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6 June 2019

Dear Client Title, Surname OR Sir/Madam

Client Reference Number:

### **Important Changes to the Aviva Investors Multi-Asset Funds (the “Funds”)**

We are writing to you to explain how we will describe the Multi-Asset Fund range investment objectives and policies in the future. We are also notifying you of our intention to make wider use of the investment options the Funds’ Investment Manager already has available to them. As part of our ongoing commitment to our clients we constantly review our fund range to ensure that all the information we provide about our funds is as clear and appropriate as possible.

***This letter is for your information as an investor in our funds. We recommend you take the time to review the changes. You do not need to respond to us unless you want to take action.***

The Multi-Asset Funds (MAF) are a range of five funds each with their own risk profile, from lower to higher volatility, based on the level of risk they take when compared to global equities.

The following table shows the details of these risk/volatility targets and what we call the risk profiles.

<b>Fund Name</b>	<b>Risk Profile Name</b>	<b>Volatility Target Relative to Global Equities</b>	<b>Upper and lower volatility range targeted</b>
MAF I	Defensive	20% of global equity volatility	12% to 28%
MAF II	Cautious	45% of global equity volatility	37% to 53%
MAF III	Moderately Cautious	60% of global equity volatility	52% to 68%
MAF IV	Balanced	75% of global equity volatility	67% to 83%
MAF V	Adventurous	100% of global equity volatility	92% to 108%

We don’t currently describe in detail what these terms mean and how we measure them in the Funds’ objectives and policies, although information is available on our website at <https://www.avivainvestors.com/amms>.

The Funds target a proportion of the volatility of global equities, with that proportion varying according to the risk profile of the Fund. The volatility of global equities is a measure of the movement of share prices worldwide, represented by the MSCI® All Country World Index (GBP). We are amending the Funds’ objectives and policies to say how much volatility we target within each Fund as per the table

above. We are also describing the range of volatility levels that we expect the Funds to operate within. On occasion, market conditions may cause the Funds to operate outside their upper and lower risk ranges. If this happens we will exercise professional judgment in determining how quickly to reduce or increase the level of risk being taken to bring the Funds back within their respective target risk range

In some market conditions we may want to increase the level of risk to take advantage of investment opportunities in the market, or sometimes we may want to reduce risk to protect your portfolio when markets are more challenging. We are using the level of volatility compared to global equities as our measure of how much risk is taken in the Funds.

The actual volatility figures of the Funds will move up and down relative to market conditions. If market volatility increases, the volatility of the Funds will rise accordingly. Please note the volatility of the Funds and global equity volatility are calculated over any given three-year period and based on monthly data.

For the specific details of the new objective and investment policy of the Multi-Asset Fund(s) that you invest in, please see the appendix to this letter.

### **What this means for you**

This is not a change to the way the Funds are run, it is just designed to make the Funds' aims and strategies clearer.

The Funds will continue to be managed so they are tiered in terms of risk. So MAF I will always sit in a lower risk bracket than MAF II, MAF II will always sit in a lower risk bracket than MAF III and so on. Each of the Funds will continue to contain what we believe to be an optimal asset mix to maximise returns for the level of risk that is consistent with their profile.

The following summarises and explains the other changes we are making:

The new investment policy wording better describes each Fund's overall strategy and the types of investment the manager will look for. The overall investment objective is a long term one, meaning performance should be judged over five years or more.

We also set out how environmental, social and governance (ESG) criteria are integrated into the investment process and considered alongside a range of financial metrics and research. We also actively engage with companies and use voting rights with the aim of positively influencing company behaviour. Further information on how we integrate ESG and the limited exclusions we have is available on our website and in the Prospectus.

We have introduced a "Performance and Risk Measurement" section which explains how the Funds' level of volatility, and hence relative risk, will be compared against the benchmark index volatility target, and why the benchmark index has been selected as a risk measurement comparator.

***Please note that these clarificatory changes will not result in any change to the investment strategy or risk profile of the Funds, and they are being made only to describe more clearly how the Funds are managed.***

*Full details of the investment objective and policy clarifications are in the Appendix.*

### **A change to the way the Funds use their investment options**

The Funds currently use derivatives. These are financial tools whose value is linked to the value of other assets or financial market indicators.

Currently the Funds' documentation says we can use derivatives both for pure investment purposes and to manage the Funds' portfolios more efficiently – but currently we only use them for efficient portfolio management. As of 7 August 2019, we intend to also use derivatives in the Funds for investment purposes. We are hereby giving 60 days' notice to you of this intention.

**The change will not alter the risk profile of the Funds and they will still aim to remain within their defined risk profile.**

This approach introduces more options for the manager, and a greater degree of flexibility over how they can operate the Funds - with the aim of enhancing how investments can be made without changing how much risk the Funds take.

