
IRISH PROPERTY FUND SWITCHES FROM DISPOSAL TO ACQUISITION PRICING

5% uplift in unit price

Aviva changed the basis for pricing its Irish Property Fund from a “disposal basis” to an “acquisition basis”. This change resulted in a 5% uplift in the unit price in June. This change in pricing basis has been made as a result of Aviva having experienced a pattern of positive cashflow to these funds over the past number of weeks.

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Change to the Pricing basis of the fund:

A change in a fund pricing basis, from acquisition to disposal basis (or vice-versa) can result in a significant unit price movement within a very short period of time (i.e. the pricing basis can change daily). The change in unit price will depend on the allowance for dealing costs in buying and selling assets within that fund and the value of assets within that fund at the time of the pricing basis change.

Why might a property fund's pricing basis change?

A property fund incurs relatively high up-front costs (stamp duty, legal expenses, agency or auctioneering fees and VAT) each time the fund acquires or sells a property. These costs are not passed on to clients in the form of up-front charges, as this would mean that charges applied to any particular client would be dependant upon the timing of that clients investment (resulting in an inequitable situation between investors in the fund). Clients who invest in our unit linked property funds therefore do so without having to pay large up-front charges that are normally associated with direct property investments.

However, if a large volume of encashment requests are received, this will result in cash outflows from the fund. Where cash outflows exceed cash inflows the fund manager may have to sell property(s) in order to generate cash to meet encashment requests. In such cases, the fund may be priced on a disposal pricing basis, so that those clients who decide to exit the fund are paying their fair share of the costs incurred in selling the property within the fund. The purpose of such a pricing change is to protect the remaining clients in the fund from subsidising clients who are leaving.

Similarly, when a fund has positive cashflow (i.e. more cash is being invested in the fund than is being encashed), then it is generally acquiring new assets on a regular basis. In this scenario the costs involved in acquiring assets are added to the value of the fund's assets when the unit price is being calculated to ensure equity between those policyholders entering the fund and those already invested in the fund.

The fund reduced its price by 12.25% in 2007, why isn't the fund increasing its price by 12.25%?

Aviva changed the pricing basis of the Irish Property Fund from acquisition to disposal basis on 13 Dec 2007. The change resulted in a fall in the price of the Irish Property Fund of approx. 12.25% at that time (based on the difference in acquisition and disposal costs on that time). The difference between acquisition and disposal pricing bases in the case of Irish property funds is chiefly accounted for by stamp duty, legal expenses, agency or auctioneering fees and VAT. There have been two reductions in commercial property stamp duty since December 2007 – in the budget of 2009 (from a top rate 9% to a top rate of 6%) and 2012 (from a top rate of 6% to a flat 2%). This reduction in stamp duty has had the effect of decreasing the gap between the disposal and acquisition pricing basis for the Irish Property Fund and hence the impact of pricing basis change made in June 2013 was +5%.

EARN 18.75% GROSS, MEDIUM TERM DEPOSIT FUND ISSUE 15 EXTENDED

Closing date extended to 31 July 2013

The closing date of the Aviva Irl Fixed Medium Term Deposit Fund - Issue 15 has been extended to 31 July 2013. This fund provides a fixed return of 18.75% gross at 31 May 2018. This is equivalent to 3.5% gross AER, which is attractive in the current environment of falling interest rates.

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The updated customer flyer will be available shortly. A few points to note:

- All supporting documentation must be received in Aviva, One Park Place, Dublin 2 no later than 31 July 2013.
- The fund will earn 3.75% simple interest on the anniversary date of the fund each year, i.e. 31 May 2014, 31 May 2015, 31 May 2016, 31 May 2017 and 31 May 2018, therefore no interest is earned before these

dates. Interest does not accrue daily. This is the equivalent to 3.5% gross AER. No interest will be paid on investments made into the fund prior to 31 May 2013.

- No withdrawals are allowed from this fund before 31 May 2018. Imputed distribution requirements for Approved Retirement Funds (ARFs) for Revenue purposes will be allowed.
- Unfortunately, Aviva cannot accept investments over €1.5 million into the Aviva Irl Fixed Medium Term Deposit Fund, Issue 15.
- This fund is not covered by the ELG, the Eligible Liabilities Guarantee Scheme.

JUNE FUND PERFORMANCE UPDATE

Consistent

BlackRock European Absolute Return Fund generates solid returns when markets volatile

Our stand out performer in June was the Aviva Irl BlackRock European Absolute Return Fund. In June the fund was up 1.5%, it's up 2.64% year-to-date and 4.42% over one year. Our high yield equity fund has generated solid returns up 8.18% year-to-date and 12.16% over one year.

Fund Name	YTD	12M	3Y
BlackRock European Absolute Return Fund	1.5%	2.64%	4.42%
High Yield Equity Fund	8.18%	12.16%	
Aviva Irl Fixed Medium Term Deposit Fund			
Aviva Irl Multi-Asset Fund			
Aviva Irl Global Bond Fund			
Aviva Irl Global Equity Fund			
Aviva Irl Global Infrastructure Fund			
Aviva Irl Global Natural Resources Fund			
Aviva Irl Global Real Estate Fund			
Aviva Irl Global Water Fund			
Aviva Irl Global Healthcare Fund			
Aviva Irl Global Technology Fund			
Aviva Irl Global Consumer Goods Fund			
Aviva Irl Global Financials Fund			
Aviva Irl Global Energy Fund			
Aviva Irl Global Materials Fund			
Aviva Irl Global Industrials Fund			
Aviva Irl Global Services Fund			
Aviva Irl Global Telecommunications Fund			
Aviva Irl Global Utilities Fund			
Aviva Irl Global Media Fund			
Aviva Irl Global Retail Fund			
Aviva Irl Global Consumer Services Fund			
Aviva Irl Global Financial Services Fund			
Aviva Irl Global Insurance Fund			
Aviva Irl Global Banking Fund			
Aviva Irl Global Real Estate Development Fund			
Aviva Irl Global Real Estate Investment Fund			
Aviva Irl Global Real Estate REIT Fund			
Aviva Irl Global Real Estate Private Equity Fund			
Aviva Irl Global Real Estate Infrastructure Fund			
Aviva Irl Global Real Estate Private Equity Infrastructure Fund			
Aviva Irl Global Real Estate Private Equity Infrastructure REIT Fund			
Aviva Irl Global Real Estate Private Equity Infrastructure REIT Infrastructure Fund			

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

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

Warning: The value of your investment may go down as well as up. Subtitle Text

Warning: If you invest in these funds you may lose some or all the money you invest.

Warning: A deferral period may apply to withdrawals and/or switches from certain funds. Please refer to your product documentation for further details.

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