

AVIVA INVESTORS MANAGER OF MANAGER ICVC (ICVC2)

Annual Report and Financial Statements

For the year ended 31 July 2018

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* These items comprise the Authorised Corporate Director's Report for the purposes of the rules contained in the Collective Investment Schemes 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.

DIRECTORS

I Buckle
S Ebenston
D Skinner
J Leadsom
D Clayton
M Craston (appointed 1 November 2017)
G Miller (appointed 20 December 2017)
J Misselbrook (resigned 23 November 2017)

ADMINISTRATOR AND REGISTRAR

DST Financial Services Europe Ltd
DST House
St Nicholas Lane
Basildon
Essex, SS15 5FS

Changes to Administrator and Registrar name

With effect from 14 August 2017, the name of the Administrator and Registrar was changed to DST Financial Services Europe Ltd. Prior to this date, the name was International Financial Data Services (UK) Limited.

FUND ACCOUNTING AND PRICING AGENT

J.P. Morgan Chase Bank, National Association (London Branch)
25 Bank Street
Canary Wharf
London, E14 5JP

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.

DEPOSITARY

J.P. Morgan Europe Limited
25 Bank Street
Canary Wharf
London, EC14 5JP

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
Atria One
144 Morrison St
Edinburgh, EH3 8EX

REPORT OF THE AUTHORISED CORPORATE DIRECTOR

THE COMPANY

Aviva Investors Manager of Manager ICVC (ICVC2) ("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 Depositary"). 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 thirteen sub-funds ("Funds") which are available for investment, 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.

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.

SIGNIFICANT INFORMATION

The Depositary fees for the Funds in the Company changed with effect from 1 March 2018 as set out in the Prospectus from that date. Based on the average net asset value of the Funds within the Company, throughout 2017, this change will not result in an increase in the Depositary fees. However, should the net asset values of the Funds increase in the future, there is potential that this change may affect the level of Depositary fees charged. At the same time, the range of fees that the Custodian charges for safekeeping fund assets changed in respect of the Funds of the Company. The safekeeping charges vary according to the territory or country in which the assets are held, and will change from a range of 0.0008%–0.55% to 0.001%–0.35%. Any increase in Custodian fees as a result of this change, if there is one, is considered not to have a material effect in relation to the investment of an investor.

On May 11 2018, the Prospectus was amended to include wording setting out for investors the circumstances in which unclaimed client money will be paid to charity in accordance with the FCA's rules.

On 4 June 2018, we made a number of changes to our entire fund range, including the Funds. This resulted in us replacing a variety of separate fees, costs and expenses of operating and administering our funds with a simple single fee called the "Fund Management Fee" or "FMF". In connection with this, we also lowered fees on a large number of our funds and reduced entry charges to zero on all but one of our funds. We also renamed certain share classes of certain funds and closed other share classes and moved any investors into an alternative share class of the same fund. The review of a Fund notes if it was affected by such a share class merger or renaming.

FUND CLOSURES

The Aviva Investors Sterling Credit MoM 1 Fund closed on 6 December 2017 and will be terminated in due course.

REPORT OF THE AUTHORISED CORPORATE DIRECTOR (CONTINUED)

REMUNERATION POLICY

In line with the requirements of the Undertakings for Collective Investment in Transferable Securities Directive V ("UCITS V"), the ACD is subject to a remuneration policy which is consistent with the principles outlined in the European Securities and Markets Authority guidelines on sound remuneration policies under the UCITS Directive.

Aviva Investors' remuneration framework is based on a total reward approach and is designed to reflect the success or failure against a range of personal and company performance objectives. There are four components of pay: base salary; annual bonus (including deferred bonus); long term incentive plan; and benefits. Aviva believes in rewarding strong performance and the achievement of our business and individual goals; however, the manner in which these goals are achieved is also an important factor in determining outcomes. Annual bonus awards are discretionary and where bonuses are £75,000 and over a 3 year deferral with pro-rata vesting in Aviva Investors funds and/or Aviva Group plc shares occurs.

The extent to which each aspect of performance affects the overall payment level depends on the role and responsibilities of the individual. Performance is measured against personal objectives, including Risk and Control objectives, as well as Aviva Investors' and the business unit performance against agreed targets, which are a combination of individual, business unit, Aviva Investors and Group performance over an appropriate period.

