

AVIVA INVESTORS MANAGER OF MANAGER ICVC (ICVC2)

Interim Report and Financial Statements

For the six months ended 31 January 2017 (unaudited)

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* These items comprise the Manager's Report for the purposes of the rules contained in the Collective Investment Scheme Sourcebook ("the Regulations").

COMPANY INFORMATION

AUTHORISED CORPORATE DIRECTOR

Aviva Investors UK Fund Services Limited
St Helen's
1 Undershaft
London, EC3P 3DQ

Aviva Investors UK Fund Services Limited (the ACD) is a wholly owned subsidiary of Aviva Investors Holdings Limited, a company incorporated in the United Kingdom and within the Aviva Group of Companies. The ACD is a member of the Investment Association and is authorised and regulated by the Financial Conduct Authority.

Changes to Registered Office

With effect from 19 December 2016, the registered office for the ACD was changed to St Helen's, 1 Undershaft, London, EC3P 3DQ. Prior to this date, the registered office was No. 1 Poultry, London, EC2R 8EJ.

DIRECTORS

I Buckle
J Misselbrook
S Ebenston
M Craston (resigned 8 February 2017)
G Cass (resigned 8 February 2017)
D Skinner (appointed 10 February 2017)

ADMINISTRATOR AND REGISTRAR

International Financial Data Services (UK) Limited
IFDS House
St Nicholas Lane
Basildon
Essex, SS15 5FS

INVESTMENT MANAGER

Aviva Investors Global Services Limited
St Helen's
1 Undershaft
London, EC3P 3DQ

Aviva Investors Global Services Limited is a member of the Investment Association and is authorised and regulated by the Financial Conduct Authority. The ultimate parent company of Aviva Investors Global Services Limited is Aviva Plc.

Changes to Registered Office

With effect from 19 December 2016, the registered office for the Investment Manager was changed to St Helen's, 1 Undershaft, London, EC3P 3DQ. Prior to this date, the registered office was No. 1 Poultry, London, EC2R 8EJ.

DEPOSITARY

J.P. Morgan Europe Limited
Chaseside
Bournemouth
BH7 7DA

J.P.Morgan Europe Limited is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP
7 More London Riverside
London, SE1 2RT

PricewaterhouseCoopers LLP have been reappointed as auditors of the Company.

REPORT OF THE AUTHORISED CORPORATE DIRECTOR

THE COMPANY

Aviva Investors Manager of Manager ICVC (ICVC 2) (“the Company”) is an Open-Ended Investment Company (OEIC) with variable capital incorporated in England and Wales since 23 October 2001. The property of the Company is entrusted to J.P. Morgan Europe Limited (“the Depository”). The shareholders are not liable for any debts of the Company.

The object of the Company is to invest the scheme property in transferable securities, money market instruments, derivative instruments and forward transactions, deposits and units of collective investment schemes in accordance with the COLL Sourcebook with the aim of spreading investment risk and giving its shareholders the benefit of the results of the management of that property.

The Company has an umbrella structure and currently has eight Funds, each with a different investment objective. In the financial statements you will find an investment review for each Fund which includes details of the investment objectives.

With effect from 19 December 2016, the registered office for the Aviva ICVC2 was changed to St Helen’s, 1 Undershaft, London, EC3P 3DQ. Prior to this date, the registered office was No. 1 Poultry, London, EC2R 8EJ.

AUTHORISED STATUS

From 23 October 2001 the Company was authorised as an Open-Ended Investment Company under Regulation 7 of the Open-Ended Investment Companies Regulations 1996 (superseded by Regulation 12 of the Open-Ended Investment Companies Regulations 2001).

The Company is authorised to operate as a “UCITS Scheme” for the purposes of the COLL sourcebook and as an “umbrella” company for the purposes of the OEIC Regulations, which means that the Company issues shares linked to different Funds.

SIGNIFICANT INFORMATION

Remuneration Policy

UCITS V came into effect on 18 March 2016 and the ACD has been subject to the UCITS Remuneration Code from that date. Up to date details of its remuneration policy, including but not limited to (i) a description of how remuneration and benefits are calculated and (ii) the identities of persons responsible for awarding remuneration and benefits, including the composition of the Aviva Investors Remuneration Committee, are available from the ACD’s website at <https://uk.avivainvestors.com/gb/en/individual/about-us/for-todays-investor.html>. A paper copy of the information available from the ACD’s website in relation to remuneration is also available free of charge on request from the ACD.

The ACD is also required to disclose a range of information in relation to UCITS remuneration paid in respect of each full performance period after the implementation of UCITS V. As the first full performance period for the ACD will be the period from 1 January 2017 to 31 December 2017, that information is therefore not available to the ACD for this annual accounting period and as such no remuneration disclosures have been included in these financial statements. A full remuneration disclosure setting out the information required by COLL 4.5.7R(7) will be included in the annual financial statements from the year ended 31 July 2018 onwards.

Changes to the Prospectus

On 12 August 2016, we made several updates to our prospectuses, as we do annually to include updated fund performance information and to make sure all elements of the prospectus are up to date. One of the changes made was to set out that if, following the closure of one of our Funds, any amount remaining after the payment of all amounts due to shareholders and the liabilities of the Fund is agreed with the fund’s depository to be “immaterial”, this amount will be paid to charity. We also made some changes to the way in which the charges applicable to the Funds are displayed, in order to make this clearer for our investors.

THE FINANCIAL STATEMENTS

We are pleased to present the interim financial statements of the Company for the period ended 31 January 2017. As required by the Regulations, information for each of the Funds has also been included in these financial statements. On the following pages we review the performance of each of those Funds during the year. We hope that you find our review useful and informative.

ANNUAL GENERAL MEETINGS

The Company will not be holding Annual General Meetings.

STATEMENT OF CROSS HOLDINGS

There are no cross holdings as at 31 January 2017.

AVIVA INVESTORS UK OPPORTUNITIES FUND

INVESTMENT OBJECTIVE

Long term capital appreciation.

INVESTMENT POLICY

Selective investment principally in UK equities based on price and prospects of above average earnings growth. There may also be limited investment in global bond markets from time to time.

FUND MANAGER'S REPORT

Performance

Over the six months ended 31 January 2017 the Fund* returned 8.93 per cent (share class 1, net of fees), outperforming the FTSE® All-Share Index return of 7.29 per cent.

Review

Over the last six months, there has been a marked improvement in the Fund's performance, relative to the benchmark and the peer group. At the sector level, underweight exposure to pharmaceuticals and consumer staples were the main factors that contributed to outperformance of the All Share Index. Going into the November US presidential election, the Fund managers held concerns over the earnings outlook for pharmaceutical stocks given political pressure for tighter controls on drug pricing in the US. Subsequently, pharmaceuticals have struggled as the Trump administration has begun to enact healthcare reforms with drug pricing firmly on the agenda. The Fund's limited exposure to consumer staples was also beneficial, as less cyclical sectors came under selling pressure in the aftermath of the US election result. The markets began to factor in higher inflation and interest rates in view of the likely impact of the Trump administration's proposed fiscal package of large-scale infrastructure spending and tax cuts.

Throughout the review period, the Fund retained a strong emphasis on high quality growth companies with sustainable earnings momentum. While earnings momentum had been out of favour during the first half of 2016, in recent months there have been some signs that the market has selectively begun to acknowledge these characteristics. We have seen improved performance from holdings such as B&M and Moneysupermarket. B&M is a UK value retailer which is in the growth phase of its life cycle and is responding to sterling weakness better than most of its peers. The Fund managers' view is that the company's roll out strategy and their highly competitive pricing is resonating well with the value conscious consumer wherever they open. Moneysupermarket is the UK market leading price comparison site provider, which continues to benefit from consumers increasing acceptance of the service while we are also attracted by the company's strong cash generation characteristics.

There are seven key beliefs the Fund managers identify with, that create economic value for shareholders, one of which is the impact of sensible M&A. We believe there are three types of M&A activity: transformative, progressive and defensive. Management can deploy capital in a variety of ways but the Fund managers require reassurance that any deals are taking place at the right time and right price.

An example of transformative M&A activity is London Stock Exchange (LSE), which is awaiting clearance for its merger with Deutsche Boerse. We believe this merger would substantially enhance long-term shareholder value. In the meantime, we remain supportive of the underlying investment case for LSE.

Zoopla the property portal continues to evolve in its aspiration to be the 'consumer champion of the home' and 'most effective partner for businesses' through a strategy of progressive M&A Activity with the acquisitions of uSwitch, Property Services Group and Hometrack. This has given them the foundations to offer the services consumers require in the home moving process, and the ongoing management of one's home, and changed the nature of their relationships with estate agents from one of a cost burden to a cost saving and revenue generating opportunity.

Sanne, a provider of Fund and corporate administration services in the alternative asset market space, has been a highly successful investment for the Fund. Increasing financial regulation and the associated cost this brings for asset managers is supportive of continued growth in the outsourcing of corporate administration services. Sanne has strengthened its foothold in the outsourcing market through successfully integrating acquisitions and has recently upgraded its earnings guidance.

New holdings during the review period included property regeneration specialist, St Mowden Properties. The holding was acquired on a discount to net asset value which appeared to be pricing in a recession scenario and the Fund managers were of the view that this presented an attractive opportunity on valuation grounds. We believe the company is well positioned given the long-term and regional focus of its development pipeline.

We reduced the Fund's holding in BT over the second half of 2016 with uncertainty surrounding the company's pension Fund deficit, the November Champions League auction, regulatory review of Openreach and increased competition overhanging the share price. Although the Fund managers remain positive on the EE deal, which we will hear more about this year, and potential for further cost cutting, some of the challenges BT faces are out of management control and not disappearing anytime soon.

Looking ahead, Brexit politics will continue to dominate the news headlines for the foreseeable future, with the economic impact to be felt over the next few years. While consumer spending has been a key driving force behind the resilience of the UK economy since the June referendum, we are mindful that consumer demand looks likely to weaken over the course of 2017. We have already begun to see the impact of sterling weakness in the rising cost of imported goods, and we believe a squeeze on disposable incomes looks likely with consumer price inflation set to run ahead of wage growth.

New US President Donald Trump has proved to be decisive from day one with renegotiations of trade agreements and border taxes on the agenda, as well as healthcare reform. This is all highly relevant as a lot of the President's actions have global repercussions. As the new US administration's fiscal stimulus programme is likely to accelerate inflationary pressures with accompanying interest rate hikes, this has led us to selectively increase our exposure to banks, such as Barclays, where lending margins look set to improve.

February 2017

Sources: Fund and peer group performance figures – Lipper, mid to mid basis with net income reinvested in GBP, with no initial charges applied. Market data – Bloomberg.

* Fund performance figures – share class 1, source Lipper Hindsight, net of fees, net income reinvested in GBP. Unless otherwise indicated, all data has been sourced by Aviva Investors Global Services Limited

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Any opinions expressed are those of the Fund manager. They should not be viewed as a guarantee of a return from an investment in the Funds. The content of the commentary should not be viewed as a recommendation to invest nor to buy or sell stocks. Past performance is not a guide to future performance. The value of an investment in the Fund and any income from it may go down as well as up, and the investor may not get back the original amount invested.

Material Portfolio Changes

Purchases	Sales
Aviva Investors Sterling Liquidity Fund Class 3, Income shares, GBP	Aviva Investors Sterling Liquidity Fund Class 3, Income shares, GBP
National Grid	London Stock Exchange Group
Melrose Industries	BT Group
Royal Dutch Shell 'B'	easyJet
St Modwen Properties	BCA Marketplace
Shire	Lavendon Group
Reckitt Benckiser Group	Compass Group
DS Smith	Whitbread
British American Tobacco	Barclays
Rio Tinto	lbstock

Synthetic Risk and Reward Indicator



The Fund has been allocated a risk number based on the historic volatility of its share price. Where insufficient share price information is available, the risk number has been based on the historic volatility of the asset classes appropriate to the Fund.

- This indicator is based on historical data, calculated using European Union rules, and may not be a reliable indication of the future risk profile of the Fund.
- Investment may be restricted to a limited number of holdings, industries, or Countries. The Fund share price may be more exposed to specific events and as a result may experience large daily price changes.
- The risk and reward category shown is not guaranteed to remain unchanged and may change over time. The lowest category does not mean 'risk free'.
- Full information on the risks applicable to the Fund is detailed in the Prospectus.

INVESTMENT PERFORMANCE

Net Asset Value – Accumulation Shares

Share class	As at	Net asset value* £000	Shares in issue	Pence per share
Class 1	31.07.14	1,614	1,311,746	123.08
	31.07.15	1,512	1,120,920	134.90
	31.07.16	1,127	878,708	128.32
	31.01.17	1,316	940,892	139.84
Class 2	31.07.14	389	191,475	202.92
	31.07.15	821	366,317	224.19
	31.07.16	840	390,657	214.96
	31.01.17	768	326,432	235.22
Class 3	31.07.14	167,861	59,333,366	282.91
	31.07.15	195,017	62,208,505	313.49
	31.07.16	180,522	59,878,505	301.48
	31.01.17	200,140	60,574,424	330.40

* Valued at bid market prices.

Share Price Record – Accumulation Shares

Share class	Financial year	Highest price* (p)	Lowest price* (p)
Class 1	2014	128.60	113.65
	2015	140.35	113.85
	2016	136.85	117.46
	2017**	141.50	127.18
Class 2	2014	211.32	185.98
	2015	232.93	188.01
	2016	227.47	196.04
	2017**	237.93	213.08
Class 3	2014	294.26	258.59
	2015	325.54	262.28
	2016	318.10	274.57
	2017**	334.17	298.86

* Valued at mid market prices.

** Up to 31 January 2017.

Ongoing Charges Figure*

Share class	31.01.17	31.07.16
Class 1	1.53%	1.53%
Class 2	0.73%	0.73%
Class 3	0.43%	0.43%

* The Ongoing Charges Figure (OCF) is calculated as the ratio of the total ongoing charges to the average net asset value of the Fund over the period. The OCF is made up of the Annual Management Charge and other operating costs deducted from the assets of the Fund during the period, except for those payments that are explicitly excluded (performance fees).

Revenue Record – Accumulation Shares

The revenue record table below shows the net distribution rates per financial year on a payment date basis for an investment made on 31 July 2013.

Share class	Financial year	Net revenue per share (p)	Per £1,000 invested (£)
Class 1	2014	2.0904	17.81
	2015	2.0804	17.73
	2016	2.3425	19.96
	2017*	0.8755	7.46
Class 2	2014	5.0402	26.26
	2015	5.1723	26.95
	2016	5.6225	29.30
	2017*	2.3811	12.41
Class 3	2014	7.8432	29.40
	2015	8.1178	30.43
	2016	8.7711	32.88
	2017*	3.8251	14.34

* Up to 31 March 2017 (the interim distribution payment date).

PORTFOLIO STATEMENT

As at 31 January 2017 (unaudited)

Investment	Currency	Holding	Market Value £000	% of Net Assets
Equities 92.81% (93.61%)				
Consumer Discretionary 16.20% (18.04%)				
Auto Components 0.08% (0.40%)				
Torotrak	GBP	18,585,556	167	0.08
			167	0.08
Hotels, Restaurants & Leisure 2.47% (4.01%)				
Compass Group	GBP	352,087	4,993	2.47
			4,993	2.47
Household Durables 2.57% (1.55%)				
Countryside Properties	GBP	1,370,056	3,195	1.58
McCarthy & Stone	GBP	1,217,776	2,004	0.99
			5,199	2.57
Media 5.73% (5.54%)				
ITV	GBP	2,697,930	5,544	2.74
Next Fifteen Communications Group [#]	GBP	1,732,222	6,046	2.99
			11,590	5.73
Multiline Retail 1.85% (1.60%)				
B&M European Value Retail	GBP	1,238,150	3,733	1.85
			3,733	1.85
Specialty Retail 3.50% (4.94%)				
BCA Marketplace	GBP	2,099,413	3,931	1.94
Dixons Carphone	GBP	998,020	3,156	1.56
			7,087	3.50
Consumer Discretionary total			32,769	16.20
Consumer Staples 9.08% (8.73%)				
Household Products 2.41% (2.15%)				
Reckitt Benckiser Group	GBP	71,538	4,878	2.41
			4,878	2.41
Tobacco 6.67% (6.58%)				
British American Tobacco	GBP	276,083	13,485	6.67
			13,485	6.67
Consumer Staples total			18,363	9.08
Energy 11.88% (10.55%)				
Oil, Gas & Consumable Fuels 11.88% (10.55%)				
BP	GBP	1,857,211	8,864	4.38
Royal Dutch Shell 'B'	GBP	666,788	15,169	7.50
			24,033	11.88
Energy total			24,033	11.88
Financials 18.44% (18.00%)				
Banks 6.13% (4.85%)				
Barclays	GBP	2,143,706	4,766	2.36
HSBC Holdings	HKD	1,109,897	7,624	3.77
			12,390	6.13
Capital Markets 6.64% (2.30%)				
London Stock Exchange Group	GBP	172,228	5,422	2.68
Sanne Group	GBP	1,300,032	8,002	3.96
			13,424	6.64

PORTFOLIO STATEMENT (CONTINUED)

As at 31 January 2017 (unaudited)

Investment	Currency	Holding	Market Value £000	% of Net Assets
Diversified Financial Services 0.00% (5.53%)				
Insurance 5.67% (5.32%)				
Aviva [†]	GBP	506,000	2,427	1.20
Prudential	GBP	581,998	9,039	4.47
			11,466	5.67
Financials total			37,280	18.44
Health Care 4.34% (5.24%)				
Biotechnology 1.96% (1.53%)				
Shire	GBP	90,511	3,958	1.96
			3,958	1.96
Health Care Equipment & Supplies 1.04% (1.10%)				
Smith & Nephew	GBP	176,676	2,097	1.04
			2,097	1.04
Health Care Providers & Services 1.34% (2.61%)				
UDG Healthcare	GBP	424,358	2,718	1.34
			2,718	1.34
Health Care total			8,773	4.34
Industrials 4.03% (3.82%)				
Airlines 0.23% (1.44%)				
easyJet	GBP	49,082	473	0.23
			473	0.23
Electrical Equipment 1.29% (0.00%)				
Melrose Industries	GBP	1,318,856	2,615	1.29
			2,615	1.29
Professional Services 1.54% (1.31%)				
Ricardo	GBP	325,646	3,110	1.54
			3,110	1.54
Trading Companies & Distributors 0.97% (1.07%)				
Lavendon Group	GBP	727,898	1,958	0.97
			1,958	0.97
Industrials total			8,156	4.03
Information Technology 9.40% (10.36%)				
Communications Equipment 0.00% (1.12%)				
Internet Software & Services 4.21% (3.55%)				
Moneysupermarket.com Group	GBP	1,103,123	3,649	1.80
Zoopla Property Group	GBP	1,309,143	4,871	2.41
			8,520	4.21
IT Services 2.65% (2.74%)				
Paysafe Group	GBP	358,602	1,360	0.68
Worldpay Group	GBP	1,391,859	3,988	1.97
			5,348	2.65
Software 2.54% (2.95%)				
Izodia [^]	GBP	1,192,922	–	–
Sage Group	GBP	830,202	5,139	2.54
			5,139	2.54
Information Technology total			19,007	9.40

PORTFOLIO STATEMENT (CONTINUED)

As at 31 January 2017 (unaudited)

Investment	Currency	Holding	Market Value £000	% of Net Assets
Materials 11.17% (9.07%)				
Construction Materials 1.21% (1.51%)				
Ibstock	GBP	1,317,302	2,458	1.21
			2,458	1.21
Containers & Packaging 4.99% (4.22%)				
DS Smith	GBP	2,258,392	10,088	4.99
			10,088	4.99
Metals & Mining 4.97% (3.34%)				
Rio Tinto	GBP	283,680	10,050	4.97
			10,050	4.97
Materials total			22,596	11.17
Real Estate 2.38% (1.76%)				
Equity Real Estate Investment Trusts (REITs) 1.40% (1.76%)				
Derwent London	GBP	114,195	2,835	1.40
			2,835	1.40
Real Estate Management & Development 0.98% (0.00%)				
St Modwen Properties	GBP	628,100	1,967	0.98
			1,967	0.98
Real Estate total			4,802	2.38
Telecommunication Services 4.31% (8.04%)				
Diversified Telecommunication Services 2.00% (5.15%)				
BT Group	GBP	729,155	2,234	1.11
Inmarsat	GBP	296,776	1,809	0.89
			4,043	2.00
Wireless Telecommunication Services 2.31% (2.89%)				
People's Operator Holdings [#]	GBP	2,725,716	157	0.08
Vodafone Group	GBP	2,321,331	4,505	2.23
			4,662	2.31
Telecommunication Services total			8,705	4.31
Utilities 1.58% (0.00%)				
Multi-Utilities 1.58% (0.00%)				
National Grid	GBP	347,454	3,202	1.58
			3,202	1.58
Utilities total			3,202	1.58
Equities total			187,686	92.81
Liquidity Funds 6.33% (4.22%)				
Aviva Investors Sterling Liquidity Fund Class 3, Income shares, GBP [†]	GBP	12,800,000	12,800	6.33
Liquidity Funds total			12,800	6.33
Investment assets			200,486	99.14
Net other assets			1,738	0.86
Net assets			202,224	100.00

All holdings are ordinary shares or stock units and admitted to an official stock exchange unless otherwise stated.

The comparative percentage figures in brackets are as at 31 July 2016.

[#] Security traded on another regulated market[†] Investment in or managed by a related party.[^] Unlisted, suspended or delisted security.

STATEMENT OF TOTAL RETURN

For the six months ended 31 January 2017 (unaudited)

	£000	Six months ended 31.01.17 £000	£000	Six months ended 31.01.16 £000
Income				
Net capital gains/(losses)		15,279		(12,944)
Revenue	2,755		2,635	
Expenses	(430)		(417)	
Net revenue before taxation	2,325		2,218	
Taxation	(3)		12	
Net revenue after taxation		2,322		2,230
Total return before distributions		17,601		(10,714)
Distributions		(2,322)		(2,230)
Change in net assets attributable to shareholders from investment activities		15,279		(12,944)

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

For the six months ended 31 January 2017 (unaudited)

	£000	Six months ended 31.01.17 £000	£000	Six months ended 31.01.16 £000
Opening net assets attributable to shareholders		182,489		197,350
Movement due to issue and cancellation of shares:				
Amounts receivable on issue of shares	2,749		87	
Amounts payable on cancellation of shares	(626)		(152)	
		2,123		(65)
Change in net assets attributable to shareholders from investment activities (see above)		15,279		(12,944)
Retained distribution on accumulation shares		2,333		2,229
Closing net assets attributable to shareholders		202,224		186,570

The Statement of Recommended Practice (2014) requires that comparatives are shown for the above report. As the comparatives should be for the comparable interim period, the net asset value at the end of the previous period will not agree to the net asset value at the start of this period. The published net asset value as at 31 July 2016 was £182,489,000.

BALANCE SHEET

As at 31 January 2017 (unaudited)

	As at 31.01.17 £000	As at 31.07.16 £000
Assets:		
Investments	200,486	178,532
Current assets:		
Debtors	911	1,011
Cash and bank balances	1,859	3,058
Total assets	203,256	182,601
Liabilities:		
Creditors:		
Other creditors	(1,032)	(112)
Total liabilities	(1,032)	(112)
Net assets attributable to shareholders	202,224	182,489

ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the financial statements for the year ended 31 July 2016 and are described in those annual financial statements.

AVIVA INVESTORS UK EQUITY MOM 1 FUND

INVESTMENT OBJECTIVE

Long term capital growth by investing primarily in UK equities.

INVESTMENT POLICY

The Fund will invest primarily in equity securities listed or traded on Regulated markets in the UK. Limited exposure to other geographic regions may be possible. The Fund may invest in any of the following financial instruments in order to achieve its investment objective: equities or securities with equity characteristics, unlisted transferable securities, convertibles, preference shares, warrants, money market instruments, collective investment schemes and deposits.

FUND MANAGER'S REPORT

Performance

Over the six months ended 31 January 2017 the Fund* returned 1.70 per cent (net of fees), underperforming the FTSE® All-Share Index return of 7.29 per cent.

Review

The Fund underperformed over the last six months, as other investors anticipated a period of accelerating global economic growth and a sustained upswing in commodity prices. This anticipation has encouraged a rally in the "value" and "cyclical" sectors of the UK stock market to which we have little or no exposure and never have had. We have no particular view as to whether this "new" economic outlook will prevail, but would not change the current disposition of the Fund even if we did. This is because we analyse there to be far more fundamental and powerful reasons to be bullish on UK equities. And that relative to those reasons the question of whether the prices of coal or copper go up or down over the next six months is actually of little importance. Instead we look for a continuation of the current secular bull market – a bull market we think will be best captured by investing in those companies best exposed to these fundamental and powerful trends.

I want to reiterate this last point. Sometimes other investors designate the companies we invest in as "defensive", with the presumption that you would only invest in, for instance, Unilever or RELX because you are cautious about stock markets and feeling, therefore, "defensive". This is absolutely not the way we look at it at all. By contrast, we are very optimistic about the outlook for the global economy and stock markets and, crucially, believe the companies we are invested in will continue to do what they have done in the past – which is to offer participation to those reasons to be fundamentally bullish. Those reasons are based around the steady increase in spending power of consumers around the world and faster corporate growth and increased profitability delivered by technology change.

Whenever investors feel more optimistic about global economic growth they tend to pile into industrial commodities and commodity companies. This is a reasonable reaction, even if the long term returns from such assets are patchy. But we are always surprised they don't immediately think about investing more into the true proven long term winners from global growth. And those winners are the owners of aspirational consumer brands. Look at the long term share price charts, or just as important, the long term dividend growth histories of preeminent examples – Burberry, Diageo and Heineken, to name three of our key holdings. It's clear that they do well when the world is doing well too. So, if you are optimistic about the outlook for global growth - and we are - ask yourself, would you rather own shares in a coal mine or in the company selling Johnnie Walker and Guinness to billions of hard-working and getting-wealthier consumers?

Inflation remained very low across the developed world in 2016/17 – as low as 1.2 per cent in the UK. We expect this to continue and believe low inflation has important ramifications for the valuation of UK equities, which appear undervalued to us. Take Unilever for example, which fell over the period and after its final results in January. We think investors' disappointment here is a clear case of looking a gift horse in the mouth. Revenue growth of c3 per cent produced earnings up c5 per cent and a dividend increase of 6 per cent (in Euros; Unilever's 2016 dividend was up 20 per cent in Sterling terms). This result should be considered in the context of historically low inflation. With UK inflation at little more than 1 per cent this means that Unilever's real growth rates – let's say of 4 and 5 per cent respectively for earnings and dividends are actually high by historic standards. For instance, long term real dividend growth in the US runs at only 1.5-2.0 per cent for the market as a whole. This high real growth from a company of Unilever's calibre – still offering a dividend yield double that of a long-dated gilt - looks attractive to us. You can extrapolate for the market as a whole – offering a starting dividend yield of c3.4 per cent, or 3x the rate of UK inflation, with dividends growing at c6 per cent (or 5 per cent in real terms). Of course there are plenty of reasons to be nervous about the stock market – politics and volatile currency markets. But this basic equation of high real dividend yield and strong real dividend growth underpins UK Equities and makes us even more optimistic for the collection of what we regard as remarkable businesses we are invested in.

February 2017

* Fund performance figures – share class 2, source Lipper, net of fees, net income reinvested in GBP. Unless otherwise indicated, all data has been sourced by Lindsell Train Limited.

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Any opinions expressed are those of the Fund manager. They should not be viewed as a guarantee of a return from an investment in the Funds. The content of the commentary should not be viewed as a recommendation to invest nor to buy or sell stocks. Past performance is not a guide to future performance. The value of an investment in the Fund and any income from it may go down as well as up, and the investor may not get back the original amount invested.

AVIVA INVESTORS UK EQUITY MOM 1 FUND (CONTINUED)

Material Portfolio Changes

Purchases	Sales
Hargreaves Lansdown	Burberry Group
Diageo	RELX
PayPal Holdings	PayPal Holdings
Rathbone Brothers	Sage Group
Pearson	Greene King
Sage Group	Hargreaves Lansdown
Heineken Holding	A.G. Barr
Unilever	Fidessa Group
Greene King	eBay
London Stock Exchange Group	Heineken Holding

Synthetic Risk and Reward Indicator

The Fund has been allocated a risk number based on the historic volatility of its share price. Where insufficient share price information is available, the risk number has been based on the historic volatility of the asset classes appropriate to the Fund.

- This indicator is based on historical data, calculated using European Union rules, and may not be a reliable indication of the future risk profile of the Fund.
- The risk and reward category shown is not guaranteed to remain unchanged and may change over time. The lowest category does not mean 'risk free'.
- Full information on the risks applicable to the Fund is detailed in the Prospectus.

INVESTMENT PERFORMANCE

Net Asset Value – Income Shares

Share class	As at	Net asset value* £000	Shares in issue	Pence per share
Class 2	31.07.14	263,727	109,621,780	240.58
	31.07.15	250,701	89,291,105	280.77
	31.07.16	274,503	91,121,345	301.25
	31.01.17	328,844	107,893,998	304.78

* Valued at bid market prices.

Share Price Record – Income Shares

Share class	Financial year	Highest price* (p)	Lowest price* (p)
Class 2	2014	256.27	221.98
	2015	290.01	229.90
	2016	307.64	252.55
	2017**	319.26	290.03

* Valued at mid market prices.

** Up to 31 January 2017.

Ongoing Charges Figure*

Share class	31.01.17	31.07.16
Class 2	1.02%	1.02%

* The Ongoing Charges Figure (OCF) is calculated as the ratio of the total ongoing charges to the average net asset value of the Fund over the period. The OCF is made up of the Annual Management Charge and other operating costs deducted from the assets of the Fund during the period, except for those payments that are explicitly excluded (performance fees).

Revenue Record – Income Shares

The revenue record table below shows the net distribution rates per financial year on a payment date basis for an investment made on 31 July 2013.

Share class	Financial year	Net revenue per share (p)	Per £1,000 invested (£)
Class 2	2014	3.5620	15.20
	2015	3.6452	15.55
	2016	4.1795	17.83
	2017*	1.6500	7.04

* Up to 31 March 2017 (the interim distribution payment date).

PORTFOLIO STATEMENT

As at 31 January 2017 (unaudited)

Investment	Currency	Holding	Market Value £000	% of Net Assets
Equities 98.50% (99.94%)				
Consumer Discretionary 19.51% (20.82%)				
Hotels, Restaurants & Leisure 4.61% (5.11%)				
Fuller Smith & Turner 'A'	GBP	206,675	2,067	0.63
Greene King	GBP	1,203,395	8,195	2.49
Young & Co's Brewery 'A'	GBP	360,785	4,690	1.43
Young & Co's Brewery, (Non-Voting)	GBP	21,763	214	0.06
			<hr/>	
			15,166	4.61
Media 9.87% (10.78%)				
Celtic [#]	GBP	166,410	116	0.04
Daily Mail & General Trust 'A'	GBP	1,925,765	13,403	4.08
Euromoney Institutional Investor	GBP	679,949	7,507	2.28
Pearson	GBP	1,842,837	11,426	3.47
			<hr/>	
			32,452	9.87
Textiles, Apparel & Luxury Goods 5.03% (4.93%)				
Burberry Group	GBP	996,519	16,542	5.03
			<hr/>	
			16,542	5.03
Consumer Discretionary total			<hr/>	
			64,160	19.51
Consumer Staples 27.02% (28.55%)				
Beverages 14.69% (15.07%)				
A.G. Barr	GBP	1,269,892	6,356	1.93
Diageo	GBP	1,232,086	27,377	8.33
Heineken Holding	EUR	259,746	14,584	4.43
			<hr/>	
			48,317	14.69
Food Products 4.54% (4.62%)				
Mondelez International 'A'	USD	419,500	14,918	4.54
			<hr/>	
			14,918	4.54
Personal Products 7.79% (8.86%)				
Unilever	GBP	791,117	25,628	7.79
			<hr/>	
			25,628	7.79
Consumer Staples total			<hr/>	
			88,863	27.02
Financials 25.84% (21.28%)				
Capital Markets 25.84% (12.97%)				
Hargreaves Lansdown	GBP	1,906,068	25,751	7.83
London Stock Exchange Group	GBP	914,150	28,823	8.76
Rathbone Brothers	GBP	739,506	15,278	4.65
Schroders	GBP	490,293	14,459	4.40
Schroders, (Non-Voting)	GBP	30,000	651	0.20
			<hr/>	
			84,962	25.84
Diversified Financial Services 0.00% (8.31%)				
Financials total			<hr/>	
			84,962	25.84

PORTFOLIO STATEMENT (CONTINUED)

As at 31 January 2017 (unaudited)

Investment	Currency	Holding	Market Value £000	% of Net Assets
Industrials 7.91% (9.52%)				
Professional Services 7.91% (9.52%)				
RELX	GBP	1,815,372	26,014	7.91
			26,014	7.91
Industrials total			26,014	7.91
Information Technology 15.30% (17.12%)				
Electronic Equipment, Instruments & Components 2.46% (3.30%)				
Halma	GBP	867,747	8,105	2.46
			8,105	2.46
Internet Software & Services 0.48% (1.06%)				
eBay	USD	61,000	1,571	0.48
			1,571	0.48
IT Services 4.36% (3.06%)				
PayPal Holdings	USD	449,000	14,328	4.36
			14,328	4.36
Software 8.00% (9.70%)				
Fidessa Group	GBP	507,516	11,688	3.56
Sage Group	GBP	2,354,852	14,612	4.44
			26,300	8.00
Information Technology total			50,304	15.30
Investment Funds 2.92% (2.65%)				
Investment Companies 2.92% (2.65%)				
Finsbury Growth & Income Trust	GBP	1,469,000	9,592	2.92
			9,592	2.92
Investment Funds total			9,592	2.92
Equities total			323,895	98.50
Investment assets			323,895	98.50
Net other assets			4,949	1.50
Net assets			328,844	100.00

All holdings are ordinary shares or stock units and admitted to an official stock exchange unless otherwise stated.

The comparative percentage figures in brackets are as at 31 July 2016.

Security traded on another regulated market.

