

AVIVA LIFE INVESTMENTS INTERNATIONAL L.P.
Registered in England No: LP019749

ANNUAL REPORT AND FINANCIAL STATEMENTS
For the year ended 31 December 2023

AVIVA LIFE INVESTMENTS INTERNATIONAL L.P.

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AVIVA LIFE INVESTMENTS INTERNATIONAL L.P.

PARTNERS, ADVISERS AND OTHER INFORMATION

Directors of the General Partner

Mark Wood
Ashish Dafria
Pierre Biscay
Keith Goodby

General Partner

Aviva Life Investments International (General Partner) Limited
Aviva,
Wellington Row,
York, YO90 1WR
United Kingdom

Fund Manager

Aviva Life Investments International (General Partner) Limited
Aviva,
Wellington Row,
York, YO90 1WR
United Kingdom

Independent Auditors

PricewaterhouseCoopers LLP
7 More London Riverside
London
SE1 2RT

Registered Office

Aviva,
Wellington Row,
York, YO90 1WR
United Kingdom

Registered Number

Registered in England and Wales: No. LP019749

Other Information

The entity is a member of the Aviva plc group of companies ("the Group").

AVIVA LIFE INVESTMENTS INTERNATIONAL L.P.

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

The Directors of the General Partner (the "Directors") present their strategic report of Aviva Life Investments International L.P. (the "Partnership") for the year ended 31 December 2023.

PRINCIPAL ACTIVITIES OF THE PARTNERSHIP

The Partnership is a limited Partnership, incorporated under the laws of England and Wales. The principal activity of the Partnership is to undertake the business of identifying, researching, negotiation, making, holding, managing, monitoring and realising investments in US mortgage-backed securities and to carry out all functions and acts in connection therewith in partnership.

OBJECTIVE AND STRATEGY

The main objective of the Partnership is generating profit for the Partners, including the creation of capital growth and realising capital gains and receiving income.

The Partnership, acting through the General Partner, may execute, deliver and perform all contracts and other undertakings, whether as agreements, deed, powers of attorney or otherwise, and engage in all activities as may, in the opinion of the General Partner, be necessary or advisable in order to carry out the foregoing purposes and objectives.

The Partnership acquired no new commercial mortgage investments in 2023 under normal trading conditions.

SECTION 172 (1) STATEMENT AND OUR STAKEHOLDERS

We report here on how our Directors have discharged their duties under Section 172 (1) of the Companies Act 2006 during 2023.

S.172 sets out a series of matters to which the directors must have regard to in performing their duty to promote the success of the Partnership for the benefit of its shareholders, which includes having regard to other stakeholders.

The General Partner considers it crucial that the Partnership maintains a reputation for high standards of business conduct. The General Partner is responsible for monitoring and upholding the culture, values, standards, ethics and reputation of the Partnership to ensure that the Partnership's obligations to its shareholder and stake holders are met. It monitors adherence to the Aviva Group (the "Group") business standards and compliance with the Aviva Group Governance Framework.

The General Partner is also focused on the wider social context within which our businesses operate, including those issues related to climate change which are of fundamental importance to the planet's well-being.

The Partnership's culture

Our culture is shaped, in conjunction with the wider Aviva Group, by our clearly defined purpose – with you today for a better tomorrow. As the provider of financial services to millions of customers, Aviva seeks to earn their trust by acting with integrity and a sense of responsibility at all times. We look to build relationships with all our stakeholders based on openness and transparency and we value diversity and inclusivity in our workforce and beyond.

Key strategic decisions in 2023

For each matter that comes before the GP Board, the Board considers the likely consequences of any decision in the long term, identifies stakeholders who may be affected, and carefully considers their interests and any potential impact as part of the decision-making process.

