

## Portfolio Managers

### Thomas J. Ray, CFA

Experience: 18+ Years  
Education: BBA in Finance and Investment Banking and a MS in Finance from the University of Wisconsin-Madison

### Royce Weisenberger, CFA

Experience: 10+ Years  
Education: BS in Finance and Accounting from the University of Arizona

## Benchmark

Merrill Lynch All Qualities Convertible Excluding Mandatory Convertibles

## AUM: U.S. Convertibles Strategies

\$224 million as of 9/30/09

## Minimum Investment

\$25 million USD

## Fees: separately managed account

\$25 mil to \$50 mil 65 bps  
\$50 mil to \$75 mil 60 bps  
\$75 mil to \$100 mil 55 bps  
Over \$100 mil 50 bps

Minimum Fee \$162,500

## Contact

### Aviva Investors<sup>SM</sup> North America, Inc.

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Aviva Investors North America, Inc. is the U.S. member of "Aviva Investors", a world-wide group of asset management companies. Aviva Investors affiliates operate as a globally integrated business with more than \$340 billion in assets under management and 450 institutional clients. Each Aviva Investors company is a subsidiary of Aviva plc, a multi-national financial services company.

## Descriptions of Strategies

Aviva Investors North America, Inc. ("Aviva Investors") offers two convertible fixed income strategies.

**All Qualities Convertibles** includes all strategies and portfolios with the flexibility to invest in investment grade and non investment grade convertibles, excluding those with mandatory conversion features. This is the strategy represented for data in this information sheet.

**Investment Grade Convertibles – Excluding Mandatory Convertibles Composite** includes all strategies and portfolios investing primarily in investment grade convertibles but excludes any securities that have a mandatory conversion feature

## Commentary

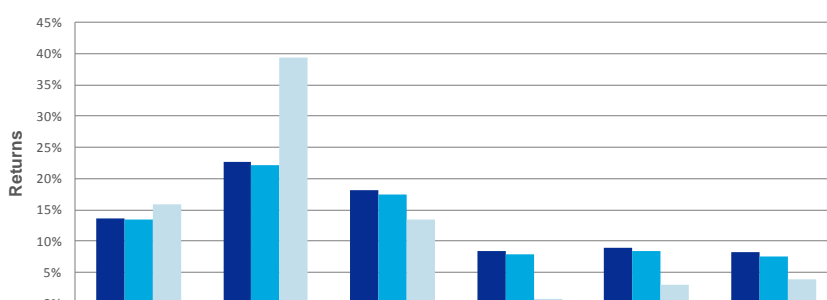
The convertible marketplace performed very well in the third quarter. Whereas credit spread tightening drove performance in the first two quarters, equity returns were the primary driver this quarter. The return of investors' appetite for risk has resulted in lower-grade credits outperforming their higher-grade counterparts and small cap outperforming large cap. Speculative grade converts were up 19.7% for the quarter and 68.5% year to date, while investment-grade converts returned 11.6% for the quarter and 20.7% year to date.

Throughout the quarter, convertibles were better bid as investors put incoming cash to work, chasing higher-yielding, lower-quality convertibles. Convertibles richened, from 2.22% cheap at the start of the quarter to 1.42% cheap at the end, according to Merrill Lynch data.

Despite government intervention in providing unprecedented funding and liquidity to the market, deflation is taking hold as banks choose to keep excess reserves at the Fed rather than increase lending. This is due in part to tightened lending standards, low demand for new loans and caution by banks based on their weakening balance sheets. Inflation is the longer-term risk. If banks begin lending excess reserves, the money multiplier could cause tremendous inflationary pressure. This could force the Federal Reserve to rapidly raise rates and potentially derail a recovery or allow inflation to flare up in both assets and prices and continue to pressure the dollar.

Volatility was subdued over the quarter, with the Chicago Board Options Exchange Volatility Index falling to 25.61 as of September 30. New issuance, meanwhile, continued its muted pace. It rallied in September with 10 new deals valued at \$2.7 billion, after a quiet July and August. We have seen just \$25 billion in new issuance year-to-date, compared to \$58 billion for 2008.

## Composite Performance (USD) vs Benchmark (%) - annualized as of 9/30/09



|   | 3Q09          | YTD            | One Year     | Three Year   | Five Year    | Since Inception (6/1/2001) |
|---|---------------|----------------|--------------|--------------|--------------|----------------------------|
| Aviva Investors All Qualities Convertibles Gross Performance              | 13.65%        | 22.74%         | 18.07%       | 8.47%        | 8.99%        | 8.25%                      |
| Aviva Investors Net Performance   | 13.49%        | 22.20%         | 17.37%       | 7.83%        | 8.34%        | 7.60%                      |
| Merrill Lynch All Qualities Convertibles Excluding Mandatory Convertibles | 15.89%        | 39.41%         | 13.47%       | 0.69%        | 3.05%        | 3.80%                      |
| <b>Difference (Gross)</b>   | <b>-2.24%</b> | <b>-16.67%</b> | <b>4.60%</b> | <b>7.78%</b> | <b>5.94%</b> | <b>4.45%</b>               |