STATEMENT OF TOTAL RETURN

For the six months ended 31 January 2017 (unaudited)

	£000	Six months ended 31.01.17 £000	£000	Six months ended 31.01.16 £000
Income				
Net capital gains/(losses)		4,540		(8,422)
Revenue	2,948		2,602	
Expenses	(1,487)		(1,240)	
Net revenue before taxation	1,461		1,362	
Taxation	(28)		(20)	
Net revenue after taxation		1,433		1,342
Total return before distributions		5,973		(7,080)
Distributions		(1,433)		(1,342)
Change in net assets attributable to shareholders from investment activities		4,540		(8,422)

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

For the six months ended 31 January 2017 (unaudited)

	£000	Six months ended 31.01.17 £000	£000	Six months ended 31.01.16 £000
Opening net assets attributable to shareholders		274,503		250,701
Movement due to issue and cancellation of shares:				
Amounts receivable on issue of shares	69,373		–	
Amounts payable on cancellation of shares	(20,102)		(50)	
		49,271		(50)
Dilution adjustment		530		–
Change in net assets attributable to shareholders from investment activities (see above)		4,540		(8,422)
Closing net assets attributable to shareholders		328,844		242,229

The Statement of Recommended Practice (2014) requires that comparatives are shown for the above report. As the comparatives should be for the comparable interim period, the net asset value at the end of the previous period will not agree to the net asset value at the start of this period. The published net asset value as at 31 July 2016 was £274,503,000.

BALANCE SHEET

As at 31 January 2017 (unaudited)

	As at 31.01.17 £000	As at 31.07.16 £000
Assets:		
Investments	323,895	274,345
Current assets:		
Debtors	439	362
Cash and bank balances	6,609	2,483
Total assets	330,943	277,190
Liabilities:		
Creditors:		
Distribution payable	(1,780)	(2,438)
Other creditors	(319)	(249)
Total liabilities	(2,099)	(2,687)
Net assets attributable to shareholders	328,844	274,503

ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the financial statements for the year ended 31 July 2016 and are described in those annual financial statements.

AVIVA INVESTORS UK EQUITY MOM 2 FUND

INVESTMENT OBJECTIVE

Long term capital growth by investing primarily in UK equities.

INVESTMENT POLICY

The Fund will invest primarily in equity securities listed or traded on Regulated markets in the UK. Limited exposure to other geographic regions may be possible. The Fund may invest in any of the following financial instruments in order to achieve its investment objective: equities or securities with equity characteristics, unlisted transferable securities, convertibles, preference shares, warrants, money market instruments, collective investment schemes and deposits.

FUND MANAGER'S REPORT

Performance

Over the six months ended 31 January 2017 the Fund* returned 4.30 per cent (net of fees), underperforming the FTSE® All Share return of 7.29 per cent.

Review

The UK market was led higher in the early part of the reporting period by those sectors that were the most obvious beneficiaries of sterling's post-Brexit weakness. These tended to be companies who are dollar earners, such as miners and oil companies. Helped by a recovery in commodity prices, mining shares were particularly strong and were given further impetus by Donald Trump's unexpected victory. There is a view he wants to replace QE and monetary largesse with more direct stimulus and higher borrowing. This change, at a time when inflation is showing signs of picking up, meant that bond markets suffered a rude awakening from their 'low rates forever' complacency. This led to defensive 'bond proxy' stocks retreating in sympathy and the formerly less popular miners, oils and banks rising. That the Fund trailed the rise in the index was primarily due to its underweight stance in these areas. On a more positive note, our exposure to 'expensive defensive' shares was minimal and therefore returns were not affected by setbacks in those areas.

On a stock level, negative contributions came from IG Group, which fell in response to a harsh set of proposals to regulate the online spread betting industry. We expected regulatory action to benefit the more conservative operators (such as IG) at the expense of others. This may yet be the outcome when the consultation closes. BT, meanwhile, continued to be hampered by regulatory and pension worries – and was then hit by an accounting scandal in its Italian division. We added a little to the holding on weakness. Although the uncertainty of regulation and pension continues to weigh, we feel that the share price reflects these issues.

Positive contributors included Melrose, which has repeatedly delivered returns through its 'buy, invest, improve, sell' approach to M&A. Having successfully disposed of its main business, Elster, it purchased Nortek, a global manufacturer of air management, security and home automation products. The acquisition shows all the characteristics that will respond well to Melrose's turnaround skills and the market reacted very positively. Tui's performance improved as it demonstrated that it had coped well with turbulent trading conditions. In addition, the company's ability to deal directly and more effectively with customers is improving its long-term profitability.

We initiated a holding in Orkla, a Scandinavian consumer products company with a store of 'self help' measures that will improve its profitability. We took a new holding in Sanofi, comfortably Europe's worst-performing pharmaceutical company because of pricing pressure on its diabetes business in the US. It has a strong balance sheet, a safe yield of over 4 per cent and, given universal bearishness about its prospects, we see a valuation opportunity here.

We also used the weakness in BAT's shares to start a holding. Its acquisition of Reynolds is supportive for the dividend and brings needed new products. Although BAT sold off in sympathy with the bond market, unlike a bond it offers the prospect of modest growth. A number of our holdings raised more capital to fund acquisitions or investment plans: we subscribed for additional shares in Segro, Secure Income and Informa.

We sold Capital One as we feel that aspects of its loan book are being undermined by competition. It is a large lender to the taxi industry and the impact of Uber is clear. We banked the profits the Fund has made in Syngenta as China Chem's bid for it neared completion. We used the share-price strength driven by sterling weakness to reduce our holdings in Pearson and Tate & Lyle. We sold BAE Systems and Lockheed, despite some saying that the defence industry will benefit from higher spending under a Trump presidency. In both cases, valuation was the key factor. In particular, BAE yielded less than 4 per cent and its modest dividend growth could be curtailed by pension obligations. At the time of writing, bond yields have risen thus relieving the pressure on pension deficits. However, in the light of the pension problems at BHS and others, we would expect the regulator to become tougher on deficits and 'make good' periods. The other sale of note was the last of our holding in Reckitt Benckiser. This has been a great success but we felt that valuation was asking too much of the growth the company is likely to achieve.

We are not in the habit of positioning the Fund around likely macro events given their sheer unpredictability – and the year to come looks likely to present us with an extra helping of uncertainty. It seems that Donald Trump's actions will continue to be unwelcome for bond markets and so we would expect yields to move higher. Uncertainty over Brexit will persist and this means that sterling will reflect the latest sentiment – again not something to hang your investment hat upon. We will continue to focus on cashflows, paying particular attention to the winners and losers in a world where the ability to do business via digital channels is lowering the barriers to entry and altering the economics for many industries.

February 2017

* Fund performance figures – share class 2, source Lipper, net of fees, net income reinvested in GBP. Unless otherwise indicated, all data has been sourced by Artemis.

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AVIVA INVESTORS UK EQUITY MOM 2 FUND (CONTINUED)

Material Portfolio Changes

Purchases	Sales
Sanofi	BAE Systems
British American Tobacco	Microsoft
Tesco	Lockheed Martin
Microsoft	3i Group
BP	Reckitt Benckiser Group
Berkeley Group Holdings	Syngenta
Melrose Industries	Pearson
RELX	Ultra Electronics Holdings
Phoenix Group Holdings	Royal Dutch Shell 'B'
Informa	RELX

Synthetic Risk and Reward Indicator

The Fund has been allocated a risk number based on the historic volatility of its share price. Where insufficient share price information is available, the risk number has been based on the historic volatility of the asset classes appropriate to the Fund.

- This indicator is based on historical data, calculated using European Union rules, and may not be a reliable indication of the future risk profile of the Fund.
- During the period ended 31 January 2017, the indicator changed from category 6 to category 5.
- The risk and reward category shown is not guaranteed to remain unchanged and may change over time. The lowest category does not mean 'risk free'.
- Full information on the risks applicable to the Fund is detailed in the Prospectus.

INVESTMENT PERFORMANCE

Net Asset Value – Income Shares

Share class	As at	Net asset value* £000	Shares in issue	Pence per share
Class 2	31.07.14	90,980	98,723,937	92.16
	31.07.15	94,786	100,905,434	93.94
	31.07.16	139,552	147,173,681	94.82
	31.01.17	136,961	140,037,906	97.80

* Valued at bid market prices.

Share Price Record – Income Shares

Share class	Financial year	Highest price* (p)	Lowest price* (p)
Class 2	2014	107.09	92.83
	2015	98.67	81.42
	2016	97.37	82.18
	2017**	101.55	94.39

* Valued at mid market prices.

** Up to 31 January 2017.

Ongoing Charges Figure*

Share class	31.01.17	31.07.16
Class 2	1.03%	1.04%

* The Ongoing Charges Figure (OCF) is calculated as the ratio of the total ongoing charges to the average net asset value of the Fund over the period. The OCF is made up of the Annual Management Charge and other operating costs deducted from the assets of the Fund during the period, except for those payments that are explicitly excluded (performance fees).

Revenue Record – Income Shares

The revenue record table below shows the net distribution rates per financial year on a payment date basis for an investment made on 31 July 2013.

Share class	Financial year	Net revenue per share (p)	Per £1,000 invested (£)
Class 2	2014	1.0570	10.80
	2015	1.9354	19.77
	2016	2.7865	28.47
	2017*	1.1043	11.28

* Up to 31 March 2017 (the interim distribution payment date).

PORTFOLIO STATEMENT

As at 31 January 2017 (unaudited)

Investment	Currency	Holding	Market Value £000	% of Net Assets
Equities 98.53% (97.31%)				
Consumer Discretionary 11.14% (11.32%)				
Hotels, Restaurants & Leisure 4.61% (4.15%)				
Greene King	GBP	150,913	1,028	0.75
SSP Group	GBP	541,247	2,127	1.55
TUI	GBP	269,299	3,159	2.31
			6,314	4.61
Household Durables 1.66% (1.11%)				
Berkeley Group Holdings	GBP	41,656	1,175	0.86
Persimmon	GBP	56,761	1,095	0.80
			2,270	1.66
Media 3.20% (3.96%)				
Informa	GBP	652,556	4,264	3.11
Pearson	GBP	20,129	125	0.09
			4,389	3.20
Specialty Retail 1.67% (2.10%)				
Card Factory	GBP	487,886	1,221	0.89
Halfords Group	GBP	588,931	1,070	0.78
			2,291	1.67
Consumer Discretionary total			15,264	11.14
Consumer Staples 6.91% (4.73%)				
Food & Staples Retailing 1.20% (0.00%)				
Tesco	GBP	839,926	1,643	1.20
			1,643	1.20
Food Products 0.39% (0.00%)				
Orkla	NOK	70,998	533	0.39
			533	0.39
Household Products 0.00% (1.21%)				
Tobacco 5.32% (3.52%)				
British American Tobacco	GBP	45,907	2,240	1.64
Imperial Brands	GBP	135,621	5,044	3.68
			7,284	5.32
Consumer Staples total			9,460	6.91
Energy 7.57% (6.41%)				
Oil, Gas & Consumable Fuels 7.57% (6.41%)				
BP	GBP	1,283,889	6,144	4.48
Royal Dutch Shell 'B'	GBP	185,893	4,227	3.09
			10,371	7.57
Energy total			10,371	7.57
Financials 27.86% (25.39%)				
Banks 9.09% (6.77%)				
Barclays	GBP	1,441,238	3,205	2.34
HSBC Holdings	HKD	584,641	4,018	2.93
Lloyds Banking Group	GBP	7,964,243	5,228	3.82
			12,451	9.09

PORTFOLIO STATEMENT (CONTINUED)

As at 31 January 2017 (unaudited)

Investment	Currency	Holding	Market Value £000	% of Net Assets
Capital Markets 6.93% (5.29%)				
3i Group	GBP	690,456	4,864	3.55
Ashmore Group	GBP	250,785	778	0.57
IG Group Holdings	GBP	299,630	1,584	1.16
London Stock Exchange Group	GBP	65,061	2,052	1.50
NEX Group	GBP	37,000	214	0.15
			9,492	6.93
Consumer Finance 0.00% (0.14%)				
Diversified Financial Services 0.00% (3.06%)				
Insurance 11.84% (10.13%)				
Direct Line Insurance Group	GBP	970,806	3,473	2.54
Legal & General Group	GBP	1,140,479	2,707	1.98
Phoenix Group Holdings	GBP	268,337	2,043	1.49
RSA Insurance Group	GBP	402,503	2,345	1.71
Saga	GBP	1,444,773	2,666	1.95
Standard Life	GBP	856,042	2,978	2.17
			16,212	11.84
Financials total			38,155	27.86
Health Care 12.36% (11.68%)				
Pharmaceuticals 12.36% (11.68%)				
AstraZeneca	GBP	168,101	3,471	2.53
Bayer	EUR	45,798	4,084	2.98
GlaxoSmithKline	GBP	305,519	4,690	3.42
Indivior	GBP	310,976	926	0.68
Novartis	CHF	26,944	1,573	1.15
Sanofi	EUR	33,924	2,186	1.60
			16,930	12.36
Health Care total			16,930	12.36
Industrials 13.70% (17.76%)				
Aerospace & Defence 1.15% (6.37%)				
Cobham	GBP	1,145,223	1,572	1.15
			1,572	1.15
Air Freight & Logistics 1.46% (1.76%)				
Royal Mail	GBP	487,180	2,002	1.46
			2,002	1.46
Commercial Services & Supplies 1.71% (1.73%)				
Rentokil Initial	GBP	1,025,092	2,348	1.71
			2,348	1.71
Construction & Engineering 1.02% (0.90%)				
SPIE	EUR	77,021	1,401	1.02
			1,401	1.02
Electrical Equipment 1.34% (0.35%)				
Melrose Industries	GBP	926,042	1,829	1.34
			1,829	1.34

PORTFOLIO STATEMENT (CONTINUED)

As at 31 January 2017 (unaudited)

Investment	Currency	Holding	Market Value £000	% of Net Assets
Professional Services 6.00% (5.81%)				
RELX	GBP	348,282	4,991	3.64
RELX	EUR	43,328	587	0.43
Wolters Kluwer	EUR	86,357	2,641	1.93
			<u>8,219</u>	<u>6.00</u>
Transportation Infrastructure 1.02% (0.84%)				
BBA Aviation	GBP	496,282	1,391	1.02
			<u>1,391</u>	<u>1.02</u>
Industrials total			18,762	13.70
Information Technology 0.81% (1.64%)				
Electronic Equipment, Instruments & Components 0.81% (1.27%)				
Laird	GBP	676,051	1,115	0.81
			<u>1,115</u>	<u>0.81</u>
Software 0.00% (0.37%)				
Information Technology total			1,115	0.81
Investment Funds 0.71% (0.54%)				
Investment Companies 0.71% (0.54%)				
NextEnergy Solar Fund	GBP	875,000	967	0.71
			<u>967</u>	<u>0.71</u>
Investment Funds total			967	0.71
Materials 3.50% (3.37%)				
Chemicals 0.00% (1.01%)				
Metals & Mining 3.50% (2.36%)				
Rio Tinto	GBP	135,095	4,793	3.50
			<u>4,793</u>	<u>3.50</u>
Materials total			4,793	3.50
Real Estate 4.59% (3.63%)				
Equity Real Estate Investment Trusts (REITs) 4.59% (3.63%)				
Assura	GBP	1,542,058	809	0.59
Secure Income REIT#	GBP	626,479	1,980	1.45
Segro	GBP	754,593	3,495	2.55
			<u>6,284</u>	<u>4.59</u>
Real Estate total			6,284	4.59
Telecommunication Services 6.26% (7.56%)				
Diversified Telecommunication Services 4.04% (5.00%)				
BT Group	GBP	1,281,496	3,916	2.86
Inmarsat	GBP	267,671	1,623	1.18
			<u>5,539</u>	<u>4.04</u>
Wireless Telecommunication Services 2.22% (2.56%)				
Vodafone Group	GBP	1,564,333	3,039	2.22
			<u>3,039</u>	<u>2.22</u>
Telecommunication Services total			8,578	6.26

PORTFOLIO STATEMENT (CONTINUED)
As at 31 January 2017 (unaudited)

Investment	Currency	Holding	Market Value £000	% of Net Assets
Utilities 3.12% (3.28%)				
Gas Utilities 0.69% (0.50%)				
Enagas	EUR	48,499	946	0.69
			946	0.69
Independent Power and Renewable Electricity Producers 0.73% (0.58%)				
Drax Group	GBP	267,163	998	0.73
			998	0.73
Multi-Utilities 1.70% (2.20%)				
Centrica	GBP	1,029,574	2,325	1.70
			2,325	1.70
Utilities total			4,269	3.12
Equities total			134,948	98.53
Investment assets			134,948	98.53
Net other assets			2,013	1.47
Net assets			136,961	100.00

All holdings are ordinary shares or stock units and admitted to an official stock exchange unless otherwise stated.
The comparative percentage figures in brackets are as at 31 July 2016.
Security traded on another regulated market.

STATEMENT OF TOTAL RETURN

For the six months ended 31 January 2017 (unaudited)

	£000	Six months ended 31.01.17 £000	£000	Six months ended 31.01.16 £000
Income				
Net capital gains/(losses)		4,441		(6,019)
Revenue	2,502		1,524	
Expenses	(867)		(472)	
Net revenue before taxation	1,635		1,052	
Taxation	(10)		(8)	
Net revenue after taxation		1,625		1,044
Total return before distributions		6,066		(4,975)
Distributions		(1,625)		(1,044)
Change in net assets attributable to shareholders from investment activities		4,441		(6,019)

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

For the six months ended 31 January 2017 (unaudited)

	£000	Six months ended 31.01.17 £000	£000	Six months ended 31.01.16 £000
Opening net assets attributable to shareholders		139,552		94,786
Movement due to issue and cancellation of shares:				
Amounts receivable on issue of shares	277		–	
Amounts payable on cancellation of shares	(7,319)		(59)	
		(7,042)		(59)
Dilution adjustment		10		–
Change in net assets attributable to shareholders from investment activities (see above)		4,441		(6,019)
Closing net assets attributable to shareholders		136,961		88,708

The Statement of Recommended Practice (2014) requires that comparatives are shown for the above report. As the comparatives should be for the comparable interim period, the net asset value at the end of the previous period will not agree to the net asset value at the start of this period. The published net asset value as at 31 July 2016 was £139,552,000.

BALANCE SHEET

As at 31 January 2017 (unaudited)

	As at 31.01.17 £000	As at 31.07.16 £000
Assets:		
Investments	134,948	135,804
Current assets:		
Debtors	472	1,036
Cash and bank balances	3,408	5,425
Total assets	138,828	142,265
Liabilities:		
Creditors:		
Distribution payable	(1,546)	(2,578)
Other creditors	(321)	(135)
Total liabilities	(1,867)	(2,713)
Net assets attributable to shareholders	136,961	139,552

ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the financial statements for the year ended 31 July 2016 and are described in those annual financial statements.

AVIVA INVESTORS UK EQUITY MOM 3 FUND

INVESTMENT OBJECTIVE

Long term capital growth by investing primarily in UK equities.

INVESTMENT POLICY

The Fund will invest primarily in equity securities listed or traded on Regulated markets in the UK. Limited exposure to other geographic regions may be possible. The Fund may invest in any of the following financial instruments in order to achieve its investment objective: equities or securities with equity characteristics, unlisted transferable securities, convertibles, preference shares, warrants, money market instruments, collective investment schemes and deposits.

FUND MANAGER'S REPORT

Performance

Over the six months ended 31 January 2017, the Fund* returned 13.02 per cent (net of fees), outperforming the FTSE® All-Share Index return of 7.29 per cent.

Review

Economic data worldwide is prompting commentators to talk about an 'encouraging backdrop'. Unfortunately, economists (unlike markets who over-forecast them) have a dreadful record of missing recessions so one should be careful of using such arguments. Even if it was correct, this statement says nothing about the relationship between corporate profits and labour costs (which seems to be trending in favour of the latter) or that equity valuations remain high.

Value stocks went to extreme levels of (under) valuation versus quality stocks in 2016. As is usual, those investors searching for a catalyst before acting missed the bus. Donald Trump's presidential victory, did however provide a second chance as it encouraged investors to believe in reflationary economic policies focused more on fiscal policy than excessive monetary policies. This knocked the bond market out of its 'lower for longer' mindset and consequently further helped the value/quality anomaly correct. Having said that, the anomaly remains and so we stick with a very value-orientated portfolio, most specifically one overweight in banks.

Our opportunity set is looking more interesting than it has for some years. Those shares showing significant underperformance are in many instances those of companies whose business models are reasonably straightforward and whose difficulties in many cases are self-inflicted. While valuations still remain rather too high to attract us, further weakness could see more dealing activity as these shares hit our buy prices.

We initiated a new position in J Sainsbury. Like Wm. Morrison and Tesco, Sainsbury has been suffering at the hands of the German hard discounters, Aldi and Lidl. However, having enjoyed the most consistent and well-executed strategy over recent years and also possessing the most differentiated offer, Sainsbury has suffered a bit less than the other two. Operationally, Sainsbury has been the best performing of the three quoted UK grocers but, over the last year or so it has been the weakest in share price terms, and now has the lowest rating of the three. Part of this relative underperformance may be attributable to Sainsbury's recently completed acquisition of Home Retail Group, the owner of Argos, which the market has met with something less than unbridled enthusiasm.

HSBC has performed strongly post-Brexit, so we have switched some of Funds overweight position into Barclays, which is trading at a significant discount to its net asset value.

We reduced the holding in Drax. The shares have risen very strongly recently on the back of the well-received acquisition of Opus Energy for £340 million, and a potentially tight energy generation situation over winter 2016/17 (which looks unlikely to come to anything at the moment because of the relatively mild weather) also focused investors on the need for new generating capacity in the UK and the value of existing generators like Drax. We continue to believe that the shares represent good value, but trimmed our holding into the share price rise.

We also sold out of the Funds holding in British American Tobacco. As a bond proxy, the company's performance has been very strong and thus continued their multi-year re-rating.

The Funds banking stocks were the largest positive contributors to performance over the period, with Barclays, HSBC and Citigroup performing especially strongly. The sector has started to perform on the back of a slight steepening of (and therefore something of a normalisation in) the yield curve, although rates remain at historically low levels.

UK grocers Wm Morrison and Tesco were among the top contributors as the big four continued their strong recent performance, clawing back further market share versus the discounters.

The materials sector enjoyed a strong 2016 and most diversified miners posted strong returns over the period under review. Not holding Glencore, Rio Tinto and BHP Billiton all detracted from relative returns. Global pharma GlaxoSmithKline rallied strongly after the Brexit referendum as investors sought more defensively positioned stocks. However, as the uncertainty subsided, the stock gradually sold-off post-Brexit as investors favoured the more cyclical parts of the market. The reporting period predominantly captured this downward trend and the stock ended up as one of the largest detractors.

February 2017

* Fund performance figures – share class 2, source Lipper, net of fees, net income reinvested in GBP. Unless otherwise indicated, all data has been sourced by Investec Asset Management.

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Any opinions expressed are those of the Fund manager. They should not be viewed as a guarantee of a return from an investment in the Funds. The content of the commentary should not be viewed as a recommendation to invest nor to buy or sell stocks. Past performance is not a guide to future performance. The value of an investment in the Fund and any income from it may go down as well as up, and the investor may not get back the original amount invested.

AVIVA INVESTORS UK EQUITY MOM 3 FUND (CONTINUED)

Material Portfolio Changes

Purchases	Sales
J Sainsbury	British American Tobacco
Barclays	Drax Group
Grafton Group	CRH
Marks & Spencer Group	Carnival
Computacenter	HSBC Holdings
Manitowoc Foodservice	J D Wetherspoon
SIG	Kingspan Group
Carpetright	Best Buy
Drax Group	British Land
BP	Wm Morrison Supermarkets

Synthetic Risk and Reward Indicator

The Fund has been allocated a risk number based on the historic volatility of its share price. Where insufficient share price information is available, the risk number has been based on the historic volatility of the asset classes appropriate to the Fund.

- This indicator is based on historical data, calculated using European Union rules, and may not be a reliable indication of the future risk profile of the Fund.
- The risk and reward category shown is not guaranteed to remain unchanged and may change over time. The lowest category does not mean 'risk free'.
- Full information on the risks applicable to the Fund is detailed in the Prospectus.

INVESTMENT PERFORMANCE

Net Asset Value – Income Shares

Share class	As at	Net asset value* £000	Shares in issue	Pence per share
Class 2	31.07.14	141,509	102,775,890	137.69
	31.07.15	94,612	66,692,243	141.86
	31.07.16	82,774	60,986,162	135.73
	31.01.17	91,974	60,476,871	152.08

* Valued at bid market prices.

Share Price Record – Income Shares

Share class	Financial year	Highest price* (p)	Lowest price* (p)
Class 2	2014	144.95	131.81
	2015	150.62	127.48
	2016	143.88	118.45
	2017**	156.34	132.88

* Valued at mid market prices.

** Up to 31 January 2017.

Ongoing Charges Figure*

Share class	31.01.17	31.07.16
Class 2	1.03%	1.05%

* The Ongoing Charges Figure (OCF) is calculated as the ratio of the total ongoing charges to the average net asset value of the Fund over the period. The OCF is made up of the Annual Management Charge and other operating costs deducted from the assets of the Fund during the period, except for those payments that are explicitly excluded (performance fees).

Revenue Record – Income Shares

The revenue record table below shows the net distribution rates per financial year on a payment date basis for an investment made on 31 July 2013.

Share class	Financial year	Net revenue per share (p)	Per £1,000 invested (£)
Class 2	2014	3.0446	22.25
	2015	3.4219	25.01
	2016	3.6926	26.99
	2017*	1.3328	9.74

* Up to 31 March 2017 (the interim distribution payment date).

PORTFOLIO STATEMENT

As at 31 January 2017 (unaudited)

Investment	Currency	Holding	Market Value £000	% of Net Assets
Equities 95.86% (98.16%)				
Consumer Discretionary 8.89% (10.90%)				
Hotels, Restaurants & Leisure 0.73% (2.90%)				
J D Wetherspoon	GBP	21,985	207	0.23
Ladbrokes Coral Group	GBP	363,072	431	0.47
Thomas Cook Group	GBP	35,585	31	0.03
			669	0.73
Internet & Direct Marketing Retail 0.56% (0.52%)				
N Brown Group	GBP	236,373	521	0.56
			521	0.56
Media 0.28% (0.31%)				
Bloomsbury Publishing	GBP	153,144	257	0.28
			257	0.28
Multiline Retail 2.77% (2.39%)				
Marks & Spencer Group	GBP	750,950	2,545	2.77
			2,545	2.77
Specialty Retail 4.55% (4.78%)				
Best Buy	USD	43,409	1,537	1.67
Carpentright	GBP	433,821	803	0.87
Kingfisher	GBP	156,676	528	0.58
Signet Jewellers	USD	20,769	1,316	1.43
			4,184	4.55
Consumer Discretionary total			8,176	8.89
Consumer Staples 10.24% (9.59%)				
Food & Staples Retailing 9.34% (6.89%)				
J Sainsbury	GBP	533,378	1,391	1.51
Tesco	GBP	1,788,979	3,500	3.81
Wm Morrison Supermarkets	GBP	1,555,872	3,701	4.02
			8,592	9.34
Personal Products 0.90% (0.63%)				
Avon Products	USD	179,017	823	0.90
			823	0.90
Tobacco 0.00% (2.07%)				
Consumer Staples total			9,415	10.24
Energy 9.54% (9.05%)				
Oil, Gas & Consumable Fuels 9.54% (9.05%)				
BP	GBP	688,486	3,295	3.58
Royal Dutch Shell 'B'	GBP	241,073	5,482	5.96
			8,777	9.54
Energy total			8,777	9.54
Financials 30.06% (25.51%)				
Banks 29.52% (24.60%)				
Barclays	GBP	3,022,055	6,719	7.30
Citigroup	USD	53,282	2,415	2.63
HSBC Holdings	HKD	1,153,340	7,927	8.62
Lloyds Banking Group	GBP	6,937,783	4,555	4.95
Royal Bank of Scotland Group	GBP	1,871,948	4,227	4.60
Standard Chartered	GBP	166,737	1,308	1.42
			27,151	29.52

PORTFOLIO STATEMENT (CONTINUED)

As at 31 January 2017 (unaudited)

Investment	Currency	Holding	Market Value £000	% of Net Assets
Consumer Finance 0.54% (0.91%)				
International Personal Finance	GBP	286,749	499	0.54
			499	0.54
Financials total			27,650	30.06
Health Care 7.22% (8.73%)				
Pharmaceuticals 7.22% (8.73%)				
GlaxoSmithKline	GBP	432,794	6,643	7.22
			6,643	7.22
Health Care total			6,643	7.22
Industrials 15.71% (15.47%)				
Aerospace & Defence 2.23% (2.01%)				
Chemring Group	GBP	224,902	434	0.47
QinetiQ Group	GBP	609,831	1,618	1.76
			2,052	2.23
Air Freight & Logistics 0.11% (0.14%)				
Royal Mail	GBP	23,544	97	0.11
			97	0.11
Building Products 0.00% (0.65%)				
Machinery 1.51% (1.00%)				
Manitowoc	USD	57,765	329	0.36
Manitowoc Foodservice	USD	68,633	1,062	1.15
			1,391	1.51
Road & Rail 1.72% (1.56%)				
Go-Ahead Group	GBP	70,927	1,580	1.72
			1,580	1.72
Trading Companies & Distributors 10.14% (10.11%)				
Grafton Group	GBP	810,903	4,776	5.19
SIG	GBP	2,566,926	2,626	2.86
Travis Perkins	GBP	132,142	1,923	2.09
			9,325	10.14
Industrials total			14,445	15.71
Information Technology 1.40% (1.01%)				
IT Services 1.40% (1.01%)				
Computacenter	GBP	162,710	1,286	1.40
			1,286	1.40
Information Technology total			1,286	1.40
Materials 4.67% (6.68%)				
Construction Materials 2.48% (3.59%)				
CRH	EUR	81,191	2,282	2.48
			2,282	2.48
Metals & Mining 2.19% (3.09%)				
AngloGold Ashanti, ADR	USD	21,328	205	0.22
Barrick Gold	CAD	19,106	277	0.30
Fresnillo	GBP	46,042	666	0.73
Gold Fields, ADR	USD	18,100	49	0.05
Hochschild Mining	GBP	41,143	98	0.11
Kinross Gold	CAD	44,768	133	0.15
Newmont Mining	USD	20,825	583	0.63
			2,011	2.19
Materials total			4,293	4.67

PORTFOLIO STATEMENT (CONTINUED)
As at 31 January 2017 (unaudited)

Investment	Currency	Holding	Market Value £000	% of Net Assets
Real Estate 2.61% (3.25%)				
Equity Real Estate Investment Trusts (REITs) 1.41% (1.99%)				
British Land	GBP	95,675	559	0.61
Land Securities Group	GBP	74,860	742	0.80
			<u>1,301</u>	<u>1.41</u>
Real Estate Management & Development 1.20% (1.26%)				
Helical	GBP	375,795	1,100	1.20
			<u>1,100</u>	<u>1.20</u>
Real Estate total			2,401	2.61
Telecommunication Services 1.29% (1.92%)				
Diversified Telecommunication Services 1.29% (1.92%)				
BT Group	GBP	389,777	1,191	1.29
			<u>1,191</u>	<u>1.29</u>
Telecommunication Services total			1,191	1.29
Utilities 4.23% (6.05%)				
Independent Power and Renewable Electricity Producers 1.59% (2.98%)				
Drax Group	GBP	392,202	1,465	1.59
			<u>1,465</u>	<u>1.59</u>
Multi-Utilities 2.64% (3.07%)				
Centrica	GBP	1,072,746	2,422	2.64
			<u>2,422</u>	<u>2.64</u>
Utilities total			3,887	4.23
Equities total			88,164	95.86
Investment assets			88,164	95.86
Net other assets			3,810	4.14
Net assets			91,974	100.00

All holdings are ordinary shares or stock units and admitted to an official stock exchange unless otherwise stated.
The comparative percentage figures in brackets are as at 31 July 2016.

STATEMENT OF TOTAL RETURN

For the six months ended 31 January 2017 (unaudited)

	£000	Six months ended 31.01.17 £000	£000	Six months ended 31.01.16 £000
Income				
Net capital gains/(losses)		9,943		(10,687)
Revenue	1,282		1,414	
Expenses	(465)		(457)	
Net revenue before taxation	817		957	
Taxation	(3)		(5)	
Net revenue after taxation		814		952
Total return before distributions		10,757		(9,735)
Distributions		(814)		(952)
Change in net assets attributable to shareholders from investment activities		9,943		(10,687)

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

For the six months ended 31 January 2017 (unaudited)

	£000	Six months ended 31.01.17 £000	£000	Six months ended 31.01.16 £000
Opening net assets attributable to shareholders		82,774		94,612
Movement due to issue and cancellation of shares:				
Amounts payable on cancellation of shares	(743)		(34)	
		(743)		(34)
Change in net assets attributable to shareholders from investment activities (see above)		9,943		(10,687)
Closing net assets attributable to shareholders		91,974		83,891

The Statement of Recommended Practice (2014) requires that comparatives are shown for the above report. As the comparatives should be for the comparable interim period, the net asset value at the end of the previous period will not agree to the net asset value at the start of this period. The published net asset value as at 31 July 2016 was £82,774,000.

BALANCE SHEET

As at 31 January 2017 (unaudited)

	As at 31.01.17 £000	As at 31.07.16 £000
Assets:		
Investments	88,164	81,247
Current assets:		
Debtors	55	32
Cash and bank balances	4,656	3,872
Total assets	92,875	85,151
Liabilities:		
Creditors:		
Distribution payable	(806)	(1,381)
Other creditors	(95)	(996)
Total liabilities	(901)	(2,377)
Net assets attributable to shareholders	91,974	82,774

ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the financial statements for the year ended 31 July 2016 and are described in those annual financial statements.

AVIVA INVESTORS US EQUITY MOM 1 FUND

INVESTMENT OBJECTIVE

Long term capital growth by investing primarily in US equities.

INVESTMENT POLICY

The Fund will invest primarily in equity securities listed or traded on Regulated markets in the US. Limited exposure to other geographic regions may be possible. The Fund may invest in any of the following financial instruments in order to achieve its investment objective: equities or securities with equity characteristics, unlisted transferable securities, convertibles, preference shares, warrants, money market instruments, collective investment schemes and deposits.

FUND MANAGER'S REPORT

Performance

Over the six months ended 31 January 2017, the Fund* returned 9.93 per cent (net of fees), underperforming the S&P 500 Index return of 11.82 per cent.

Review

After being highly in favour by investors seeking an alternative to bonds in a low yielding government bond environment during the first half of the year, consumer staples and utilities names underperformed significantly during the period, in anticipation of upcoming interest rate increases and following the U.S. presidential election. The strategy's overweight to these sectors was a detractor to performance during the period.

The financials sector, especially larger bank stocks, benefited from the expected rate increase as well as potential deregulation in the second half of 2016, and was the strongest performing sector during the period. The strategy's underweight to mega cap financials was a significant detractor from relative performance during the period.