- The financial considerations includes the following comparisons:–
 - Actual results vs. prior period results
 - Actual results vs. agreed plans
 - Actual results relative to competitors
 - Actual results vs., and progress towards, our long-term target ambition.
- The non-financial considerations include risk, conduct, culture, customer and employee engagement metrics, with Aviva values clearly underpinning all our decisions. In certain roles, adherence to Responsible Investment and ESG principles will also be a consideration.
- The Performance assessment does not encourage risk taking outside the Aviva Investors stated risk appetite, and includes mechanisms by which performance against risk and conduct related measures has a significant impact on the availability and size of business and individual variable awards.

The remuneration policies are designed to ensure that any relevant conflicts of interest can be managed appropriately at all times and that the remuneration of its senior staff is in line with the risk policies and objectives of the UCITS funds it manages, and takes into account the promotion of sound and effective risk management and the achievement of fair outcomes for all customers.

The ACD has no employees but is a wholly owned subsidiary of Aviva Investors Holdings Limited. For the year to 31 December 2017, apportioned remuneration based on the time assessed to be spent on the ACD UCITS activity paid by Aviva Plc, the ultimate parent of the ACD, to its senior management team, and staff whose actions have a material impact on the risk profile of the ACD ("Code staff"), is as follows:

	Senior Management	Other Code Staff
Total Remuneration:	£0.4m	£0.2m
Of which, Fixed Remuneration:	35%	56%
Variable Remuneration:	58%	30%
Pension/Benefits:	7%	14%
Number of Code staff:	11	11

THE FINANCIAL STATEMENTS

We are pleased to present the annual financial statements of the Company for the year ended 31 July 2018. 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 July 2018.

POLICIES AND RISKS

ACCOUNTING POLICIES

a Basis of accounting

The financial statements have been prepared under the historical cost basis, as modified by the revaluation of investments, and in accordance with the Statement of Recommended Practice for UK Authorised Funds issued by The Investment Management Association in May 2014 (SORP 2014), and in accordance with United Kingdom Generally Accepted Accounting Practice as defined within FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland. Both of which became effective for the accounting periods commencing 1 January 2015.

The Authorised Corporate Director intends to terminate the Aviva Investors Sterling Credit MoM 1 Fund at the earlier opportunity following approval of the financial statements and therefore the financial statements of this Fund has been prepared on a basis other than going concern and any additional costs in respect of the termination of this Fund will be borne by the ACD. Comparative financial information continues to be prepared under the going concern basis. In applying this basis of preparation, the assets and liabilities of this Fund continues to be stated at their fair value which materially equate to their realisable values. No adjustments were necessary in the Funds' financial statements to reduce assets to their realisable values, to provide for liabilities arising from the termination or to reclassify fixed assets and long term liabilities as current assets and liabilities.

All other Funds apart from Aviva Investors Sterling Credit MoM 1 Fund have been prepared on a going concern basis.

b Share classes

The Funds have three types of share classes: retail shares (class 1), institutional shares (class 2) and shares held by associated undertakings of Aviva Plc (class 3). Each share class bears different charges and consequently the level of revenue allocated to each share class will differ. Some share classes consist of income shares only, whilst others consist of accumulation shares only.

c Recognition of revenue

Dividends are recognised when the investment is quoted ex-dividend. Interest arising on fixed interest stocks is recognised on an effective yield basis. Deposit interest and other revenues are recognised on an accruals basis.

Special dividends are either treated as income or capital depending on the facts of each dividend.

d Treatment of derivatives

In determining the accounting treatment for derivatives, consideration is given to the instrument itself and the Funds' objectives for investment in derivative instruments.

Where positions are held to protect capital, the returns are treated as capital. Where positions are held to generate revenue, the returns are treated as revenue. Where positions generate total returns, these returns are apportioned between capital and revenue to properly reflect the nature of the transaction.

Where appropriate, the returns from derivatives linked to US Mortgage Backed Securities are apportioned between capital and revenue.

e Underwriting commission

Underwriting commission is accounted for when the issue underwritten takes place and is normally taken to revenue. Where the Company is required to take up all the shares underwritten, the commission received is treated as a deduction from the cost of the shares taken up. Where the Company is required to take up a proportion of the shares underwritten, the same proportion of the commission received is treated as a deduction from the cost of shares taken up and the balance is taken to revenue.

f Dilution Levy Policy

The Company reserves the right to charge a dilution levy (Investor Protection Fee) to protect existing investors in a fund from the costs of buying or selling investments that may result from the sale and/or purchase of shares in that Fund. The amount of any such dilution levy is calculated by reference to the estimated costs of dealing in the underlying investments, including any dealing spreads, broker commissions and taxes. When the Company impose a dilution levy on a particular investor or group of investors, this is paid into the Fund and helps to protect existing investors from the costs of the resultant transactions. For details of the circumstances in which a dilution levy may be imposed, dilution levies applied in a fund historically, and on what values, please see the Company's Prospectus.

g Basis of valuation of investments

Quoted investments

The quoted investments of the Company have been valued at bid market value at 2pm on the last working day of the accounting period for all Funds with the exception of the Aviva Investors UK Opportunities Fund which has been valued at midday. Investments in Luxembourg SICAVs are valued using their single quoted price.

