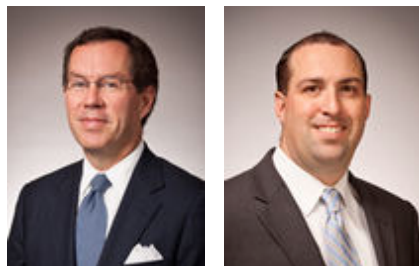


# Aviva Investors US Equity Income Fund II

As at 31 October 2013



## Fund managers

Henry W. Sanders III - River Road and Thomas S. Forsha - River Road

Henry and Thomas have managed the fund since September 2013

## Fund manager comment

The top three performers were Corning, Kimberly-Clark and Norfolk Southern, and the bottom three were The Western Union, Coach and Williams Partners. As expected, Congress took the budget battle to the brink, initiated a shutdown of the federal government, and employed the debt ceiling extension as leverage. In the end, the status quo was extended for a few more months, but they simply laid the groundwork for yet another battle in Q1 2014. Unless the rollout of the U.S. healthcare reform quickly improves, it will likely play a very significant, and negative, role in those negotiations. The complete failure of the legislative process only increases the pressure on the Federal Reserve and the leadership transition there is an unfortunate variable for the market to consider. It appears that continued weak employment figures

and modest inflation readings, combined with the near-term political risk, will keep monetary policy in a holding pattern through the remainder of the year. Given the Strategy's low beta and the continued headwinds for high dividend stocks, we were pleased with the outperformance of the Portfolio as the market advanced sharply in October. Unfortunately, the anemic economic growth and modest corporate profit expansion we are experiencing provides limited support for the sharp market move we have experienced year-to-date. We remain optimistic for the period to come, but our focus will remain on rationalizing positions trading at significant premiums to our assessed Absolute Value and working to position the Portfolio for the inevitable period when investor confidence slips.

## Investment style

Aviva Investors offers a wide range of investment solutions across all asset classes and in all significant financial centres worldwide. Where we don't directly manage assets, we have the skills and experience to select the best third-party asset managers to complement our own products. Our Global Investment Solutions team constructs client solutions across markets, bringing together scale, global knowledge and consistency from sale to implementation.

## Investment objective and policy

The Fund aims to provide a rolling annual income yield 1.5% higher than the annual income yield produced by the broad US value equity share index – the Russell 3000 Value Index, together with the potential for share price growth.

The Fund will invest in the shares of a broad range of US Companies based on the Fund Managers view of their long term return prospects, both in terms of potential income and share price growth.

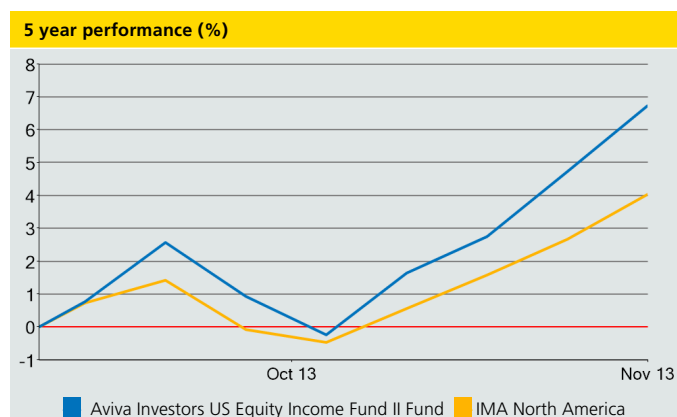
Typically at least 80% of the Fund will be invested in the shares of companies listed on North American stock exchanges, which are at least 1 billion US dollars in size. The Fund may have a small level of investment in other geographical regions.

Cumulative performance (%)	3m	6m	1yr	3yr	Since Launch
Fund	-	-	-	-	6.1
IMA Sector *	0.0	9.0	28.4	49.4	3.8
Quartile *	-	-	-	-	-

Source: Lipper as at 31 October 2013, bid to bid, net income reinvested

Discrete performance (%)	30/09/08	30/09/09	30/09/10	30/09/11	28/09/12	30/09/13
Fund	-	-	-	-	-	-
IMA Sector *	9.6	9.3	1.2	20.2	20.6	
Quartile *	-	-	-	-	-	-

Discrete performance to quarter end, bid to bid, net income reinvested.



Source: Lipper as at 31 October 2013, bid to bid, net income reinvested

Top ten holdings	%
Intel Corp.	3.3%
Occidental Petroleum Corp.	3.0%
National Fuel Gas Co.	3.0%
Rogers Communications Inc. CI B	2.7%
Dr Pepper Snapple Group	2.7%
Kohl's Corp.	2.6%
United Parcel Service Inc. CI B	2.5%
Hasbro	2.4%
Kimberly-Clark Corp.	2.4%
PNC Financial Services Group	2.3%

Source: Aviva Investors as at October 2013

Breakdown by market cap



Source: Aviva Investors as at October 2013

Benchmark
No benchmark applicable
IMA sector
North America
Launch date
09/09/2013
Fund size
£52.5m
No. holdings
54
Distribution yield as at
Underlying yield as at
Fund type
OEIC
AMC
Class 2 \$: 0.75%
Initial charge
Class 2 \$: 0.00%
Minimum investment
Class 2 \$: \$500000
Sedol Codes
Class 2 \$ Inc: BCGD4R1
Isin Codes
Distribution dates (ex-dividend/payment)
28 November / 28 January
28 August / 28 October
28 May / 28 July
28 February / 28 April
<b>For full details on the Fund and the risks involved, please contact us for a Key Investor Information document and a supplementary information document.</b>

**Important notes:** Past performance is not a guide to future performance and the value of units may fall as well as rise (due to currency and/or market fluctuations) and is not guaranteed. All performance figures shown are up to the latest month end unless otherwise stated and are on a total return basis. The value of your investment may go down as well as up and can not be guaranteed.

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