Due to their volatility and correlation characteristics, the Fund tends to overweight the smaller cap stocks within the investment universe as they provide more relative volatility capture potential.

The Funds active size positioning had a positive impact on relative performance during the period as the smaller cap stocks outperformed the mega cap stocks within the S&P 500 Index.

However, the Fund was negatively impacted by an overall negative selection effect, which is a residual of the investment process, during the period.

An average underweight allocation to the financials sector, which was the strongest performing sector during the period, as well as an average overweight allocation to the consumer staples sector, detracted from the Funds relative performance during the period.

An overall negative selection effect, which is a residual of the investment process, also detracted from relative performance during the period, especially within the financials and industrials sectors.

Seven of the strategy's ten largest detractors during the period were underweight positions in the financials sector (Bank of America, JPMorgan Chase, Citigroup, Goldman Sachs, Berkshire Hathaway, Wells Fargo, and Morgan Stanley).

Another Two of the strategy's ten largest detractors during the period were underweight positions in the information technology sector (Apple and Microsoft).

The Investment Manager attempts to generate an excess return at the least amount of tracking error through all market cycles regardless of the direction the market moves or the magnitude of the move. The investment process is engineered for any environment. Because the Investment Manager does not conduct traditional economic or fundamental analysis, we have no view on individual stocks, sectors, economic, or market conditions. Stocks are overweight and underweight relative to the benchmark weightings based on estimates of stocks' relative volatility and correlation characteristics. The estimation of relative volatilities and correlations and the determination of the overweights and underweights in the investment process rely only on stock return data, not on other economic or fundamental data.

The Funds positioning is a function of the optimization routine and is a by product of the search for stocks with high relative volatility and low correlation. Consequently, the actual positioning of the Fund from a sector and stock specific standpoint is a residual of the process. The rationale for over weighted and underweighted positions is a function of stocks' relative volatility and correlation characteristics in aggregate.

Going forward, the Investment Manager will continue to implement its mathematical investment process in a disciplined and deliberate manner. At the same time, the Investment Manager continues to make marginal improvements to the process, seeking an efficient portfolio that offers better long-term results than its benchmark regardless of the market's direction.

February 2017

* Fund performance figures – share class 2, source Lipper, net of fees, net income reinvested in GBP. Unless otherwise indicated, all data has been sourced by INTECH.

Any opinions expressed are those of the Fund manager. They should not be viewed as a guarantee of a return from an investment in the Funds. The content of the commentary should not be viewed as a recommendation to invest nor to buy or sell stocks. Past performance is not a guide to future performance. The value of an investment in the Fund and any income from it may go down as well as up, and the investor may not get back the original amount invested.

AVIVA INVESTORS US EQUITY MOM 1 FUND (CONTINUED)

Material Portfolio Changes

Purchases	Sales
Newmont Mining	Netflix
Coach	Kroger
Hewlett Packard Enterprise	Allergan
Applied Materials	L Brands
ONEOK	Reynolds American
CBS, (Non-Voting) 'B'	Valero Energy
Digital Realty Trust	Wells Fargo
Iron Mountain	NIKE 'B'
Illinois Tool Works	Cigna
Nucor	Southwest Airlines

Synthetic Risk and Reward Indicator

The Fund has been allocated a risk number based on the historic volatility of its share price. Where insufficient share price information is available, the risk number has been based on the historic volatility of the asset classes appropriate to the Fund.

- This indicator is based on historical data, calculated using European Union rules, and may not be a reliable indication of the future risk profile of the Fund.
- The risk and reward category shown is not guaranteed to remain unchanged and may change over time. The lowest category does not mean 'risk free'.
- The value of investments will be affected by changes in exchange rates.
- Full information on the risks applicable to the Fund is detailed in the Prospectus.

COMPARATIVE TABLES

Net Asset Value – Income Shares

Share class	As at	Net asset value* £000	Shares in issue	Pence per share
Class 2	31.07.14	187,632	98,456,588	190.57
	31.07.15	187,751	82,476,830	227.64
	31.07.16	246,769	89,291,279	276.36
	31.01.17	241,709	79,802,250	302.88

* Valued at bid market prices.

Share Price Record – Income Shares

Share class	Financial year	Highest price* (p)	Lowest price* (p)
Class 2	2014	191.46	167.86
	2015	243.90	185.21
	2016	280.62	205.76
	2017**	312.35	267.16

* Valued at mid market prices.

** Up to 31 January 2017.

Ongoing Charges Figure*

Share class	31.01.17	31.07.16
Class 2	1.03%	1.04%

* The Ongoing Charges Figure (OCF) is calculated as the ratio of the total ongoing charges to the average net asset value of the Fund over the period. The OCF is made up of the Annual Management Charge and other operating costs deducted from the assets of the Fund during the period, except for those payments that are explicitly excluded (performance fees).

Revenue Record – Income Shares

The revenue record table below shows the net distribution rates per financial year on a payment date basis for an investment made on 31 July 2013.

Share class	Financial year	Net revenue per share (p)	Per £1,000 invested (£)
Class 2	2014	0.9009	4.99
	2015	1.2488	6.92
	2016	1.3428	7.44
	2017*	0.9136	5.06

* Up to 31 March 2017 (the interim distribution payment date).

PORTFOLIO STATEMENT

As at 31 January 2017 (unaudited)

Investment	Currency	Holding	Market Value £000	% of Net Assets
Equities 99.46% (99.33%)				
Consumer Discretionary 11.19% (15.11%)				
Auto Components 0.17% (0.88%)				
Delphi Automotive	USD	5,200	290	0.12
Goodyear Tire & Rubber	USD	4,500	113	0.05
			403	0.17
Distributors 0.40% (0.13%)				
Genuine Parts	USD	6,400	497	0.21
LKQ	USD	18,500	472	0.19
			969	0.40
Diversified Consumer Services 0.00% (0.03%)				
Hotels, Restaurants & Leisure 1.42% (2.18%)				
McDonald's	USD	12,800	1,261	0.52
Starbucks	USD	20,100	899	0.37
Wynn Resorts	USD	6,300	517	0.22
Yum! Brands	USD	14,300	752	0.31
			3,429	1.42
Household Durables 1.26% (0.99%)				
DR Horton	USD	15,100	371	0.15
Garmin	USD	10,000	379	0.16
Leggett & Platt	USD	13,200	499	0.21
Mohawk Industries	USD	2,100	362	0.15
Newell Brands	USD	19,000	704	0.29
PulteGroup	USD	14,700	252	0.10
Whirlpool	USD	3,500	490	0.20
			3,057	1.26
Internet & Catalog Retail 0.00% (0.08%)				
Internet & Direct Marketing Retail 1.11% (2.10%)				
Amazon.com	USD	3,300	2,193	0.91
Netflix	USD	1,000	113	0.04
Priceline Group	USD	300	385	0.16
			2,691	1.11
Leisure Products 0.75% (0.70%)				
Hasbro	USD	13,200	881	0.37
Mattel	USD	43,800	923	0.38
			1,804	0.75
Media 2.57% (2.15%)				
CBS, (Non-Voting) 'B'	USD	13,500	696	0.29
Charter Communications 'A'	USD	3,700	962	0.40
Comcast 'A'	USD	34,140	2,059	0.85
Interpublic Group of Cos.,	USD	33,300	637	0.26
Omnicom Group	USD	7,900	551	0.23
Scripps Networks Interactive 'A'	USD	5,900	361	0.15
Walt Disney	USD	10,700	950	0.39
			6,216	2.57
Multiline Retail 0.09% (0.11%)				
Dollar General	USD	1,400	81	0.04
Dollar Tree	USD	2,100	126	0.05
			207	0.09

PORTFOLIO STATEMENT (CONTINUED)

As at 31 January 2017 (unaudited)

Investment	Currency	Holding	Market Value £000	% of Net Assets
Specialty Retail 2.79% (4.53%)				
AutoZone	USD	600	348	0.14
Best Buy	USD	4,000	142	0.06
CarMax	USD	2,400	128	0.05
Home Depot	USD	25,300	2,804	1.16
Lowe's	USD	14,600	860	0.36
O'Reilly Automotive	USD	6,800	1,426	0.59
Ross Stores	USD	6,000	314	0.13
TJX	USD	2,400	142	0.06
Tractor Supply	USD	1,100	66	0.03
Ulta Beauty	USD	1,600	346	0.14
Urban Outfitters	USD	7,800	163	0.07
			6,739	2.79
Textiles, Apparel & Luxury Goods 0.63% (1.23%)				
Coach	USD	34,500	994	0.41
NIKE 'B'	USD	1,700	72	0.03
PVH	USD	5,100	377	0.16
VF	USD	2,100	86	0.03
			1,529	0.63
Consumer Discretionary total			27,044	11.19
Consumer Staples 10.15% (14.45%)				
Beverages 2.23% (3.31%)				
Coca-Cola	USD	15,740	522	0.22
Constellation Brands 'A'	USD	19,300	2,292	0.95
Dr Pepper Snapple Group	USD	16,000	1,162	0.48
Molson Coors Brewing 'B'	USD	3,900	298	0.12
PepsiCo	USD	13,454	1,117	0.46
			5,391	2.23
Food & Staples Retailing 1.26% (2.98%)				
Costco Wholesale	USD	7,900	1,033	0.43
CVS Health	USD	18,450	1,162	0.48
Kroger	USD	11,200	301	0.13
Sysco	USD	12,700	536	0.22
			3,032	1.26
Food Products 2.48% (3.28%)				
Archer-Daniels-Midland	USD	10,200	360	0.15
Campbell Soup	USD	14,300	714	0.30
Conagra Brands	USD	10,100	316	0.13
General Mills	USD	16,900	847	0.35
Hormel Foods	USD	2,900	84	0.03
JM Smucker	USD	2,800	301	0.12
Kellogg	USD	11,100	646	0.27
Kraft Heinz	USD	3,000	214	0.09
McCormick, (Non-Voting) 'G'	USD	7,600	581	0.24
Mondelez International 'A'	USD	1,500	53	0.02
Tyson Foods 'A'	USD	37,500	1,878	0.78
			5,994	2.48
Household Products 1.67% (1.94%)				
Church & Dwight	USD	3,400	123	0.05
Clorox	USD	11,000	1,059	0.44
Colgate-Palmolive	USD	3,200	165	0.07
Kimberly-Clark	USD	16,700	1,612	0.67
Procter & Gamble	USD	15,470	1,075	0.44
			4,034	1.67
Personal Products 0.09% (0.17%)				
Estee Lauder 'A'	USD	3,500	227	0.09
			227	0.09

PORTFOLIO STATEMENT (CONTINUED)

As at 31 January 2017 (unaudited)

Investment	Currency	Holding	Market Value £000	% of Net Assets
Tobacco 2.42% (2.77%)				
Altria Group	USD	47,019	2,685	1.11
Philip Morris International	USD	12,200	937	0.39
Reynolds American	USD	46,408	2,224	0.92
			5,846	2.42
Consumer Staples total			24,524	10.15
Energy 6.33% (4.11%)				
Energy Equipment & Services 0.67% (0.41%)				
Halliburton	USD	15,300	692	0.28
Helmerich & Payne	USD	10,300	581	0.24
Schlumberger	USD	5,336	357	0.15
			1,630	0.67
Oil, Gas & Consumable Fuels 5.66% (3.70%)				
Anadarko Petroleum	USD	1,400	77	0.03
Apache	USD	22,300	1,071	0.44
Cabot Oil & Gas	USD	13,100	223	0.09
Chesapeake Energy	USD	14,100	73	0.03
Chevron	USD	12,500	1,119	0.46
Cimarex Energy	USD	4,900	530	0.22
Concho Resources	USD	4,300	478	0.20
Devon Energy	USD	8,800	318	0.13
EOG Resources	USD	4,300	348	0.14
EQT	USD	3,400	168	0.07
Exxon Mobil	USD	37,957	2,577	1.07
Hess	USD	5,500	238	0.10
Kinder Morgan	USD	4,900	86	0.04
Marathon Oil	USD	12,100	160	0.07
Murphy Oil	USD	19,600	446	0.18
Newfield Exploration	USD	21,500	691	0.29
Noble Energy	USD	1,700	54	0.02
Occidental Petroleum	USD	8,200	446	0.18
ONEOK	USD	19,500	839	0.35
Phillips 66	USD	13,643	899	0.37
Pioneer Natural Resources	USD	6,500	931	0.39
Range Resources	USD	19,000	507	0.21
Southwestern Energy	USD	62,100	453	0.19
Spectra Energy	USD	19,000	632	0.26
Valero Energy	USD	700	38	0.02
Williams	USD	12,200	275	0.11
			13,677	5.66
Energy total			15,307	6.33
Financials 9.85% (10.50%)				
Banks 2.32% (2.87%)				
Bank of America	USD	18,537	340	0.14
BB&T	USD	4,300	160	0.07
Citizens Financial Group	USD	3,100	91	0.04
Comerica	USD	11,300	616	0.25
Fifth Third Bancorp	USD	12,000	253	0.10
Huntington Bancshares	USD	4,300	47	0.02
JPMorgan Chase	USD	17,467	1,203	0.50
KeyCorp	USD	5,600	81	0.03
M&T Bank	USD	100	13	0.01
People's United Financial	USD	24,400	364	0.15
Regions Financial	USD	22,100	256	0.11
SunTrust Banks	USD	7,900	362	0.15
US Bancorp	USD	9,913	419	0.17
Wells Fargo	USD	25,973	1,166	0.48
Zions Bancorp	USD	7,300	247	0.10
			5,618	2.32

PORTFOLIO STATEMENT (CONTINUED)

As at 31 January 2017 (unaudited)

Investment	Currency	Holding	Market Value £000	% of Net Assets
Capital Markets 2.48% (0.84%)				
Bank of New York Mellon	USD	12,700	454	0.19
BlackRock	USD	2,400	721	0.30
Charles Schwab	USD	8,300	278	0.12
CME Group	USD	12,500	1,205	0.50
E*TRADE Financial	USD	2,300	70	0.03
Intercontinental Exchange	USD	7,950	369	0.15
Moody's	USD	5,400	449	0.19
Morgan Stanley	USD	4,400	152	0.06
Nasdaq	USD	12,600	688	0.28
Northern Trust	USD	3,400	227	0.09
S&P Global	USD	13,600	1,313	0.54
State Street	USD	1,300	79	0.03
			6,005	2.48
Consumer Finance 0.44% (0.31%)				
American Express	USD	1,400	86	0.04
Discover Financial Services	USD	9,400	524	0.22
Navient	USD	36,700	444	0.18
			1,054	0.44
Diversified Financial Services 0.61% (2.24%)				
Berkshire Hathaway 'B'	USD	10,464	1,381	0.57
Leucadia National	USD	4,800	91	0.04
			1,472	0.61
Insurance 4.00% (4.24%)				
Aflac	USD	13,400	755	0.31
Allstate	USD	21,200	1,283	0.53
American International Group	USD	800	42	0.02
Aon	USD	3,500	314	0.13
Arthur J Gallagher	USD	9,200	397	0.17
Assurant	USD	6,300	489	0.20
Chubb	USD	5,823	614	0.25
Cincinnati Financial	USD	18,200	1,021	0.42
Hartford Financial Services Group,	USD	11,800	462	0.19
Lincoln National	USD	1,400	77	0.03
Loews	USD	2,300	85	0.04
Marsh & McLennan	USD	23,700	1,297	0.54
Principal Financial Group	USD	5,400	250	0.10
Progressive	USD	36,600	1,098	0.46
Prudential Financial	USD	600	51	0.02
Torchmark	USD	3,100	184	0.08
Travelers	USD	10,880	1,024	0.42
Unum Group	USD	5,900	215	0.09
			9,658	4.00
Financials total			23,807	9.85
Health Care 11.00% (11.09%)				
Biotechnology 0.19% (1.29%)				
Amgen	USD	3,800	470	0.19
			470	0.19
Health Care Equipment & Services 0.01% (0.00%)				
Varex Imaging	USD	1,120	24	0.01
			24	0.01

PORTFOLIO STATEMENT (CONTINUED)

As at 31 January 2017 (unaudited)

Investment	Currency	Holding	Market Value £000	% of Net Assets
Health Care Equipment & Supplies 4.11% (2.33%)				
Abbott Laboratories	USD	3,106	102	0.04
Baxter International	USD	17,400	653	0.27
Becton Dickinson and Boston Scientific	USD	9,830	1,376	0.57
Cooper	USD	46,000	878	0.36
CR Bard	USD	3,900	568	0.23
Danaher	USD	2,500	474	0.20
DENTSPLY SIRONA	USD	6,200	399	0.17
EDWARDS Lifesciences	USD	16,500	744	0.31
Edwards Lifesciences	USD	27,800	2,146	0.89
IDEXX Laboratories	USD	1,800	174	0.07
Intuitive Surgical	USD	1,500	829	0.34
Medtronic	USD	7,800	466	0.19
Stryker	USD	2,400	235	0.10
Varian Medical Systems	USD	2,800	174	0.07
Zimmer Biomet Holdings	USD	7,800	720	0.30
			9,938	4.11
Health Care Providers & Services 3.04% (3.97%)				
Aetna	USD	11,597	1,082	0.45
Anthem	USD	2,800	345	0.14
Cardinal Health	USD	10,100	592	0.25
Centene	USD	2,900	145	0.06
Cigna	USD	6,100	711	0.29
Envision Healthcare	USD	1,900	102	0.04
Henry Schein	USD	8,700	1,103	0.46
Laboratory Corp. of America Holdings	USD	1,100	117	0.05
Quest Diagnostics	USD	10,000	725	0.30
UnitedHealth Group	USD	16,600	2,154	0.89
Universal Health Services 'B'	USD	3,000	271	0.11
			7,347	3.04
Life Sciences Tools & Services 2.03% (0.97%)				
Agilent Technologies	USD	20,100	767	0.32
Illumina	USD	2,000	255	0.10
Mettler-Toledo International	USD	1,400	473	0.20
PerkinElmer	USD	9,800	407	0.17
Thermo Fisher Scientific	USD	19,400	2,225	0.92
Waters	USD	6,800	767	0.32
			4,894	2.03
Pharmaceuticals 1.62% (2.53%)				
Allergan	USD	314	53	0.02
Bristol-Myers Squibb	USD	5,700	222	0.09
Johnson & Johnson	USD	23,601	2,137	0.88
Merck	USD	6,126	301	0.13
Pfizer	USD	21,265	533	0.22
Zoetis	USD	15,300	665	0.28
			3,911	1.62
Health Care total			26,584	11.00
Industrials 14.46% (11.42%)				
Aerospace & Defence 3.72% (3.93%)				
Arconic	USD	13,300	240	0.10
General Dynamics	USD	5,600	818	0.34
L3 Technologies	USD	3,000	377	0.16
Lockheed Martin	USD	12,700	2,569	1.06
Northrop Grumman	USD	13,700	2,516	1.04
Raytheon	USD	16,300	1,899	0.79
TransDigm Group	USD	2,800	485	0.20
United Technologies	USD	900	79	0.03
			8,983	3.72

PORTFOLIO STATEMENT (CONTINUED)

As at 31 January 2017 (unaudited)

Investment	Currency	Holding	Market Value £000	% of Net Assets
Air Freight & Logistics 0.10% (0.31%)				
CH Robinson Worldwide	USD	3,000	184	0.08
Expeditors International of Washington	USD	1,300	55	0.02
			239	0.10
Airlines 0.29% (1.27%)				
Southwest Airlines	USD	17,000	712	0.29
			712	0.29
Building Products 0.96% (0.77%)				
Allegion	USD	6,533	344	0.14
Fortune Brands Home & Security	USD	13,700	610	0.25
Johnson Controls International	USD	5,200	182	0.08
Masco	USD	44,700	1,192	0.49
			2,328	0.96
Commercial Services & Supplies 1.15% (1.12%)				
Cintas	USD	7,200	670	0.28
Pitney Bowes	USD	8,700	109	0.04
Republic Services	USD	27,700	1,274	0.53
Waste Management	USD	12,900	719	0.30
			2,772	1.15
Construction & Engineering 0.75% (0.20%)				
Fluor	USD	15,800	710	0.29
Jacobs Engineering Group	USD	13,400	637	0.26
Quanta Services	USD	16,000	469	0.20
			1,816	0.75
Electrical Equipment 1.01% (0.41%)				
Acuity Brands	USD	5,000	820	0.34
Eaton	USD	10,600	597	0.25
Emerson Electric	USD	10,700	507	0.21
Rockwell Automation	USD	4,300	514	0.21
			2,438	1.01
Industrial Conglomerates 1.94% (1.64%)				
3M	USD	6,200	870	0.36
General Electric	USD	109,828	2,634	1.09
Honeywell International	USD	5,400	515	0.21
Roper Technologies	USD	4,400	671	0.28
			4,690	1.94
Machinery 2.87% (0.87%)				
Caterpillar	USD	8,900	690	0.28
Cummins	USD	3,400	400	0.17
Dover	USD	6,600	414	0.17
Flowserve	USD	11,800	477	0.20
Fortive	USD	2,100	93	0.04
Illinois Tool Works	USD	10,900	1,124	0.46
Ingersoll-Rand	USD	13,500	860	0.36
PACCAR	USD	1,700	92	0.04
Parker-Hannifin	USD	4,000	472	0.19
Pentair	USD	11,400	555	0.23
Snap-on	USD	1,300	189	0.08
Stanley Black & Decker	USD	7,600	761	0.31
Xylem	USD	20,600	816	0.34
			6,943	2.87

PORTFOLIO STATEMENT (CONTINUED)

As at 31 January 2017 (unaudited)

Investment	Currency	Holding	Market Value £000	% of Net Assets
Professional Services 0.94% (0.79%)				
Dun & Bradstreet	USD	3,500	345	0.14
Equifax	USD	15,500	1,456	0.60
Nielsen Holdings	USD	14,500	477	0.20
			2,278	0.94
Road & Rail 0.43% (0.00%)				
CSX	USD	6,300	240	0.10
JB Hunt Transport Services	USD	2,500	198	0.08
Kansas City Southern	USD	4,700	325	0.14
Ryder System	USD	1,300	81	0.03
Union Pacific	USD	2,300	199	0.08
			1,043	0.43
Trading Companies & Distributors 0.30% (0.11%)				
Fastenal	USD	4,300	173	0.07
United Rentals	USD	5,300	546	0.23
			719	0.30
Industrials total			34,961	14.46
Information Technology 19.33% (16.94%)				
Communications Equipment 0.26% (0.75%)				
Cisco Systems	USD	6,600	163	0.07
F5 Networks	USD	600	65	0.03
Harris	USD	4,500	369	0.15
Motorola Solutions	USD	300	19	0.01
			616	0.26
Electronic Equipment, Instruments & Components 0.39% (0.01%)				
Amphenol 'A'	USD	7,600	408	0.17
Corning	USD	25,600	546	0.22
			954	0.39
Internet Software & Services 2.28% (2.79%)				
Alphabet 'A'	USD	1,700	1,121	0.46
Alphabet 'C'	USD	1,401	900	0.37
eBay	USD	4,300	111	0.05
Facebook 'A'	USD	23,900	2,505	1.04
VeriSign	USD	4,300	278	0.11
Yahoo!	USD	17,200	605	0.25
			5,520	2.28
IT Services 4.27% (4.44%)				
Accenture 'A'	USD	9,400	863	0.36
Automatic Data Processing	USD	14,500	1,184	0.49
Fidelity National Information Services	USD	12,400	790	0.33
Fiserv	USD	24,800	2,148	0.89
Global Payments	USD	4,500	280	0.12
International Business Machines	USD	1,600	225	0.09
Mastercard 'A'	USD	8,100	709	0.29
Paychex	USD	17,000	828	0.34
PayPal Holdings	USD	16,800	536	0.22
Total System Services	USD	20,400	837	0.35
Visa 'A'	USD	26,100	1,749	0.72
Western Union	USD	10,700	168	0.07
			10,317	4.27

PORTFOLIO STATEMENT (CONTINUED)

As at 31 January 2017 (unaudited)

Investment	Currency	Holding	Market Value £000	% of Net Assets
Semiconductors & Semiconductor Equipment 5.14% (2.74%)				
Analog Devices	USD	1,700	104	0.04
Applied Materials	USD	52,300	1,438	0.59
Broadcom	USD	14,249	2,318	0.96
Intel	USD	34,500	1,033	0.43
KLA-Tencor	USD	1,500	104	0.04
Lam Research	USD	10,700	994	0.41
Microchip Technology	USD	20,400	1,128	0.47
Micron Technology	USD	14,500	281	0.12
NVIDIA	USD	37,000	3,259	1.35
Qorvo	USD	4,100	211	0.09
QUALCOMM	USD	12,800	549	0.23
Texas Instruments	USD	11,400	711	0.29
Xilinx	USD	6,100	288	0.12
			12,418	5.14
Software 4.08% (3.93%)				
Activision Blizzard	USD	49,300	1,563	0.65
Adobe Systems	USD	12,600	1,148	0.47
Autodesk	USD	3,200	208	0.09
CA	USD	11,800	294	0.12
Citrix Systems	USD	2,300	168	0.07
Electronic Arts	USD	13,300	893	0.37
Intuit	USD	9,300	882	0.36
Microsoft	USD	73,506	3,833	1.59
Oracle	USD	2,200	71	0.03
Red Hat	USD	700	42	0.02
Symantec	USD	34,700	758	0.31
			9,860	4.08
Technology Hardware, Storage & Peripherals 2.91% (2.28%)				
Apple	USD	57,472	5,594	2.31
Hewlett Packard Enterprise	USD	53,400	946	0.39
HP	USD	36,700	436	0.18
NetApp	USD	2,200	67	0.03
			7,043	2.91
Information Technology total			46,728	19.33
Materials 5.54% (3.76%)				
Chemicals 2.35% (1.82%)				
Albemarle	USD	13,200	1,000	0.41
Dow Chemical	USD	11,800	568	0.23
Eastman Chemical	USD	700	43	0.02
Ecolab	USD	8,500	827	0.34
El du Pont de Nemours	USD	2,200	134	0.06
FMC	USD	11,000	533	0.22
International Flavors & Fragrances	USD	8,600	819	0.34
LyondellBasell Industries 'A'	USD	12,700	959	0.40
PPG Industries	USD	3,500	286	0.12
Praxair	USD	1,700	162	0.07
Sherwin-Williams	USD	1,400	342	0.14
			5,673	2.35
Construction Materials 0.85% (0.80%)				
Martin Marietta Materials	USD	2,600	490	0.20
Vulcan Materials	USD	15,000	1,570	0.65
			2,060	0.85

PORTFOLIO STATEMENT (CONTINUED)

As at 31 January 2017 (unaudited)

Investment	Currency	Holding	Market Value £000	% of Net Assets
Containers & Packaging 0.98% (0.70%)				
Avery Dennison	USD	11,800	689	0.29
Ball	USD	13,500	827	0.34
International Paper	USD	11,800	537	0.22
WestRock	USD	7,200	310	0.13
			2,363	0.98
Metals & Mining 1.36% (0.44%)				
Freeport-McMoRan 'B'	USD	43,100	560	0.23
Newmont Mining	USD	69,100	1,935	0.80
Nucor	USD	16,500	794	0.33
			3,289	1.36
Materials total			13,385	5.54
Real Estate 4.67% (5.07%)				
Equity Real Estate Investment Trusts (REITs) 4.67% (5.07%)				
American Tower	USD	6,100	503	0.21
Apartment Investment & Management 'A'	USD	6,100	214	0.09
AvalonBay Communities	USD	1,800	248	0.10
Boston Properties	USD	700	73	0.03
Crown Castle International	USD	3,200	222	0.09
Digital Realty Trust	USD	16,800	1,431	0.59
Equinix	USD	7,113	2,200	0.91
Equity Residential	USD	3,200	156	0.07
Essex Property Trust	USD	200	36	0.02
Extra Space Storage	USD	6,900	399	0.17
Federal Realty Investment Trust	USD	4,000	446	0.18
Iron Mountain	USD	29,300	840	0.35
Kimco Realty	USD	37,100	735	0.30
Mid-America Apartment Communities	USD	1,500	114	0.05
Prologis	USD	20,800	812	0.34
Public Storage	USD	5,100	878	0.36
Realty Income	USD	19,900	945	0.39
Simon Property Group	USD	3,300	469	0.19
Ventas	USD	8,300	408	0.17
Weyerhaeuser	USD	6,100	152	0.06
			11,281	4.67
Real Estate total			11,281	4.67
Telecommunication Services 1.11% (0.97%)				
Diversified Telecommunication Services 1.11% (0.97%)				
AT&T	USD	50,817	1,702	0.70
CenturyLink	USD	3,500	72	0.03
Verizon Communications	USD	23,237	918	0.38
			2,692	1.11
Telecommunication Services total			2,692	1.11

PORTFOLIO STATEMENT (CONTINUED)

As at 31 January 2017 (unaudited)

Investment	Currency	Holding	Market Value £000	% of Net Assets
Utilities 5.83% (5.91%)				
Electric Utilities 2.43% (2.50%)				
Alliant Energy	USD	13,300	393	0.16
American Electric Power	USD	10,000	506	0.21
Edison International	USD	9,600	553	0.23
Entergy	USD	3,400	192	0.08
Eversource Energy	USD	2,600	113	0.05
Exelon	USD	10,000	281	0.12
NextEra Energy	USD	11,100	1,088	0.45
PG&E	USD	8,400	407	0.17
Pinnacle West Capital	USD	8,600	526	0.22
PPL	USD	32,000	881	0.36
Southern	USD	9,700	378	0.16
Xcel Energy	USD	16,600	541	0.22
			5,859	2.43
Independent Power and Renewable Electricity Producers 0.09% (0.00%)				
AES	USD	24,800	222	0.09
			222	0.09
Multi-Utilities 2.77% (3.03%)				
Ameren	USD	13,800	571	0.24
CenterPoint Energy	USD	22,900	474	0.20
CMS Energy	USD	29,300	986	0.41
Consolidated Edison	USD	7,200	422	0.17
DTE Energy	USD	9,800	762	0.31
NiSource	USD	41,500	726	0.30
Public Service Enterprise Group	USD	4,200	145	0.06
SCANA	USD	16,900	922	0.38
Sempra Energy	USD	8,100	654	0.27
WEC Energy Group	USD	22,177	1,033	0.43
			6,695	2.77
Water Utilities 0.54% (0.38%)				
American Water Works	USD	22,800	1,313	0.54
			1,313	0.54
Utilities total			14,089	5.83
Equities total			240,402	99.46
Investment assets			240,402	99.46
Net other assets			1,307	0.54
Net assets			241,709	100.00

All holdings are ordinary shares or stock units and admitted to an official stock exchange unless otherwise stated.
The comparative percentage figures in brackets are as at 31 July 2016.

STATEMENT OF TOTAL RETURN

For the six months ended 31 January 2017 (unaudited)

	£000	Six months ended 31.01.17 £000	£000	Six months ended 31.01.16 £000
Income				
Net capital gains/(losses)		21,481		(1,875)
Revenue	2,399		1,752	
Expenses	(1,286)		(988)	
Net revenue before taxation	1,113		764	
Taxation	(336)		(241)	
Net revenue after taxation		777		523
Total return before distributions		22,258		(1,352)
Distributions		(777)		(523)
Change in net assets attributable to shareholders from investment activities		21,481		(1,875)

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

For the six months ended 31 January 2017 (unaudited)

	£000	Six months ended 31.01.17 £000	£000	Six months ended 31.01.16 £000
Opening net assets attributable to shareholders		246,769		187,751
Movement due to issue and cancellation of shares:				
Amounts receivable on issue of shares	1,020		14,328	
Amounts payable on cancellation of shares	(27,612)		(17,320)	
		(26,592)		(2,992)
Dilution adjustment		51		37
Change in net assets attributable to shareholders from investment activities (see above)		21,481		(1,875)
Closing net assets attributable to shareholders		241,709		182,921

The Statement of Recommended Practice (2014) requires that comparatives are shown for the above report. As the comparatives should be for the comparable interim period, the net asset value at the end of the previous period will not agree to the net asset value at the start of this period. The published net asset value as at 31 July 2016 was £246,769,000.

BALANCE SHEET

As at 31 January 2017 (unaudited)

	As at 31.01.17 £000	As at 31.07.16 £000
Assets:		
Investments	240,402	245,126
Current assets:		
Debtors	1,814	2,040
Cash and bank balances	2,129	2,034
Total assets	244,345	249,200
Liabilities:		
Creditors:		
Distribution payable	(729)	(648)
Other creditors	(1,907)	(1,783)
Total liabilities	(2,636)	(2,431)
Net assets attributable to shareholders	241,709	246,769

ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the financial statements for the year ended 31 July 2016 and are described in those annual financial statements.

AVIVA INVESTORS EURO EQUITY MOM 1 FUND

INVESTMENT OBJECTIVE

Long term capital growth by investing primarily in European equities (excluding UK).

INVESTMENT POLICY

The Fund will invest primarily in equity securities listed or traded on Regulated markets in Europe (excluding UK). Limited exposure to other geographic regions may be possible. The Fund may invest in any of the following financial instruments in order to achieve its investment objective: equities or securities with equity characteristics, unlisted transferable securities, convertibles, preference shares, warrants, money market instruments, collective investment schemes and deposits.

FUND MANAGER'S REPORT

Performance

Over the six months ended 31 January 2017 the Fund* returned 7.59 per cent (net of fees), underperforming the FTSE® World Euro ex UK Index return of 9.07 per cent.

Review

European markets performed strongly during the period under review. We believe one of the major factors responsible for this was the greater optimism for US growth following Donald Trump's surprise victory, with concerns over his presidential style being overwhelmed by the fact that the Republicans now control both Houses of Congress. Many investors believe it should therefore be easier for the new President to push through fiscal stimulus such as increased infrastructure spending and tax cuts. These moves would be positive for markets.

Another key consideration is that, for the time being at least, a number of significant risk events for investors have been cleared away. In the United Kingdom, the economy continued to impress many observers by its resilience following the vote to withdraw from the European Union. The European Central Bank's decision to extend its Asset Purchase Programme until the end of 2017, albeit at a lower level, surprised investors but continues to point to a highly liquid monetary environment. The absence of any collateral damage following the December 2016 referendum in Italy which led to the resignation of Prime Minister Matteo Renzi, and the rejection of a far right candidate in the Austrian elections were both reassuring for the European Union.

As with the United Kingdom's Brexit decision earlier in the year, Trump's victory and the referendum result in Italy may not have been what markets thought they wanted, but it has coincided with a stream of improving economic data, both in Europe and beyond. By the end of the period under review, regional economic sentiment was at a near six-year high, while the latest unemployment figure of 9.7 per cent was the lowest since 2009. January consumer prices across the euro zone rose 1.8 per cent year on year, their highest level since mid-2014 and primarily driven by food and energy. The oil price was supported by November's OPEC and non-OPEC agreement on coordinated production cuts.