AVIVA LIFE INVESTMENTS INTERNATIONAL L.P.**STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)****SECTION 172 (1) STATEMENT AND OUR STAKEHOLDERS (CONTINUED)****Stakeholder Engagement**

The table below sets out our approach to stakeholder engagement during 2023:

<p>Our people</p> <p>Our people's wellbeing and commitment to serving our customers are the foundations for our performance.</p>	
<p>How we have engaged</p> <ul style="list-style-type: none"> • The Partnership has no employees. The majority of staff engaged in the activities of the Partnership are employed by fellow subsidiary undertakings of Aviva plc. As part of the Aviva Group, these staff enjoy the benefit of the Aviva Group policies and benefits made available to them. • The Partnership always aims to provide an inclusive working environment where talent is developed, performance is rewarded, support is provided and our differences are valued. 	<p>Focus during the year</p> <ul style="list-style-type: none"> • Aviva Group focused on attracting and retaining the best people in the industry. • Aviva Group monitored and responded to the impact that inflationary pressures exerted on our people. • Aviva Group was given corporate culture updates with a focus on embedding diversity and inclusion. <p>Outcomes and actions during the year</p> <ul style="list-style-type: none"> • Launch of our 2023 early career programme, with over 200 graduates and apprentices attending. • Launch of Workvivo, our new internal colleague communication and engagement platform, with over 19,500 colleagues active on Workviva with over 10,000 daily users.

<p>Shareholders</p> <p>Our retail and institutional shareholders are the owners of the Company's ultimate parent, Aviva plc.</p>	
<p>How we have engaged</p> <ul style="list-style-type: none"> • The Partnership's ultimate controlling Party is Aviva plc and there is ongoing communication and engagement with the Aviva plc Board. Any matters requiring escalation are escalated by the Board through the Chair to its parent. Additionally, members of the Aviva plc board can attend the Company's Board meetings by invitation. 	<p>Focus during the year</p> <ul style="list-style-type: none"> • Ensuring shareholders understand our strategy and business model. • Engaging with different groups of retail shareholders.

AVIVA LIFE INVESTMENTS INTERNATIONAL L.P.**STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)****SECTION 172 (1) STATEMENT AND OUR STAKEHOLDERS (CONTINUED)****Stakeholder Engagement (Continued)**

Communities	
We recognise the importance of contributing to our communities through volunteering, community investment, and long term partnerships	
How we have engaged	Outcomes and actions during the year
<ul style="list-style-type: none"> • Aviva supported the communities in which we operate, through investment in business and infrastructure, paying tax revenues and community support activity. • At Aviva Group level, the Customer and Sustainability Committee received regular updates on the progress of Aviva's Sustainability Ambition throughout 2023 with the Committee Chair providing an update on matters discussed at each Board meeting. 	<ul style="list-style-type: none"> • Employees across the Group were offered the opportunity to volunteer their time to support charities and organisations. • During the year, Aviva Group provided £2.7m funding to Citizens Advice and £0.75m to the Money Advice Trust to help build their capacity to tackle the cost of living crisis. This is part of an overall commitment of £7m to Citizens Advice and £2m to Money Advice Trust (the majority of which was distributed in 2022). • The Aviva Foundation committed just under £2m funding to organisations delivering public benefit focused on financial resilience.

Future outlook

Strategies for the Group as a whole are determined by the Board of Aviva plc and these are shown in the Group 2023 Annual Report and Accounts. The Partnership will work with the Group to support the implementation of these strategies.

The strategic direction of the Partnership is set by the directors of the Company. The directors consider that the Partnership's principal activities will continue unchanged for the foreseeable future.

PARTNERSHIP PERFORMANCE

The financial position of the Partnership at 31 December 2023 is shown in the statement of financial position on page 12, with the results shown in the statement of comprehensive income on page 11.

The business review is required to contain financial and, where applicable, non-financial key performance indicators ("KPIs"). No non-financial KPIs are considered relevant for the business review. The Directors consider that, in line with the activities and objectives of the business, the financial KPIs set out below are those which communicate the performance of the Partnership as a whole. These KPIs comprise:

	2023	2022
	\$	\$
Net asset value (NAV)	142,274,324	144,189,577
Distributions for the year	(6,090,000)	(4,571,000)
Total comprehensive income/(loss) for the year	4,104,747	(17,038,910)

AVIVA LIFE INVESTMENTS INTERNATIONAL L.P.

