

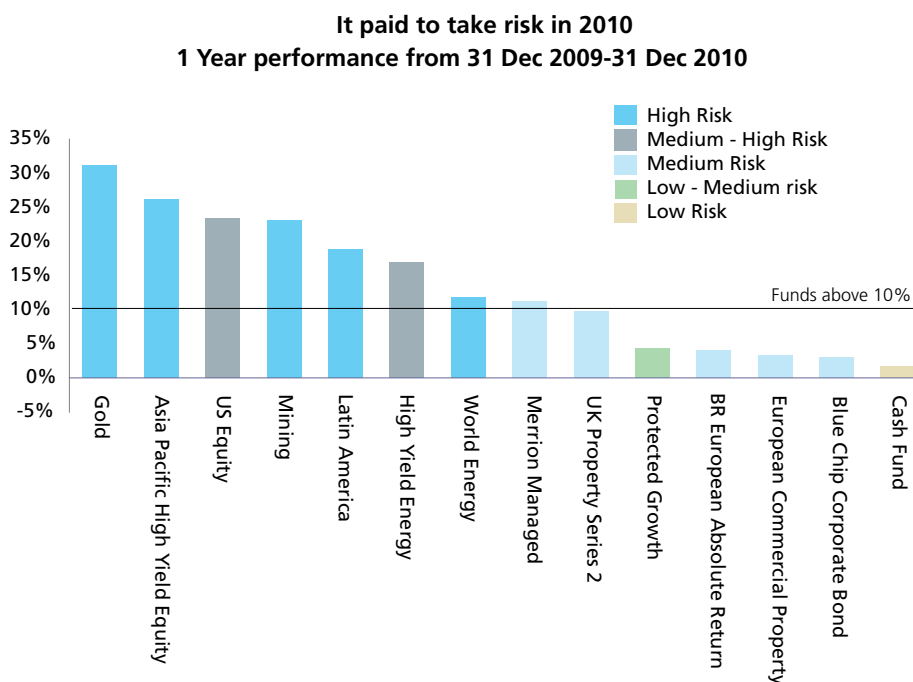
It paid to take risk in 2010

Review 2010
Outlook 2011



2010 was a good year for clients who took risk in certain funds with the aim of generating higher returns. As you can see from the chart below, our star performers of 2010 were:

- Our natural resources funds: **Aviva Irl BlackRock World Gold Fund** (+31.12%) and the **Aviva Irl BlackRock World Mining Fund** (+23.13%).
- Our high yield funds: The **Aviva Irl Asia Pacific High Yield Equity Fund** (+26.22%) and the **Aviva Irl High Yield Equity Fund** (+16.91%).
- Our regional equity funds: the **Aviva Irl US Equity Fund** (23.35%) and the **Aviva Irl Latin American Equity Fund** (+18.79%).



Source: Numbers and graph Financial Express 04 January 2011.
All returns quoted above are gross of tax and charges.

But risk isn't for everyone

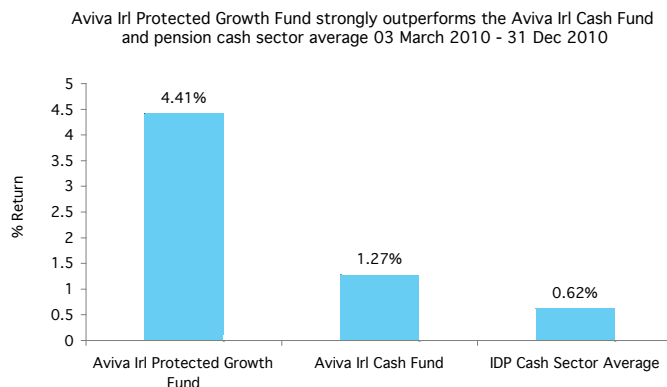
Some of your clients may be uncomfortable investing in markets without some degree of protection. They often invest in cash given its perceived status as a safe haven asset class. Of course, the price they pay for this level of low risk is:

- **The prospect of modest returns:** Cash is one of the lowest performing asset classes over the long-term.
- **The prospect of a negative real return:** If the rate of inflation or the applicable product charges are higher than the rate of interest the cash fund is receiving, the 'real' value of your clients' investment will be reduced.
- **The prospect of a retirement short-fall:** For pre-retirement clients, investing in cash too early in the retirement cycle can result in a shortfall in retirement income. Of course cash is an appropriate investment at the latter stages of the retirement cycle.
- **The prospect that their ARF will run down sooner than expected:** For post retirement clients, the annual imputed distribution which applies to the value of assets in Approved Retirement Funds has increased from 3% to 5% each year. The low returns from cash, mean the ARF could potentially run down much quicker the client expected.

Alternatives to cash

Aviva Irl Protected Growth Fund

As you can see from the chart below, the Aviva Irl Protected Growth Fund offered many of your clients the happy middle ground between the return potential of riskier asset classes, such as equities and natural resources, with the protection of cash in 2010. This fund was very popular with investors across our product range and grew to almost €50 million from its launch on 3 March 2010 to 31 Dec 2010.

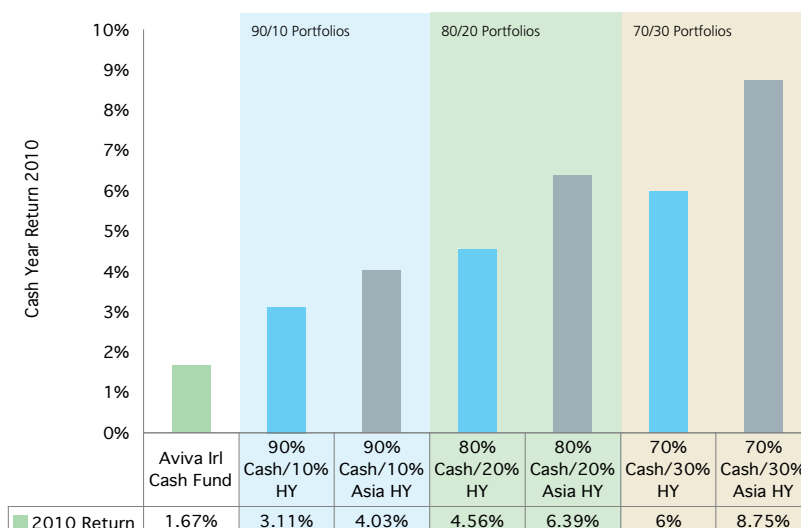


Source: Financial Express 04 January 2011. IDP stands for Irish Domestic Pension.

Combining Aviva Irl Cash Fund with High Yield

As the following charts demonstrate, combining the Aviva Irl Cash Fund with the Aviva Irl High Yield Equity Fund or the Aviva Irl Asia Pacific High Yield Equity Fund produced much stronger returns in 2010 than 100% exposure to the Aviva Irl Cash Fund.

Aviva Irl Cash Fund performance 2010 vs. Portfolios combining Aviva Irl Cash Fund and Aviva Irl High Yield Equity Fund or Aviva Irl Asia Pacific High Yield Equity Fund



Source: Financial Express 04 January 2011. Funds mentioned above have the prefix Aviva Irl.

WARNING: Past performance is not a reliable guide to future performance.

WARNING: The value of your investment may go down as well as up.

WARNING: These funds may be affected by changes in currency exchange rates.

WARNING: Withdrawals and switches from funds investing directly or indirectly in property may be deferred for up to 6 months.

WARNING: Withdrawals and switches from all other funds may be deferred for up to 3 months.