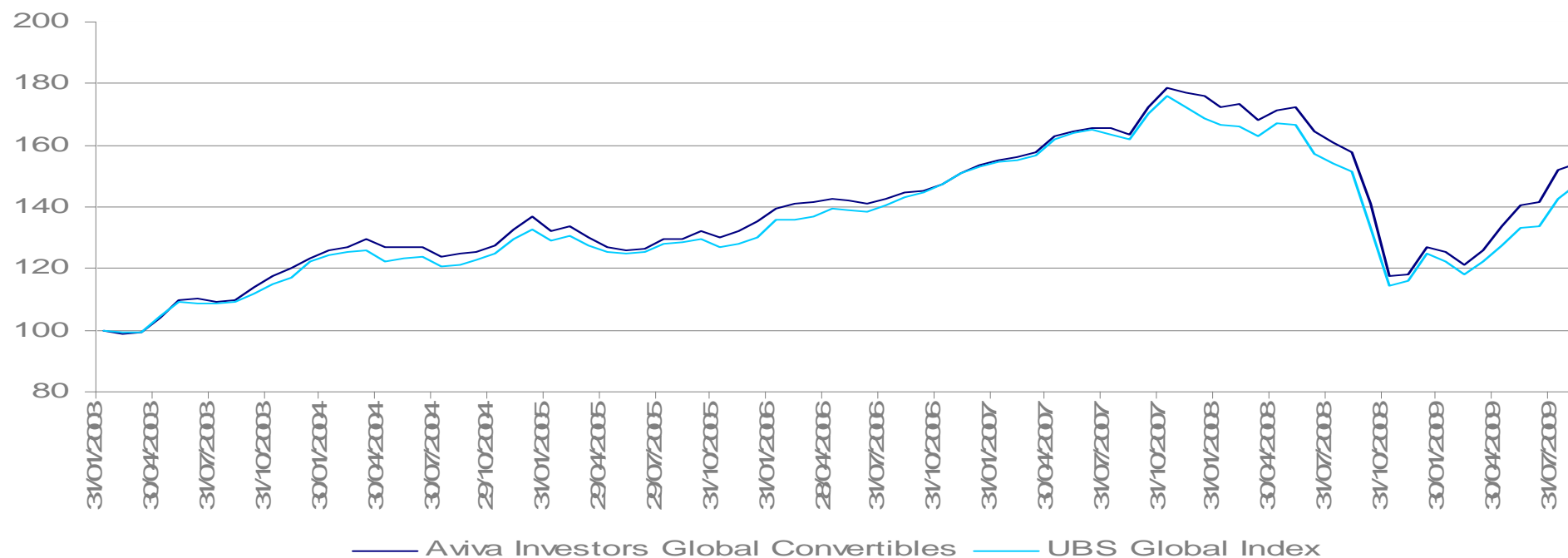


Performance

Fund performance



Performance versus benchmark since inception to end of August 2009



	1 month %	3 months %	6 months %	YTD %	1 Year % p.a.	3 Year % p.a.	5 Year % p.a.	Since Launch %
Aviva Investors Global Convertibles Fund I	1.69	10.00	27.53	21.68	-2.16	6.67	23.60	52.26
UBS Convertible Global Focus USD	3.18	10.37	24.50	18.18	-2.64	3.02	21.23	46.10
Relative performance	-1.49	-0.37	3.03	3.50	0.48	3.65	2.37	6.16

Source: Aviva Investors/ Lipper Hindsight as at 31 August 09. Data is representative of share class I and is provided net of fees with gross income reinvested in USD. Figures are provided on a mid to mid basis and do not take into account the costs incurred on the issue and redemption of shares. Past performance is not a guide to the future.

Since inception date: 21 January 2003

Aviva Investors Global Convertibles Fund

Key facts



- Fund manager: Tom Wills, David Clott and Shawn Mato
- Benchmark: UBS Global Focus Costed Convertible Index
- Fund currency: USD
- Fund launch: 9 April 2002*
- Legal form: Sub-fund of the Aviva Investors Luxembourg SICAV



Share class	Initial charge	Annual management charge	ISIN code	Bloomberg code
A\$	max 5.00%	1.20%	LU0274938744	AVGCFAU LX
B\$	max 5.00%	1.20%	LU0144879052	PRUGLCF LX
B\$x	max 5.00%	1.20%	LU0144879482	PRUGLCB LX
C\$	max 6.00%	1.20%	LU0144879219	PRIGCR1 LX
I\$	max 5.00%	0.60%	LU0160787601	PRIGCI1 LX
I€hedge	max 5.00%	0.60%	LU0280568261	AVGCGBH LX
Ax£ hedge	max 5.00%	1.20%	LU0367993077	AVGCGBH LX
Ix£ hedge	max 5.00%	0.60%	LU0367993150	AVGIXHG LX

*Please note that the I class inception date was 21 January 2003.