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

EVENTS AFTER THE REPORTING PERIOD

Subsequent events have been evaluated up to the date the financial statements were approved and authorised for issue by the Director and there are no other material events to be disclosed or adjusted for in these financial statements.

PRINCIPAL RISKS AND UNCERTAINTIES

The key risks arising in the Partnership are market, interest rate, financial, operational and liquidity risks.

The major component of financial risk partnership faces is credit risk in the form of counterparties failing to meet all or part of their obligations in a timely fashion. It is exposed to operational risk of resulting internal processes, people and systems, or from external events, including regulatory risk. The partnership is exposed to market risk, as adverse market movements in the global property market would effect the value of its investments. There is an interest risk posed due to the effect of central bank rates increasing the repayments on its assets, and liquidity risk as the relative value of its investments effect their ability to be sold quickly in an adverse market.

For and on behalf of the Partnership:

Ashish Dafria

Ashish Dafria signing on behalf of Aviva Life Investments International (General Partner) Limited

22 May 2024

AVIVA LIFE INVESTMENTS INTERNATIONAL L.P.**GENERAL PARTNER'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2023**

The Directors of the General Partner (the "Directors") present their annual report and the audited financial statements of the Partnership (hereafter "the financial statements") for the year ended 31 December 2023.

RESULTS AND DISTRIBUTIONS

The total net assets of the Partnership as at 31 December 2023 is \$142,274,324 (2022: \$144,189,577).

The total comprehensive income for the year ended 31 December 2023 amounted to \$4,104,747 (2022 loss: \$17,038,910).

The total distributions for the year ended 31 December 2023 amounted to \$6,090,000 (2022: \$4,571,000).

The Partnership will continue to assess investment opportunities based on valuations of new investments as they arise. There were no additional acquisitions as of xx xx 2024.

PARTNER'S ACCOUNTS

Partner's accounts consist of capital contributions and non interest bearing loans. The Partnership has classified the Partner's accounts as a financial liability based on the contractual arrangements within the Limited Partnership Agreement (LPA) which require repayment of the net assets/liabilities upon wind up of the Partnership.

The Partner's accounts include capital contributions and loan advance as follows:

31 December 2023	Loan Contributions \$	Loan Advance \$
Limited Partners	70,000	-
General Partner (GP)	-	-
	<hr/>	<hr/>
Total	<u>70,000</u>	<u>-</u>

GOING CONCERN

After making assessments, the Directors have a reasonable expectation that the Partnership has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements at least 12 months from authorisation.

INDEPENDENT AUDITORS

Under the Competition and Markets Authority Regulations, the Group is required to tender for the provision of the external audit every 10 Years. PricewaterhouseCoopers LLP was appointed for the first time for the 31 December 2012 financial year end and therefore a mandatory re-tender was required for the year ending 31 December 2022. The audit tender process was initiated during 2020 but, as previously reported, Covid-19 restrictions caused delays and Aviva sought a two-year extension from the FRC which was granted. Following a full and rigorous competitive tender process, which was overseen by the Group's Audit Committee, the selection of Ernst & Young LLP for the year ending 31 December 2024 was approved by the Group Board. PricewaterhouseCoopers LLP will continue in its role and will undertake the audit for the financial year ending 31 December 2023.

DISCLOSURE OF INFORMATION TO THE INDEPENDENT AUDITORS

Each person who was a Director of the General Partner on the date that this report was approved confirms that:

- (a) so far as the Director is aware, there is no relevant audit information, being information needed by the auditors in connection with preparing their report, of which the Partnership's auditors are unaware; and
- (b) each Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Partnership's auditors are aware of that information.

AVIVA LIFE INVESTMENTS INTERNATIONAL L.P.

