

# NU Investment Funds ICVC

## UK Smaller Companies Share Class 1

### November 2007



#### Fund Ratings

Morningstar Rating **\*\***

#### About the Fund

Fund Size £121.80 m  
 Annual Charge 1.25 %  
 Launch Date 28-Apr-1989  
 Sector UK Smaller Companies  
 Selling Price 150.30 p  
 Benchmark FTSE Small Cap (ex ITs)  
 Running Yield 0.72 %

#### Aim of the Fund

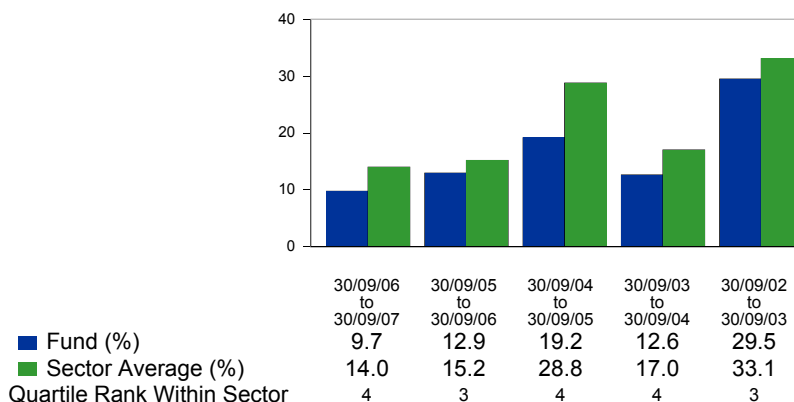
To provide long-term capital growth through investment in smaller UK company shares.

#### Fund Manager's Comments (as at 30/09/2007) \*

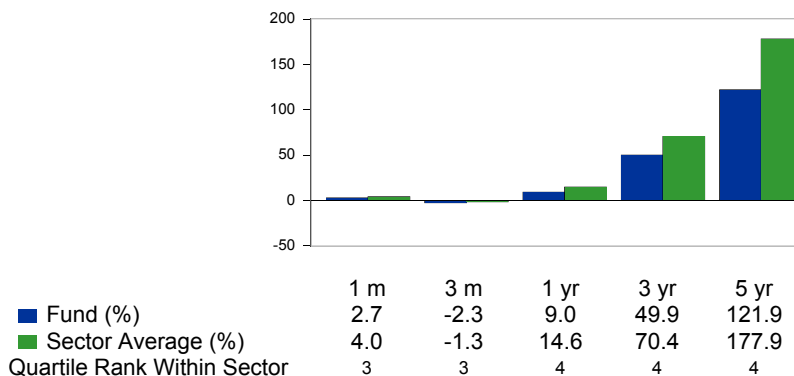
- The broader UK equity market rose for the first month in four after the Federal Reserve slashed its key lending rate, although small-cap issues failed to join in the party. While the US central bank's move is widely expected to help shore up domestic, and thereby global, economic activity, a high degree of risk aversion persisted, leading to the majority of small-cap shares continuing to be shunned.
- The fund outperformed its benchmark by a sizeable margin helped by both successful sector allocation and stock selection. Examples of the former included an overweight position in industrial shares which once again outperformed the wider market. Relative lack of exposure to consumer goods and financials also boosted returns. In terms of winning positions, Diploma shares rallied after the distributor of manufactured goods delivered an upbeat trading statement. Returns were augmented further after three of our holdings -- Sondex, SCI Entertainment and Domestic & General -- were on the end of takeover approaches.

\* The opinions expressed are based on the Fund Manager's internal forecasts and should not be relied upon as indicating any guarantee of return from an investment in our funds. The information contained in this document should not be construed as a recommendation to purchase or sell stocks.

#### Annualised Performance



#### Cumulative Performance as at 31<sup>st</sup> October



#### Past Performance (5 Years)



- UK Smaller Companies Share Class 1 (121.88 %)
- UK Smaller Companies (177.86 %)

All Performance figures are on a total return basis (excludes contract specific charges). The performance shown is for a fund not a plan. The actual performance will be affected by charges built into the plan. Past performance is not a guide to future performance.