With bond yields rising globally in response to improving economic data, the absence of near term political stumbling blocks and investors' pent up cash positions were supportive for markets, but also resulted in a high degree of sector rotation. The financials and basic materials sectors were the strongest performing sectors during the last six months, while utilities and health care were the weakest.

Stock selection in technology and consumer services contributed positively to returns during the period, but detracted among consumer goods, telecommunications, financials and industrials.

The rally in financials following the US presidential election benefited a number of the Funds overweight positions, including French-listed AXA, the Funds largest contributor during the period, as well as Norwegian Sampo and Dutch ING Groep. Concerns that the impact of a US Department of Labor law restricting the sale of variable annuity policies may have been exaggerated by the market benefitted AXA, while the tailwind from rising bond yields was also supportive. An overweight position in Belgian-listed banking and insurance business KBC Groupe performed strongly, with second quarter results surpassing expectations, and with net income markedly higher than consensus and showing an improvement over the prior quarter. Conversely the very strong performance from some financials not owned in the Fund (such as Banco Santander, Vonovia, and BNP Paribas) had a significant negative impact on relative performance, and the sector as a whole detracted.

Other notable detractors included brewer Anheuser-Busch InBev, which weakened after reporting its third quarter results in October. While organic revenue growth was in line with expectations, margins in Brazil fell short of expectations as management opted to delay price increases until later in the year. An overweight in Danish brewer Carlsberg also underperformed, following mixed results for the first half of the year. Given its strong share price prior to these results, some profit taking by investors was not surprising. Turkcell has been impacted by the cautious sentiment affecting the Turkish lira and equity markets since the coup attempt in July.

Healthcare was a weak sector, and the over overweight position in Novartis detracted relative to the benchmark and sector. Earnings per share for the third quarter were ahead of consensus expectations, but further disappointment in its Alcon eye care business dominated sentiment.

More positively, an overweight in global staffing business Adecco performed well and its share price benefited from supportive employment trends in both the US and Europe. The share price of Valeo, the automotive parts supplier, responded favourably as the market recognised the combination of improved earnings quality and upgrades, as well as the continued innovation and roll out of new products.

AVIVA INVESTORS EURO EQUITY MOM 1 FUND (CONTINUED)

FUND MANAGER'S REPORT (CONTINUED)

Review (continued)

2017 is likely to present an investment climate full of contradictions for European-focused investors. We believe the media will be dominated by macroeconomic policy and political considerations. Against this backdrop, markets are likely to be volatile and sentiment will likely be caught between two opposing forces. On one side, optimism is likely to stem from visions of higher global growth, driven by the combination of fiscal stimulus and a continuing program of QE. On the other, concerns could arise around how late cycle the recovery might be in the US, while the prospect of a populist government being elected in Europe will continue to be a worry.

When stocks, sectors, and markets move due to macro speculation rather than fundamentals, we believe it opens up a valuation gap that ultimately will turn into alpha opportunities. The wider this gap, the greater the opportunity will be to differentiate through alpha. In the coming years, we believe this opportunity could be substantial due to the current equity market environment.

February 2017

* Fund performance figures – share class 2, source Lipper, net of fees, net income reinvested in GBP. Unless otherwise indicated, all data has been sourced by Lazard Asset Management.

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Any opinions expressed are those of the Fund manager. They should not be viewed as a guarantee of a return from an investment in the Funds. The content of the commentary should not be viewed as a recommendation to invest nor to buy or sell stocks. Past performance is not a guide to future performance. The value of an investment in the Fund and any income from it may go down as well as up, and the investor may not get back the original amount invested.

Material Portfolio Changes

Purchases	Sales
Linde	Linde
Intesa Sanpaolo	Actelion
Continental	KBC Group
ABN AMRO Group	Novo Nordisk
Nordea Bank	Sampo 'A'
Nets	Telenor
Air Liquide	Abertis Infraestructuras
Koninklijke Ahold Delhaize	Davide Campari-Milano
Galp Energia	Atlantia
Merlin Properties Socimi, REIT	AXA

Synthetic Risk and Reward Indicator

The Fund has been allocated a risk number based on the historic volatility of its share price. Where insufficient share price information is available, the risk number has been based on the historic volatility of the asset classes appropriate to the Fund.

- This indicator is based on historical data, calculated using European Union rules, and may not be a reliable indication of the future risk profile of the Fund.
- The risk and reward category shown is not guaranteed to remain unchanged and may change over time. The lowest category does not mean 'risk free'.
- The value of investments will be affected by changes in exchange rates.
- Full information on the risks applicable to the Fund is detailed in the Prospectus.

INVESTMENT PERFORMANCE

Net Asset Value – Income Shares

Share class	As at	Net asset value* £000	Shares in issue	Pence per share
Class 2	31.07.14	90,386	53,451,969	169.10
	31.07.15	154,186	81,256,281	189.75
	31.07.16	138,928	70,887,198	195.99
	31.01.17	153,154	72,710,938	210.66

* Valued at bid market prices.

Share Price Record – Income Shares

Share class	Financial year	Highest price* (p)	Lowest price* (p)
Class 2	2014	183.03	158.96
	2015	199.67	156.23
	2016	199.54	167.14
	2017**	216.45	191.42

* Valued at mid market prices.

** Up to 31 January 2017.

Ongoing Charges Figure*

Share class	31.01.17	31.07.16
Class 2	1.06%	1.07%

* The Ongoing Charges Figure (OCF) is calculated as the ratio of the total ongoing charges to the average net asset value of the Fund over the period. The OCF is made up of the Annual Management Charge and other operating costs deducted from the assets of the Fund during the period, except for those payments that are explicitly excluded (performance fees).

Revenue Record – Income Shares

The revenue record table below shows the net distribution rates per financial year on a payment date basis for an investment made on 31 July 2013.

Share class	Financial year	Net revenue per share (p)	Per £1,000 invested (£)
Class 2	2014	2.2963	13.45
	2015	2.2936	13.43
	2016	2.7159	15.91
	2017*	0.2312	1.35

* Up to 31 March 2017 (the interim distribution payment date).

PORTFOLIO STATEMENT

As at 31 January 2017 (unaudited)

Investment	Currency	Holding	Market Value £000	% of Net Assets
Equities 96.49% (98.32%)				
Austria 1.41% (1.63%)				
Erste Group Bank	EUR	87,588	2,154	1.41
			2,154	1.41
Belgium 3.73% (6.47%)				
Anheuser-Busch InBev	EUR	68,285	5,707	3.73
			5,707	3.73
Denmark 3.93% (6.08%)				
Carlsberg 'B'	DKK	55,914	4,027	2.63
Nets	DKK	141,879	2,000	1.30
			6,027	3.93
Finland 2.69% (2.43%)				
Cargotec 'B'	EUR	41,627	1,611	1.05
Sampo 'A'	EUR	67,208	2,512	1.64
			4,123	2.69
France 19.52% (20.17%)				
Air Liquide	EUR	31,026	2,710	1.77
Amundi	EUR	37,657	1,657	1.08
AXA	EUR	258,985	5,138	3.35
Cap Gemini	EUR	28,297	1,857	1.21
Elior Group	EUR	83,896	1,501	0.98
Faurecia	EUR	45,254	1,586	1.04
Iliad	EUR	22,744	3,887	2.54
Legrand	EUR	39,455	1,848	1.21
Schneider Electric	EUR	21,818	1,267	0.83
Television Francaise 1	EUR	132,280	1,167	0.76
Valeo	EUR	45,466	2,243	1.46
Vinci	EUR	63,001	3,540	2.31
Vivendi	EUR	101,728	1,502	0.98
			29,903	19.52
Germany 11.58% (10.02%)				
Continental	EUR	20,334	3,228	2.11
Deutsche Boerse	EUR	22,691	1,670	1.09
Fresenius	EUR	71,530	4,532	2.96
SAP	EUR	80,215	5,907	3.86
Vonovia	EUR	92,080	2,393	1.56
			17,730	11.58
Ireland 7.81% (6.47%)				
Bank of Ireland	EUR	13,111,447	2,846	1.86
CRH	EUR	119,664	3,363	2.20
Kerry Group 'A'	EUR	37,589	2,090	1.37
Kingspan Group	EUR	58,514	1,367	0.89
Permanent TSB Group Holdings	EUR	332,964	786	0.51
Ryanair Holdings	EUR	120,197	1,505	0.98
			11,957	7.81
Italy 9.16% (10.29%)				
Banca Mediolanum	EUR	322,854	1,956	1.28
Buzzi Unicem	EUR	85,287	1,689	1.10
Cerved Information Solutions	EUR	187,280	1,223	0.80
Davide Campari-Milano	EUR	94,324	754	0.49
Eni	EUR	166,649	2,077	1.36
Intesa Sanpaolo	EUR	929,685	1,749	1.14
Italgas	EUR	434,646	1,314	0.86
Telecom Italia	EUR	2,940,509	1,999	1.30
UniCredit	EUR	57,150	1,265	0.83
			14,026	9.16

PORTFOLIO STATEMENT (CONTINUED)

As at 31 January 2017 (unaudited)

Investment	Currency	Holding	Market Value €000	% of Net Assets
Netherlands 14.48% (10.68%)				
ABN AMRO Group	EUR	165,721	3,140	2.05
Euronext	EUR	41,658	1,495	0.97
ING Groep	EUR	248,592	2,874	1.88
Koninklijke Ahold Delhaize	EUR	134,863	2,307	1.50
NN Group	EUR	83,352	2,370	1.55
RELX	EUR	110,456	1,496	0.98
Unilever	EUR	137,027	4,422	2.89
Wolters Kluwer	EUR	133,163	4,073	2.66
			22,177	14.48
Norway 0.98% (4.18%)				
Europris	NOK	294,439	1,036	0.67
Petroleum Geo-Services	NOK	173,668	471	0.31
			1,507	0.98
Portugal 1.55% (0.00%)				
Galp Energia	EUR	200,391	2,376	1.55
			2,376	1.55
Spain 2.21% (2.35%)				
Merlin Properties Socimi, REIT	EUR	231,686	2,070	1.35
Red Electrica	EUR	92,334	1,308	0.86
			3,378	2.21
Sweden 3.91% (0.00%)				
Hexagon 'B'	SEK	50,519	1,601	1.04
Nordea Bank	SEK	308,443	2,980	1.95
Saab 'B'	SEK	43,164	1,412	0.92
			5,993	3.91
Switzerland 11.49% (15.23%)				
Adecco	CHF	33,358	1,918	1.25
Cie Financiere Richemont	CHF	38,587	2,421	1.58
Credit Suisse Group	CHF	187,054	2,296	1.50
Novartis	CHF	144,343	8,427	5.50
Syngenta	CHF	7,465	2,533	1.66
			17,595	11.49
Turkey 1.35% (1.57%)				
Turkcell Iletisim Hizmetleri	TRY	861,855	2,065	1.35
			2,065	1.35
United Kingdom 0.69% (0.75%)				
Royal Dutch Shell 'A'	EUR	48,555	1,061	0.69
			1,061	0.69
Equities total			147,779	96.49
Investment assets			147,779	96.49
Net other assets			5,375	3.51
Net assets			153,154	100.00

All holdings are ordinary shares or stock units and admitted to an official stock exchange unless otherwise stated.
The comparative percentage figures in brackets are as at 31 July 2016.

STATEMENT OF TOTAL RETURN

For the six months ended 31 January 2017 (unaudited)

	£000	Six months ended 31.01.17 £000	£000	Six months ended 31.01.16 £000
Income				
Net capital gains/(losses)		10,404		(6,577)
Revenue	828		556	
Expenses	(770)		(792)	
Net revenue/(expense) before taxation	58		(236)	
Taxation	103		41	
Net revenue/(expense) after taxation		161		(195)
Total return before distributions		10,565		(6,772)
Distributions		(161)		–
Change in net assets attributable to shareholders from investment activities		10,404		(6,772)

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

For the six months ended 31 January 2017 (unaudited)

	£000	Six months ended 31.01.17 £000	£000	Six months ended 31.01.16 £000
Opening net assets attributable to shareholders		138,928		154,186
Movement due to issue and cancellation of shares:				
Amounts receivable on issue of shares	7,510		–	
Amounts payable on cancellation of shares	(3,714)		(35)	
		3,796		(35)
Dilution adjustment		26		–
Change in net assets attributable to shareholders from investment activities (see above)		10,404		(6,772)
Closing net assets attributable to shareholders		153,154		147,379

The Statement of Recommended Practice (2014) requires that comparatives are shown for the above report. As the comparatives should be for the comparable interim period, the net asset value at the end of the previous period will not agree to the net asset value at the start of this period. The published net asset value as at 31 July 2016 was £138,928,000.

BALANCE SHEET

As at 31 January 2017 (unaudited)

	As at 31.01.17 £000	As at 31.07.16 £000
Assets:		
Investments	147,779	136,597
Current assets:		
Debtors	4,228	1,089
Cash and bank balances	1,517	6,646
Total assets	153,524	144,332
Liabilities:		
Creditors:		
Distribution payable	(168)	(1,925)
Other creditors	(202)	(3,479)
Total liabilities	(370)	(5,404)
Net assets attributable to shareholders	153,154	138,928

ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the financial statements for the year ended 31 July 2016 and are described in those annual financial statements.

AVIVA INVESTORS EURO EQUITY MOM 2 FUND

INVESTMENT OBJECTIVE

Long term capital growth by investing primarily in European equities (excluding UK).

INVESTMENT POLICY

The Fund will invest primarily in equity securities listed or traded on Regulated markets in Europe (excluding UK). Limited exposure to other geographic regions may be possible. The Fund may invest in any of the following financial instruments in order to achieve its investment objective: equities or securities with equity characteristics, unlisted transferable securities, convertibles, preference shares, warrants, money market instruments, collective investment schemes and deposits.

FUND MANAGER'S REPORT

Performance

Over the six months ended 31 January 2017 the Fund* returned 11.62 per cent (net of fees), outperforming the FTSE® World Europe ex-UK Index return of 9.07 per cent.

Review

The period was dominated by the US Presidential election and the shock result that saw Donald Trump defy the polls. Despite earlier speculation that a Trump win would send markets into a heightened state of uncertainty and trigger a sharp reversal, the President-Elect's pro-growth rhetoric of fiscal stimulus was the catalyst for a rally in markets, particularly in the US. For UK investors, the rally in European equities was boosted by ongoing weakness in sterling following the June 2016 Brexit vote. In local currency terms the MSCI Europe ex-UK Index returned 6.5 per cent.

Debt markets saw marked action as global bonds suffered a sharp sell-off driven by an upward shift in the benchmark yield curve. Contributory factors included the early pricing in of a 25bp US rate rise in December (which was accompanied by more hawkish projections of future hikes) and the reflationary implications of a Trump administration.

Sector trends within the equity market showed a fairly clear split between cyclicals and defensives over the period. The financials sector was the strongest performing sector, up 28.8 per cent in sterling terms. This was followed by materials (17.2 per cent), energy (15.5 per cent), industrials (13.0 per cent) and consumer discretionary (13.0 per cent). The weakest sectors included utilities (-8.8 per cent), consumer staples (-5.0 per cent) and health care (-4.1 per cent), reflecting some bond proxy characteristics.

Although the Fund has a slightly lower exposure to the strongly rallying financials sector relative to the European market, it was able to outperform over the six months. Strong stock selection and a healthy exposure to cyclical stocks in the industrials sector were contributory factors to the strong performance.

The Funds strongest contributors included NKT Holdings, Actelion and NN Group.

Interim results from industrials group NKT were in-line with expectations, and the company was able to maintain guidance for at least a repeat of 2015's levels of EBITDA and (organic) revenue. Its shares also strengthened on the announcement of its intention to split into two separately listed companies: NKT Cables and Nilfisk (professional cleaning). The decision coincided with its purchase of ABB's high voltage cables business in a deal with enterprise value of €5.3bn.

Shares in Swiss pharma company Actelion rose sharply on takeover speculation which – after a protracted pursuit – eventually resulted in it recommending a \$280/share all-cash takeover offer from Johnson & Johnson. Actelion shareholders are also eligible for shares in a new R&D company that will be spun out prior to the takeover.

Dutch insurer and asset manager NN Group achieved a robust operating result despite facing a number of challenges, including the effect of the Brexit vote on its asset management business and the insurance impact of severe storms in the Netherlands. The company aims to use the strength of its balance sheet in order to consolidate the Dutch insurance market, and in October launched a takeover approach for Delta Lloyd.

The biggest detractors from performance included Novo Nordisk, Red Electrica de Espana and Royal Unibrew.

Shares in Spanish electricity grid operator Red Electrica de Espana suffered from the sell-off in defensive sectors such as utilities which was triggered by the rise in bond yields during the period. It also lost an appeal against the imposition of 'public domain' charges by certain Spanish councils on the land used for electricity distribution assets.

Despite issuing robust Q3 numbers in November, brewer Royal Unibrew experienced some profit-taking. The company maintained its market share, grew net revenue and operating profit by 6 per cent and upgraded its 2016 guidance to the upper end of the ranges it had previously published.

Novo Nordisk recorded 5 per cent sales growth in the first six months of 2016, but operating profit fell by 6 per cent and the company lowered its 2016 guidance range: sales growth is now expected to be 5-7 per cent and adjusted operating profit growth 5-8 per cent, both down from a 5-9 per cent range.

During the six months we sold the holdings in Pandora and Novo Nordisk. This reflected a deterioration in secondary scores in our cash flow screens. Unilever was also sold out of the Fund.

Following the last portfolio review, we commented that the opportunity to identify contrarian value in the European market was restricted to a few very specific pockets (of relatively wide valuation dispersion) and during the period we were able to increase the Funds exposure to one of these – financials – via new positions in ING Groep, Mediobanca and Svenska Handelsbanken.

Following Banco Popolare's merger with Banco Popolare di Milano, the combined entity is now named Banco BPM.

In mid-December 2016, the technical measures we employ to define market trend moved into an uptrend, a signal which is typically followed by further positive returns and low levels of volatility. Investor complacency however continues to be quite high in Europe which is less positive for the outlook. The number of corporates engaging in aggressive investment activity is at about normal levels and not unduly concerning. Taking all of these indicators together suggests quite a constructive outlook for European equity markets.

There is clearly scope for the heavy electoral timetable in Europe this year to disrupt this more benign picture. However, we prefer to make no predictions about the ramifications of what may or may not occur in Europe's political scene and would adhere to the more positive outlook for equity markets suggested by the process.

INVESTMENT PERFORMANCE

Net Asset Value – Income Shares

Share class	As at	Net asset value* £000	Shares in issue	Pence per share
Class 2	31.07.14	48,635	29,985,174	162.20
	31.07.15	83,266	48,409,590	172.00
	31.07.16	47,015	23,251,716	202.20
	31.01.17	53,123	23,536,652	225.70

* Valued at bid market prices.

Share Price Record – Income Shares

Share class	Financial year	Highest price* (p)	Lowest price* (p)
Class 2	2014	173.96	153.43
	2015	182.14	146.66
	2016	205.29	158.47
	2017**	229.28	197.75

* Valued at mid market prices.

** Up to 31 January 2017.

Ongoing Charges Figure*

Share class	31.01.17	31.07.16
Class 2	1.08%	1.05%

* The Ongoing Charges Figure (OCF) is calculated as the ratio of the total ongoing charges to the average net asset value of the Fund over the period. The OCF is made up of the Annual Management Charge and other operating costs deducted from the assets of the Fund during the period, except for those payments that are explicitly excluded (performance fees).

Revenue Record – Income Shares

The revenue record table below shows the net distribution rates per financial year on a payment date basis for an investment made on 31 July 2013.

Share class	Financial year	Net revenue per share (p)	Per £1,000 invested (£)
Class 2	2014	3.0972	19.08
	2015	2.1503	13.25
	2016	2.8284	17.43
	2017*	0.0000	0.00

* Up to 31 March 2017 (the interim distribution payment date).

PORTFOLIO STATEMENT

As at 31 January 2017 (unaudited)

Investment	Currency	Holding	Market Value £000	% of Net Assets
Equities 96.76% (98.28%)				
Austria 2.22% (1.78%)				
OMV	EUR	41,428	1,182	2.22
			<hr/> 1,182	<hr/> 2.22
Denmark 13.68% (18.89%)				
Dfds	DKK	46,707	1,838	3.46
NKT Holding	DKK	42,259	2,586	4.87
Royal Unibrew	DKK	42,559	1,292	2.43
Vestas Wind Systems	DKK	27,618	1,550	2.92
			<hr/> 7,266	<hr/> 13.68
France 8.96% (7.54%)				
Nexans	EUR	39,076	1,835	3.45
Peugeot	EUR	85,582	1,291	2.43
TOTAL	EUR	40,224	1,636	3.08
			<hr/> 4,762	<hr/> 8.96
Germany 7.71% (7.95%)				
Deutsche Pfandbriefbank	EUR	113,493	924	1.74
HOCHTIEF	EUR	15,020	1,730	3.26
Software	EUR	49,659	1,443	2.71
			<hr/> 4,097	<hr/> 7.71
Italy 4.81% (3.54%)				
Banco BPM	EUR	235,899	556	1.05
DiaSorin	EUR	26,962	1,282	2.41
Mediobanca	EUR	103,167	718	1.35
			<hr/> 2,556	<hr/> 4.81
Netherlands 8.22% (8.66%)				
ING Groep	EUR	129,447	1,497	2.82
Koninklijke Vopak	EUR	36,277	1,256	2.36
NN Group	EUR	56,741	1,613	3.04
			<hr/> 4,366	<hr/> 8.22
Norway 2.43% (1.25%)				
Fred Olsen Energy	NOK	104,706	185	0.35
Norsk Hydro	NOK	241,578	1,104	2.08
			<hr/> 1,289	<hr/> 2.43
Spain 13.50% (15.35%)				
ACS Actividades de Construccion y Servicios	EUR	61,259	1,524	2.87
ACS Actividades de Construccion y Servicios Rights 03/02/2017	EUR	61,259	22	0.04
Amadeus IT Holding 'A'	EUR	35,935	1,336	2.52
CIE Automotive	EUR	109,267	1,636	3.08
Endesa	EUR	87,731	1,441	2.71
Red Electrica	EUR	85,417	1,210	2.28
			<hr/> 7,169	<hr/> 13.50
Sweden 13.08% (12.17%)				
Atlas Copco 'A'	SEK	67,757	1,766	3.32
Axfood	SEK	108,025	1,417	2.67
Peab	SEK	246,408	1,616	3.04
Svenska Handelsbanken 'A'	SEK	80,027	960	1.81
Swedish Match	SEK	45,795	1,190	2.24
			<hr/> 6,949	<hr/> 13.08

PORTFOLIO STATEMENT (CONTINUED)

As at 31 January 2017 (unaudited)

Investment	Currency	Holding	Market Value	
			£000	% of Net Assets
Switzerland 22.15% (21.15%)				
Actelion	CHF	10,056	2,157	4.06
Cembra Money Bank	CHF	28,434	1,713	3.23
Forbo Holding	CHF	1,582	1,724	3.25
Partners Group Holding	CHF	4,651	1,885	3.55
Schindler Holding	CHF	10,651	1,628	3.06
Straumann Holding	CHF	5,056	1,633	3.07
UBS Group	CHF	78,724	1,027	1.93
			11,767	22.15
Equities total			51,403	96.76
Investment assets			51,403	96.76
Net other assets			1,720	3.24
Net assets			53,123	100.00

All holdings are ordinary shares or stock units and admitted to an official stock exchange unless otherwise stated.
The comparative percentage figures in brackets are as at 31 July 2016.

STATEMENT OF TOTAL RETURN

For the six months ended 31 January 2017 (unaudited)

	£000	Six months ended 31.01.17 £000	£000	Six months ended 31.01.16 £000
Income				
Net capital gains		5,500		4,323
Revenue	240		201	
Expenses	(269)		(429)	
Net expense before taxation	(29)		(228)	
Taxation	11		104	
Net expense after taxation		(18)		(124)
Total return before distributions		5,482		4,199
Change in net assets attributable to shareholders from investment activities		5,482		4,199

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

For the six months ended 31 January 2017 (unaudited)

	£000	Six months ended 31.01.17 £000	£000	Six months ended 31.01.16 £000
Opening net assets attributable to shareholders		47,015		83,266
Movement due to issue and cancellation of shares:				
Amounts receivable on issue of shares	2,463		–	
Amounts payable on cancellation of shares	(1,844)		(35)	
		619		(35)
Dilution adjustment		7		–
Change in net assets attributable to shareholders from investment activities (see above)		5,482		4,199
Closing net assets attributable to shareholders		53,123		87,430

The Statement of Recommended Practice (2014) requires that comparatives are shown for the above report. As the comparatives should be for the comparable interim period, the net asset value at the end of the previous period will not agree to the net asset value at the start of this period. The published net asset value as at 31 July 2016 was £47,015,000.

BALANCE SHEET

As at 31 January 2017 (unaudited)

	As at 31.01.17 £000	As at 31.07.16 £000
Assets:		
Investments	51,403	46,208
Current assets:		
Debtors	158	197
Cash and bank balances	1,662	1,358
Total assets	53,223	47,763
Liabilities:		
Creditors:		
Distribution payable	–	(658)
Other creditors	(100)	(90)
Total liabilities	(100)	(748)
Net assets attributable to shareholders	53,123	47,015

ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the financial statements for the year ended 31 July 2016 and are described in those annual financial statements.

AVIVA INVESTORS APAC EQUITY MOM 1 FUND

INVESTMENT OBJECTIVE

Long term capital growth by investing primarily in Asia Pacific equities (excluding Japan).

INVESTMENT POLICY

The Fund will invest primarily in equity securities listed or traded on Regulated markets in the Asia Pacific region (excluding Japan). Limited exposure to other geographic regions may be possible. The Fund may invest in any of the following financial instruments in order to achieve its investment objective: equities or securities with equity characteristics, unlisted transferable securities, convertibles, preference shares, warrants, money market instruments, collective investment schemes and deposits.

FUND MANAGER'S REPORT

Performance

Over the six months ended 31 January 2017 the Fund* returned 12.50 per cent (net of fees), outperforming the FTSE® World Asia Pacific ex Japan Equity index return of 10.74 per cent*.

Review

Asian equities delivered strong positive returns over the period. In the third quarter of 2016, hopes of further monetary easing by central banks post-Brexit helped spur a jump in investor risk appetite. Chinese equities posted strong gains driven by signs of stabilisation in economic activity and ongoing government stimulus through fixed asset investment. Liquidity from China was spilling over into cheaper and high yielding stocks in the Hong Kong market via the southbound trading link of HK-Shanghai StockConnect. Going into the last quarter of 2016, Asian equities continued the upward momentum as Donald Trump's surprise victory in the US presidential election increased expectations for growth and reflation (inflation) in the US and hence for a faster pace of interest rate rises from the Federal Reserve. The markets started off 2017 strongly with Asian markets delivering positive gains, as general bullishness in the US around President Trump's fiscal spending plans continued to spur global stockmarkets.

From a country perspective, positive stock selection in Australia and Korea were the key contributors, although this was partially offset by negative stock selection in China and Thailand.

Australia was a key contributor to performance, where our overweight position in select materials and mining services stocks added value. In particular, Incitec Pivot, gained during the period on the back of higher coal and iron ore prices. Computershare also did well during the quarter after it announced higher than expected cost savings and reaffirmed a guidance of earnings per share increase next year. Korea was also a positive contributor as Samsung Electronics and SK Hynix rallied on the back of better semiconductor and memory pricing. Lack of exposure to cosmetic names, which fell on China's retaliatory measures against Korea's deployment of an US anti-missile defence system, also contributed. However, given the significant underperformance of these cosmetic names, valuations are now looking interesting and we are looking at potential entry opportunities in this sector as structural demand outlook for Korean cosmetics remains intact.

Conversely, China was a key detractor over the period, with the Fund's underweight position in Chinese life insurers detracting when the sector outperformed after Mr. Trump's election victory, on expectation that China's domestic bond yields would rise in tandem with U.S. yields. We have recently added to China Pacific Insurance on expectation that the stock will benefit from rising domestic interest rates. However, the detraction was partially mitigated by positive stock selection in the internet holdings including Sina and Alibaba on the back of upbeat earnings results. We remain positive on our key Chinese internet stocks (including Alibaba, Tencent and Sina) in light of their strong long term growth drivers. Further detraction came from Thailand as media company BEC World continues to face strong competition from new entrants in the digital channels.

The Fund's strategy has remained broadly unchanged, with a focus on businesses with sound fundamentals and reasonable valuations. Whilst the top-down scenarios appear increasingly fraught with challenges, we remain focused on longer term fundamentals and bottom-up stock selection (the value of individual shares).

Worldwide fiscal policy stances are likely to be more expansionary and may raise inflation and interest rate expectations, in particular in the US. We have added to select financials with large liquid balance sheets that will benefit from higher interest rates. A more protectionist policy environment is negative for Asian exporters, especially those with large product sourcing from Asia. While the portfolio's exposure to such companies is limited, we continue to monitor and will make portfolio adjustments as and when the broad contours of US trade policy become clearer. We remain sceptical of significant infrastructure investment in the US and its impact on commodity prices. China remains a significant consumer and producer of key commodities; the scale of investments in the US, if it does materialise, is unlikely to change the overall demand-supply dynamics materially. The portfolio's exposure to this sector is primarily through Australia and we do not intend to make changes here.

Aggregate valuations for the region are broadly in line with longer term averages, although dispersions across sectors are high and segments with visible growth are commanding a premium. As always, careful discretion needs to be exercised while making stock selection in an environment of excess liquidity and richer valuations.

February 2017

* Fund performance figures – share class 2, source Lipper, net of fees, net income reinvested in GBP. Unless otherwise indicated, all data has been sourced by Schroder Investment Management.

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Any opinions expressed are those of the Fund manager. They should not be viewed as a guarantee of a return from an investment in the Funds. The content of the commentary should not be viewed as a recommendation to invest nor to buy or sell stocks. Past performance is not a guide to future performance. The value of an investment in the Fund and any income from it may go down as well as up, and the investor may not get back the original amount invested.

AVIVA INVESTORS APAC EQUITY MOM 1 FUND (CONTINUED)

Material Portfolio Changes

Purchases	Sales
Samsung Electronics	Taiwan Mobile
Taiwan Semiconductor Manufacturing	Singapore Telecommunications
China Mobile	Cathay Pacific Airways
NAVER	Cheung Kong Property Holdings
AIA Group	Vieworks
Swire Properties	Bank Mandiri Persero
NCSOFT	Hyundai Motor
Intouch Holdings, NVDR	Orica
Tencent Holdings	First Resources
Incitec Pivot	CNOOC

Synthetic Risk and Reward Indicator

The Fund has been allocated a risk number based on the historic volatility of its share price. Where insufficient share price information is available, the risk number has been based on the historic volatility of the asset classes appropriate to the Fund.

- This indicator is based on historical data, calculated using European Union rules, and may not be a reliable indication of the future risk profile of the Fund.
- The risk and reward category shown is not guaranteed to remain unchanged and may change over time. The lowest category does not mean 'risk free'.
- Developing market investments can be less easy to buy and sell, and their values may be influenced by the economic and political risks of the countries of issue.
- The value of investments will be affected by changes in exchange rates.
- Full information on the risks applicable to the Fund is detailed in the Prospectus.

INVESTMENT PERFORMANCE

Net Asset Value – Income Shares

Share class	As at	Net asset value* £000	Shares in issue	Pence per share
Class 2	31.07.14	46,854	23,647,402	198.14
	31.07.15	47,473	25,091,209	189.20
	31.07.16	43,444	20,271,338	214.31
	31.01.17	59,804	24,945,054	239.74

* Valued at bid market prices.

Share Price Record – Income Shares

Share class	Financial year	Highest price* (p)	Lowest price* (p)
Class 2	2014	200.50	175.66
	2015	228.05	190.45
	2016	218.46	162.38
	2017**	244.08	211.41

* Valued at mid market prices.

** Up to 31 January 2017.

Ongoing Charges Figure*

Share class	31.01.17	31.07.16
Class 2	1.35%	1.36%

* The Ongoing Charges Figure (OCF) is calculated as the ratio of the total ongoing charges to the average net asset value of the Fund over the period. The OCF is made up of the Annual Management Charge and other operating costs deducted from the assets of the Fund during the period, except for those payments that are explicitly excluded (performance fees).

Revenue Record – Income Shares

The revenue record table below shows the net distribution rates per financial year on a payment date basis for an investment made on 31 July 2013.

Share class	Financial year	Net revenue per share (p)	Per £1,000 invested (£)
Class 2	2014	2.4787	13.19
	2015	3.3855	18.01
	2016	3.6676	19.51
	2017*	1.4184	7.55

* Up to 31 March 2017 (the interim distribution payment date).