**GENERAL PARTNER'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2023
(CONTINUED)**

DISCLOSURE OF INFORMATION TO THE INDEPENDENT AUDITORS (CONTINUED)

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

STATEMENT OF GENERAL PARTNER'S RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The general partner is responsible for preparing the Annual Report and Financial Statements in accordance with applicable law and regulation.

Company law requires the general partner to prepare financial statements for each financial year. Under that law the general partner has prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under company law, a general partner must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the partnership and of the profit or loss of the partnership for that period. In preparing the financial statements, the general partner is required to:

- select suitable accounting policies and then apply them consistently
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the partnership will continue in business.

The general partner is responsible for safeguarding the assets of the partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The general partner is also responsible for keeping adequate accounting records that are sufficient to show and explain the partnership's transactions and disclose with reasonable accuracy at any time the financial position of the partnership and enable them to ensure that the financial statements comply with the Companies Act 2006.

Ashish Dafria

Ashish Dafria signing on behalf of Aviva Life Investments International (General Partner) Limited

22 May 2024

AVIVA LIFE INVESTMENTS INTERNATIONAL L.P.

INDEPENDENT AUDITORS' REPORT TO THE PARTNERS OF AVIVA LIFE INVESTMENTS INTERNATIONAL L.P.

Report on the audit of the financial statements

Opinion

In our opinion, Aviva Life Investments International L.P.'s financial statements:

- give a true and fair view of the state of the partnership's affairs as at 31 December 2023 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to qualifying partnerships by the Partnerships (Accounts) Regulations 2008.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Statement of Financial Position as at 31 December 2023; the Statement of Comprehensive Income and the Statement of Changes in Net Assets Attributable to Partners for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the partnership in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the partnership's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the general partner's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the partnership's ability to continue as a going concern.

Our responsibilities and the responsibilities of the general partner with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The general partner is responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

AVIVA LIFE INVESTMENTS INTERNATIONAL L.P.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

Reporting on other information (continued)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and General Partner's report, we also considered whether the disclosures required by the UK Companies Act 2006 as applied to qualifying partnerships have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 as applied to qualifying partnerships requires us also to report certain opinions and matters as described below.

Strategic report and General Partner's report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and General Partner's report for the year ended 31 December 2023 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the partnership and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and General Partner's report.

Responsibilities for the financial statements and the audit

Responsibilities of the general partner for the financial statements

As explained more fully in the Statement of general partner's responsibilities in respect of the financial statements, the general partner is responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The general partner is also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the general partner is responsible for assessing the partnership's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the general partner either intends to liquidate the partnership or to cease operations, or has no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

AVIVA LIFE INVESTMENTS INTERNATIONAL L.P.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

Responsibilities for the financial statements and the audit (continued)

Auditors' responsibilities for the audit of the financial statements (continued)

Based on our understanding of the partnership and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Companies Act 2006 as applied to qualifying partnerships by the Partnerships (Accounts) Regulations 2008, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the posting of inappropriate journals and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- enquired of management and those charged with governance around actual and potential litigation and claims;
- enquired of management and those charged with governance to identify any instances of non-compliance with laws and regulations;
- reviewed minutes of meetings of those charged with governance;
- reviewed financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations; and
- performed procedures over the risk of management override of controls, including through testing journal entries based on specific risk criteria and other adjustments for appropriateness and testing accounting estimates (considering the risk of management bias).