**Important Notes** Norwich Union Collective Investments Limited. Registered in England No. 1973412. Registered Office: 2 Rougier Street, York, YO90 1UU. A member of the Investment Management Association. Norwich Union Collective Investments Limited is a member of the Norwich Union Marketing Group, members of which are authorised and regulated by the Financial Services Authority for life, pension and investment products. All are Aviva companies.

Fund Fact Sheet produced by Financial Express for Norwich Union.

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.

#### Sector Weightings (as at 30/09/2007)

Industrials	37.2 %
Technology	15.8 %
Financials	13.0 %
Consumer Services	10.6 %
Health Care	10.1 %
Oil & Gas	4.6 %
Basic Materials	4.3 %
Consumer Goods	3.2 %
Telecommunications	1.2 %

#### Top Ten holdings (as at 31/10/2007)

Umeco	2.3 %
Mouchel Plc	2.2 %
Diploma	2.0 %
Aveva Group Plc	2.0 %
Ricardo	1.9 %
Mothercare	1.7 %
Senior	1.6 %
Holidaybreak	1.6 %
Domino Printing	1.6 %
WSP Group	1.6 %

#### Enquiries:

Information Line 08000 512003  
Web Address [www.norwichunion.com](http://www.norwichunion.com)

#### Sector Allocation Relative to Benchmark (as at 30/09/2007)

Industrials	5.8 %
Technology	3.4 %
Health Care	3.4 %
Basic Materials	1.3 %
Oil & Gas	1.3 %
Telecommunications	-1.1 %
Financials	-4.3 %
Consumer Goods	-4.4 %
Consumer Services	-5.3 %

#### Risk Statistics

	3yrs	5yrs
<b>Alpha</b>	0.1	0.1
<b>Beta</b>	1.0	0.8
<b>Tracking Error</b>	1.1	1.3
<b>Information Ratio</b>	0.0	0.0
<b>Sharpe Ratio</b>	0.3	0.3

#### Explanation of Risk Statistics

The data is based on historical info and is for analysis only, it is not indicative of the future returns or movement of the fund

#### Alpha

A measure of whether or not the fund manager's investment decisions have added value. A positive alpha shows that a manager has added value through his investment decisions, whilst a negative alpha shows that he has failed to add value. An alpha of 1.0 means the fund outperformed the market by 1%

#### Beta

Beta measures a fund's sensitivity to changes in the overall market. A fund with a beta of 1.0 would be expected to perform exactly in line with its Peer group or benchmark, whereas a fund with a Beta of 1.1 would be expected to achieve a return 10% greater than the sector benchmark. In rising markets, funds with a beta of more than 1 tend to outperform but they underperform when markets are falling. Low beta funds (i.e. funds with a beta of less than 1) tend to outperform when markets are falling but underperform when markets are rising.

#### Tracking Error

Tracking error measures how closely a fund has tracked the benchmark. The lower a tracking error, the more closely the fund mirrors its benchmark. Funds with a large tracking error are taking greater risks relative to their benchmark and more likely to produce more volatile returns.

#### Information Ratio

The information ratio attempts to quantify how successful the fund has been at taking risk relative to the benchmark. A fund that has taken a low level of risk and achieved a lot of extra return above that of the benchmark will have a high and positive information ratio. A fund that has lagged behind the benchmark in performance terms will have a negative information ratio.

#### Sharpe Ratio

The Sharpe ratio measures the reward received for each unit of risk that is taken by the Fund and determines how well funds have converted risk into return. The higher the Sharpe ratio, the better the Fund's historical risk adjusted performance.

**Important Notes** Norwich Union Collective Investments Limited. Registered in England No. 1973412. Registered Office: 2 Rougier Street, York, YO90 1UU.

A member of the Investment Management Association. Norwich Union Collective Investments Limited is a member of the Norwich Union Marketing Group, members of which are authorised and regulated by the Financial Services Authority for life, pension and investment products. All are Aviva companies.

Fund Fact Sheet produced by Financial Express for Norwich Union.

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.