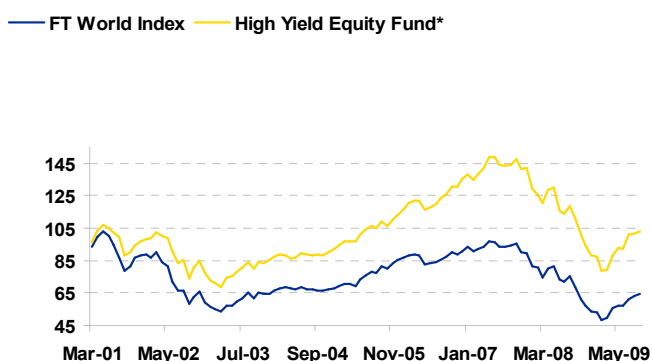


Market review

The equity markets are signaling that the global recession is probably over. The G7 economies have stabilised over the course of the summer, helped in no small part by the aggressive fiscal and monetary policy initiatives that have been unleashed by governments and central banks across the world. In a sign that corporates are more confident about the future, M&A activity continued to build on August's levels with deals such as Kraft/Cadbury, Dell/Perot Systems, and Xerox/Affiliated Computer Services announced during the month.

Fund performance



Source: Bloomberg 30th September 2009

Those sectors more geared to the cyclical recovery outperformed in September. In € terms, Energy was the best performing sector, up +3.1%, followed by Industrials, up +3.0% and Materials, up +2.7%. Defensive sectors lagged but still managed to put in a positive performance for the month with Healthcare up +0.1% and Utilities better by +0.3%.

The table below shows performance over various periods to 30 September 2009:

Fund / Index	One Month	1 Year	3 Years p.a.	5 Years p.a.
High Yield Fund (G)*	1.5%	-7.2%	-6.5%	3.1%
FT World Equity	2.3%	-6.4%	-9.7%	-0.7%
Performance Difference	-0.8%	-0.8%	3.2%	3.8%

**Source: Bloomberg (All performance is shown in euro terms)

Important Information

*This fund is managed by Aviva Investors on behalf of Hibernian Aviva Life & Pensions Ltd.

Warning: The value of your investment may go down as well as up. Past performance is not a reliable guide to future performance. This fund may be affected by changes in currency exchange rates.

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Portfolio commentary

Positive for the portfolio included:

- Rumours circulated of upcoming consolidation within the UK insurance sector. **Legal & General** rose by 9.7% over the month amid speculation that it may receive a takeover offer. Mooted acquirers include Australian insurer AMP and Clive Cowdery's Resolution Ltd.
- Singapore financial **Ascendas Real Estate**, and Hong Kong based **Bank of East Asia** rose by 17.3% and 9.7% respectively (in € terms) during September. Bank of East Asia produced first-half earnings at the end of August which were better than expected with net profit increasing by 49% Year-on-Year to HK\$1,169m based on strong trading revenues and lower revaluation losses. Expansion into China remains a key strategic goal for BEA, and Chinese earnings account for almost 44% of group pre-tax profit.

Negatives for the portfolio included:

- British bank, **Lloyds** fell by 10.4% (in € terms) during September, as it appears that the bank will not be able to avoid entering the UK government's asset guarantee scheme.
- Kraft** was also weak as the stock fell by 9.2% (in € terms) after the food and beverage manufacturer launched an unsolicited \$16bn (£9.6bn) bid for Cadbury plc. Investors fear that Kraft will have to up its bid in order to successfully capture Cadbury, and this may involve further gearing up its balance sheet.

The table below gives details of how the portfolio has been constructed:

Portfolio	No. of stocks	% of Fund	% Yield	% Market Yield
US	15	40.9	3.4	2.0
UK	9	21.2	3.7	3.8
Europe	11	29.7	4.5	3.3
Asia	5	8.2	4.3	2.2
Total	40	100	3.8	2.5

Source: Aviva Investors 30 September 2009