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the partners of the qualifying partnership as a body in accordance with the Companies Act 2006 as applied to qualifying partnerships by the Partnerships (Accounts) Regulations 2008 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

AVIVA LIFE INVESTMENTS INTERNATIONAL L.P.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

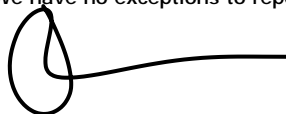
Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 as applied to qualifying partnerships we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Partnership, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of general partner's remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Joanne Leeson (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
22 May 2024

AVIVA LIFE INVESTMENTS INTERNATIONAL L.P.**STATEMENT OF COMPREHENSIVE INCOME****FOR THE YEAR ENDED 31 DECEMBER 2023**

		1 January 2023 to 31 December 2023	1 January 2022 to 31 December 2022
	Note	\$	\$
INCOME			
Finance income	4	6,473,140	5,190,220
Net unrealised loss from financial assets at fair value through profit and loss	3	(2,049,013)	(21,774,897)
TOTAL INCOME/(LOSS)		<u>4,424,127</u>	<u>(16,584,677)</u>
EXPENSES			
Administrative expenses	5	383,951	314,774
Operating expenses	6	(64,571)	139,459
TOTAL EXPENSES		<u>319,380</u>	<u>454,233</u>
OPERATING PROFIT/(LOSS)		<u>4,104,747</u>	<u>(17,038,910)</u>
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		<u><u>4,104,747</u></u>	<u><u>(17,038,910)</u></u>

(The notes on pages 16 to 22 form an integral part of these financial statements)

AVIVA LIFE INVESTMENTS INTERNATIONAL L.P.**STATEMENT OF FINANCIAL POSITION****AS AT 31 DECEMBER 2023**

	Note	<u>31 December 2023</u> \$	<u>31 December 2022</u> \$
NON-CURRENT ASSETS			
Investments at fair value through profit or loss	9	141,656,360	143,705,373
CURRENT ASSETS			
Trade and other receivables	8	600,363	466,236
Cash and cash equivalents		22,612	21,979
		622,975	488,215
TOTAL ASSETS		142,279,335	144,193,588
CURRENT LIABILITIES			
Trade and other payables		5,011	4,011
NET ASSETS		142,274,324	144,189,577
NET ASSETS ATTRIBUTABLE TO PARTNERS		142,274,324	144,189,577

These audited financial statements on page 13 to 22 were approved and authorised for issue by the Board of Directors of the General Partner on 22 May 2024 and were signed on its behalf by:

Ashish Dabria

Ashish Dabria signing on behalf of Aviva Life Investments International (General Partner) Limited

(The notes on pages 16 to 22 form an integral part of these financial statements)

AVIVA LIFE INVESTMENTS INTERNATIONAL L.P.**STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO PARTNERS****FOR THE YEAR ENDED 31 DECEMBER 2023**

	<u>General Partner</u> \$	<u>Limited Partners</u> \$	<u>Total</u> \$
Balance at 1 January 2022	(3,000)	108,160,487	108,157,487
Total comprehensive loss for the year	-	(17,038,910)	(17,038,910)
Loan contributions during the year	-	57,642,000	57,642,000
Distributions to partners during the year	(1,000)	(4,570,000)	(4,571,000)
Balance at 31 December 2022 and at 1 January 2023	(4,000)	144,193,577	144,189,577
Total comprehensive income for the year	-	4,104,747	4,104,747
Loan contributions during the year	-	70,000	70,000
Distributions to partners during the year	(1,000)	(6,089,000)	(6,090,000)
Balance at 31 December 2023	(5,000)	142,279,324	142,274,324

(The notes on pages 15 to 21 form an integral part of these financial statements)

AVIVA LIFE INVESTMENTS INTERNATIONAL L.P.

NOTES TO THE FINANCIAL STATEMENTS**FOR THE YEAR ENDED 31 DECEMBER 2023****1 GENERAL INFORMATION**

Aviva Life Investments International L.P. (the "Partnership") is a limited partnership and is incorporated and domiciled in the United Kingdom (UK). Its registered office is at Aviva, Wellington Row, York, YO90 1WR, United Kingdom.

The financial statements of the Partnership comprise the Statement of Comprehensive Income, the Statement of Financial Position, and the Statement of Changes in Net Assets Attributable to Partners together with the related notes.