# Aviva Investors – Convertibles

As of September 30, 2009



## Net Annual Composite Performance (%)

| Calendar | 1st Qtr | 2nd Qtr | 3rd Qtr | 4th Qtr | Year End | ML All Qual ex Man |
|----------|---------|---------|---------|---------|----------|--------------------|
| 2001     | -       | -       | -5.71   | 11.34   | -        | -                  |
| 2002     | 0.07    | -2.01   | -5.68   | 2.99    | -4.75    | -4.95              |
| 2003     | 0.59    | 5.80    | 0.56    | 12.35   | 20.25    | 25.80              |
| 2004     | 3.67    | -2.53   | 1.27    | 7.04    | 9.54     | 8.49               |
| 2005     | -3.09   | 0.69    | 3.38    | 0.94    | 1.83     | -0.34              |
| 2006     | 8.51    | -0.64   | 1.30    | 2.82    | 12.30    | 12.75              |
| 2007     | 4.78    | 6.22    | 5.01    | 2.99    | 20.37    | 4.12               |
| 2008     | -7.96   | 3.94    | -9.77   | -3.95   | -17.09   | -33.02             |
| 2009     | 1.32    | 6.27    | 13.65   |         |          |                    |

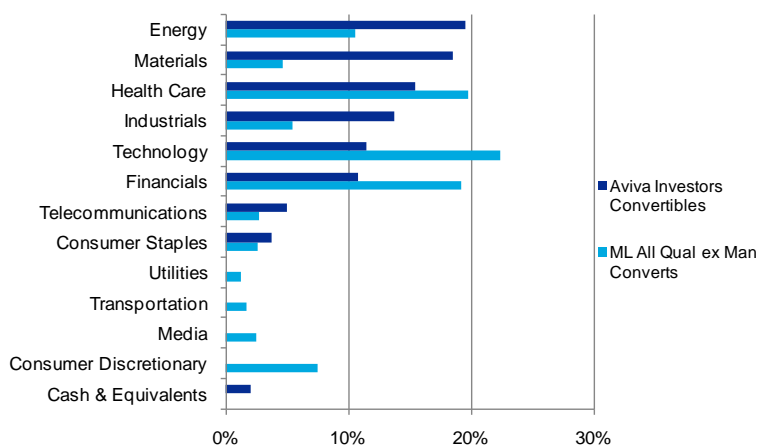
## Top Ten Holdings

| Security                 | Allocation %  |
|--------------------------|---------------|
| Ciena Corp               | 5.06%         |
| BRE Properties           | 4.91%         |
| Barrick Gold Corp        | 4.80%         |
| Kinross Gold Corp        | 4.64%         |
| Superior Energy Services | 4.32%         |
| Rayonier                 | 4.26%         |
| Newmont Mining Corp      | 4.20%         |
| Netapp Inc               | 4.12%         |
| Amgen Inc                | 4.09%         |
| Archer Daniels Midland   | 3.96%         |
| <b>Top Ten Total</b>     | <b>44.36%</b> |

## Characteristics

|               | Aviva Investors All Qualities Convertibles | Merrill Lynch All Qual Converts Ex Man Converts |
|---------------|--|---|
| Credit Rating | BBB  | BB+   |
| Current Yield | 2.28                                       | 3.32  |
| Conv Premium  | 68.17                                      | 75.84   |

## Sector Weights



**Past performance is not indicative of future performance.** There can be no assurance that investment objectives will be met or that return expectations will be achieved. All investments involve risk including loss of principal amount invested.

Investing in the bond market is subject to certain risks including market, interest-rate, issuer, credit and inflation risk. Convertible securities may be called before intended, which may have an adverse effect on investment objectives.

No chart, graph, or other figure provided should be used to determine which securities to buy or sell or strategies to implement.

This presentation includes the opinions of Aviva Investors as of September 30, 2009, which are subject to change without notice based on market and other conditions. This presentation is for informational and illustrative purposes and is not intended to be a forecast of future events, a guarantee of future results, or investment advice. It is not intended to provide specific advice or to be construed as an offering of securities or recommendation to invest. The factual information has been obtained from sources believed to be reliable, but is not guaranteed as to accuracy or completeness.

The Aviva Investors All Qualities Convertibles Composite (the "Composite") includes all strategies and portfolios with the flexibility to invest in investment grade and non-investment grade convertibles, excluding those with mandatory conversion features. The Composite creation & inception date is June 1, 2001.

Net performance includes the reinvestment of all income and is shown after the deduction of transaction costs and investment management fees. Actual fees may vary depending on, among other things, the applicable fee schedule and portfolio size. Aviva Investors' fees are available upon request and may be found in Part II of its Form ADV. Returns for periods less than one year are not annualized.

The Benchmark Index: the Merrill Lynch All Qualities Convertible Bond (Excluding Mandatory Convertibles) Index ("the Index") covers convertible securities excluding mandatory exchangeable issues and is commonly used for performance and comparative purposes to gauge the overall convertible marketplace. Index returns are provided to represent the investment environment existing during the time periods shown. For comparison purposes, an index is fully invested, which includes the reinvestment of dividends and capital gains, but index returns do not include any transaction costs, management fees or other costs that would reduce returns. Composition of each separately managed account portfolio in a composite may differ from securities in the corresponding benchmark index. The Index is used as a performance benchmark only, as Aviva Investors does not attempt to replicate an index. The prior performance of the Index will not be predictive of the future performance of accounts managed by Aviva Investors. An investor may not invest directly in an index.

Actual performance results may differ from the Composite performance, depending upon the size of the account, investment guidelines and/or restrictions, inception date and other factors. List of Composites: A complete listing and description of all Aviva Investors composites is available on request. All amounts are expressed in USD.

Designated offices include offices of affiliates under common control.