Important information (1)

Except where stated as otherwise, the source of all information is Aviva Investors Global Services Limited (Aviva Investors) as at 31 July 2009.

Any opinions expressed are based on the internal forecasts of Aviva Investors and they should not be relied upon as indicating any guarantee of return from an investment managed by Aviva Investors. No part of this document is intended to constitute advice or recommendations of any nature.

Performance figures sourced from Lipper Hindsight and illustrated on a bid to bid, gross income reinvested basis in the currency shown. Other information sourced from Aviva Investors. 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. Past performance is not a guide to the future.

The distribution and offering of shares may be restricted by law in certain jurisdictions. This document should not be taken as a recommendation or offer by anyone in any jurisdiction in which such an offer is not authorised or to any person to whom it is unlawful to make such an offer or solicitation.

For Germany: Copies of the Full and Simplified Prospectus together with the Report and Accounts of the SICAV are available free of charge from Aviva Investors Global Services Limited, Zweigniederlassung Deutschland - An der Hauptwache 7, 60313 Frankfurt am Main, Deutschland or from Aviva Investors, 34 avenue de la Liberté, 4th floor, L-1930 Luxembourg. R.C.S. Luxembourg B25708.

For Austria: The "Raiffeisen Zentralbank Österreich AG", Am Stadtpark 9, 1030 Vienna, has been appointed by the Company as the paying agent within the meaning of § 34 InvFG. Accordingly, the redemption of shares can be made via the "Raiffeisen Zentralbank Österreich AG", Am Stadtpark 9, 1030 Vienna. The prospectus, the articles of association, the last annual report and the semi-annual report, once published, are available at the office of the "Raiffeisen Zentralbank Österreich AG", Am Stadtpark 9, 1030 Vienna or from Aviva Investors Luxembourg, 34 avenue de la Liberté, 4th floor, L-1930 Luxembourg. R.C.S. Luxembourg B25708.

Important information (2)



For Spain: Copies of the Full and Simplified Prospectus together with the Report and Accounts of the SICAV which are approved by and registered with CSSF in Luxembourg and CNMV in Spain are available free of charge from Aviva Investors Global Services Ltd, Sucursal en España, Calle Velázquez 47, 2 dcha, 28001 Madrid, España. NIF: W0069758D. Inscritos en la CNMV con el número 33, or from Aviva Investors Luxembourg, 34 avenue de la Liberté, 4th floor, L-1930 Luxembourg. R.C.S. Luxembourg B25708.

For Switzerland: Fortis Foreign Fund Services AG, Rennweg 57, 8023 Zurich was authorised by the Federal Banking Commission as Swiss representative of the Fund and acts also as paying agent. Copies of the Full and Simplified Prospectus together with the Report and Accounts and articles of the SICAV are available free of charge from the head office of the Swiss representative, Aviva Investors Global Services Limited, Zweigniederlassung Deutschland - An der Hauptwache 7, 60313 Frankfurt am Main or from Aviva Fund Services, 34 avenue de la Liberté, 4th floor, L-1930 Luxembourg. R.C.S. Luxembourg B25708.

For Italy: Copies of the Full and Simplified Prospectus together with the Report and Accounts of the SICAV are available free of charge from Aviva Investors Global Services Limited, Corso Matteotti, 10, 20121 Milano, Italia or from Aviva Investors Luxembourg, 34 avenue de la Liberté, 4th floor, L-1930 Luxembourg. R.C.S. Luxembourg B25708.

For Luxembourg; Norway: Copies of the Full and Simplified Prospectus together with the Report and Accounts of the SICAV are available free of charge from Aviva Investors Global Services Limited, 34 avenue de la Liberté, 4th floor, L-1930 Luxembourg. R.C.S. Luxembourg B25708.

For UK, Sweden and Finland: Copies of the Full and Simplified Prospectus together with the Report and Accounts of the SICAV are available free of charge from Aviva Investors Global Services Ltd, No. 1 Poultry, London EC2R 8EJ or from Aviva Investors Luxembourg, 34 avenue de la Liberté, 4th floor, L-1930 Luxembourg. R.C.S. Luxembourg B25708.

On 1 April 2008 the SICAV changed its name from Aviva Morley to Aviva Investors. Please read the current Prospectus for full details of the current fund range before investing.

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Contact us at Aviva Investors Global Services Ltd, No. 1 Poultry, London EC2R 8EJ

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