The Partnership is registered in the UK and its principal activity is to carry on the business of identifying, researching, negotiating, making, holding, managing, monitoring and realising investments in US mortgage-backed securities, and to carry out all functions and acts in connection therewith in partnership, with the principal objective of generating profit for the Partners, including the creation of capital growth and realising capital gains and receiving income.

2 SIGNIFICANT ACCOUNTING POLICIES**(a) Basis of preparation**

The financial statements have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investments measured at fair value through profit or loss, and in accordance with the Companies Act 2006.

The financial statements have been prepared on a going concern basis. In assessing whether the going concern basis is appropriate, the General Partner (the "GP") has considered the information contained in the financial statements of the Partnership. The General Partner is satisfied that the Partnership has adequate resources to continue in operational existence for the foreseeable future and at least 12 months from the approval of the financial statements.

The financial statements are stated in US Dollar (\$), which is the Partnership's functional and presentational currency.

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2023. These policies have been consistently applied to all years presented, unless otherwise stated.

The Partnership has taken advantage of the following disclosure exemptions under FRS 101:

- a. the requirements of paragraphs 10(d) and 111 of IAS 1 Presentation of Financial Statements to include a statement of cash flows and the requirements of IAS 7 Statement of Cash Flows;
- b. the requirements of paragraph 16 of IAS 1 to make a statement of compliance with the international accounting standards;
- c. the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to disclose when an entity has not applied a new accounting standard that has been issued but is not yet effective;
- d. the requirements of paragraph 17 of IAS 24 Related Party Disclosure to disclose key management personnel compensation;
- e. the requirements of paragraph 18A of IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group;
- f. the requirements of IFRS 7, Financial Instruments Disclosures;

AVIVA LIFE INVESTMENTS INTERNATIONAL L.P.

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

2 SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

(a) Basis of preparation - (continued)

g. the requirements of paragraphs 91 to 99 of IFRS 13, Fair Value Measurement to disclose valuation techniques and inputs used for fair value measurement of assets and liabilities.

h. the requirements of paragraph 134 to 136 of IAS 1 to disclose information to allow the user to evaluate the entity's objectives, policies and processes for managing capital.

New standards, interpretations and amendments to published standards that have been adopted by the Partnership

The following new standards and amendments to existing guidance on a number of standards became effective for the reporting period beginning on 1 January 2023. Annual improvements to IFRS 2018-2020 Cycle: Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41 (published by the IASB in May 2020). Amendments to IAS 16 Property, Plant and Equipment: Proceeds before intended use (published by the IASB in May 2020). Amendments to IFRS 3 Business Combinations: Reference to the Conceptual Framework (published by the IASB in May 2020). Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets: Onerous contracts – Costs of fulfilling a contract (published by the IASB in May 2020). The amendments do not have any impact on the Partnership's financial statements.

(b) Net Asset Value ("NAV") valuation

The NAV per unit which investors acquire units at includes establishment costs, which are expenses in the Statement of Comprehensive Income.

(c) Investments at fair value through profit or loss

The Partnership classifies its investments as fair value through profit and loss ("FVTPL"). The classification depends on the purpose for which the investments were acquired, and is determined at initial recognition. The FVTPL category has two sub-categories - those that meet the definition as being held for trading and those the Partnership chooses to designate as "other than trading" upon initial recognition.

Investments at fair value through profit or loss comprise a portfolio of loans. The investments are measured at fair value.

The different levels of the fair value hierarchy as specified in accordance with IFRS 13 "Fair Value Measurement" are defined below:

- **Level 1:** Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- **Level 2:** Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly i.e. as prices or indirectly i.e. derived from prices.
- **Level 3:** Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Partnership has applied the exemptions on the fair value disclosure.

(d) Trade and other receivables

Trade and other receivables are recognised and carried at the lower of their originally invoiced value and recoverable amount. Where the time value of money is material the receivables are carried at amortised cost. Provisions are made where there is objective evidence that the amount will not be recovered in full. Balances are written off when the probability of recovery is assessed as being remote.

AVIVA LIFE INVESTMENTS INTERNATIONAL L.P.

