



Aviva Investors, Administration Office,  
PO Box 10410, Chelmsford CM99 2AY

05 April 2024

## **THIS LETTER IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

Dear

Client Reference Number:

### **Closure of Aviva Investors UK Smaller Companies Fund**

We are writing to tell you about our decision to close the Aviva Investors UK Smaller Companies Fund (the “**Fund**”) a sub-fund of Aviva Investors Investment Funds ICVC (the “Scheme”). This letter relates to the shares which you hold directly in the Fund (i.e. not through an ISA). If you also invest in the Fund via the Aviva Investors Investment ISA, you will receive a separate letter setting out your options in respect of that investment.

**Please read this letter carefully. If you have recently sold or instructed the sale of your shares in the Fund, you may disregard this letter.**

### **WHY IS THE FUND CLOSING?**

We continuously assess the value offered by our funds with the aim of ensuring that each fund we operate is aligned with what we believe investors need from an investment product both now and in the future. This assessment has led us to our decision that it is in the best interests of investors to close the Fund for the following reasons:

#### *Poor investment performance*

The Fund aims to grow your investment and provide an average annual net return greater than the FTSE® Small Cap ex Investment Trusts Index (the “Index”) over a rolling 5-year period, by investing in shares of small UK companies. Over the past three years, the Fund has underperformed the Index and this has also impacted the longer-term fund performance. The Fund’s performance has been below the range of outcomes we would expect for an actively managed fund of this nature, and we have therefore concluded the Fund is no longer providing value for investors.

#### *Viability and Economies of Scale issues*

This poor performance has also contributed to investor withdrawals from the Fund over the past few years and, as at 31st January 2024, the Fund had £29.7million in assets under management. We think the Fund is now too small to achieve its investment objective and investors no longer benefit from the efficiencies and economies of scale that investing in a fund normally brings.

## *Liquidity*

The Fund's strategy is to invest in UK smaller companies. These can be harder to sell than other types of investment, particularly for a fair value, as demand can be lower. As the Fund decreases in size, the Fund would likely have a smaller, more concentrated pool of these investments, impacting our ability to manage the Fund fairly in line with its objectives, and also to close the Fund in an orderly effective manner.

**We have therefore decided that closing the Fund would be in the best interests of investors.**

### **WHEN WILL THE CLOSURE OCCUR?**

The Fund will close on **10 May 2024** (the "**Effective Date**"). J.P. Morgan Europe Limited, as Depositary of the Fund, has reviewed the proposals and the Financial Conduct Authority ("**FCA**") has confirmed that the necessary changes to the Scheme's documents to reflect the Fund's closure do not affect the ongoing authorisation of the Scheme. The FCA's confirmation is not, however, a recommendation or endorsement of the Fund's closure.

We are sending you this letter now to give you adequate notice of the closure. We have also set out the options you have once the Fund has closed, including options for you to remain invested with Aviva Investors.

### **WHAT WILL HAPPEN IN PREPARATION FOR THE FUND CLOSING?**

- **Dealing in the Fund will be suspended**

**Normal business will end with effect from 12.01pm on the date of this letter. From that point, it will no longer be possible to buy, sell or transfer shares of the Fund.** We have decided to stop all dealing in this way to ensure the fair treatment of all investors throughout the closure process. This will allow the Fund's investments to be sold in an organised way, and ensure that all investors receive their fair share of the money raised from the sale of those investments.

- **Fees will be reduced**

Throughout this period, we will apply a 20% discount to the Fund Management Fee paid by the Fund.

### **WHAT WILL HAPPEN WHEN THE FUND CLOSES?**

- The closure will begin immediately after 12 noon on the Effective Date, when we will start the process of selling the investments held by the Fund and paying its liabilities.

Please note that some investments can be sold quicker than others. Whilst we expect to sell a large majority of the Fund's investments (approximately 90%) within 10 days of the Effective Date, there will be a minority which take longer to sell. To avoid any unnecessary delays in returning the proceeds from selling the Fund's investments to you, referred to in this letter as the "closure proceeds", we will return these in phases with one payment within 3 weeks of the Effective Date, then one or more smaller payments at later dates.

- If you provide us with instructions in accordance with the options available to you (as explained below), the closure proceeds will be returned to you in accordance with those instructions. We set out below what will happen if you do not provide us with any instructions.
- The value of the Fund's investments will continue to change until they are sold. This means the amount you receive from the closure of the Fund may be more or less than the current value of your investment.
- If you hold income shares, a final distribution of income will be paid to you separately within two months of the final distribution of the closure proceeds, and a tax voucher will be issued to you. If you hold accumulation shares, any income on your investment will be included in the final distribution of the closure proceeds.