PORTFOLIO STATEMENT

As at 31 January 2017 (unaudited)

Investment	Currency	Holding	Market Value £000	% of Net Assets
Equities 98.38% (98.86%)				
Australia 22.52% (21.22%)				
AGL Energy	AUD	45,193	619	1.03
ASX	AUD	17,429	527	0.88
Australia & New Zealand Banking Group	AUD	55,147	979	1.64
BHP Billiton	AUD	74,159	1,198	2.00
Brambles	AUD	131,640	831	1.39
Commonwealth Bank of Australia	AUD	14,009	694	1.16
Computershare	AUD	98,593	771	1.29
CSL	AUD	14,986	1,021	1.71
Incitec Pivot	AUD	484,205	1,130	1.89
Medibank	AUD	298,727	489	0.82
National Australia Bank	AUD	88,551	1,628	2.72
QBE Insurance Group	AUD	35,592	270	0.45
Rio Tinto	AUD	21,251	859	1.44
Wesfarmers	AUD	14,520	354	0.59
Westpac Banking	AUD	58,789	1,131	1.89
Woodside Petroleum	AUD	20,593	394	0.66
Woolworths	AUD	38,514	575	0.96
			13,470	22.52
Bermuda 5.61% (6.29%)				
Hongkong Land Holdings	USD	267,400	1,441	2.41
Jardine Matheson Holdings	USD	29,500	1,458	2.44
Kerry Properties	HKD	200,000	454	0.76
Peace Mark [^]	HKD	276,000	–	–
			3,353	5.61
Cayman Islands 12.65% (13.17%)				
Alibaba Group Holding, ADR	USD	14,690	1,188	1.99
Belle International Holdings	HKD	1,112,000	546	0.91
China Mengniu Dairy	HKD	409,000	615	1.03
China Resources Land	HKD	418,888	836	1.40
China Shineway Pharmaceutical Group	HKD	265,000	244	0.41
CK Hutchison Holdings	HKD	62,832	606	1.01
Pacific Textiles Holdings	HKD	748,000	660	1.10
SINA	USD	13,534	744	1.25
Tencent Holdings	HKD	100,700	2,125	3.55
			7,564	12.65
China 7.43% (7.52%)				
China Construction Bank 'H'	HKD	1,704,000	1,020	1.71
China Pacific Insurance Group 'H'	HKD	285,200	818	1.37
China Petroleum & Chemical 'H'	HKD	458,200	294	0.49
Industrial & Commercial Bank of China 'H'	HKD	1,702,000	840	1.40
Shandong Weigao Group Medical Polymer 'H'	HKD	852,000	448	0.75
Zhuzhou CSR Times Electric 'H'	HKD	222,700	1,023	1.71
			4,443	7.43

PORTFOLIO STATEMENT (CONTINUED)

As at 31 January 2017 (unaudited)

Investment	Currency	Holding	Market Value £000	% of Net Assets
Hong Kong 11.00% (10.80%)				
AIA Group	HKD	457,400	2,278	3.81
BOC Hong Kong Holdings	HKD	373,000	1,197	2.00
China Mobile	HKD	193,000	1,750	2.93
Galaxy Entertainment Group	HKD	49,000	188	0.31
Sun Hung Kai Properties	HKD	57,000	631	1.05
Swire Properties	HKD	238,000	537	0.90
			6,581	11.00
Indonesia 0.74% (1.44%)				
Bank Mandiri Persero	IDR	470,404	307	0.51
Semen Indonesia Persero	IDR	256,700	139	0.23
			446	0.74
Ireland 1.38% (1.69%)				
James Hardie Industries, CDI	AUD	65,703	824	1.38
			824	1.38
Luxembourg 0.39% (0.54%)				
Samsonite International	HKD	91,800	232	0.39
			232	0.39
Philippines 1.02% (1.35%)				
Ayala Land	PHP	633,500	363	0.61
Globe Telecom	PHP	8,900	246	0.41
			609	1.02
Singapore 3.89% (5.00%)				
DBS Group Holdings	SGD	15,000	161	0.27
First Resources	SGD	160,400	175	0.29
Jardine Cycle & Carriage	SGD	22,388	524	0.88
Singapore Telecommunications	SGD	181,600	397	0.66
United Overseas Bank	SGD	50,000	593	0.99
UOL Group	SGD	132,400	478	0.80
			2,328	3.89
South Korea 13.87% (11.78%)				
Cell Biotech	KRW	11,436	277	0.46
Hyundai Motor	KRW	6,117	591	0.99
LG Chem	KRW	3,867	702	1.17
NAVER	KRW	1,008	529	0.88
NCSOFT	KRW	2,605	549	0.92
Samsung Electronics	KRW	2,493	3,406	5.70
SK Hynix	KRW	33,076	1,230	2.06
SK Telecom	KRW	4,298	662	1.11
Yuhan	KRW	2,679	350	0.58
			8,296	13.87
Taiwan 11.13% (12.11%)				
Advanced Semiconductor Engineering	TWD	652,000	574	0.96
Cathay Financial Holding	TWD	167,000	203	0.34
Hon Hai Precision Industry	TWD	744,672	1,598	2.67
MediaTek	TWD	39,898	218	0.37
Taiwan Mobile	TWD	193,000	517	0.86
Taiwan Semiconductor Manufacturing	TWD	745,000	3,544	5.93
			6,654	11.13

PORTFOLIO STATEMENT (CONTINUED)

As at 31 January 2017 (unaudited)

Investment	Currency	Holding	Market Value £000	% of Net Assets
Thailand 4.34% (3.99%)				
Bangkok Bank	THB	187,800	777	1.30
BEC World	THB	315,700	127	0.21
BTS Rail Mass Transit Growth Infrastructure Fund 'F'	THB	1,467,500	388	0.65
Intouch Holdings, NVDR	THB	555,200	674	1.13
Kasikornbank, NVDR	THB	42,000	180	0.30
Land & Houses, NVDR	THB	2,031,340	449	0.75
			2,595	4.34
United Kingdom 1.31% (0.63%)				
HSBC Holdings	HKD	113,600	782	1.31
			782	1.31
United States of America 1.10% (1.33%)				
ResMed, CDI	AUD	121,232	657	1.10
			657	1.10
Equities total			58,834	98.38
Investment assets			58,834	98.38
Net other assets			970	1.62
Net assets			59,804	100.00

All holdings are ordinary shares or stock units and admitted to an official stock exchange unless otherwise stated.

The comparative percentage figures in brackets are as at 31 July 2016.

^ Unlisted, suspended or delisted security.

STATEMENT OF TOTAL RETURN

For the six months ended 31 January 2017 (unaudited)

	£000	Six months ended 31.01.17 £000	£000	Six months ended 31.01.16 £000
Income				
Net capital gains/(losses)		5,099		(4,087)
Revenue	718		719	
Expenses	(356)		(302)	
Net revenue before taxation	362		417	
Taxation	(55)		(44)	
Net revenue after taxation		307		373
Total return before distributions		5,406		(3,714)
Distributions		(307)		(373)
Change in net assets attributable to shareholders from investment activities		5,099		(4,087)

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

For the six months ended 31 January 2017 (unaudited)

	£000	Six months ended 31.01.17 £000	£000	Six months ended 31.01.16 £000
Opening net assets attributable to shareholders		43,444		47,473
Movement due to issue and cancellation of shares:				
Amounts payable on cancellation of shares	11,215		-	
		11,215		-
Dilution adjustment		46		-
Change in net assets attributable to shareholders from investment activities (see above)		5,099		(4,087)
Closing net assets attributable to shareholders		59,804		43,386

The Statement of Recommended Practice (2014) requires that comparatives are shown for the above report. As the comparatives should be for the comparable interim period, the net asset value at the end of the previous period will not agree to the net asset value at the start of this period. The published net asset value as at 31 July 2016 was £43,444,000.

BALANCE SHEET

As at 31 January 2017 (unaudited)

	As at 31.01.17 £000	As at 31.07.16 £000
Assets:		
Investments	58,834	42,949
Current assets:		
Debtors	250	253
Cash and bank balances	1,152	754
Total assets	60,236	43,956
Liabilities:		
Creditors:		
Distributions payable	(354)	(442)
Other creditors	(78)	(70)
Total liabilities	(432)	(512)
Net assets attributable to shareholders	59,804	43,444

ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the financial statements for the year ended 31 July 2016 and are described in those annual financial statements.

AVIVA INVESTORS JAPAN EQUITY MOM 1 FUND

INVESTMENT OBJECTIVE

Long term capital growth by investing primarily in Japanese equities.

INVESTMENT POLICY

The Fund will invest primarily in equity securities listed or traded on Regulated markets in Japan. Limited exposure to other geographic regions may be possible. The Fund may invest in any of the following financial instruments in order to achieve its investment objective: equities or securities with equity characteristics, unlisted transferable securities, convertibles, preference shares, warrants, money market instruments, collective investment schemes and deposits.

FUND MANAGER'S REPORT

Performance

Over the six months ended 31 January 2017 the Fund* returned 11.35 per cent (net of fees) underperformed the FTSE® World Japan index return of 11.82 per cent.

Review

Initial concerns over the global economic impact of events such as the UK's referendum decision on EU membership later appeared to ease somewhat. Moreover, investor sentiment brightened amid expectations of monetary and fiscal policy support and healthy earnings results globally. Therefore, stocks that had suffered the heaviest selling pressure in the first half of 2016 led the upturn in the Japan equity market during the second half. Towards year end, despite the lack of policy detail from the incoming Trump administration in the US, optimism about increased fiscal spending and hopes for future tax cuts caused long-term US interest rates and the dollar to surge from mid-November. A relatively hawkish statement from the Federal Reserve Board (FRB) also raised expectations of additional interest rate hikes in the US during 2017, suggesting a widening interest rate gap between the US and Japan. The dollar therefore strengthened substantially against the Japanese yen, from 103.3 to 116.7 during the period, which contributed to improved earnings estimates; in particular for Japanese exporters.

Macroeconomic conditions in Japan appear to have stabilised lately, while domestic and external economic data have diverged. Production activity in Japan seems likely to recover gradually on the back of steady global economic conditions and the Industrial Production Index has increased by 0.6 per cent, 1.5 per cent and 0.5 per cent (month on month) in September, November and December, respectively, coming out flat in October. Moreover, the Survey of Production Forecasts suggests a positive trend for the next two months. On the other hand, we found few indications of a recovery in domestic demand. Real Household consumption declined by 2.1 per cent, 0.4 per cent, 1.5 per cent, and 0.3 per cent (year on year) in September, October, November and December, respectively.

The positive contribution from our sector allocation strategy outweighed the negative impact from stock selection during the review period. Our sector allocation strategy had a positive effect of 52bp on the relative performance. Cyclical sectors led the Japan equity market higher and export-oriented sectors rallied as the prospects for global demand and exchange rates both moved in their favour. In contrast, defensive sectors failed to catch up with the market during the period.

Our underweight positions in the Consumption and Medical sectors therefore added 34bp and 37bp respectively to the relative return. On the other hand, stock selection detracted from the relative performance by 42bp. In the Communication sector, stock selection had a negative impact of 62bp as our overweight exposures to NTT and NTT Docomo failed to add value as these defensive stocks fell behind rivals KDDI and Softbank. We also experienced negative results of 48bp in the Consumption sector, with our favoured consumption sector positions, including Nitori Holding and Kewpie, encountering profit taking.

Global economic fundamentals seem to be on a gradual recovery path. As well as a favourable inventory cycle and the recovery in oil prices, there could be further support from expansionary US fiscal policies under the new administration. Meanwhile, the Bank of Japan (BOJ) recently upgraded its FY2017 GDP growth outlook to 1.5 per cent from 1.3 per cent, partly in response to signs of a pickup in overseas economies. Backed by these outlook improvements, net profit growth estimates for FY2017 of large cap 400 stocks (ex. Financials) show expected acceleration to a growth rate of 15.1 per cent (year on year), from the 11.2 per cent (year on year) forecast previously, according to Nomura Securities. Manufacturing sectors will lead these upward revisions, thanks to a more favourable year-on-year yen comparison.

Having said that, the financial markets have been increasingly focusing on global politics and economic policies. The implications of some early executive orders from US President Trump have eroded some of the initial optimism built on fiscal policy expectations; as they have focussed on more divisive campaign promises relating to immigration and trade treaties, such as raising tariffs on countries that run trade surpluses with the US. Theoretically, there could be some political barriers to implementing these policies, but given the unpredictable nature of policy formation by the Trump government and the president's determination, we believe Japanese stocks, especially automakers, could face political risks ahead. Hence, despite the supportive underlying progress in economic fundamentals the Japanese equity market could remain volatile in the short term until details of US policy action become clearer.

Other risk factors could contribute to market volatility. National or state elections from March to May in several European countries including the Netherlands, Germany and France, could result in further political upsets that might potentially trigger a short-term sell-off associated with a risk-averse strengthening of the Japanese yen. Nevertheless, these events could also become a turning point in the negative outlook for the European Union if they raise the possibility of policy adjustments in key countries to support the entire region. China has also been regarded as one of the biggest global risks given the size of estimated non-performing assets. For now, however, we expect the Chinese government to contain any problems through tighter capital and monetary policy controls, while supporting the domestic economy to achieve its stated growth target. Its policy of reducing overcapacity in various industries should also contribute to the stabilisation of basic materials prices.

February 2017

* Fund performance figures – share class 2, source Lipper, net of fees, net income reinvested in GBP. Unless otherwise indicated, all data has been sourced by Nomura Asset Management.

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Any opinions expressed are those of the Fund manager. They should not be viewed as a guarantee of a return from an investment in the Funds. The content of the commentary should not be viewed as a recommendation to invest nor to buy or sell stocks. Past performance is not a guide to future performance. The value of an investment in the Fund and any income from it may go down as well as up, and the investor may not get back the original amount invested.

INVESTMENT PERFORMANCE

Net Asset Value – Income Shares

Share class	As at	Net asset value* £000	Shares in issue	Pence per share
Class 2	31.07.14	54,629	41,849,356	130.54
	31.07.15	276,694	184,152,820	150.25
	31.07.16	214,330	125,210,846	171.18
	31.01.17	282,089	148,343,972	190.16

* Valued at bid market prices.

Share Price Record – Income Shares

Share class	Financial year	Highest price* (p)	Lowest price* (p)
Class 2	2014	134.81	116.53
	2015	160.10	122.60
	2016	172.42	126.69
	2017**	196.19	165.55

* Valued at mid market prices.

** Up to 31 January 2017.

Ongoing Charges Figure*

Share class	31.01.17	31.07.16
Class 2	1.31%	1.31%

* The Ongoing Charges Figure (OCF) is calculated as the ratio of the total ongoing charges to the average net asset value of the Fund over the period. The OCF is made up of the Annual Management Charge and other operating costs deducted from the assets of the Fund during the period, except for those payments that are explicitly excluded (performance fees).

Revenue Record – Income Shares

The revenue record table below shows the net distribution rates per financial year on a payment date basis for an investment made on 31 July 2013.

Share class	Financial year	Net revenue per share (p)	Per £1,000 invested (£)
Class 2	2014	0.7002	5.36
	2015	0.6461	4.95
	2016	1.2557	9.62
	2017*	0.4906	3.76

* Up to 31 March 2017 (the interim distribution payment date).

PORTFOLIO STATEMENT

As at 31 January 2017 (unaudited)

Investment	Currency	Holding	Market Value £000	% of Net Assets
Equities 99.41% (99.17%)				
Consumer Discretionary 23.66% (23.62%)				
Auto Components 7.17% (4.57%)				
Denso	JPY	87,300	3,024	1.07
Futaba Industrial	JPY	62,600	296	0.11
Keihin	JPY	145,900	2,057	0.73
KYB	JPY	481,000	1,870	0.66
Sanden Holdings	JPY	520,000	1,308	0.46
Stanley Electric	JPY	133,700	3,010	1.07
Sumitomo Electric Industries	JPY	358,100	4,169	1.48
Toyota Industries	JPY	61,600	2,377	0.84
Unipres	JPY	125,100	2,102	0.75
			20,213	7.17
Automobiles 7.63% (8.04%)				
Fuji Heavy Industries	JPY	173,300	5,561	1.97
Isuzu Motors	JPY	383,700	4,126	1.46
Mazda Motor	JPY	340,200	4,010	1.42
Nissan Motor	JPY	320,600	2,536	0.90
Toyota Motor	JPY	113,900	5,300	1.88
			21,533	7.63
Diversified Consumer Services 0.75% (0.00%)				
Benesse Holdings	JPY	90,600	2,101	0.75
			2,101	0.75
Household Durables 1.88% (3.25%)				
Alpine Electronics	JPY	167,200	1,946	0.69
PanaHome	JPY	82,000	555	0.20
Sony	JPY	116,200	2,811	0.99
			5,312	1.88
Leisure Products 0.70% (1.09%)				
Bandai Namco Holdings	JPY	89,500	1,967	0.70
			1,967	0.70
Multiline Retail 0.36% (0.89%)				
Marui Group	JPY	89,500	1,022	0.36
			1,022	0.36
Specialty Retail 5.17% (5.78%)				
ABC-Mart	JPY	45,800	2,120	0.75
EDION	JPY	232,700	1,778	0.63
K's Holdings	JPY	184,800	2,658	0.94
Nishimatsuya Chain	JPY	161,700	1,608	0.57
Nitori Holdings	JPY	39,800	3,548	1.26
Shimachu	JPY	37,100	724	0.26
Shimamura	JPY	20,600	2,152	0.76
			14,588	5.17
Consumer Discretionary total			66,736	23.66
Consumer Staples 3.00% (4.40%)				
Food & Staples Retailing 0.65% (0.54%)				
Tsuruha Holdings	JPY	24,600	1,841	0.65
			1,841	0.65
Food Products 1.80% (1.99%)				
Kewpie	JPY	121,900	2,427	0.86
MEIJI Holdings	JPY	29,000	1,792	0.64
Morinaga Milk Industry	JPY	157,000	861	0.30
			5,080	1.80

PORTFOLIO STATEMENT (CONTINUED)

As at 31 January 2017 (unaudited)

Investment	Currency	Holding	Market Value £000	% of Net Assets
Personal Products 0.00% (0.97%)				
Tobacco 0.55% (0.90%)				
Japan Tobacco	JPY	59,900	1,541	0.55
			1,541	0.55
Consumer Staples total			8,462	3.00
Energy 1.17% (1.01%)				
Oil, Gas & Consumable Fuels 1.17% (1.01%)				
Inpex	JPY	420,300	3,297	1.17
			3,297	1.17
Energy total			3,297	1.17
Financials 12.78% (12.92%)				
Banks 6.96% (8.91%)				
Aozora Bank	JPY	733,000	2,129	0.75
Mitsubishi UFJ Financial Group	JPY	798,740	4,126	1.46
Mizuho Financial Group	JPY	2,482,300	3,690	1.31
Nishi-Nippon Financial Holdings	JPY	173,100	1,452	0.52
Sumitomo Mitsui Financial Group	JPY	202,600	6,374	2.26
Sumitomo Mitsui Trust Holdings	JPY	62,200	1,860	0.66
			19,631	6.96
Consumer Finance 1.66% (0.48%)				
Acom	JPY	357,300	1,227	0.43
Hitachi Capital	JPY	100,500	2,063	0.73
Jaccs	JPY	389,000	1,402	0.50
			4,692	1.66
Diversified Financial Services 1.28% (1.55%)				
ORIX	JPY	299,000	3,608	1.28
			3,608	1.28
Insurance 2.88% (1.98%)				
T&D Holdings	JPY	256,800	3,053	1.08
Tokio Marine Holdings	JPY	151,400	5,062	1.80
			8,115	2.88
Financials total			36,046	12.78
Health Care 5.21% (6.41%)				
Health Care Equipment & Supplies 0.26% (0.30%)				
Hogy Medical	JPY	15,300	745	0.26
			745	0.26
Pharmaceuticals 4.95% (6.11%)				
Daiichi Sankyo	JPY	210,700	3,759	1.34
Ono Pharmaceutical	JPY	71,000	1,157	0.41
Otsuka Holdings	JPY	73,000	2,682	0.95
Shionogi	JPY	111,900	4,290	1.52
Tsumura	JPY	89,200	2,059	0.73
			13,947	4.95
Health Care total			14,692	5.21
Industrials 22.02% (21.17%)				
Airlines 0.83% (0.80%)				
ANA Holdings	JPY	989,000	2,344	0.83
			2,344	0.83
Building Products 0.62% (0.96%)				
Nichias	JPY	27,000	221	0.08
Takasago Thermal Engineering	JPY	141,000	1,537	0.54
			1,758	0.62

PORTFOLIO STATEMENT (CONTINUED)

As at 31 January 2017 (unaudited)

Investment	Currency	Holding	Market Value £000	% of Net Assets
Commercial Services & Supplies 1.16% (1.13%)				
Dai Nippon Printing	JPY	251,000	2,037	0.72
Secom	JPY	21,300	1,229	0.44
			3,266	1.16
Construction & Engineering 4.46% (4.11%)				
Kandenko	JPY	280,000	2,072	0.74
Kinden	JPY	184,300	1,867	0.66
Kyowa Exeo	JPY	141,800	1,673	0.59
Nippo	JPY	132,000	1,987	0.71
Penta-Ocean Construction	JPY	470,600	1,836	0.65
Shimizu	JPY	428,000	3,143	1.11
			12,578	4.46
Electrical Equipment 3.52% (3.83%)				
Daihen	JPY	299,000	1,534	0.54
Fuji Electric	JPY	436,000	2,062	0.73
Furukawa Electric	JPY	79,600	2,155	0.77
Mabuchi Motor	JPY	51,300	2,107	0.75
Nidec	JPY	27,600	2,069	0.73
			9,927	3.52
Machinery 7.39% (5.71%)				
Amada Holdings	JPY	235,000	2,206	0.78
Ebara	JPY	148,800	3,660	1.30
Furukawa	JPY	1,294,000	2,021	0.72
Japan Steel Works	JPY	104,400	1,566	0.56
Makino Milling Machine	JPY	148,000	1,036	0.37
NTN	JPY	388,000	1,311	0.46
SMC	JPY	19,400	4,238	1.50
Star Micronics	JPY	117,300	1,421	0.50
THK	JPY	171,900	3,390	1.20
			20,849	7.39
Professional Services 1.42% (1.32%)				
Recruit Holdings	JPY	114,300	3,995	1.42
			3,995	1.42
Road & Rail 0.48% (1.18%)				
Fukuyama Transporting	JPY	306,000	1,343	0.48
			1,343	0.48
Trading Companies & Distributors 1.83% (1.80%)				
Hanwa	JPY	290,000	1,578	0.56
Mitsubishi	JPY	199,800	3,600	1.27
			5,178	1.83
Transportation Infrastructure 0.31% (0.33%)				
Sumitomo Warehouse	JPY	207,000	888	0.31
			888	0.31
Industrials total			62,126	22.02
Information Technology 12.51% (10.26%)				
Communications Equipment 0.57% (0.43%)				
Hitachi Kokusai Electric	JPY	89,200	1,599	0.57
			1,599	0.57
Electronic Equipment, Instruments & Components 3.47% (1.52%)				
Hitachi	JPY	861,000	3,941	1.40
Ibiden	JPY	152,300	1,732	0.61
Murata Manufacturing	JPY	24,600	2,652	0.94
Nippon Signal	JPY	192,800	1,458	0.52
			9,783	3.47

PORTFOLIO STATEMENT (CONTINUED)

As at 31 January 2017 (unaudited)

Investment	Currency	Holding	Market Value £000	% of Net Assets
Internet Software & Services 0.00% (0.80%)				
IT Services 2.22% (1.32%)				
Fujitsu	JPY	519,000	2,416	0.86
Itochu Techno-Solutions	JPY	116,300	2,491	0.88
NET One Systems	JPY	248,300	1,351	0.48
			6,258	2.22
Semiconductors & Semiconductor Equipment 2.79% (1.43%)				
Disco	JPY	26,600	2,713	0.96
Sanken Electric	JPY	369,000	1,385	0.49
Tokyo Electron	JPY	18,900	1,562	0.55
Tokyo Seimitsu	JPY	85,000	2,223	0.79
			7,883	2.79
Software 1.52% (1.34%)				
Capcom	JPY	111,400	1,883	0.67
Square Enix Holdings	JPY	105,700	2,409	0.85
			4,292	1.52
Technology Hardware, Storage & Peripherals 1.94% (3.42%)				
Canon	JPY	105,200	2,486	0.88
Eizo	JPY	44,600	1,001	0.35
Hitachi Maxell	JPY	124,200	2,002	0.71
			5,489	1.94
Information Technology total			35,304	12.51
Materials 7.39% (7.30%)				
Chemicals 2.89% (3.35%)				
Denka	JPY	411,000	1,612	0.57
Mitsui Chemicals	JPY	843,000	3,164	1.12
NOF	JPY	225,000	1,881	0.67
Toyobo	JPY	1,154,000	1,493	0.53
			8,150	2.89
Construction Materials 0.00% (1.01%)				
Metals & Mining 4.50% (2.94%)				
Dowa Holdings	JPY	273,000	1,853	0.66
JFE Holdings	JPY	265,700	3,721	1.32
Kobe Steel	JPY	429,100	3,339	1.19
Nippon Denko	JPY	151,800	348	0.12
Sumitomo Metal Mining	JPY	316,000	3,422	1.21
			12,683	4.50
Materials total			20,833	7.39
Real Estate 4.84% (4.54%)				
Equity Real Estate Investment Trusts (REITs) 1.31% (1.51%)				
Advance Residence Investment	JPY	562	1,178	0.42
Hoshino Resorts REIT	JPY	345	1,471	0.52
Japan Hotel REIT Investment	JPY	1,858	1,040	0.37
			3,689	1.31
Real Estate Management & Development 3.53% (3.03%)				
Daiwa House Industry	JPY	153,400	3,322	1.18
Leopalace21	JPY	96,900	443	0.16
Mitsui Fudosan	JPY	199,000	3,680	1.30
Tokyu Fudosan Holdings	JPY	541,900	2,528	0.89
			9,973	3.53
Real Estate total			13,662	4.84

PORTFOLIO STATEMENT (CONTINUED)

As at 31 January 2017 (unaudited)

Investment	Currency	Holding	Market Value £000	% of Net Assets
Telecommunication Services 6.05% (6.88%)				
Diversified Telecommunication Services 2.21% (2.75%)				
Nippon Telegraph & Telephone	JPY	176,700	6,217	2.21
			6,217	2.21
Wireless Telecommunication Services 3.84% (4.13%)				
NTT DOCOMO	JPY	367,600	7,031	2.49
SoftBank Group	JPY	61,900	3,807	1.35
			10,838	3.84
Telecommunication Services total			17,055	6.05
Utilities 0.78% (0.66%)				
Electric Utilities 0.78% (0.66%)				
Kyushu Electric Power	JPY	247,200	2,198	0.78
			2,198	0.78
Utilities total			2,198	0.78
Equities total			280,411	99.41
Investment assets			280,411	99.41
Net other assets			1,678	0.59
Net assets			282,089	100.00

All holdings are ordinary shares or stock units and admitted to an official stock exchange unless otherwise stated.
The comparative percentage figures in brackets are as at 31 July 2016.

STATEMENT OF TOTAL RETURN

For the six months ended 31 January 2017 (unaudited)

	£000	Six months ended 31.01.17 £000	£000	Six months ended 31.01.16 £000
Income				
Net capital gains/(losses)		26,323		(10,857)
Revenue	2,407		2,363	
Expenses	(1,594)		(1,726)	
Net revenue before taxation	813		637	
Taxation	(240)		(236)	
Net revenue after taxation		573		401
Total return before distributions		26,896		(10,456)
Distributions		(573)		(401)
Change in net assets attributable to shareholders from investment activities		26,323		(10,857)

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

For the six months ended 31 January 2017 (unaudited)

	£000	Six months ended 31.01.17 £000	£000	Six months ended 31.01.16 £000
Opening net assets attributable to shareholders		214,330		276,694
Amounts transferred from Other Fund		38,707		–
Movement due to issue and cancellation of shares:				
Amounts receivable on issue of shares	2,729		–	
		2,729		–
Change in net assets attributable to shareholders from investment activities (see above)		26,323		(10,857)
Closing net assets attributable to shareholders		282,089		265,837

The Statement of Recommended Practice (2014) requires that comparatives are shown for the above report. As the comparatives should be for the comparable interim period, the net asset value at the end of the previous period will not agree to the net asset value at the start of this period. The published net asset value as at 31 July 2016 was £214,330,000.

BALANCE SHEET

As at 31 January 2017 (unaudited)

	As at 31.01.17 £000	As at 31.07.16 £000
Assets:		
Investments	280,411	212,546
Current assets:		
Debtors	321	1,769
Cash and bank balances	2,430	3,077
Total assets	283,162	217,392
Liabilities:		
Creditors:		
Distribution payable	(728)	(1,299)
Other creditors	(345)	(1,763)
Total liabilities	(1,073)	(3,062)
Net assets attributable to shareholders	282,089	214,330

ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the financial statements for the year ended 31 July 2016 and are described in those annual financial statements.

AVIVA INVESTORS EM EQUITY MOM 1 FUND

INVESTMENT OBJECTIVE

Long term capital growth by investing primarily in emerging market equities.

INVESTMENT POLICY

The Fund will invest primarily in equity securities listed or traded in emerging markets. Limited exposure to other geographic regions may be possible. The Fund may invest in any of the following financial instruments in order to achieve its investment objective: equities or securities with equity characteristics, unlisted transferable securities, convertibles, preference shares, warrants, money market instruments, collective investment schemes and deposits.

FUND MANAGER'S REPORT

Performance

Over the six months ended 31 January 2017 the Fund* returned 8.67 per cent (net of fees), underperforming the MSCI Emerging Market Index return of 10.90 per cent*.

Review

Emerging equity markets rose over the six months to 31 January 2017, in what was an eventful and at times volatile period.

The opening months of the period saw robust returns, helped by factors including continued investor inflows into emerging markets, a rally in the price of oil, and a raft of positive Chinese economic data releases, which suggested that fiscal stimulus is continuing to support domestic demand in the world's second-largest economy. Sentiment turned sharply in November, however, as emerging stock markets and currencies sold off, in part due to investor concerns over some of the potential trade policies that President Donald Trump may pursue following the unexpected result of the U.S. presidential election.

Overall, the asset class was hit by "macro" trades, and as a result, there was indiscriminate selling in markets such as Mexico. The final months of the year (and, in fact, the period as a whole) also saw growth stocks underperform value stocks by a significant margin; energy and materials were among the areas of the market with value characteristics that outperformed. Investors rotated into these sectors in the wake of the rise in U.S. interest rates and U.S. growth expectations that followed Trump's victory. A further rally in the oil price on news of OPEC and non OPEC production cut agreements provided an additional boost for energy stocks, while in other developments the U.S. Federal Reserve raised interest rates; markets are pricing in further increases for 2017. In the closing weeks of the period, emerging markets recovered much of the ground lost in the November sell-off as investor sentiment toward the asset class improved.

Overall, the Funds growth tilt worked against us as stocks with these characteristics underperformed value stocks by a significant margin. However, we retain our bias toward growth stocks as we believe these are well placed to outperform over the longer term; the extent to which the compounding of strong earnings growth over several years can drive share prices is underappreciated by other investors.

Our sizable underweight to energy and materials hurt relative performance (as did our choice of securities in the latter sector); we are retaining this long standing position as we believe that these sectors face structural headwinds over the longer term. For example, while the commitments to cut production are supportive for oil in the short term, we believe that this will only facilitate more shale oil production over the longer run more supply is likely to put pressure on prices, in our view.

Our off benchmark position in gold and silver producer Fresnillo was a key factor behind the negative impact from stock selection in the materials sector (the stock is UK listed, but all operating mines and development projects are located in Mexico). A correction in the price of gold and the negative turn in sentiment toward Mexico related assets in November saw the stock sell off sharply. Earlier in the period, the shares had weakened ahead of a report from the company showing silver production coming in below investor expectations. We remain invested as we believe the firm has high quality assets, a proven management team, strong organic growth, and a robust balance sheet attributes that can be difficult to find in the commodities space.

Our stock selection among and overweight to consumer-related sectors also held back relative returns. For example, in the consumer staples space, South Korean cosmetics, household products, and beverages firm LG Household & Health Care (LG&H), underperformed. The shares were hit by news of measures from the Chinese government to curb the number of Chinese visitors to South Korea, which could potentially reduce demand for the company's products, particularly cosmetics. Encouragingly, however, Internet sales for LG&H's products in China are growing more strongly than overall Chinese demand the company is seeing. We continue to believe LG&H is one of the best managed firms in South Korea; the shares are attractively valued, and we expect the company to deliver strong earnings growth.

On the positive side, our overweight to the IT sector was beneficial, as was stock selection in this space. Our position in Taiwanese company Largan Precision, which manufactures high-precision handset camera lenses, added value. The shares rose on a robust set of quarterly results, which showed stronger than expected margins. In our view, Largan should benefit from the rising adoption of dual camera smartphone and multi camera "augmented reality" phones; we expect the company to see upward earnings revisions as margins continue to improve.

The Funds low exposure to the underperforming telecommunication services sector also boosted relative returns. We remain considerably underweight as, broadly speaking, the sector is mature and "ex growth," even in emerging markets.

At the country level, our overweight to India detracted, as did stock selection here. The Funds overweight to the Philippines, which also underperformed, weighed on relative performance. Our choice of stocks in Mexico had a negative impact, although this was partially offset by the Funds underweight to this underperforming market. Conversely, security selection in South Korea was beneficial, as was our underweight to Malaysia.

AVIVA INVESTORS EM EQUITY MOM 1 FUND (CONTINUED)

FUND MANAGER'S REPORT (CONTINUED)

Review (continued)

Economic growth across many developing markets should continue to be higher than in the developed world in the near future, with some signs that this gap, which has narrowed for the past five years, may finally be turning higher. Those countries that push forward with reforms should do well, while countries that do not will struggle. Valuations are compelling and remain at a discount relative to their history and to their developed market peers. Our view is that we are likely to see a much more uneven world going forward, with less correlation and greater divergence in performance among countries and in stocks within those countries. We will remain focused on quality companies as we continue to believe that those leading firms will weather the tough environment and will, in fact, improve their competitive positioning.

Near term risks include a worse than expected slowdown in China or a breakdown in its financial system, an unexpected bout of risk aversion due to geopolitical events, or the potential for President Trump to ratchet up his anti trade rhetoric. A stronger than expected U.S. dollar could also pose a risk for these markets. However, we believe that investor concerns may be overdone. The extent of the Chinese growth slowdown remains a key question, but we believe policymakers have the tools to manage the transition and slowdown that is occurring in China. We believe President Trump will prove more pragmatic with the checks and guidance of the Senate and the House of Representatives.

In our opinion, the impact that higher U.S. interest rates will have on emerging markets will prove less significant than investors fear. Expectations for stronger growth in the U.S. (tax cuts and fiscal spending) have also pushed inflation expectations and interest rates higher. Higher interest rates are reviving the concerns about lower capital flows, foreign direct investment, and weaker currencies within these emerging market countries. But broadly speaking, most emerging market countries are in better shape to weather this volatility, with improved current account positions, higher foreign exchange reserves, higher real interest rates, and currencies that, in most cases, have fallen over the past several years.

Overall, the environment will remain complex, but this should provide a good opportunity for active investors to take advantage of valuation anomalies. The emerging consumer remains a powerful force and should continue to drive strong growth in a variety of industries and companies, including retail, banking, technology, and the Internet. With investors skeptical, valuations attractive, and fundamentals bottoming, the environment appears positive for emerging markets equities and ripe for stock picking.

February 2017

* Fund performance figures – share class 2, source Lipper Hindight, net of fees, net income reinvested in GBP. Unless otherwise indicated, all data has been sourced by T Rowe Price International.

Any opinions expressed are those of the Fund manager. They should not be viewed as a guarantee of a return from an investment in the Funds. The content of the commentary should not be viewed as a recommendation to invest nor to buy or sell stocks. Past performance is not a guide to future performance. The value of an investment in the Fund and any income from it may go down as well as up, and the investor may not get back the original amount invested.