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

2 SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

(e) Cash and cash equivalents

Cash and cash equivalents comprise of cash and cash on deposit with banks, both of which are immediately available.

(f) Trade and other payables

Trade and other payables are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(g) Partner's accounts

Partner's accounts consist of capital contributions and non interest bearing loans. The Partnership has classified the Partner's accounts as a financial liability based on the contractual arrangements within the Limited Partnership Agreement (LPA) which require repayment of the net assets/liabilities upon wind up of the Partnership.

(h) Administrative expenses

Administrative expenses include all costs not directly incurred in the operation of the Partnership's investment portfolio. This includes administration and management expenses.

(i) Operating expenses

Operating expenses are recognised at cost in the Statement of Comprehensive Income on an accrual basis.

(j) Finance income

Finance income comprises interest income which is recognised as it accrues using the effective interest method.

Interest income on loans to related parties is recognised as it accrues using the effective interest method.

(k) Distributions

Income produced by the Partnership's investment in loans is distributed to the Partners. Total income, excluding net unrealised loss from financial assets at fair value through profit and loss, is \$6,153,760 (2022: \$4,735,987). The distributions from accumulated distributable reserves to the partners for the year were \$6,090,000 (2022: \$4,571,000).

The General Partner is required to ensure that no distribution is made that would render the Partnership insolvent or unable to pay its expenses for the twelve month period following a distribution, having regard to the expected receipts of the Partnership.

Net income and capital proceeds shall be distributed in the following order of priority (after payment of the expenses and liabilities of the Partnership):

(i) first, to the General Partner in respect of the Priority Profit Share that has accrued but not yet been paid to the General Partner; and

(ii) second, to the Limited Partner in respect of the balance (if any).

(l) Taxation

The provisions of Section 1258 of the Corporation Tax Act 2009 require the taxable gains and losses of a limited partnership to be assessable directly upon the partners. Accordingly no provision has been made for taxation in these financial statements.

The Partnership is not subject to taxation and no provision for taxation on the Partnership profits has been made in the financial statements. Any tax on income or capital is the responsibility of each individual partner. The Partners settle tax expenses in the form of US State Taxes.

AVIVA LIFE INVESTMENTS INTERNATIONAL L.P.**NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2023****3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

The preparation of the Partnership's Financial Statements requires the General Partner to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities affected.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The key accounting judgements and sources of estimation uncertainty are in respect of the determination of the fair value of financial assets at fair value through profit and loss. The mortgage loans value uses a simple discounted cash flow methodology. The discount rate comprises the yield of a US treasury note of matching tenor/weighted average life, plus a spread based on the mortgage rating. The carrying amount of Investments at fair value through profit and loss as at year end was \$141,656,360 (2022: \$143,705,373) after recognising unrealised loss of \$2,049,013 (2022: \$21,774,897) during the year.

4 FINANCE INCOME	1 January 2023 to 31 December 2023	1 January 2022 to 31 December 2022
	\$	\$
Loan interest income	6,473,140	5,080,853
Administration fee income	-	102,102
Bank interest income	-	7,265
	<u>6,473,140</u>	<u>5,190,220</u>

5 ADMINISTRATIVE EXPENSES	1 January 2023 to 31 December 2023	1 January 2022 to 31 December 2022
	\$	\$
Management fees	383,920	314,774
Bank charges	31	-
	<u>383,951</u>	<u>314,774</u>

The Partnership had no employees in the current year (2022: none). The Directors received no emoluments for services to the Partnership for the financial year (2022: nil).

6 OPERATING EXPENSES	1 January 2023 to 31 December 2023	1 January 2022 to 31 December 2022
	\$	\$
Tax expenses	(64,571)	139,459

7 AUDITORS' REMUNERATION	1 January 2023 to 31 December 2023	1 January 2022 to 31 December 2022
	\$	\$
Audit fees payable	<u>81,427</u>	<u>76,834</u>

AVIVA LIFE INVESTMENTS INTERNATIONAL L.P.**NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2023**

8	TRADE AND OTHER RECEIVABLES	<u>31 December 2023</u>	<u>31 December 2022</u>
		\$	\$
	Debtors	<u>600,363</u>	<u>466,236</u>

The carrying value of the trade and other receivables approximates to fair value due to their relatively short maturity and no indication of impairment to date.