## WHAT ARE YOUR OPTIONS?

**We recommend that you speak to your financial adviser before making any investment decisions. You should not interpret anything in this letter as financial or tax advice. If you do not have a financial adviser then you can obtain details of financial advisers in your area by visiting [www.unbiased.co.uk](http://www.unbiased.co.uk).**

As noted above, it will not be possible to buy or sell shares of the Fund from 12.01pm on date of this letter. However, you have the following options once the closure proceeds start to become available, which, as noted above, is expected to be within 3 weeks of the Effective Date. To elect either of these options, please complete the enclosed Form of Direction and return this to us by 12 noon (UK Time) on **03 May 2024**. If we do not receive instructions from you by that time, we will process the first distribution as if you had not provided any instructions (as described below). Any instructions received after that time may (depending on when they are received) be accepted for any future distributions.

### **A) You can SWITCH your investment free of charge into any other Aviva Investors Fund**

You can switch the investment you had in the Fund into another Aviva Investors fund. This will be completed in phases each time the closure proceeds are available to investors. Details of our funds can be found on our website at <https://www.avivainvestors.com/en-gb/capabilities/fund-centre/>. Please make sure you select “private investor” as your client type.

Before you decide if you want to switch funds, you may wish to speak to your financial adviser and it is important that you read the Key Investor Information Document (KIID) for the fund(s) that you wish to switch in to. To switch to another Aviva Investors fund, please select that option when completing the Form of Direction and return this to us in the pre-paid envelope.

You do not need to meet any minimum investment amount of the new Aviva Investors fund(s) into which you are switching. However, you will need to meet the minimum investment amount requirements for any additional investments you make into the fund(s) in the future.

No initial charge will be payable if you wish to switch into another fund, but a switch may give rise to a charge to capital gains tax. More details about this are given below.

### **B) You can SELL your investment and receive the cash**

If you would like to receive the cash from the sale of your shares, you do not need to take any action. As noted below, in the absence of any instruction from you to switch, and subject to completion of the necessary prevention of money laundering verification checks, cash payments will be made to you in phases each time the closure proceeds are to be distributed.

## WHAT WILL HAPPEN IF YOU DON'T PROVIDE ANY INSTRUCTIONS?

- Unless you provide us with instructions to switch (as detailed above), you will receive cash payments in phases each time the closure proceeds are to be distributed by either cheque or bank transfer, depending on whether we have your bank details.

## ARE THERE ANY TAX IMPLICATIONS?

The sale of shares in the Fund - including the sale of shares in the Fund to switch into another fund - will be treated as a disposal for tax purposes which may give rise to a capital gains tax charge, depending on your personal circumstances. If you are in any doubt as to the tax consequences of your action you should contact a tax adviser or financial adviser.

## COSTS

Any costs directly associated with the sale of the investments held by the Fund will be paid by the Fund in the normal manner. We include these costs in our calculation of the share price of the Fund, rather than being charged to you separately. This means they will not be charged to you out of your investment proceeds, and you will not see this charge listed separately in your statement of transactions or contract note. Currently, it is estimated that the direct transaction costs for selling the Fund's investments (such as transaction taxes and broker commissions) will be 0.027% of the total value of the Fund. This means that if you have a portfolio value of £10,000 it is estimated that the transaction costs on liquidation will be £2.70. However, it should be noted that this is just an estimate, as the exact amount of costs incurred will be impacted by market conditions and the nature of the Fund's portfolio at that time, and that the transaction costs could therefore be higher or lower than the above estimate.

Auditor's fees associated with the closure will be paid by Aviva out of the Fund Management Fee that it normally collects from the Fund (subject to the 20% discount, as noted above). Aviva will also cover other costs associated with the closure of the Fund, such as printing, mailing and third-party costs.

If you have any queries on the closure which are not covered here (including confirmation of whether you hold shares in the Fund through an ISA or directly), please contact your financial adviser or our Customer Service Team on 0800 051 2003\* or internationally on +44 1268 44 8219\*\*. We recommend that you speak to your financial adviser before making any investment decisions. You should not interpret anything in this letter as financial advice. If you do not have a financial adviser then you can obtain details of independent financial advisers in your area by visiting [www.unbiased.co.uk](http://www.unbiased.co.uk).

Thank you for investing with Aviva Investors.

Yours sincerely,



Stephen Adkins  
Head of UK Management Companies  
Aviva Investors

*Calls may be recorded for training and monitoring purposes, and to comply with applicable law and regulations. Details of call charges are given below:*

*\* Calls are free from UK landlines and mobiles.*

*\*\* Call charges to this number will depend on the call package you have arranged with your landline or mobile provider.*