The Funds may also start to make use of a broader range of derivative types than they do currently, including ones called 'total return swaps' for efficient portfolio management - this will be explained and disclosed in full in the Prospectus. The Funds' documents therefore explain some new risks that the broader use of derivatives creates but this doesn't mean the Funds' risk profiles will change.

**Is any action required?**

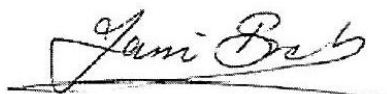
This letter is for information purposes and you are not required to take any action. We are providing you with advance notice of the changes to the Funds in order that you have time to consider them and time to take action, should you wish to do so, before the changes become effective on 7 August 2019. For further details and clarification please refer to the Funds' Key Investor Information Documents (KIID) and Prospectus which are available at <https://www.avivainvestors.com/amms>.

If you have any queries on the changes we are making which are not covered here, 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,



Iain Buckle  
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.*

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## Appendix- Aviva Investors Multi-asset Fund I

Previous	New
<p><b>Aviva Investors Multi-asset Fund I</b></p> <p><b>Investment Objective</b></p> <p>The fund aims to provide returns through a combination of capital growth and income.</p> <p><b>Investment Policy</b></p> <p>The fund aims to achieve the investment objective by employing a blend of both strategic and tactical asset allocation across a diversified range of global asset classes.</p> <p>The fund may invest in securities, fixed income assets, Exchange Traded Funds, collective investment schemes, warrants, money market instruments, deposits, cash, near cash, property and commodities. Exposure to property and commodities will be via collective investment schemes and Exchange Traded Funds. The fund may also invest directly in derivative instruments (including commodity futures) for the purposes of investment and efficient portfolio management.</p> <p>By combining diversified and relatively uncorrelated assets, investment risk is controlled and kept in line with the Fund's 'defensive' risk profile.</p>	<p><b>Aviva Investors Multi-asset Fund I</b></p> <p><b>Investment Objective</b></p> <p>The Fund aims to grow your investment over the long term (5 years or more) through a combination of income and capital returns.</p> <p>It is managed to a “defensive” risk profile, which we define as aiming for an average volatility of 20% of the volatility of “Global Equities” (where the volatility of Global Equities equals 100%).</p> <p><b>Investment Policy</b></p> <p><b>Core investment:</b> The Fund invests in a broad range of global asset classes (including emerging markets) that may include shares, bonds, cash, property, and commodities, and will gain this exposure by investing in other funds (including funds managed by Aviva Investors companies), directly in these assets, or through the use of derivatives.</p> <p>Derivatives may be used for investment purposes to generate additional returns for the fund but will not materially alter the risk profile. They are also used to gain exposure to asset classes which may otherwise be difficult or costly to achieve, or to manage the Fund's cash flows in a cost-effective manner. Derivatives may also be used to reduce risk, such as foreign currency risk within the Fund.</p> <p><b>Strategy:</b> The Fund is actively managed, and the Manager does not base investment decisions upon a benchmark. Instead the asset allocation of the Fund is designed to be consistent with its “defensive” risk profile. The portfolio blends these asset classes for diversification, allowing more defensive or aggressive asset allocations to be selected in line with the expected risk profile depending on market conditions and opportunities. The Fund is part of a range of five multi-asset funds, each with their own risk profile, ranging from I (the lowest) to V (the highest). This Fund is number I in the range. <i>For more information on these funds please refer to the prospectus.</i></p> <p><b>Environmental, Social and Governance (ESG):</b> ESG factors are integrated into the investment process and are considered alongside a range of financial metrics and research, but the</p>

Investment Manager retains discretion over which investments are selected. We also actively engage with companies and use voting rights with the aim of positively influencing company behaviour and helping to create competitive returns. In addition, the Fund has limited exclusions based on Aviva Investors' UK Responsible Investment policy. Further information on how we integrate ESG and the Aviva Investors UK Responsible Investment policy into our investment approach, and how we engage with companies is available on our website and in the prospectus.

#### **Performance and Risk measurement**

The Fund aims to remain within a defined risk range consistent with its “defensive” risk profile – measured against the volatility of Global Equities. Volatility measures how much the returns of the Fund fluctuate, and it is an indicator of the level of risk taken by the Investment Manager.

The Fund is expected to operate within a range of 12% to 28% of the volatility of Global Equities, with an average volatility of 20%. There may be times when it operates outside of this range.

The index we use to represent Global Equities is the *MSCI® All Country World Index GBP (the “Index”)*\*. The Fund's volatility is compared against the Index's monthly volatility, annualised, over 3-year rolling periods.

*\*The MSCI® All Country World Index comprises large and medium sized companies, as determined by their market capitalisation (total market value of a company's outstanding shares), from both developed and emerging markets, and the Index is designed to provide a broad measure of global equity market performance.*

The Index has been selected as a benchmark due to the broad range of companies that it represents, and it is therefore an appropriate measure of the volatility of Global Equities.