Material Portfolio Changes

Purchases	Sales
Alibaba Group Holding, ADR	Itau Unibanco Holding Preference
Samsung Electronics	SABMiller
LG Household & Health Care	SK Hynix
Infosys, ADR	Tencent Holdings
Tencent Holdings	Lojas Renner
AMOREPACIFIC Group	China Vanke Co
Anheuser-Busch InBev	Infosys, ADR
Raia Drogasil	Samsung Electronics
Telefonica Brasil, ADR Preference	Shoprite Holdings
Wal-Mart de Mexico	Taiwan Semiconductor Manufacturing

Synthetic Risk and Reward Indicator

The Fund has been allocated a risk number based on the historic volatility of its share price. Where insufficient share price information is available, the risk number has been based on the historic volatility of the asset classes appropriate to the Fund.

- This indicator is based on historical data, calculated using European Union rules, and may not be a reliable indication of the future risk profile of the Fund.
- The risk and reward category shown is not guaranteed to remain unchanged and may change over time. The lowest category does not mean 'risk free'.
- The value of investments will be affected by changes in exchange rates.
- Full information on the risks applicable to the Fund is detailed in the Prospectus.

INVESTMENT PERFORMANCE

Net Asset Value – Income Shares

Share class	As at	Net asset value* £000	Shares in issue	Pence per share
Class 2	31.07.14	65,749	20,532,115	320.22
	31.07.15	39,873	12,853,103	310.22
	31.07.16	87,881	22,727,468	386.67
	31.01.17	93,392	22,251,315	419.72

* Valued at bid market prices.

Share Price Record – Income Shares

Share class	Financial year	Highest price* (p)	Lowest price* (p)
Class 2	2014	324.98	274.89
	2015	377.86	307.65
	2016	391.24	268.73
	2017**	439.84	380.39

* Valued at mid market prices.

** Up to 31 January 2017.

Ongoing Charges Figure*

Share class	31.01.17	31.07.16
Class 2	1.40%	1.46%

* The Ongoing Charges Figure (OCF) is calculated as the ratio of the total ongoing charges to the average net asset value of the Fund over the period. The OCF is made up of the Annual Management Charge and other operating costs deducted from the assets of the Fund during the period, except for those payments that are explicitly excluded (performance fees).

Revenue Record – Income Shares

The revenue record table below shows the net distribution rates per financial year on a payment date basis for an investment made on 31 July 2013.

Share class	Financial year	Net revenue per share (p)	Per £1,000 invested (£)
Class 2	2014	1.3039	4.15
	2015	0.9087	2.89
	2016	1.1557	3.67
	2017*	0.4957	1.58

* Up to 31 March 2017 (the interim distribution payment date).

PORTFOLIO STATEMENT

As at 31 January 2017 (unaudited)

Investment	Currency	Holding	Market Value £000	% of Net Assets
Equities 96.77% (97.17%)				
Belgium 0.42% (0.00%)				
Anheuser-Busch InBev	EUR	4,717	394	0.42
			394	0.42
Bermuda 0.11% (0.00%)				
Credicorp	USD	800	105	0.11
			105	0.11
Brazil 12.80% (12.14%)				
Ambev, ADR	USD	65,300	282	0.30
Banco Bradesco Preference	BRL	140,892	1,163	1.25
BR Malls Participacoes	BRL	168,320	601	0.64
BRF	BRL	41,400	466	0.50
Itau Unibanco Holding Preference	BRL	426,449	4,027	4.31
Lojas Renner	BRL	467,400	2,874	3.08
Multiplan Empreendimentos Imobiliarios	BRL	34,500	547	0.59
Multiplan Empreendimentos Imobiliarios Rights 13/02/2017	BRL	1,875	1	–
Raia Drogasil	BRL	92,500	1,546	1.66
Telefonica Brasil, ADR Preference	USD	37,500	443	0.47
			11,950	12.80
Cayman Islands 16.46% (14.26%)				
58.com, ADR	USD	10,900	248	0.27
Alibaba Group Holding, ADR	USD	44,217	3,576	3.83
Baidu, ADR	USD	16,150	2,259	2.42
China Mengniu Dairy	HKD	659,000	992	1.06
Hengan International Group	HKD	214,500	1,411	1.51
Sunny Optical Technology Group	HKD	145,000	684	0.73
Tencent Holdings	HKD	269,100	5,678	6.08
Vipshop Holdings, ADR	USD	59,600	527	0.56
			15,375	16.46
Chile 1.59% (1.50%)				
Banco Santander Chile, ADR	USD	47,900	830	0.89
SACI Falabella	CLP	100,573	653	0.70
			1,483	1.59
China 3.54% (4.24%)				
Anhui Conch Cement 'H'	HKD	304,500	790	0.85
BAIC Motor 'H'	HKD	139,500	107	0.12
China Longyuan Power Group 'H'	HKD	740,000	488	0.52
Huaneng Renewables 'H'	HKD	1,650,000	414	0.44
Ping An Insurance Group Co. of China 'H'	HKD	363,500	1,505	1.61
			3,304	3.54
Colombia 0.47% (0.41%)				
Grupo Aval Acciones y Valores, ADR Preference	USD	65,125	436	0.47
			436	0.47
Hong Kong 1.15% (1.69%)				
Beijing Enterprises Holdings	HKD	11,000	44	0.05
CNOOC	HKD	405,000	411	0.44
CSPC Pharmaceutical Group	HKD	682,000	617	0.66
			1,072	1.15

PORTFOLIO STATEMENT (CONTINUED)

As at 31 January 2017 (unaudited)

Investment	Currency	Holding	Market Value £000	% of Net Assets
India 11.38% (12.25%)				
Axis Bank, GDR	USD	55,053	1,512	1.62
Dr Reddy's Laboratories, ADR	USD	21,184	753	0.81
HDFC Bank, ADR	USD	36,900	2,020	2.16
ICICI Bank, ADR	USD	204,335	1,291	1.38
Infosys, ADR	USD	274,156	3,032	3.25
Larsen & Toubro, GDR	USD	4,984	85	0.09
Mahindra & Mahindra, GDR	USD	5,361	79	0.08
State Bank of India, GDR	USD	3,465	107	0.11
Tata Motors, ADR	USD	56,429	1,753	1.88
			10,632	11.38
Indonesia 2.92% (3.15%)				
Astra International	IDR	2,043,500	974	1.04
Bank Central Asia	IDR	1,452,500	1,332	1.43
Matahari Department Store	IDR	479,300	425	0.45
			2,731	2.92
Malaysia 0.17% (0.40%)				
Astro Malaysia Holdings	MYR	324,600	160	0.17
			160	0.17
Mexico 1.81% (2.30%)				
Grupo Financiero Santander Mexico, ADR 'B'	USD	83,400	474	0.51
Wal-Mart de Mexico	MXN	872,100	1,220	1.30
			1,694	1.81
Netherlands 0.63% (0.38%)				
Yandex 'A'	USD	31,700	586	0.63
			586	0.63
Philippines 3.55% (4.08%)				
BDO Unibank	PHP	312,576	567	0.61
GT Capital Holdings	PHP	25,985	545	0.59
SM Investments	PHP	103,735	1,152	1.23
Universal Robina	PHP	400,040	1,049	1.12
			3,313	3.55
Russia 5.44% (4.95%)				
Magnit, GDR	USD	72,180	2,132	2.29
Sberbank of Russia, ADR	USD	313,545	2,944	3.15
			5,076	5.44
South Africa 7.22% (8.46%)				
Aspen Pharmacare Holdings	ZAR	57,440	1,061	1.14
Clicks Group	ZAR	21,518	157	0.17
FirstRand	ZAR	441,172	1,321	1.41
Mr Price Group	ZAR	55,165	534	0.57
Naspers 'N'	ZAR	6,053	767	0.82
Sanlam	ZAR	273,849	1,068	1.14
Shoprite Holdings	ZAR	48,664	519	0.56
Woolworths Holdings	ZAR	299,341	1,320	1.41
			6,747	7.22
South Korea 12.39% (10.49%)				
AMOREPACIFIC Group	KRW	5,469	511	0.55
Hyundai Glovis	KRW	1,887	203	0.22
Hyundai Motor	KRW	10,103	976	1.04
LG Household & Health Care	KRW	3,618	2,203	2.36
NAVER	KRW	1,900	997	1.07
Samsung Electronics	KRW	3,639	4,972	5.32
Samsung Electronics Preference	KRW	878	955	1.02
SK Hynix	KRW	20,212	752	0.81
			11,569	12.39

PORTFOLIO STATEMENT (CONTINUED)

As at 31 January 2017 (unaudited)

Investment	Currency	Holding	Market Value £000	% of Net Assets
Taiwan 10.38% (9.82%)				
Catcher Technology	TWD	266,000	1,736	1.86
Delta Electronics	TWD	88,511	394	0.42
Largan Precision	TWD	14,000	1,597	1.71
President Chain Store	TWD	50,000	299	0.32
Quanta Computer	TWD	334,000	545	0.58
Taiwan Semiconductor Manufacturing	TWD	816,000	3,881	4.16
Uni-President Enterprises	TWD	907,878	1,245	1.33
			9,697	10.38
Thailand 2.38% (2.72%)				
CP ALL	THB	784,500	1,077	1.15
Kasikornbank, NVDR	THB	162,300	694	0.74
Siam Cement, NVDR	THB	39,450	453	0.49
			2,224	2.38
Turkey 1.27% (1.75%)				
Akbank	TRY	129,980	231	0.25
BIM Birlesik Magazalar	TRY	60,500	690	0.74
Turkiye Garanti Bankasi	TRY	152,165	266	0.28
			1,187	1.27
United Kingdom 0.69% (2.18%)				
Fresnillo	GBP	44,484	643	0.69
			643	0.69
Equities total			90,378	96.77
Investment assets			90,378	96.77
Net other assets			3,014	3.23
Net assets			93,392	100.00

All holdings are ordinary shares or stock units and admitted to an official stock exchange unless otherwise stated.
The comparative percentage figures in brackets are as at 31 July 2016.

STATEMENT OF TOTAL RETURN

For the six months ended 31 January 2017 (unaudited)

	£000	Six months ended 31.01.17 £000	£000	Six months ended 31.01.16 £000
Income				
Net capital gains/(losses)		7,540		(3,478)
Revenue	916		304	
Expenses	(675)		(271)	
Net revenue before taxation	241		33	
Taxation	(115)		(34)	
Net revenue/(expense) after taxation		126		(1)
Total return before distributions		7,666		(3,479)
Distributions		(126)		1
Change in net assets attributable to shareholders from investment activities		7,540		(3,478)

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

For the six months ended 31 January 2017 (unaudited)

	£000	Six months ended 31.01.17 £000	£000	Six months ended 31.01.16 £000
Opening net assets attributable to shareholders		87,881		39,873
Movement due to issue and cancellation of shares:				
Amounts receivable on issue of shares	9,126		4,632	
Amounts payable on cancellation of shares	(11,226)		–	
		(2,100)		4,632
Dilution adjustment		71		12
Change in net assets attributable to shareholders from investment activities (see above)		7,540		(3,478)
Closing net assets attributable to shareholders		93,392		41,039

The Statement of Recommended Practice (2014) requires that comparatives are shown for the above report. As the comparatives should be for the comparable interim period, the net asset value at the end of the previous period will not agree to the net asset value at the start of this period. The published net asset value as at 31 July 2016 was £87,881,000.

BALANCE SHEET

As at 31 January 2017 (unaudited)

	As at 31.01.17 £000	As at 31.07.16 £000
Assets:		
Investments	90,378	85,397
Current assets:		
Debtors	469	354
Cash and bank balances	2,855	2,775
Total assets	93,702	88,526
Liabilities:		
Creditors:		
Distribution payable	(110)	(262)
Other creditors	(200)	(383)
Total liabilities	(310)	(645)
Net assets attributable to shareholders	93,392	87,881

ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the financial statements for the year ended 31 July 2016 and are described in those annual financial statements.

AVIVA INVESTORS UK GILTS MOM 1 FUND

INVESTMENT OBJECTIVE

To achieve income (with some prospect for long-term capital growth) by investing primarily in UK government fixed interest securities.

INVESTMENT POLICY

The Fund will invest primarily in UK government fixed interest securities listed or traded on Regulated markets in the UK. The Fund may invest in any of the following financial instruments in order to achieve its investment objective: Sterling gilts, index linked gilts, Sterling, US dollar and Euro denominated investment grade credit, money market instruments, collective investment schemes and deposits. In addition to the instruments detailed above, on an ancillary basis and not exceeding 10% of the value of the scheme property, the Fund may invest in credit which is deemed to be below investment grade.

FUND MANAGER'S REPORT

Performance

Over the six months ended 31 January 2017 the Fund* returned -5.34 per cent (net of fees), outperforming the FTSE® British Government All Stocks Index, return of -4.82 per cent.

Review

Gilts posted a negative return during the review period as the long-standing bull market in government bonds started to unwind. The main factor driving yields higher (and therefore bond prices lower) was the fear that inflation was primed to overshoot central banks' expectations. Investors had become accustomed to inflation remaining anchored well below the targets set by world's monetary policy makers. However, global inflation expectations – at least for the short term – rose rapidly as energy and food prices regained momentum. Oil was the main driver as an OPEC agreement to cut production helped drive a 32 per cent rise in a barrel of Brent crude over the period. The inflation theme was lent further impetus by the surprise victory of Donald Trump in November's US presidential election. The incoming administration pledged to embark on a fiscal stimulus programme of tax cuts and infrastructure spending that was expected to heat up the US economy and fuel inflationary pressures globally. Riskier assets such as equities were the main beneficiaries of the so-called Trump trade, with bonds falling further out of favour in the run up to a much heralded hike in US interest rates in December. In the UK, gilts gained no impetus from the decision by the Bank of England (BoE) in August to cut interest rates for the first time since 2009 and the re-launch the quantitative easing programme. Instead, investors focused on the remarkably resilient performance of the UK economy since Brexit. The 0.6 per cent growth posted in both the third and fourth quarters was well ahead of forecasts as both the consumer and service sector remained impervious to the uncertainty created by vote to leave the European Union. As the period came to an end, however, the inflationary impact of the pound's sharp depreciation since the referendum started to reflect itself meaningfully in the consumer prices index, which rose to a two-year high of 1.6 per cent in December.

The Fund began the period well, thanks largely to its bullish stance into and out of the BoE's August meeting where the package of measures delivered was ultimately very supportive for the gilt market. While our positive positioning was unhelpful at the start of September as speculation mounted that the European Central Bank was poised to taper its quantitative easing programme, it was rewarded by the decision of the US Federal Reserve not to raise interest rates later in the month. In October, the Funds positioning on the yield curve was unhelpful. With impending supply through a gilt syndication towards the end of the month and question marks over pension fund regulation going forward, a steepening yield curve stance was preferred where the Fund was positioned with an underweight in long-dated gilts against their 10-year counterparts. However, this proved unsuccessful owing to the size of pension fund demand seen as yields moved higher with the UK leading the way as core fixed income markets sold off. In December, a cautious short duration bias and a stance that anticipated a rise in long-term bond yields worked well initially. However, the benefit was more than offset by a market rally into the year-end. This move was accentuated by a lack of market liquidity which was felt more acutely in the UK than in the US or Europe. This helped gilts significantly outperform their peers on a cross-market basis. As a consequence of these year-end market movements, the Fund underperformed its benchmark. The Fund entered 2017 holding a cautious short duration bias, a stance that anticipated a rise in long-term bond yields. This worked well, especially early in the month, as gilt yields moved higher. This helped the Fund recoup some the performance lost from the liquidity squeeze seen at the end of 2016.

We expect government bonds to be subject to heightened volatility in the short to medium term as markets grapple with the return of inflation and a gradual shift in the focus of economic stimulus from monetary to fiscal policy. For the gilt market, a successful negotiation of the terms of the UK's departure from the European Union will be pivotal. If it is perceived that the deal is unfavourable and likely to trigger an economic shock, gilts stand to benefit as the Bank of England will be under increased pressure to react with looser policy. If, however, the transition looks set to progress relatively smoothly, investors may switch their attention back to the inflationary outlook and price in a rate hike some time in 2017.

February 2017

* Fund performance figures –share class 2, source Lipper Hindsight, net of fees, net income reinvested in GBP. Unless otherwise indicated, all data has been sourced by Aviva Investors Global Services Limited.

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AVIVA INVESTORS UK GILTS MOM 1 FUND (CONTINUED)

Material Portfolio Changes

Purchases	Sales
UK Treasury 4.25% 07/12/2027	UK Treasury 1.50% 22/07/2026
UK Treasury 1.75% 22/01/2017	UK Treasury 3.50% 22/01/2045
UK Treasury 1.50% 22/07/2026	UK Treasury 1.75% 22/01/2017
UK Treasury 1.00% 07/09/2017	UK Treasury 1.00% 07/09/2017
UK Treasury 3.50% 22/01/2045	UK Treasury 4.25% 07/12/2027
UK Treasury 1.50% 22/07/2047	UK Treasury 2.50% 22/07/2065
UK Treasury 2.25% 07/09/2023	UK Treasury 4.00% 07/09/2016
UK Treasury 4.50% 07/09/2034	UK Treasury Inflation Linked 1.25% 22/11/2017
UK Treasury 2.50% 22/07/2065	UK Treasury 1.50% 22/07/2047
UK Treasury 2.00% 22/07/2020	UK Treasury 4.25% 07/06/2032

Synthetic Risk and Reward Indicator



The Fund has been allocated a risk number based on the historic volatility of its share price. Where insufficient share price information is available, the risk number has been based on the historic volatility of the asset classes appropriate to the Fund.

- This indicator is based on historical data, calculated using European Union rules, and may not be a reliable indication of the future risk profile of the Fund.
- The risk and reward category shown is not guaranteed to remain unchanged and may change over time. The lowest category does not mean 'risk free'.
- Bond values are affected by changes in interest rates.
- Full information on the risks applicable to the Fund is detailed in the Prospectus.

INVESTMENT PERFORMANCE

Net Asset Value – Income Shares

Share class	As at	Net asset value* £000	Shares in issue	Pence per share
Class 2	31.07.14	81,601	75,360,065	108.28
	31.07.15	74,945	64,992,280	115.31
	31.07.16	91,970	72,055,485	127.64
	31.01.17	67,920	56,507,775	120.20

* Valued at bid market prices.

Share Price Record – Income Shares

Share class	Financial year	Highest price* (p)	Lowest price* (p)
Class 2	2014	109.35	105.65
	2015	122.34	108.76
	2016	128.62	113.65
	2017**	132.19	119.86

* Valued at mid market prices.

** Up to 31 January 2017.

Ongoing Charges Figure*

Share class	31.01.17	31.07.16
Class 2	0.79%	0.78%

* The Ongoing Charges Figure (OCF) is calculated as the ratio of the total ongoing charges to the average net asset value of the Fund over the period. The OCF is made up of the Annual Management Charge and other operating costs deducted from the assets of the Fund during the period, except for those payments that are explicitly excluded (performance fees).

Revenue Record – Income Shares

The revenue record table below shows the net distribution rates per financial year on a payment date basis for an investment made on 31 July 2013.

Share class	Financial year	Net revenue per share (p)	Per £1,000 invested (£)
Class 2	2014	1.7636	16.19
	2015	1.8507	16.99
	2016	1.5187	13.94
	2017*	0.6345	5.82

* Up to 31 March 2017 (the interim distribution payment date).

PORTFOLIO STATEMENT

As at 31 January 2017 (unaudited)

Investment	Currency	Holding	Market Value £000	% of Net Assets
Government Bonds 98.06% (98.52%)				
United Kingdom 98.06% (98.52%)				
UK Treasury 1.00% 07/09/2017	GBP	4,876,901	4,904	7.22
UK Treasury 1.75% 22/07/2019	GBP	2,862,000	2,965	4.37
UK Treasury 2.00% 22/07/2020	GBP	5,518,000	5,803	8.54
UK Treasury 3.75% 07/09/2020	GBP	3,478,000	3,888	5.72
UK Treasury 1.50% 22/01/2021	GBP	3,895,000	4,032	5.94
UK Treasury 1.75% 07/09/2022	GBP	3,946,000	4,139	6.09
UK Treasury 2.25% 07/09/2023	GBP	4,717,667	5,094	7.50
UK Treasury 4.25% 07/12/2027	GBP	8,504,000	10,784	15.88
UK Treasury 4.50% 07/09/2034	GBP	3,178,000	4,399	6.48
UK Treasury 4.25% 07/09/2039	GBP	2,125,000	2,970	4.37
UK Treasury 4.25% 07/12/2040	GBP	2,533,000	3,579	5.27
UK Treasury 1.50% 22/07/2047	GBP	6,627,000	5,856	8.62
UK Treasury 3.75% 22/07/2052	GBP	2,170,500	3,162	4.66
UK Treasury 2.50% 22/07/2065	GBP	4,213,000	5,028	7.40
			66,603	98.06
Government Bonds total			66,603	98.06
Futures 0.02% ((0.04)%)				
Long Gilt 29/03/2017	GBP	(34)	16	0.02
Futures total			16	0.02
Investment assets			66,619	98.08
Net other assets			1,301	1.92
Net assets			67,920	100.00

All holdings are debt securities denominated in sterling and admitted to an official stock exchange unless otherwise stated.
The comparative percentage figures in brackets are as at 31 July 2016.

Bond Rating

	Market Value £000	% of Net Assets
Bonds		
– Investment Grade*	66,603	98.06
Debt securities total	66,603	98.06

* Investment grade refers to the quality of a company's credit. A rating of 'BBB' or higher is considered an investment grade issue.

STATEMENT OF TOTAL RETURN

For the six months ended 31 January 2017 (unaudited)

	£000	Six months ended 31.01.17 £000	£000	Six months ended 31.01.16 £000
Income				
Net capital (losses)/gains		(5,132)		2,078
Revenue	600		702	
Expenses	(368)		(304)	
Net revenue before taxation	232		398	
Net revenue after taxation		232		398
Total return before distributions		(4,900)		2,476
Distributions		(585)		(690)
Change in net assets attributable to shareholders from investment activities		(5,485)		1,786

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

For the six months ended 31 January 2017 (unaudited)

	£000	Six months ended 31.01.17 £000	£000	Six months ended 31.01.16 £000
Opening net assets attributable to shareholders		91,970		74,945
Movement due to issue and cancellation of shares:				
Amounts receivable on issue of shares	6,482		4,437	
Amounts payable on cancellation of shares	(25,058)		(3,056)	
		(18,576)		1,381
Dilution adjustment		11		1
Change in net assets attributable to shareholders from investment activities (see above)		(5,485)		1,786
Closing net assets attributable to shareholders		67,920		78,113

The Statement of Recommended Practice (2014) requires that comparatives are shown for the above report. As the comparatives should be for the comparable interim period, the net asset value at the end of the previous period will not agree to the net asset value at the start of this period. The published net asset value as at 31 July 2016 was £91,970,000.

BALANCE SHEET

As at 31 January 2017 (unaudited)

	As at 31.01.17 £000	As at 31.07.16 £000
Assets:		
Investments	66,619	90,608
Current assets:		
Debtors	318	338
Cash and bank balances	1,283	1,428
Total assets	68,220	92,374
Liabilities:		
Investment liabilities	–	(36)
Creditors:		
Distribution payable	(230)	(302)
Other creditors	(70)	(66)
Total liabilities	(300)	(404)
Net assets attributable to shareholders	67,920	91,970

ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the financial statements for the year ended 31 July 2016 and are described in those annual financial statements.

AVIVA INVESTORS UK CREDIT MOM 1 FUND

INVESTMENT OBJECTIVE

To achieve income (with some prospect for long-term capital growth) by investing primarily in UK corporate fixed interest securities.

INVESTMENT POLICY

The Fund will invest primarily in UK corporate fixed interest securities listed or traded on Regulated Markets in the UK. The Fund may invest in any of the following financial instruments in order to achieve its investment objective: Sterling denominated investment grade credit, overseas investment grade credit (hedged), gilts, overseas government bonds (hedged), money market instruments, collective investment schemes and deposits. In addition to the instruments detailed above, on an ancillary basis and not exceeding 10% of the value of the scheme property, the Fund may invest in credit which is deemed to be below investment grade.

FUND MANAGER'S REPORT

Performance

Over the six months ended 31 January 2017 the Fund* returned -2.18 per cent (net of fees), slightly outperforming the iBoxx Sterling Non-Gilts Index return of -2.22 per cent.

Review

The period marked a dramatic turnaround in the fortunes of bond markets as the persistent underpinning of bonds over the past several years from widespread quantitative easing (QE) gave way to a dramatic sell-off in the second half of the period, reflecting investors' fears about the re-emergence of inflation. Within the UK, the increasing expectation of a "hard Brexit" was an additional factor that led to a marked sell-off in UK bonds during October.

The period also saw an interest rate cut by the Bank of England (BoE) in August, reflecting concerns about the health of the UK economy post-Brexit. Meanwhile, the US Federal Reserve increased interest rates in December.

At the beginning of the period and in terms of interest rate risk, the Fund was run with a broadly neutral duration stance. This was reduced to marginally lower than benchmark by the end of the period. This stance benefited the Fund especially in the final few months as yields rose materially across the spectrum, although they fell back a little in the final week of the period.

The narrowing of credit spreads, following the decision in late summer by the BoE to extend its QE policy to include the purchase of certain investment grade corporate bonds, was a positive influence given the small overweight position in aggregate credit. We gradually pulled back on this overweight credit position later in the period which cost some performance as credit spreads narrowed further.

In terms of sectors, the overweight position in financial credit risk, specifically banking debt, detracted from performance. In general, the banking sector failed to keep pace with the rally in overall credit markets. The underweight position in certain non-financial sectors was also detrimental, especially basic materials, where bonds from a number of commodity-related issuers performed strongly.

Stock selection had a positive influence on returns. The position in subordinated bonds from Rabobank was one of the best performing over the period, generating a positive return against a backdrop of a meaningful rise in bond yields. Within financials, there were also positive contributions from insurance companies Standard Life, Bupa and Zurich. Away from the financials sector, the holding in off-benchmark bonds from Virgin Media posted a strong relative return. Within the collateralised sector, Tesco Property and Unique Pubs were strong contributors.

On the negative side, there was some disappointing issue selection in the utility sector. Positions in longer-dated bonds from utility companies EDF and Engie detracted from returns. Similarly, positions in the telecoms sector such as Vodafone and Verizon Communications were negative influences on overall returns. The position in HSBC also proved to be a drag on performance.

In terms of activity, we added positions in new transactions such as National Grid Gas Distribution, A2D Dominion and Vodafone. We reduced the size of positions in Brown-Forman, the US based beverage manufacturer, and British Aerospace after the bonds had performed strongly and we felt the relative value had diminished.

We became slightly more cautious on the outlook for credit risk during the final months of the period and to this end we sold or reduced a number of positions where we felt the valuation had become a little too stretched. We completely exited positions in Gwynt Y Mor OFTO, London & Quadrant Housing, and Babcock International.

February 2017

* Fund performance figures – share class 2, source Lipper, net of fees, net income reinvested in GBP. Unless otherwise indicated, all data has been sourced by Kames Capital.

Any opinions expressed are those of the Fund manager. They should not be viewed as a guarantee of a return from an investment in the Funds. The content of the commentary should not be viewed as a recommendation to invest nor to buy or sell stocks. Past performance is not a guide to future performance. The value of an investment in the Fund and any income from it may go down as well as up, and the investor may not get back the original amount invested.

AVIVA INVESTORS UK CREDIT MOM 1 FUND (CONTINUED)

Material Portfolio Changes

Purchases	Sales
UK Treasury 4.25% 07/12/2027	Transport for London 2.25% 09/08/2022
United Kingdom Gilt 1.50% 22/07/2026	European Investment Bank 4.75% 15/10/2018
National Grid Gas Finance 2.13% 22/09/2028	United Kingdom Gilt 1.50% 22/07/2026
A2Dominion Housing Group 3.50% 15/11/2028	European Investment Bank 5.63% 07/06/2032
National Grid Gas Finance 2.63% 22/09/2038	E.ON International Finance 6.75% 27/01/2039
Babcock International Group 1.88% 05/10/2026	Mitchells & Butlers Finance, Series C1 6.47% 15/09/2032
Vodafone Group 3.38% 08/08/2049	AT&T 4.38% 14/09/2029
Vodafone Group 3.00% 12/08/2056	BAE Systems 4.13% 08/06/2022
PGH Capital 4.13% 20/07/2022	Siemens Financieringsmaatschappij 6.13% 14/09/2066
Mitchells & Butlers Finance, Series A2 5.57% 15/12/2030	Gwyn y Mor OFTO 2.78% 17/02/2034

Synthetic Risk and Reward Indicator



The Fund has been allocated a risk number based on the historic volatility of its share price. Where insufficient share price information is available, the risk number has been based on the historic volatility of the asset classes appropriate to the Fund.

- This indicator is based on historical data, calculated using European Union rules, and may not be a reliable indication of the future risk profile of the Fund.
- The risk and reward category shown is not guaranteed to remain unchanged and may change over time. The lowest category does not mean 'risk free'.
- Bond values are affected by changes in interest rates.
- Full information on the risks applicable to the Fund is detailed in the Prospectus.

INVESTMENT PERFORMANCE

Net Asset Value – Income Shares

Share class	As at	Net asset value* £000	Shares in issue	Pence per share
Class 2	31.07.14	102,870	106,442,516	96.64
	31.07.15	117,868	118,941,868	99.10
	31.07.16	97,632	93,126,919	104.84
	31.01.17	75,077	74,315,601	101.02

* Valued at bid market prices.

Share Price Record – Income Shares

Share class	Financial year	Highest price* (p)	Lowest price* (p)
Class 2	2014	98.46	93.63
	2015	106.07	97.22
	2016	106.12	96.37
	2017**	109.10	101.18

* Valued at mid market prices.

** Up to 31 January 2017.

Ongoing Charges Figure*

Share class	31.01.17	31.07.16
Class 2	0.79%	0.79%

* The Ongoing Charges Figure (OCF) is calculated as the ratio of the total ongoing charges to the average net asset value of the Fund over the period. The OCF is made up of the Annual Management Charge and other operating costs deducted from the assets of the Fund during the period, except for those payments that are explicitly excluded (performance fees).

Revenue Record – Income Shares

The revenue record table below shows the net distribution rates per financial year on a payment date basis for an investment made on 31 July 2013.

Share class	Financial year	Net revenue per share (p)	Per £1,000 invested (£)
Class 2	2014	3.4533	35.71
	2015	3.2645	33.76
	2016	3.0997	32.06
	2017*	1.5878	16.42

* Up to 31 March 2017 (the interim distribution payment date).