9 FINANCIAL INSTRUMENTS**Financial instruments by category****Investments, receivables and cash**

	<u>31 December 2023</u>	<u>31 December 2022</u>
	\$	\$
Assets per statement of financial position		
Investments at fair value through profit or loss	141,656,360	143,705,373
Trade and other receivables	600,363	466,236
Cash and cash equivalents	22,612	21,979
	<u>142,279,335</u>	<u>144,193,588</u>

Financial liabilities at amortised cost

	<u>31 December 2023</u>	<u>31 December 2022</u>
	\$	\$
Liabilities per statement of financial position		
Trade and other payables	<u>5,011</u>	<u>4,011</u>

The Partnership has applied the exemptions on the fair value disclosure.

10 NET ASSETS ATTRIBUTABLE TO PARTNERS

	Limited Partner
	100%
	\$
Contributions (Distributions) to Partners	
At 1 January 2023	149,732,801
Proceeds received	70,000
Distributions paid	<u>(6,090,000)</u>
At 31 December 2023	<u>143,712,801</u>
Income account	
At 1 January 2023	(5,543,224)
Total comprehensive income for the year	<u>4,104,747</u>
At 31 December 2023	<u>(1,438,477)</u>
Net assets attributable to Partners at 31 December 2022	<u>144,189,577</u>
Net assets attributable to Partners at 31 December 2023	<u>142,274,324</u>

AVIVA LIFE INVESTMENTS INTERNATIONAL L.P.**NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2023****10 NET ASSETS ATTRIBUTABLE TO PARTNERS - (CONTINUED)**

	Limited Partner 100% \$
Contributions (Distributions) to Partners	
At 1 January 2022	96,661,801
Proceeds received	57,642,000
Distributions paid	(4,571,000)
	<u>149,732,801</u>
At 31 December 2022	<u>149,732,801</u>
Income account	
At 1 January 2022	11,495,686
Total comprehensive loss for the year	(17,038,910)
	<u>(5,543,224)</u>
At 31 December 2022	<u>(5,543,224)</u>
Net assets attributable to Partners at 31 December 2021	<u>108,157,487</u>
Net assets attributable to Partners at 31 December 2022	<u><u>144,189,577</u></u>

The GP has nil ownership and no net assets attributable to the GP have been disclosed.

11 RELATED PARTY TRANSACTIONS

	1 January 2023 to 31 December 2023	31 December 2023	1 January 2022 to 31 December 2022	31 December 2022
	Net income earned in year \$	Net receivable at year end \$	Net income earned in year \$	Net receivable at year end \$
Limited Partners	<u>6,153,760</u>	<u>595,352</u>	<u>4,735,987</u>	<u>462,225</u>

The General Partner shall not make a capital contribution to the Partnership.

As at 31 December 2023, loan contributions of \$70,000 (2022: \$57,642,000) were made by the Limited Partner.

As at 31 December 2023, distributions of \$6,089,000 (2022: \$4,570,000) were made to the Limited Partner.

In line with the exemptions available in FRS 101 the Company has elected not to disclose transactions with other group companies. There are no other related party transactions.

12 ULTIMATE CONTROLLING ENTITY

The Partnership is controlled by the General Partner for the beneficial interest of the Partners as a body. Aviva plc is a company registered in England and considered to be the ultimate controlling entity.

AVIVA LIFE INVESTMENTS INTERNATIONAL L.P.

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

13 EVENTS AFTER THE REPORTING PERIOD

Subsequent events have been evaluated up to the date the financial statements were approved and authorised for issue by the Director and there are no other material events to be disclosed or adjusted for in these financial statements.