PORTFOLIO STATEMENT

As at 31 January 2017 (unaudited)

Investment	Currency	Holding	Market Value £000	% of Net Assets
Government Bonds 3.38% (0.56%)				
United Kingdom 3.38% (0.56%)				
UK Treasury 4.25% 07/12/2027	GBP	2,000,000	2,536	3.38
			<u>2,536</u>	<u>3.38</u>
Government Bonds total			2,536	3.38
Corporate Bonds 89.58% (90.60%)				
Australia 2.21% (3.15%)				
APT Pipelines 3.50% 22/03/2030	GBP	600,000	602	0.80
Asciano Finance 5.00% 19/09/2023	GBP	400,000	438	0.59
Scentre Group Trust 1, REIT 2.38% 08/04/2022	GBP	600,000	618	0.82
			<u>1,658</u>	<u>2.21</u>
Cayman Islands 1.31% (1.06%)				
THPA Finance, Series A2 7.13% 15/03/2024	GBP	530,589	598	0.79
Yorkshire Water Services Bradford Finance, FRN 6.00% 24/04/2025	GBP	385,000	389	0.52
			<u>987</u>	<u>1.31</u>
Denmark 0.93% (1.37%)				
DONG Energy 5.75% 09/04/2040	GBP	500,000	701	0.93
			<u>701</u>	<u>0.93</u>
France 6.78% (5.98%)				
BPCE 5.25% 16/04/2029	GBP	800,000	863	1.15
Credit Agricole 7.38% 18/12/2023	GBP	650,000	825	1.10
Dexia Credit Local 2.13% 12/02/2025	GBP	800,000	806	1.07
Electricite de France 6.00% 23/01/2114	GBP	600,000	787	1.05
Engie 5.00% 01/10/2060	GBP	700,000	1,073	1.43
Orange, FRN 5.75% Perpetual	GBP	700,000	735	0.98
			<u>5,089</u>	<u>6.78</u>
Germany 2.88% (2.23%)				
Kreditanstalt fuer Wiederaufbau 2.00% 06/12/2018	GBP	2,100,000	2,159	2.88
			<u>2,159</u>	<u>2.88</u>
Ireland 0.26% (0.00%)				
PGH Capital 4.13% 20/07/2022	GBP	200,000	199	0.26
			<u>199</u>	<u>0.26</u>
Jersey 3.31% (3.24%)				
AA Bond 6.27% 02/07/2043	GBP	515,000	620	0.83
CPUK Finance 7.24% 28/02/2042	GBP	600,000	768	1.02
Heathrow Funding 6.45% 10/12/2033	GBP	773,000	1,095	1.46
			<u>2,483</u>	<u>3.31</u>
Netherlands 1.95% (3.43%)				
ABN AMRO Bank 2.25% 11/09/2017	GBP	600,000	606	0.81
Cooperatieve Rabobank, FRN 6.91% Perpetual	GBP	700,000	860	1.14
			<u>1,466</u>	<u>1.95</u>
Sweden 1.22% (0.94%)				
Swedbank 1.63% 15/04/2019	GBP	900,000	914	1.22
			<u>914</u>	<u>1.22</u>
United Kingdom 55.67% (55.15%)				
A2Dominion Housing Group 3.50% 15/11/2028	GBP	600,000	585	0.78
Annington Finance No. 4, Series C1 8.07% 10/01/2023	GBP	450,000	576	0.77
Arqiva Financing 4.88% 31/12/2032	GBP	1,000,000	1,105	1.47
Aspire Defence Finance 4.67% 31/03/2040	GBP	459,452	545	0.73
BG Energy Capital, FRN 6.50% 30/11/2072	GBP	492,000	512	0.68

PORTFOLIO STATEMENT (CONTINUED)

As at 31 January 2017 (unaudited)

Investment	Currency	Holding	Market Value £000	% of Net Assets
United Kingdom 55.67% (55.15%) (continued)				
BL Superstores Finance, Series A2 4.48% 04/10/2030	GBP	669,715	754	1.00
British Land, REIT 'B' 5.26% 24/09/2035	GBP	500,000	592	0.79
BUPA Finance, FRN 6.13% Perpetual	GBP	700,000	763	1.02
Centrica, FRN 6.38% 10/03/2022	GBP	633,000	777	1.04
Coventry Building Society 5.88% 28/09/2022	GBP	779,000	940	1.25
Dignity Finance, Series B 4.70% Perpetual	GBP	680,000	798	1.06
Eastern Power Networks 4.75% 30/09/2021	GBP	443,000	507	0.68
Electricity North West 8.88% 25/03/2026	GBP	700,000	1,063	1.42
FCE Bank 2.73% 03/06/2022	GBP	500,000	514	0.69
HJ Heinz Finance UK 6.25% 18/02/2030	GBP	687,000	873	1.16
HSBC Bank 4.75% 24/03/2046	GBP	725,000	819	1.09
Imperial Brands Finance, FRN 9.00% 17/02/2022	GBP	597,000	798	1.06
Imperial Brands Finance, FRN 4.88% 07/06/2032	GBP	400,000	475	0.63
Intu Metrocentre Finance, REIT 4.13% 06/12/2023	GBP	800,000	873	1.16
John Lewis 4.25% 18/12/2034	GBP	800,000	841	1.12
Land Securities Capital Markets, FRN 4.88% 29/09/2025	GBP	633,000	759	1.01
Legal & General Group, FRN 5.50% 27/06/2064	GBP	800,000	772	1.03
Liverpool Victoria Friendly Society, FRN 6.50% 22/05/2043	GBP	500,000	488	0.65
London & Quadrant Housing Trust 2.63% 05/05/2026	GBP	127,000	131	0.17
Marston's Issuer, FRN, Series A3 5.18% 15/07/2032	GBP	914,000	984	1.31
Meadowhall Finance, Series A1 4.99% 12/07/2037	GBP	676,007	819	1.09
Mitchells & Butlers Finance, Series A2 5.57% 15/12/2030	GBP	49,351	56	0.08
Mitchells & Butlers Finance, Series C1 6.47% 15/09/2032	GBP	54,000	65	0.09
Motability Operations Group 5.63% 29/11/2030	GBP	238,000	323	0.43
National Grid Gas Finance 2.13% 22/09/2028	GBP	600,000	571	0.76
National Grid Gas Finance 2.63% 22/09/2038	GBP	600,000	560	0.75
Nationwide Building Society 3.00% 06/05/2026	GBP	800,000	825	1.10
Nats En Route 5.25% 31/03/2026	GBP	946,344	1,098	1.46
Network Rail Infrastructure Finance 4.75% 29/11/2035	GBP	879,000	1,211	1.61
Northern Powergrid Yorkshire 9.25% 17/01/2020	GBP	703,000	866	1.15
Prudential 1.38% 19/01/2018	GBP	600,000	604	0.80
Prudential, FRN 11.38% 29/05/2039	GBP	492,000	594	0.79
Punch Taverns Finance 7.32% 15/10/2025	GBP	50,359	62	0.08
RAC Bond 4.87% 06/05/2046	GBP	600,000	650	0.87
RELX Investments 2.75% 01/08/2019	GBP	500,000	518	0.69
RSA Insurance Group, FRN 9.38% 20/05/2039	GBP	152,000	176	0.23
Santander UK 1.88% 17/02/2020	GBP	800,000	811	1.08
Scotland Gas Networks 3.25% 08/03/2027	GBP	500,000	531	0.71
Segro, REIT 6.75% 23/11/2021	GBP	500,000	617	0.82
SP Manweb 4.88% 20/09/2027	GBP	800,000	960	1.28
SSE, FRN 3.88% Perpetual	GBP	500,000	500	0.67
Stagecoach Group, FRN 4.00% 29/09/2025	GBP	500,000	536	0.71
Standard Chartered Bank, FRN 5.38% Perpetual	GBP	527,000	526	0.70
Standard Life, FRN 6.75% Perpetual	GBP	90,000	101	0.14
Telereal Securitisation, Series A5 5.39% 10/12/2033	GBP	280,055	325	0.43
Telereal Securitisation, Series B4 6.16% 10/12/2033	GBP	495,380	573	0.76
Tesco Property Finance 1 7.62% 13/07/2039	GBP	731,028	862	1.15
Transport for London 3.88% 23/07/2042	GBP	1,800,000	2,197	2.93
Unique Pub Finance, Series A3 6.54% 30/03/2021	GBP	624,800	673	0.90
Virgin Media Secured Finance 5.50% 15/01/2021	GBP	633,000	704	0.94
Vodafone Group 3.38% 08/08/2049	GBP	200,000	175	0.23
Vodafone Group 3.00% 12/08/2056	GBP	400,000	320	0.43
Wales & West Utilities Finance 6.25% 30/11/2021	GBP	703,000	857	1.14
Western Power Distribution East Midlands 5.25% 17/01/2023	GBP	773,000	911	1.21
White City Property Finance 5.12% 17/04/2035	GBP	785,472	937	1.25
Yorkshire Building Society 3.50% 21/04/2026	GBP	900,000	931	1.24
Zurich Finance UK, FRN 6.63% Perpetual	GBP	800,000	904	1.20
			41,793	55.67

PORTFOLIO STATEMENT (CONTINUED)

As at 31 January 2017 (unaudited)

Investment	Currency	Holding	Market Value	
			£000	% of Net Assets
United States of America 13.06% (14.05%)				
American International Group 5.00% 26/04/2023	GBP	400,000	456	0.61
AT&T 7.00% 30/04/2040	GBP	650,000	933	1.24
Bank of America 7.00% 31/07/2028	GBP	500,000	683	0.91
Citigroup 7.63% 03/04/2018	GBP	633,000	682	0.91
Digital Stout Holding, REIT 4.25% 17/01/2025	GBP	800,000	860	1.15
Goldman Sachs Group 6.88% 18/01/2038	GBP	700,000	945	1.26
Juneau Investments 5.90% 22/02/2021	GBP	941,000	1,027	1.37
Mellon Capital III, FRN 1.87% 05/09/2066	GBP	400,000	399	0.53
Pfizer 6.50% 03/06/2038	GBP	600,000	937	1.25
Verizon Communications 4.07% 18/06/2024	GBP	600,000	664	0.88
Walgreens Boots Alliance 2.88% 20/11/2020	GBP	700,000	729	0.97
Wells Fargo 4.88% 29/11/2035	GBP	500,000	586	0.78
Welltower, REIT 4.80% 20/11/2028	GBP	800,000	905	1.20
			9,806	13.06
Corporate Bonds total			67,255	89.58
Supranationals 5.23% (7.50%)				
European Investment Bank 5.38% 07/06/2021	GBP	1,800,000	2,129	2.83
European Investment Bank 3.88% 08/06/2037	GBP	1,433,000	1,801	2.40
			3,930	5.23
Supranationals total			3,930	5.23
Investment assets			73,721	98.19
Net other assets			1,356	1.81
Net assets			75,077	100.00

All holdings are ordinary shares or stock units and admitted to an official stock exchange unless otherwise stated.
The comparative percentage figures in brackets are as at 31 July 2016.

Bond Rating

	Market Value	
	£000	% of Net Assets
Bonds		
– Investment Grade*	62,152	82.77
– Below Investment Grade	9,109	12.14
– Unrated	2,460	3.28
Debt securities total	73,721	98.19

* Investment grade refers to the quality of a company's credit. A rating of 'BBB' or higher is considered an investment grade issue.

STATEMENT OF TOTAL RETURN

For the six months ended 31 January 2017 (unaudited)

	£000	Six months ended 31.01.17 £000	£000	Six months ended 31.01.16 £000
Income				
Net capital losses		(2,817)		(1,340)
Revenue	1,666		2,150	
Expenses	(350)		(418)	
Net revenue before taxation	1,316		1,732	
Net revenue after taxation		1,316		1,732
Total return before distributions		(1,501)		392
Distributions		(1,648)		(2,130)
Change in net assets attributable to shareholders from investment activities		(3,149)		(1,738)

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

For the six months ended 31 January 2017 (unaudited)

	£000	Six months ended 31.01.17 £000	£000	Six months ended 31.01.16 £000
Opening net assets attributable to shareholders		97,632		117,868
Movement due to issue and cancellation of shares:				
Amounts payable on cancellation of shares	(19,502)		(15,888)	
		(19,502)		(15,888)
Dilution adjustment		96		55
Change in net assets attributable to shareholders from investment activities (see above)		(3,149)		(1,738)
Closing net assets attributable to shareholders		75,077		100,297

The Statement of Recommended Practice (2014) requires that comparatives are shown for the above report. As the comparatives should be for the comparable interim period, the net asset value at the end of the previous period will not agree to the net asset value at the start of this period. The published net asset value as at 31 July 2016 was £97,632,000.

BALANCE SHEET

As at 31 January 2017 (unaudited)

	As at 31.01.17 £000	As at 31.07.16 £000
Assets:		
Investments	73,721	96,327
Current assets:		
Debtors	1,189	1,482
Cash and bank balances	949	789
Total assets	75,859	98,598
Liabilities:		
Creditors:		
Distribution payable	(718)	(888)
Other creditors	(64)	(78)
Total liabilities	(782)	(966)
Net assets attributable to shareholders	75,077	97,632

ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the financial statements for the year ended 31 July 2016 and are described in those annual financial statements.

AVIVA INVESTORS STERLING CREDIT MOM 1 FUND

INVESTMENT OBJECTIVE

To achieve income (with some prospect for long-term capital growth).

INVESTMENT POLICY

The Fund may invest in any of the following financial instruments in order to achieve its investment objective: Sterling credit, overseas credit, gilts, overseas government bonds, asset backed securities, (including mortgage backed securities), money market instruments, collective investment schemes and deposits. Up to 50% of the value of the scheme property may be invested in credit which is deemed to be below investment grade. The Fund's exposure will be in Sterling or currency hedged back to Sterling. The Sterling exposure will be within a range of 98% to 102%.

FUND MANAGER'S REPORT

Performance

Over the six month period ended 31 January 2017 the Fund* returned 2.90 per cent (net of fees), outperforming its composite benchmark 35 per cent iBoxx EUR HY; 35 per cent iBoxx EUR Overall Corporate; 30 per cent 3m LIBOR return of 2.18 per cent.

Review

The Fund was well positioned to benefit from the post Brexit rally and President Trump's fiscal policy stimulus, however the minimum 50 per cent holding in IG rated bonds was a detractor from performance, as duration sensitive products were negatively impacted by the move higher in risk free bonds.

August began with the Bank of England (BoE) Governor, Mark Carney, announcing a round of stimuli that surprised even the most expectant commentators - base rates were cut to 0.25 per cent, gilt purchases were increased by an additional £60bn to £435bn, a £10bn Corporate Bond Programme was created, and a bank "Term Funding Scheme" was introduced, while the likelihood of rates being cut further, to just 0.10 per cent, was also left on the table. Unsurprisingly, UK markets reacted very positively to the new package, with both equity and fixed income indices rallying strongly.

The feel good factor was further supported when the Federal Open Market Committee (FOMC) minutes from the July 26-27 meeting revealed that the FOMC remained fairly dovish, and felt that it would "likely have ample time to react if inflation rose more quickly than they currently anticipated".

September saw political interference gradually became more of a dominant theme, as the US held the first of the live TV Presidential debates, the UK Labour Party held its long awaited leadership vote and there was a marked increase in the rhetoric surrounding the impending UK exit of the EU. In the later part of the month, sentiment became focused on the issue surrounding Deutsche Bank and its settlement with the US Department of Justice (DoJ) regarding the mismanagement of the German lenders US mortgage unit.

Economic data in the US was mixed during the month, with disappointing ISM Manufacturing data, and weaker than expected Non-Farm-Payrolls, although consumer price index (CPI) was a touch firmer than expected. With the economic backdrop remaining relatively benign, it was no surprise that the Fed refrained from hiking rates at the FOMC September meeting, however, three members voted for a hike, and the market interpreted the minutes as becoming more hawkish and expectations of a December hike increased to over 60 per cent.

The following quarter was obviously dominated by the US Presidential election, which delivered a surprise victory for Donald Trump.

Despite the widespread media predictions of panic and uncertainty in the aftermath of Donald Trump's victory, market sentiment in December was positively upbeat. A combination of strong market technical, high cash balances and President elect-Trumps campaign pledge of a raft of fiscal expansion projects in the USA, all helped to tighten credit spreads across most sectors. The consequence of this was a repricing of the risk-free rate in the US, and the contagion was felt across the globe with Gilts, Bunds and JGB's all moving higher.

In addition, the FOMC also finally raised rates by 25bps, which was 100 per cent expected, however the minutes were seen as being more hawkish, and this also helped to consolidate the move higher in UST rates.

In the UK, the aftermath of the UK referendum remained a major political distraction, and uncertainty about the ramifications of 'Brexit' were fuelled by acerbic comments from a number of key EU negotiators, while rumours that Mark Carney was going to leave his post as BoE Governor before the eight year term did little to support the government bond markets.

In Europe, the markets were given a boost by Mario Draghi when he announced a nine month extension to the QE program, albeit at a reduced rate of Eur60bn per month. Also announced was a reduction in the maturity limit on purchases from two years to one year, and the removal of the ban on buying bonds with yields below the -40bps deposit rate; this was seen as a strong positive move by investors and contributed to the squeeze tighter in spreads.

As we approached year end, Matteo Renzi stood down as Italian Prime Minister, as the electorate rejected his call for constitutional reform in the highly personalised referendum. Once again, despite expectations that markets would stumble on a Renzi resignation, markets shrugged the result aside (for now), as technicals dominated investor focus.

The New Year kicked off with the prospects of the fiscal stimulus policies promised by Trump, coupled with a strong technical backdrop, driving markets higher, while US companies also generally reported robust earnings; the banking community in particular reported big trading gains.

In the UK, the Supreme Court upheld the decision to ensure the triggering of Article-50 was decided by the UK Parliament, and not by the current Government. The bill should pass through Parliament without too much of a hitch, and Article-50 is still expected to be triggered by Theresa May by the end of March, when the negotiations will start in earnest.

The strong market technical's that have dominated markets appear to be slowly equalising out, and further caution is expected over the coming months.

With expectations increasing that the next US rate hike could come as early as March, and the likelihood of the contagion effect impacting domestic and Euro-rates, the Fund managers are adopting a more defensive outlook for the Fund, with a bias for shorter interest rate and credit duration. There is also growing caution as we approach the Dutch election in March, followed by the French Presidential election in April and May.

AVIVA INVESTORS STERLING CREDIT MOM 1 FUND (CONTINUED)

FUND MANAGER’S REPORT (CONTINUED)

Review (continued)

The high level of political uncertainty is curbing the typical high volume of secondary trading usually seen in the first quarter, which in turn could create a backdrop where we see spikes in volatility. Consequently, the Fund managers are expecting to err towards a more defensive Fund, with relatively short duration for the medium term, using periods of market stress to add shorter-dated credit spread on a highly selective basis.

February 2017

* Fund performance figures – share class 2, source Lipper, net of fees, net income reinvested in GBP, composite benchmark source Morningstar Direct. Unless otherwise indicated, all data has been sourced by Twentyfour Asset Management.

Any opinions expressed are those of the Fund manager. They should not be viewed as a guarantee of a return from an investment in the Funds. The content of the commentary should not be viewed as a recommendation to invest nor to buy or sell stocks. Past performance is not a guide to future performance. The value of an investment in the Fund and any income from it may go down as well as up, and the investor may not get back the original amount invested.

Material Portfolio Changes

Purchases	Sales
UK Treasury 1.25% 22/07/2018	UK Treasury 2.25% 07/09/2023
US Treasury 2.50% 15/05/2046	UK Treasury 1.25% 22/07/2018
UK Treasury 1.00% 07/09/2017	Spain Government Bond 1.95% 30/04/2026
UK Treasury 2.00% 22/07/2020	US Treasury 2.50% 15/05/2046
Spain Government Bond 1.95% 30/04/2026	UK Treasury 1.00% 07/09/2017
US Treasury 2.875% 15/11/2046	UK Treasury 2.00% 07/09/2025
Australia Government Bond 5.75% 15/05/2021	Hayfin Ruby II Luxembourg SCA, FRN, Series 2X 'D2' 5.25% 28/08/2024
Carlyle Global Markets Strategies Euro CLO, FRN, Series 2013-2X 'CR' 3.52% 15/10/2026	US Treasury 2.875% 15/11/2046
Cairn CLO V, FRN, Series 2015-5X 'D' 3.20% 20/07/2028	Dryden 35 Euro CLO 2014 BV, FRN, Series 2014-35X 'DN' 3.79% 17/05/2027
Spain Government Bond 1.95% 30/07/2030	Spain Government Bond 1.95% 30/07/2030

Synthetic Risk and Reward Indicator



The Fund has been allocated a risk number based on the historic volatility of its share price. Where insufficient share price information is available, the risk number has been based on the historic volatility of the asset classes appropriate to the Fund.

- This indicator is based on historical data, calculated using European Union rules, and may not be a reliable indication of the future risk profile of the Fund.
- The risk and reward category shown is not guaranteed to remain unchanged and may change over time. The lowest category does not mean 'risk free'.
- Bond values are affected by changes in interest rates, inflation and any decline in creditworthiness of the bond issuer. Bonds that produce a higher level of income usually have a greater risk of default.
- Full information on the risks applicable to the Fund is detailed in the Prospectus.

INVESTMENT PERFORMANCE

Net Asset Value – Income Shares

Share class	As at	Net asset value* £000	Shares in issue	Pence per share
Class 2	31.07.14	92,082	86,813,983	106.07
	31.07.15	89,287	84,396,386	105.79
	31.07.16	70,809	70,306,075	100.72
	31.01.17	71,406	70,147,982	101.79

* Valued at bid market prices.

Share Price Record – Income Shares

Share class	Financial year	Highest price* (p)	Lowest price* (p)
Class 2	2014	108.76	100.00
	2015	108.94	104.84
	2016	106.02	96.74
	2017**	103.32	100.98

* Valued at mid market prices.

** Up to 31 January 2017.

Ongoing Charges Figure*

Share class	31.01.17	31.07.16
Class 2	0.80%	0.80%

* The Ongoing Charges Figure (OCF) is calculated as the ratio of the total ongoing charges to the average net asset value of the Fund over the period. The OCF is made up of the Annual Management Charge and other operating costs deducted from the assets of the Fund during the period, except for those payments that are explicitly excluded (performance fees).

Revenue Record – Income Shares

The revenue record table below shows the net distribution rates per financial year on a payment date basis for an investment made on 12 September 2013.

Share class	Financial year	Net revenue per share (p)	Per £1,000 invested (£)
Class 2	2014	4.4420	44.42
	2015	4.5405	45.41
	2016	4.5469	45.47
	2017*	1.9726	19.73

* Up to 31 March 2017 (the interim distribution payment date).

PORTFOLIO STATEMENT

As at 31 January 2017 (unaudited)

Investment	Currency	Holding	Market Value £000	% of Net Assets
Equity 0.00% (0.00%)				
Spain 0.00% (0.00%)				
Grupo Isolux Corsan Warrant 22/12/2021 [^]	EUR	761	–	–
			–	–
Equity total			–	–
Government Bonds 8.70% (10.23%)				
Australia 2.98% (0.00%)				
Australia Government Bond 5.75% 15/05/2021	AUD	3,050,000	2,128	2.98
			2,128	2.98
Spain 0.00% (1.04%)				
United Kingdom 4.00% (9.19%)				
UK Treasury 2.00% 22/07/2020	GBP	2,720,000	2,861	4.00
			2,861	4.00
United States of America 1.72% (0.00%)				
US Treasury 1.50% 15/08/2026	USD	1,670,000	1,226	1.72
			1,226	1.72
Government Bonds total			6,215	8.70
Corporate Bonds 86.76% (82.50%)				
Austria 0.99% (1.66%)				
Raiffeisen Bank International, FRN 5.16% 18/06/2024	EUR	800,000	708	0.99
			708	0.99
Belgium 1.29% (2.38%)				
Argenta Spaarbank, FRN 3.87% 24/05/2026	EUR	300,000	268	0.37
Ethias 5.00% 14/01/2026	EUR	800,000	656	0.92
			924	1.29
Bermuda 0.97% (1.17%)				
Hiscox, FRN 6.13% 24/11/2045	GBP	650,000	692	0.97
			692	0.97
Cayman Islands 1.52% (0.00%)				
Transocean Phoenix 2 7.75% 15/10/2024	USD	1,250,000	1,084	1.52
			1,084	1.52
France 7.88% (5.90%)				
AXA, FRN 6.46% Perpetual	USD	1,195,000	962	1.35
CNP Assurances, FRN 7.37% 30/09/2041	GBP	800,000	903	1.26
Credit Agricole, FRN 8.13% Perpetual	GBP	1,400,000	1,560	2.19
Groupama, FRN 6.38% Perpetual	EUR	1,200,000	1,000	1.40
Orange, FRN 5.75% Perpetual	GBP	838,000	880	1.23
Societe Generale, FRN 7.38%	USD	400,000	319	0.45
			5,624	7.88
Germany 0.90% (2.49%)				
Aareal Bank, FRN 7.63% Perpetual	EUR	600,000	524	0.73
Grupo Isolux Corsan Finance 3.00% 22/12/2021	EUR	309,766	121	0.17
			645	0.90
Ireland 10.00% (5.84%)				
Avoca CLO XIII, FRN, Series 13X 'D' 3.18% 29/12/2027	EUR	2,000,000	1,713	2.40
Bank of Ireland, FRN 7.38% Perpetual	EUR	600,000	531	0.75
Black Diamond CLO Designated Activity Co., FRN, Series 2015-1X 'DNE' 3.70% 03/10/2029	EUR	850,000	722	1.01
Carlyle Global Markets Strategies Euro CLO, FRN, Series 2013-2X 'CR' 3.52% 15/10/2026	EUR	1,500,000	1,294	1.81
GLG Euro CLO II DAC, FRN, Series 2X 'DNE' 3.80% 15/01/2030	EUR	1,000,000	866	1.21
PGH Capital 4.13% 20/07/2022	GBP	250,000	249	0.35
PGH Capital 6.63% 18/12/2025	GBP	855,000	906	1.27
Taurus DEU DAC, FRN, Series 2016-DE1 'D' 4.00% 17/11/2026	EUR	997,500	858	1.20
			7,139	10.00

PORTFOLIO STATEMENT (CONTINUED)

As at 31 January 2017 (unaudited)

Investment	Currency	Holding	Market Value £000	% of Net Assets
Italy 2.99% (1.90%)				
Assicurazioni Generali, FRN 6.42% Perpetual	GBP	700,000	722	1.01
Enel, FRN 7.75% 10/09/2075	GBP	500,000	548	0.77
Intesa Sanpaolo, FRN 7.00% Perpetual	EUR	600,000	506	0.71
Schumann 7.00% 31/07/2023	EUR	400,000	355	0.50
			2,131	2.99
Jersey 0.57% (0.00%)				
HBOS Capital Funding 6.85% Perpetual	USD	500,000	407	0.57
			407	0.57
Luxembourg 5.59% (7.60%)				
Cabot Financial Luxembourg 8.38% 01/08/2020	GBP	500,000	527	0.74
Cabot Financial Luxembourg 7.50% 01/10/2023	GBP	550,000	548	0.77
Garfunkelux Holdco 3 8.50% 01/11/2022	GBP	1,009,000	1,034	1.45
Intralot Capital Luxembourg 6.00% 15/05/2021	EUR	500,000	431	0.60
Lecta 6.50% 01/08/2023	EUR	320,000	286	0.40
UniCredit Bank Luxembourg, FRN 8.59% Perpetual	GBP	610,000	631	0.88
Wind Acquisition Finance 7.38% 23/04/2021	USD	650,000	537	0.75
			3,994	5.59
Mexico 0.94% (0.00%)				
America Movil, FRN 6.37% 06/09/2073	GBP	300,000	318	0.45
Petroleos Mexicanos 8.25% 02/06/2022	GBP	216,000	252	0.35
Petroleos Mexicanos 5.50% 24/02/2025	EUR	110,000	102	0.14
			672	0.94
Netherlands 9.07% (7.64%)				
ATF Netherlands, FRN 3.75% Perpetual	EUR	900,000	740	1.04
Cairn CLO V, FRN, Series 2015-5X 'D' 3.20% 20/07/2028	EUR	1,500,000	1,275	1.79
Dryden 44 Euro CLO, FRN, Series 2015-44X 'DNE' 4.30% 15/07/2030	EUR	350,000	305	0.43
Dryden 44 Euro CLO, FRN, Series 2015-44X 'E' 6.50% 15/07/2030	EUR	150,000	129	0.18
Fiat Chrysler Automobiles 5.25% 15/04/2023	USD	920,000	753	1.05
Grosvenor Place CLO, FRN, Series 2013-1X 'D' 4.77% 20/10/2026	EUR	1,500,000	1,296	1.81
Jubilee CLO 2014-XIV, FRN, Series 2014-14X 'E' 4.67% 15/01/2028	EUR	1,400,000	1,054	1.48
Petrobras Global Finance 6.25% 14/12/2026	GBP	400,000	383	0.54
Swiss Reinsurance, FRN 6.30% Perpetual	GBP	500,000	538	0.75
			6,473	9.07
New Zealand 0.00% (1.66%)				
Norway 0.00% (0.67%)				
Spain 1.04% (0.99%)				
Banco Bilbao Vizcaya Argentaria, FRN 8.88% Perpetual	EUR	800,000	744	1.04
			744	1.04
Switzerland 2.54% (2.97%)				
Credit Suisse Group, FRN 7.50% Perpetual	USD	1,225,000	1,036	1.45
UBS Group, FRN 6.87% Perpetual	USD	950,000	780	1.09
			1,816	2.54
United Kingdom 34.36% (33.95%)				
Alba, FRN, Series 2006-1 'C' 0.88% 21/11/2037	GBP	660,012	581	0.81
Amicus Mortgage Finance, FRN, Series 2015-1 'A' 3.61% 12/07/2021	GBP	750,000	765	1.07
Barclays Bank, FRN 14.00% Perpetual	GBP	1,070,000	1,312	1.84
BUPA Finance, FRN 6.13% Perpetual	GBP	260,000	284	0.40
Coventry Building Society, FRN 6.38% Perpetual	GBP	1,500,000	1,468	2.06
esure Group 6.75% 19/12/2024	GBP	500,000	495	0.69
Firstgroup, FRN 5.25% 29/11/2022	GBP	315,000	362	0.51
Firstgroup, FRN 6.88% 18/09/2024	GBP	200,000	253	0.35
Honours, FRN 'A1' 0.48% 10/04/2029	GBP	486,200	369	0.52
Investec Bank 9.63% 17/02/2022	GBP	100,000	120	0.17
Jerrold Finco 6.25% 15/09/2021	GBP	700,000	722	1.01
Keystone Financing 9.50% 15/10/2019	GBP	300,000	312	0.44
Legal & General Group, FRN 5.88% Perpetual	GBP	300,000	312	0.44

PORTFOLIO STATEMENT (CONTINUED)

As at 31 January 2017 (unaudited)

Investment	Currency	Holding	Market Value £000	% of Net Assets
United Kingdom 34.36% (33.95%) (continued)				
Legal & General Group, FRN 6.39% Perpetual	GBP	550,000	550	0.77
Liverpool Victoria Friendly Society, FRN 6.50% 22/05/2043	GBP	591,000	577	0.81
Lloyds Bank, FRN 12.00% Perpetual	USD	680,000	720	1.01
Nationwide Building Society, FRN 6.88% Perpetual	GBP	1,800,000	1,815	2.54
New Look Secured Issuer 6.50% 01/07/2022	GBP	700,000	634	0.89
Newgate Funding, FRN, Series 2007-1X 'MA' 0.58% 01/12/2050	GBP	499,705	437	0.61
Old Mutual 8.00% 03/06/2021	GBP	450,000	520	0.73
Paragon Group of C, FRN 7.25% 09/09/2026	GBP	700,000	710	0.99
Pension Insurance 6.50% 03/07/2024	GBP	725,000	707	0.99
Pension Insurance 8.00% 23/11/2026	GBP	400,000	420	0.59
Pizzaexpress Financing 2 6.63% 01/08/2021	GBP	300,000	305	0.43
RAC Bond 4.57% 06/05/2023	GBP	499,000	535	0.75
RAC Bond 4.87% 06/05/2046	GBP	134,000	145	0.20
RMAC Securities No. 1, FRN, Series 2006-NS3X 'M1C' 0.00% 12/06/2044	EUR	369,621	274	0.38
RSA Insurance Group, FRN 6.70% Perpetual	GBP	1,000,000	1,009	1.41
Society of Lloyd's 4.88% 07/02/2047	GBP	350,000	350	0.49
Society of Lloyd's, FRN 7.42% Perpetual	GBP	630,000	640	0.90
Standard Chartered, FRN 7.75%	USD	700,000	557	0.78
Standard Chartered Bank, FRN 7.75% Perpetual	GBP	500,000	560	0.78
Synlab Bondco, FRN 3.50% 01/07/2022	EUR	500,000	438	0.61
Telereal Secured Finance 4.01% 10/12/2033	GBP	169,152	174	0.24
Towd Point Mortgage Funding, FRN, Series 2016-GR1X 'E' 3.36% 20/07/2046	GBP	400,000	398	0.56
TSB Banking Group, FRN 5.75% 06/05/2026	GBP	474,000	495	0.69
Virgin Media Finance 7.00% 15/04/2023	GBP	750,000	807	1.13
Virgin Money Holdings UK, FRN 7.87% Perpetual	GBP	450,000	447	0.63
Virgin Money Holdings UK, FRN 8.75% Perpetual	GBP	300,000	306	0.43
Warwick Finance Residential Mortgages No. One, FRN, Series 1 'C' 1.86% 21/09/2049	GBP	1,000,000	964	1.35
Warwick Finance Residential Mortgages Number Two, FRN, Series 2 'E' 2.56% 21/09/2049	GBP	1,000,000	943	1.32
Western Power Distribution, FRN 3.63% 06/11/2023	GBP	150,000	160	0.22
Whitbread Group 3.38% 16/10/2025	GBP	560,000	585	0.82
			24,537	34.36
United States of America 6.11% (5.68%)				
Cemex Finance 9.38% 12/10/2022	USD	400,000	348	0.49
Cemex Finance 4.63% 15/06/2024	EUR	200,000	179	0.25
Community Health Systems 5.13% 15/08/2018	USD	1,000,000	800	1.12
JC Penney 5.65% 01/06/2020	USD	1,000,000	785	1.10
Rabobank Capital Funding Trust IV, FRN 5.56% Perpetual	GBP	1,000,000	1,050	1.47
Verizon Communications 4.07% 18/06/2024	GBP	650,000	719	1.01
Walgreens Boots Alliance 3.60% 20/11/2025	GBP	451,000	482	0.67
			4,363	6.11
Corporate Bonds total			61,953	86.76

PORTFOLIO STATEMENT (CONTINUED)

As at 31 January 2017 (unaudited)

Investment	Currency	Holding	Market Value £000	% of Net Assets
Forward Currency Contracts 0.65% (0.73%)				
Buy EUR 1,190,000 sell GBP 1,030,897 dated 14/02/2017			(6)	(0.01)
Buy GBP 32,399 sell CHF 40,000 dated 14/02/2017			–	–
Buy GBP 19,167,390 sell EUR 22,100,000 dated 14/02/2017			129	0.18
Buy GBP 86,070 sell EUR 100,000 dated 14/02/2017			–	–
Buy GBP 10,347,254 sell USD 12,500,000 dated 14/02/2017			340	0.48
Buy GBP 79,460 sell USD 100,000 dated 14/02/2017			(1)	–
Forward Currency Contracts total			462	0.65
Investment assets			68,630	96.11
Net other assets			2,776	3.89
Net assets			71,406	100.00

All holdings are ordinary shares or stock units and admitted to an official stock exchange unless otherwise stated.

The comparative percentage figures in brackets are as at 31 July 2016.

^ Unlisted, suspended or delisted security.

Bond Rating

	Market Value £000	% of Net Assets
Bonds		
– Investment Grade*	22,478	31.46
– Below Investment Grade	42,429	59.43
– Unrated	3,261	4.57
Debt securities total	68,168	95.46

* Investment grade refers to the quality of a company's credit. A rating of 'BBB' or higher is considered an investment grade issue.

STATEMENT OF TOTAL RETURN

For the six months ended 31 January 2017 (unaudited)

	£000	Six months ended 31.01.17 £000	£000	Six months ended 31.01.16 £000
Income				
Net capital gains/(losses)		1,032		(4,355)
Revenue	1,750		2,465	
Expenses	(292)		(368)	
Net revenue before taxation	1,458		2,097	
Net revenue after taxation		1,458		2,097
Total return before distributions		2,490		(2,258)
Distributions		(1,732)		(2,423)
Change in net assets attributable to shareholders from investment activities		758		(4,681)

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

For the six months ended 31 January 2017 (unaudited)

	£000	Six months ended 31.01.17 £000	£000	Six months ended 31.01.16 £000
Opening net assets attributable to shareholders		70,809		89,287
Movement due to issue and cancellation of shares:				
Amounts receivable on issue of shares	30		5,715	
Amounts payable on cancellation of shares	(191)		(18,917)	
		(161)		(13,202)
Dilution adjustment		–		38
Change in net assets attributable to shareholders from investment activities (see above)		758		(4,681)
Closing net assets attributable to shareholders		71,406		71,442

The Statement of Recommended Practice (2014) requires that comparatives are shown for the above report. As the comparatives should be for the comparable interim period, the net asset value at the end of the previous period will not agree to the net asset value at the start of this period. The published net asset value as at 31 July 2016 was £70,809,000.

BALANCE SHEET

As at 31 January 2017 (unaudited)

	As at 31.01.17 £000	As at 31.07.16 £000
Assets:		
Investments	68,637	66,202
Current assets:		
Debtors	2,241	1,848
Cash and bank balances	5,220	6,230
Total assets	76,098	74,280
Liabilities:		
Investment liabilities	(7)	(27)
Creditors:		
Distribution payable	(844)	(965)
Other creditors	(3,841)	(2,479)
Total liabilities	(4,692)	(3,471)
Net assets attributable to shareholders	71,406	70,809

ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the financial statements for the year ended 31 July 2016 and are described in those annual financial statements.

AVIVA INVESTORS GLOBAL AGG MOM 1 FUND

INVESTMENT OBJECTIVE

To achieve income (with some prospect for long-term capital growth) by investing primarily in global fixed interest securities.

INVESTMENT POLICY

The Fund will invest primarily in global fixed interest securities listed or traded on Regulated Markets. The Fund may invest in any of the following financial instruments in order to achieve its investment objective: Sterling denominated investment grade credit, overseas investment grade credit (hedged), gilts, overseas government bonds (hedged), money market instruments, collective investment schemes and deposits. In addition to the instruments detailed above, on an ancillary basis and not exceeding 10% of the value of the scheme property, the Fund may invest in credit which is deemed to be below investment grade.

FUND MANAGER'S REPORT

Performance

Over the six months ended 31 January 2017 the Fund* returned -2.88 per cent (net of fees), outperforming the Barclays Global Aggregate (hedged to GBP) index return of -4.23 per cent.

Review

Relative performance was down versus the benchmark during the time period, with underperformance in foreign exchange allocation the main detractor from performance. An overweight in the Turkish Lira and an underweight position in the Euro detracted from performance. Positive asset allocation performance is mainly attributed to global inflation-linked positioning, particularly in Mexico, New Zealand and US Treasury Inflation-Protected Securities (TIPS). Security selection outperformance was driven by positive performance in US corporate names, such as Ally Financial Inc, Bank of America (BoA), and Freeport-McMoRan Inc. Yield curve positioning was also additive to performance as we added duration throughout the period as global rates rallied.

Third quarter post-Brexit market volatility brought record-breaking levels for both US equities and fixed income. US Treasuries dropped to all-time low in quarter three, with ten and thirty year treasuries hitting 1.479 per cent and 2.099 per cent respectively. Central bank policy continued to impact global bond yields during the third quarter, as negative interest rate policies from the European Central Bank (ECB), the Bank of Japan (BOJ) and others continue to drive yields lower. Ten-year rates across in Japan and the US were higher, contrasted but lower ten year rates in most of Europe, Australia, and Canada. Generally, risk assets were positive for the third quarter. US High Yield was up 5.5 per cent and US Fixed Rate mortgage-backed securities (MBS) up 0.6 per cent over the three month period. Investment Grade corporates were up roughly 1.41 per cent (per the Barclay's US Corporate index). Investment Grade US commercial mortgages posted positive 70 basis points of return for the third quarter. Both hard and local currency Emerging Markets debt posted positive total returns on the quarter, generating 3.3 per cent and 3.12 per cent, respectively. The S&P 500 was up 3.8 per cent for the quarter.

Pollsters missed again in the fourth quarter as Donald Trump surprised most of the planet with a victory in the U.S. election. After a few hours of trading volatility, a somewhat conciliatory speech by president elect Donald Trump pacified risk markets. Concerns over new fiscal spending plans, corporate tax cuts, and protectionism began to be priced into markets over the next few weeks. Global rates moved higher during the quarter, with Emerging Markets having the highest beta. U.S. stocks were up during the fourth quarter, while performance across global stocks was mixed. Most spread sectors were positive versus Treasuries on the period, with MBS the only laggard.

The Bank of Japan (BOJ) had its first monetary policy meeting (MPM) of the year on January 30th through 31st, at which time they also issued their quarterly report on "Outlook for Economic Activity and Prices." At the meeting, the BOJ remained on hold as was widely expected by the markets, keeping its monetary objectives and its framework unaltered. The BOJ also raised their GDP growth forecast a bit for this fiscal year and next. The GDP growth forecast for fiscal year 2017 and 2018 were raised, respectively, by 20 basis points to 1.5 per cent year-over-year and to 1.1 per cent; and BOJ also raised its estimate of Japan's potential growth rate to roughly 0.5 per cent. The two main drivers of a brightening growth outlook are highly accommodative financial conditions and fiscal spending by the government. These are expected to sustain a virtuous cycle of translating rising incomes into higher spending in both the corporate and household sectors.

In Europe, Germany's Ifo Business Climate survey surprised to the downside in January across all sectors, led by business expectations. The expectations component took back all gains seen in the fourth quarter of 2016. This is notable because recently a host of survey data had been making local highs, leading to quite a bit of hawkish rhetoric from policy makers in the strong economies. With this release, the data may become more mixed in Germany, thereby indicating an economy moving into cruise control in coming months.

The US employment situation in December was strong. The nonfarm payroll report was a bit short of expectations but consistent with limited resource slack and increasing pressure on costs that pushes the Fed to tighten this year, but not aggressively. While net payroll gains totaled 156,000, short of the 175,000 built into market expectations, revisions added 19,000 workers in October and November. Employment this year rose 2.16 million.

In our view, potential stimulus makes economy expansion likely in the near term along what is generally accepted to be a flat path of potential output. Inflation has already risen and will only tick higher from here. Even a partial list of pre-term tweets and a look at the crowded legislative schedule lead to the conclusion that volatility will rise at times. With one major central bank slated to remove additional policy accommodation and the others with nearly blank slates on what else to do, we see monetary policymakers as less able and willing to crush financial market volatility at their whim.

February 2017

* Fund performance figures – share class 2, source Lipper, net of fees, net income reinvested in GBP. Unless otherwise indicated, all data has been sourced by Standish Mellon.

Any opinions expressed are those of the Fund manager. They should not be viewed as a guarantee of a return from an investment in the Funds. The content of the commentary should not be viewed as a recommendation to invest nor to buy or sell stocks. Past performance is not a guide to future performance. The value of an investment in the Fund and any income from it may go down as well as up, and the investor may not get back the original amount invested.

INVESTMENT PERFORMANCE

Net Asset Value – Income Shares

Share class	As at	Net asset value* £000	Shares in issue	Pence per share
Class 2	31.07.14	94,558	90,325,415	104.69
	31.07.15	90,224	84,417,523	106.88
	31.07.16	98,397	90,517,628	108.70
	31.01.17	138,402	132,156,078	104.73

* Valued at bid market prices.

Share Price Record – Income Shares

Share class	Financial year	Highest price* (p)	Lowest price* (p)
Class 2	2014	105.69	100.79
	2015	110.26	104.78
	2016	109.41	105.42
	2017**	109.51	105.05

* Valued at mid market prices.

** Up to 31 January 2017.

Ongoing Charges Figure*

Share class	31.01.17	31.07.16
Class 2	0.81%	0.82%

* The Ongoing Charges Figure (OCF) is calculated as the ratio of the total ongoing charges to the average net asset value of the Fund over the period. The OCF is made up of the Annual Management Charge and other operating costs deducted from the assets of the Fund during the period, except for those payments that are explicitly excluded (performance fees).

Revenue Record – Income Shares

The revenue record table below shows the net distribution rates per financial year on a payment date basis for an investment made on 31 July 2013.

Share class	Financial year	Net revenue per share (p)	Per £1,000 invested (£)
Class 2	2014	2.0294	19.80
	2015	1.7208	16.79
	2016	1.6819	16.41
	2017*	0.8622	8.41

* Up to 31 March 2017 (the interim distribution payment date).

PORTFOLIO STATEMENT

As at 31 January 2017 (unaudited)

Investment	Currency	Holding	Market Value £000	% of Net Assets
Government Bonds 71.31% (64.09%)				
Argentina 1.09% (0.78%)				
Argentina Government Bond 21.20% 19/09/2018	ARS	13,400,000	752	0.54
Argentina Government Bond 9.13% 16/03/2024	USD	325,000	284	0.21
Argentina Government Bond 6.88% 26/01/2027	USD	600,000	474	0.34
			<u>1,510</u>	<u>1.09</u>
Australia 14.47% (4.29%)				
Australia Government Bond 2.75% 21/10/2019	AUD	32,250,000	20,022	14.47
			<u>20,022</u>	<u>14.47</u>
Bahrain 0.49% (0.00%)				
Bahrain Government Bond 7.00% 12/10/2028	USD	825,000	677	0.49
			<u>677</u>	<u>0.49</u>
Brazil 0.19% (0.55%)				
Brazil Government Bond 5.63% 21/02/2047	USD	350,000	259	0.19
			<u>259</u>	<u>0.19</u>
Canada 4.04% (2.06%)				
Canada Government Bond 2.25% 01/06/2025	CAD	7,700,000	4,938	3.57
Canada Government Bond 3.50% 01/12/2045	CAD	875,000	652	0.47
			<u>5,590</u>	<u>4.04</u>
France 2.70% (7.41%)				
France Government Bond 0.50% 25/05/2026	EUR	4,525,000	3,731	2.70
			<u>3,731</u>	<u>2.70</u>
Germany 3.13% (4.91%)				
Germany Government Bond 0.00% 08/10/2021	EUR	2,775,000	2,432	1.76
Germany Government Bond 2.50% 15/08/2046	EUR	1,660,000	1,898	1.37
			<u>4,330</u>	<u>3.13</u>
Hungary 1.00% (1.24%)				
Hungary Government Bond 3.00% 26/06/2024	HUF	162,150,000	450	0.32
Hungary Government Bond 5.50% 24/06/2025	HUF	290,850,000	942	0.68
			<u>1,392</u>	<u>1.00</u>
Indonesia 0.65% (0.74%)				
Indonesia Government Bond 3.75% 14/06/2028	EUR	1,000,000	905	0.65
			<u>905</u>	<u>0.65</u>
Ireland 1.02% (1.18%)				
Ireland Government Bond 5.40% 13/03/2025	EUR	1,215,000	1,406	1.02
			<u>1,406</u>	<u>1.02</u>
Italy 0.95% (4.76%)				
Italy Government Bond 1.25% 01/12/2026	EUR	700,000	549	0.40
Italy Government Bond 2.80% 01/03/2067	EUR	1,075,000	764	0.55
			<u>1,313</u>	<u>0.95</u>
Japan 13.85% (7.09%)				
Japan Government Bond 0.50% 20/12/2024	JPY	1,639,700,000	12,014	8.68
Japan Government Bond 0.40% 20/03/2036	JPY	379,600,000	2,579	1.86
Japan Government Bond, FRN 0.10% 10/03/2025	JPY	614,212,709	4,574	3.31
			<u>19,167</u>	<u>13.85</u>
Mexico 1.21% (2.65%)				
Mexico Government Bond, FRN 4.50% 04/12/2025	MXN	6,975,000	1,671	1.21
			<u>1,671</u>	<u>1.21</u>
Morocco 0.00% (2.11%)				

PORTFOLIO STATEMENT (CONTINUED)

As at 31 January 2017 (unaudited)

Investment	Currency	Holding	Market Value £000	% of Net Assets
Netherlands 0.96% (1.07%)				
Netherlands Government Bond 1.25% 15/01/2019	EUR	1,495,000	1,334	0.96
			1,334	0.96
New Zealand 1.61% (1.28%)				
New Zealand Government Bond, FRN 2.00% 20/09/2025	NZD	3,625,000	2,230	1.61
			2,230	1.61
Peru 0.39% (0.55%)				
Peruvian Government Bond 2.75% 30/01/2026	EUR	200,000	186	0.13
Peruvian Government Bond 4.13% 25/08/2027	USD	425,000	360	0.26
			546	0.39
Poland 0.86% (1.09%)				
Poland Government Bond 0.50% 20/12/2021	EUR	425,000	367	0.27
Poland Government Bond 1.50% 09/09/2025	EUR	470,000	418	0.30
Poland Government Bond 2.00% 25/10/2046	EUR	510,000	408	0.29
			1,193	0.86
Portugal 1.45% (0.00%)				
Portugal Government Bond 2.88% 21/07/2026	EUR	525,000	407	0.29
Portugal Government Bond 4.13% 14/04/2027	EUR	1,925,000	1,607	1.16
			2,014	1.45
Qatar 0.00% (0.39%)				
Romania 1.09% (0.31%)				
Romania Government Bond 2.75% 29/10/2025	EUR	775,000	698	0.51
Romania Government Bond 2.88% 26/05/2028	EUR	925,000	807	0.58
			1,505	1.09
Russia 0.56% (0.00%)				
Russian Federation 7.00% 16/08/2023	RUB	61,150,000	777	0.56
			777	0.56
Serbia 0.00% (0.27%)				
Singapore 0.00% (2.19%)				
Spain 0.00% (2.66%)				
Sri Lanka 0.20% (0.44%)				
Sri Lanka Government Bond 5.75% 18/01/2022	USD	350,000	281	0.20
			281	0.20
Sweden 1.01% (1.15%)				
Sweden Government Bond 5.00% 01/12/2020	SEK	12,785,000	1,398	1.01
			1,398	1.01
Turkey 0.46% (0.00%)				
Turkey Government Bond, FRN 2.00% 18/09/2024	TRY	2,700,000	634	0.46
			634	0.46
United Kingdom 4.09% (4.10%)				
UK Treasury 1.50% 22/01/2021	GBP	400,000	414	0.30
UK Treasury 2.00% 07/09/2025	GBP	2,375,000	2,507	1.81
UK Treasury 3.25% 22/01/2044	GBP	2,205,000	2,736	1.98
			5,657	4.09
United States of America 13.84% (8.82%)				
US Treasury 0.00% 27/04/2017	USD	3,805,000	3,044	2.20
US Treasury 1.13% 31/08/2021	USD	6,250,000	4,838	3.50
US Treasury 1.88% 31/01/2022	USD	7,025,000	5,608	4.05
US Treasury 0.38% 15/07/2025	USD	1,320,000	1,080	0.78
US Treasury 0.63% 15/01/2026	USD	4,200,000	3,479	2.51
US Treasury 2.50% 15/05/2046	USD	1,560,000	1,104	0.80
			19,153	13.84
Government Bonds total			98,695	71.31

PORTFOLIO STATEMENT (CONTINUED)

As at 31 January 2017 (unaudited)

Investment	Currency	Holding	Market Value £000	% of Net Assets
Corporate Bonds 25.07% (30.65%)				
Canada 0.68% (0.00%)				
MBarc Credit Canada, Series 2016-AA 'A1' 1.26% 17/09/2018	CAD	633,916	389	0.28
MBarc Credit Canada, Series 2016-AA 'A2' 1.53% 17/06/2019	CAD	550,000	337	0.24
MBarc Credit Canada, Series 2016-AA 'A3' 1.72% 15/07/2021	CAD	125,000	77	0.06
Teck Resources 6.25% 15/07/2041	USD	175,000	143	0.10
			946	0.68
Cayman Islands 0.07% (0.00%)				
Park Aerospace Holdings 5.50% 15/02/2024	USD	250,000	103	0.07
			103	0.07
Chile 0.00% (0.39%)				
France 0.91% (0.39%)				
BNP Paribas 1.13% 10/10/2023	EUR	400,000	338	0.24
BNP Paribas 3.80% 10/01/2024	USD	325,000	260	0.19
Société Générale 2.75% 12/10/2017	USD	500,000	403	0.29
Société Générale 1.00% 01/04/2022	EUR	300,000	256	0.19
			1,257	0.91
Germany 0.50% (2.57%)				
Allianz, FRN 5.63% 17/10/2042	EUR	200,000	202	0.15
Kreditanstalt fuer Wiederaufbau 4.00% 16/01/2019	AUD	775,000	486	0.35
			688	0.50
Hungary 0.00% (0.24%)				
Italy 0.69% (1.16%)				
Enel 4.88% 20/02/2018	EUR	350,000	317	0.23
Intesa Sanpaolo 3.88% 15/01/2019	USD	780,000	637	0.46
			954	0.69
Luxembourg 0.47% (0.00%)				
Altice Financing 7.50% 15/05/2026	USD	200,000	169	0.12
ARD Finance 7.13% 15/09/2023	USD	200,000	163	0.12
E-Carat SA-Compartment 9, FRN, Series 2016-1 'A' 0.08% 18/10/2024	EUR	368,625	318	0.23
			650	0.47
Mexico 0.34% (0.78%)				
Banco Nacional de Comercio Exterior 4.38% 14/10/2025	USD	600,000	471	0.34
			471	0.34
Netherlands 3.25% (3.66%)				
ABN AMRO Bank 4.25% 02/02/2017	USD	280,000	224	0.16
ABN AMRO Bank 4.75% 28/07/2025	USD	290,000	236	0.17
Cooperatieve Rabobank, FRN 2.50% 26/05/2026	EUR	765,000	678	0.49
Equate Petrochemical 3.00% 03/03/2022	USD	300,000	233	0.17
Globaldrive Auto Receivables, FRN, Series 2016-B 'A' 0.13% 20/08/2024	EUR	301,526	261	0.19
Iberdrola International, FRN 5.75% Perpetual	EUR	500,000	453	0.33
Lukoil International Finance 4.75% 02/11/2026	USD	625,000	501	0.36
Mylan 2.50% 07/06/2019	USD	300,000	239	0.17
Petrobras Global Finance 6.13% 17/01/2022	USD	250,000	206	0.15
Shell International Finance 3.75% 12/09/2046	USD	650,000	477	0.35
Teva Pharmaceutical Finance Netherlands II 1.13% 15/10/2024	EUR	125,000	102	0.07
Teva Pharmaceutical Finance Netherlands III 2.80% 21/07/2023	USD	125,000	94	0.07
Teva Pharmaceutical Finance Netherlands III 3.15% 01/10/2026	USD	250,000	181	0.13
Vonovia Finance 3.20% 02/10/2017	USD	420,000	339	0.25
Vonovia Finance 1.63% 15/12/2020	EUR	300,000	268	0.19
			4,492	3.25
Spain 0.83% (1.15%)				
BBVA Subordinated Capital, FRN 3.50% 11/04/2024	EUR	600,000	538	0.39
Santander International Debt 4.00% 27/03/2017	EUR	700,000	607	0.44
			1,145	0.83

PORTFOLIO STATEMENT (CONTINUED)

As at 31 January 2017 (unaudited)

Investment	Currency	Holding	Market Value £000	% of Net Assets
Switzerland 0.27% (0.00%)				
Credit Suisse Group 4.28% 09/01/2028	USD	475,000	377	0.27
			377	0.27
United Kingdom 1.91% (1.00%)				
Barclays, FRN 7.88% Perpetual	USD	300,000	247	0.18
British Telecommunications 0.63% 10/03/2021	EUR	300,000	258	0.19
HSBC Holdings 4.38% 23/11/2026	USD	275,000	220	0.16
International Game Technology 6.25% 15/02/2022	USD	200,000	171	0.12
Lloyds Bank 4.63% 02/02/2017	EUR	255,000	220	0.16
Lloyds Banking Group 3.10% 06/07/2021	USD	200,000	161	0.12
Lloyds Banking Group 3.75% 11/01/2027	USD	450,000	353	0.25
Royal Bank of Scotland Group 3.88% 12/09/2023	USD	600,000	464	0.34
Santander UK Group Holdings 3.57% 10/01/2023	USD	350,000	281	0.20
Vodafone Group 1.25% 25/08/2021	EUR	305,000	270	0.19
			2,645	1.91
United States of America 15.15% (19.31%)				
21st Century Fox America 3.70% 15/10/2025	USD	200,000	161	0.12
Abbott Laboratories 3.75% 30/11/2026	USD	150,000	118	0.09
Abbott Laboratories 4.90% 30/11/2046	USD	700,000	562	0.41
AbbVie 1.38% 17/05/2024	EUR	400,000	344	0.25
Aetna 1.90% 07/06/2019	USD	375,000	301	0.22
Ally Financial 8.00% 01/11/2031	USD	175,000	166	0.12
AMC Networks 5.00% 01/04/2024	USD	145,000	118	0.09
American Homes 4 Rent Trust, Series 2014-SFR3 'A' 3.68% 17/12/2036	USD	168,639	138	0.10
Amgen 4.40% 01/05/2045	USD	125,000	95	0.07
Apple 3.25% 23/02/2026	USD	690,000	550	0.40
Aventura Mall Trust, FRN, Series 2013-AVM 'A' 3.74% 05/12/2032	USD	330,000	278	0.20
BAE Systems Holdings 3.80% 07/10/2024	USD	305,000	249	0.18
Banc of America Commercial Mortgage Trust, FRN, Series 2007-2 'AJ' 5.71% 10/04/2049	USD	300,000	233	0.17
BBCMS Trust, Series 2013-TYSN 'A2' 3.76% 05/09/2032	USD	100,000	84	0.06
Bear Stearns Commercial Mortgage Securities Trust, FRN, Series 2007-PW17 'AJ' 5.89% 11/06/2050	USD	280,000	227	0.16
Branch Banking & Trust 3.63% 16/09/2025	USD	675,000	546	0.39
Capital One Financial 3.75% 28/07/2026	USD	825,000	635	0.46
CarMax Auto Owner Trust, Series 2014-4 'D' 3.04% 17/05/2021	USD	450,000	364	0.26
CCO Holdings 5.88% 01/04/2024	USD	175,000	151	0.11
Chase Issuance Trust, FRN, Series 2013-A6 'A6' 1.19% 15/07/2020	USD	585,000	470	0.34
Citigroup 4.40% 10/06/2025	USD	885,000	717	0.52
Citigroup 4.65% 30/07/2045	USD	400,000	330	0.24
Colony American Homes, FRN, Series 2014-1A 'C' 2.62% 17/05/2031	USD	140,000	112	0.08
Colony Starwood Homes Trust, FRN, Series 2016-2X 'A' 2.02% 17/12/2033	USD	498,856	400	0.29
COMM Mortgage Trust, Series 2006-C8 'AJ' 5.38% 10/12/2046	USD	123,794	99	0.07
Cox Communications 3.35% 15/09/2026	USD	150,000	113	0.08
DaVita 5.00% 01/05/2025	USD	175,000	136	0.10
Dell Equipment Finance Trust, Series 2016-1 'A2' 1.43% 24/09/2018	USD	400,000	320	0.23
DISH DBS 5.88% 15/11/2024	USD	175,000	142	0.10
Drive Auto Receivables Trust, Series 2016-AA 'C' 3.91% 17/05/2021	USD	1,000,000	818	0.59
Drive Auto Receivables Trust, Series 2016-CX 'C' 3.02% 15/11/2021	USD	400,000	321	0.23
Drive Auto Receivables Trust, Series 2016-CX 'D' 4.18% 15/03/2024	USD	400,000	321	0.23
DT Auto Owner Trust, Series 2016-1A 'C' 3.54% 15/10/2021	USD	500,000	403	0.29
Duke Energy 2.65% 01/09/2026	USD	125,000	93	0.07
Duke Energy 3.75% 01/09/2046	USD	250,000	180	0.13
Dynegy 7.38% 01/11/2022	USD	90,000	71	0.05
Dynegy 7.63% 01/11/2024	USD	85,000	65	0.05
Exeter Automobile Receivables Trust, Series 2015-3A 'A' 2.00% 16/03/2020	USD	138,043	111	0.08
First Data 5.75% 15/01/2024	USD	175,000	144	0.10
Ford Motor Credit 3.00% 12/06/2017	USD	655,000	527	0.38
Freeport-McMoRan 5.45% 15/03/2043	USD	200,000	138	0.10
General Electric, FRN 5.00% Perpetual	USD	123,000	102	0.07
Genesis Energy 6.75% 01/08/2022	USD	70,000	59	0.04
GM Financial Automobile Leasing Trust, Series 2015-3 'C' 2.98% 20/11/2019	USD	220,000	178	0.13
GM Financial Automobile Leasing Trust, Series 2015-3 'D' 3.48% 20/08/2020	USD	300,000	242	0.18

PORTFOLIO STATEMENT (CONTINUED)

As at 31 January 2017 (unaudited)

Investment	Currency	Holding	Market Value £000	% of Net Assets
United States of America 15.15% (19.31%) (continued)				
Goldman Sachs Group, 4.25% 21/10/2025	USD	350,000	282	0.20
Goldman Sachs Group, 3.50% 16/11/2026	USD	505,000	392	0.28
Icahn Enterprises 5.88% 01/02/2022	USD	150,000	120	0.09
JPMorgan Chase 3.30% 01/04/2026	USD	300,000	234	0.17
Kubota Credit Owner Trust, Series 2016-1X 'A3' 1.50% 15/07/2020	USD	225,000	178	0.13
Morgan Stanley 4.00% 23/07/2025	USD	330,000	269	0.19
Newell Brands 2.60% 29/03/2019	USD	220,000	178	0.13
Occidental Petroleum 3.00% 15/02/2027	USD	325,000	249	0.18
OneMain Financial Issuance Trust, Series 2014-2A 'A' 2.47% 18/09/2024	USD	399,962	321	0.23
OneMain Financial Issuance Trust, Series 2015-1A 'B' 3.85% 18/03/2026	USD	580,000	467	0.34
OneMain Financial Issuance Trust, Series 2015-2A 'A' 2.57% 18/07/2025	USD	715,000	572	0.41
Oracle 4.00% 15/07/2046	USD	725,000	546	0.39
Prime Security Services Borrower 9.25% 15/05/2023	USD	150,000	130	0.09
Prudential Financial 5.38% 21/06/2020	USD	280,000	245	0.18
Reynolds Group Issuer 7.00% 15/07/2024	USD	175,000	149	0.11
Southern 3.25% 01/07/2026	USD	450,000	348	0.25
Springleaf Funding Trust, Series 2015-AA 'A' 3.16% 15/11/2024	USD	1,005,000	812	0.59
Springleaf Funding Trust, Series 2016-AX 'A' 2.90% 15/11/2029	USD	650,000	521	0.38
Sprint Spectrum 3.36% 20/03/2023	USD	425,000	339	0.25
Targa Resources Partners 5.13% 01/02/2025	USD	175,000	144	0.10
T-Mobile USA 6.00% 01/03/2023	USD	210,000	178	0.13
Tricon American Homes Trust, Series 2016-SFR1 'A' 2.59% 17/11/2033	USD	575,000	448	0.32
Verizon Owner Trust, Series 2016-1A 'A' 1.42% 20/01/2021	USD	325,000	258	0.19
Visa 2.20% 14/12/2020	USD	1,025,000	822	0.59
Wells Fargo 3.00% 22/04/2026	USD	390,000	296	0.21
Wells Fargo 4.30% 22/07/2027	USD	170,000	139	0.10
ZFS Finance USA Trust V, FRN 6.50% 09/05/2067	USD	500,000	401	0.29
			20,970	15.15
Corporate Bonds total			34,698	25.07
Supranationals 2.57% (2.64%)				
European Investment Bank 1.25% 05/11/2020	CAD	1,377,000	835	0.60
European Investment Bank 1.13% 16/09/2021	CAD	425,000	254	0.19
International Bank for Reconstruction & Development 3.50% 22/01/2021	NZD	4,200,000	2,468	1.78
			3,557	2.57
Supranationals total			3,557	2.57
Swaps (0.08)% (0.00%)				
Credit Default Swap J.P. Morgan Buy iTraxx Europe Crossover Series 26 Version 1 20/12/2021	EUR	10,000	(113)	(0.08)
Swaps total			(113)	(0.08)
Forward Currency Contracts (0.96)% ((0.30)%)				
Buy AUD 2,310,000 sell GBP 1,389,041 dated 28/02/2017			11	0.01
Buy BRL 4,065,000 sell USD 1,196,488 dated 02/02/2017			81	0.06
Buy BRL 4,065,000 sell USD 1,258,124 dated 04/04/2017			15	0.01
Buy COP 1,875,810,000 sell USD 624,843 dated 03/04/2017			7	-
Buy COP 662,220,000 sell USD 225,245 dated 03/04/2017			(1)	-
Buy EUR 4,030,000 sell GBP 3,436,381 dated 28/02/2017			36	0.03
Buy GBP 20,388,170 sell AUD 34,010,000 dated 28/02/2017			(217)	(0.16)
Buy GBP 8,821,862 sell CAD 14,560,000 dated 28/02/2017			(115)	(0.08)
Buy GBP 33,047,764 sell EUR 38,745,000 dated 28/02/2017			(337)	(0.24)
Buy GBP 2,940,611 sell HUF 1,063,780,000 dated 03/04/2017			(7)	(0.01)
Buy GBP 19,631,886 sell JPY 2,806,385,000 dated 28/02/2017			(210)	(0.15)
Buy GBP 220,070 sell MXN 5,970,000 dated 03/04/2017			(8)	(0.01)
Buy GBP 6,206,483 sell NZD 10,710,000 dated 28/02/2017			(56)	(0.04)
Buy GBP 197,231 sell SEK 2,180,000 dated 28/02/2017			(2)	-
Buy GBP 703,961 sell SGD 1,250,000 dated 28/02/2017			(4)	-
Buy GBP 2,876,771 sell USD 3,590,000 dated 28/02/2017			3	-
Buy GBP 45,301,772 sell USD 57,140,000 dated 28/02/2017			(436)	(0.32)
Buy HUF 531,890,000 sell GBP 1,470,306 dated 03/04/2017			4	-
Buy IDR 19,921,325,000 sell USD 1,472,382 dated 03/04/2017			8	0.01

PORTFOLIO STATEMENT (CONTINUED)

As at 31 January 2017 (unaudited)

Investment	Currency	Holding	Market Value £000	% of Net Assets
Forward Currency Contracts (0.96)% ((0.30)%) (continued)				
Buy JPY 92,315,000 sell GBP 644,599 dated 28/02/2017			8	0.01
Buy MXN 18,050,000 sell GBP 671,837 dated 03/04/2017			17	0.01
Buy SEK 17,115,000 sell GBP 1,554,767 dated 28/02/2017			6	–
Buy TRY 3,860,000 sell USD 1,039,653 dated 03/04/2017			(30)	(0.02)
Buy USD 1,278,503 sell BRL 4,065,000 dated 02/02/2017			(15)	(0.01)
Buy USD 398,300 sell BRL 1,265,000 dated 04/04/2017			1	–
Buy USD 600,000 sell GBP 476,321 dated 28/02/2017			4	–
Buy USD 1,665,070 sell KRW 1,989,695,000 dated 03/04/2017			(45)	(0.03)
Buy USD 2,506,501 sell TWD 79,740,000 dated 07/04/2017			(44)	(0.03)
Forward Currency Contracts total			(1,326)	(0.96)
Futures (0.01)% ((0.23)%)				
Australia 10 Year Bond 15/03/2017	AUD	(28)	(17)	(0.01)
Australia 3 Year Bond 15/03/2017	AUD	131	18	0.01
Euro-Bund 08/03/2017	EUR	(59)	13	0.01
Euro-Schatz 08/03/2017	EUR	(125)	(7)	–
US 10 Year 22/03/2017	USD	40	(21)	(0.01)
US 10 Year Ultra 22/03/2017	USD	(4)	4	–
US 2 Year 31/03/2017	USD	19	(2)	–
US 5 Year 31/03/2017	USD	43	(8)	(0.01)
Futures total			(20)	(0.01)
Investment assets			135,491	97.90
Net other assets			2,911	2.10
Net assets			138,402	100.00

All holdings are ordinary shares or stock units and admitted to an official stock exchange unless otherwise stated.
The comparative percentage figures in brackets are as at 31 July 2016.

Bond Rating

	Market Value £000	% of Net Assets
Bonds		
– Investment Grade*	119,161	86.12
– Below Investment Grade	17,789	12.83
Debt securities total	136,950	98.95

* Investment grade refers to the quality of a company's credit. A rating of 'BBB' or higher is considered an investment grade issue.

STATEMENT OF TOTAL RETURN

For the six months ended 31 January 2017 (unaudited)

	£000	Six months ended 31.01.17 £000	£000	Six months ended 31.01.16 £000
Income				
Net capital losses		(3,759)		(526)
Revenue	1,123		972	
Expenses	(436)		(366)	
Net revenue before taxation	687		606	
Taxation	(4)		(1)	
Net revenue after taxation		683		605
Total return before distributions		(3,076)		79
Distributions		(1,096)		(942)
Change in net assets attributable to shareholders from investment activities		(4,172)		(863)

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

For the six months ended 31 January 2017 (unaudited)

	£000	Six months ended 31.01.17 £000	£000	Six months ended 31.01.16 £000
Opening net assets attributable to shareholders		98,397		90,224
Movement due to issue and cancellation of shares:				
Amounts receivable on issue of shares	44,146		374	
Amounts payable on cancellation of shares	(20)		(707)	
		44,126		(333)
Dilution adjustment		51		-
Change in net assets attributable to shareholders from investment activities (see above)		(4,172)		(863)
Closing net assets attributable to shareholders		138,402		89,028

The Statement of Recommended Practice (2014) requires that comparatives are shown for the above report. As the comparatives should be for the comparable interim period, the net asset value at the end of the previous period will not agree to the net asset value at the start of this period. The published net asset value as at 31 July 2016 was £98,397,000.

BALANCE SHEET

As at 31 January 2017 (unaudited)

	As at 31.01.17 £000	As at 31.07.16 £000
Assets:		
Investments	137,186	96,444
Current assets:		
Debtors	2,820	623
Cash and bank balances	3,730	3,168
Total assets	143,736	100,235
Liabilities:		
Investment liabilities	(1,695)	(1,147)
Creditors:		
Distributions payable	(693)	(442)
Other creditors	(2,946)	(249)
Total liabilities	(5,334)	(1,838)
Net assets attributable to shareholders	138,402	98,397

Accounting policies

The accounting policies applied are consistent with those of the financial statements for the year ended 31 July 2016 and are described in those annual financial statements.

STATEMENT OF THE AUTHORISED CORPORATE DIRECTOR'S RESPONSIBILITIES

The Collective Investment Schemes Sourcebook of the Financial Conduct Authority requires the Authorised Corporate Director (ACD) to prepare financial statements for each accounting period which give a true and fair view of the financial positions of the Company at the period end and of the net revenue and net gains or losses on the scheme property of the Company for the period then ended.

In preparing the financial statements the ACD is required to:

- follow applicable accounting standards;
- make judgements and estimates that are reasonable and prudent;
- select suitable accounting policies and then apply them consistently;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in operation for the foreseeable future; and
- comply with the Instrument of Incorporation and the Statement of Recommended Practice for Authorised Funds.

The ACD is required to keep proper accounting records and to manage the Company in accordance with the Regulations and the Instrument of Incorporation.

The ACD is responsible for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUTHORISED CORPORATE DIRECTOR'S STATEMENT

We hereby approve the Report and Financial Statements of Aviva Investors Manager of Manager ICVC (ICVC 2) for the six months ended 31 January 2017 on behalf of Aviva Investors UK Fund Services Limited in accordance with the requirements of the Collective Investment Schemes Sourcebook of the Financial Conduct Authority.

I Buckle
Director

S Ebenston
Director
29 March 2017

GENERAL INFORMATION

Investments in Aviva Investors Manager of Manager ICVC (ICVC 2) are intended to be medium to long term investments and should not be considered as a short term investment.

Past performance is not a guide to the future.

The value of an investment in the sub-funds and the revenue from it may go down as well as up, and you may not get back the original amount invested.

Where sub-funds are invested abroad, the value of your investment may rise and fall purely on account of movement in exchange rates.

Please refer to the Prospectus (which is available from the ACD on request) for a full description of the risks involved when investing in the sub-funds.

Any future returns and opinions expressed should not be relied upon as indicating any guarantee of return from investment in the sub-funds.

The performance figure given for each fund is based on midday values for the Aviva Investors UK Opportunities Fund and at 2pm for all other Funds.

The information contained within this document should not be construed as a recommendation to purchase or sell stocks.

Publication of Prices

Information on the prices of Shares will be available by calling 0800 051 2003 or on the internet at www.avivainvestors.com. Calls may be recorded for training or monitoring purposes. Calls are free from landlines and mobiles.