Unquoted and unapproved investments

The unquoted and unapproved investments of the Company have been valued by the Investment Manager using available information, such as recent transaction prices, valuations from reliable sources, financial performance and other relevant factors, to arrive at an estimated fair value.

Suspended securities

Suspended securities have been valued at the suspended market price per share or valued by the Investment Manager using available information to arrive at an estimated fair value.

Delisted securities

Delisted securities have been valued at nil pence per share.

Forward foreign currency contracts

The Company's forward foreign currency positions on the last working day of the accounting period are included in the portfolio statement as an asset or liability so as to reflect the value of each contract.

Over the counter (OTC) derivatives

OTC derivatives are either valued by the relevant counterparty or by the Investment Manager using available information to arrive at an estimated fair value.

Exchange traded derivatives (ETDs)

ETDs are included at the aggregate unrealised market value of the open contracts.

CIS investments

CIS investments are valued at the last share price available at the valuation point.

POLICIES AND RISKS (CONTINUED)

ACCOUNTING POLICIES (CONTINUED)

h Exchange rates

Assets and liabilities held in foreign currencies are translated at the rate ruling at 2pm on the last working day of the accounting period for all Funds with the exception of the Aviva Investors UK Opportunities Fund which was translated at midday. Revenue and expenditure items are translated at the rate ruling at the date of the transaction.

i Taxation and deferred taxation

Provision for Corporation Tax is based at the current rate, as appropriate, on the excess of taxable revenue over allowable expenses, with relief for overseas taxation taken as appropriate. Deferred taxation is provided using the liability method on all timing differences that have originated but not reversed at the balance sheet date, calculated at the rate for the period in which it is anticipated the timing differences will reverse, based on rates that have been enacted or substantially enacted at the balance sheet date. Deferred tax assets are recognised only when, on the basis of available evidence, it is more likely than not that there will be taxable profits in the future against which the deferred tax asset can be offset.

DISTRIBUTION POLICIES

a Distribution policy

Where appropriate, the Company will pay any surplus revenue as a revenue distribution or accumulation of capital. The Aviva Investors UK Gilts MoM 1 Fund, the Aviva Investors UK Credit MoM 1 Fund, the Aviva Investors Sterling Credit MoM 1 Fund and the Aviva Investors Global Agg MoM 1 Fund are more than 60% invested in qualifying investments (as defined by the relevant legislation) and pay interest distributions. All the other Funds pay dividend distributions.

Full details are set out in the distribution tables.

b Treatment of stock dividends

The ordinary element of stock dividends is treated as revenue and forms part of the Fund's distribution. The value of the stock dividend is based on the market value of the shares on the dates they are quoted ex-dividend. Where an enhancement is offered, the amount by which the market value of the shares (on the date they are quoted ex-dividend) exceeds the cash dividend is treated as capital.

c Treatment of management expenses

The ACD's periodic charge is charged to the revenue property of all the Funds except for Aviva Investors UK Gilts MoM 1 Fund, Aviva Investors UK Credit MoM 1 Fund, Aviva Investors Sterling Credit MoM 1 Fund and Aviva Investors Global Agg MoM 1 Fund which offset the ACD's periodic charge to capital for the purpose of the distribution.

All other expenses, except those relating to the purchase and sale of investments, are charged against revenue. Expenses are accounted for on an accruals basis.

FINANCIAL INSTRUMENTS

The Company's financial instruments, other than derivatives, comprise securities and other investments, cash balances and debtors and creditors that arise directly from its operations, for example, in respect of sales and purchases awaiting settlement, amounts receivable for creations and payable for liquidations, and debtors for accrued income.

The Company also enters into derivative transactions including but not limited to, in the form of forward foreign currency contracts, credit default swaps, interest rate swaps, equity variance swaps, options and stock index futures.

The Company uses these financial instruments as a cheaper or more liquid alternative to other investments, to hedge or reduce overall risk, or in pursuit of its investment objectives. In particular, forward foreign currency contracts are used to manage currency risk arising from holdings of overseas securities. Stock index futures are used to manage market price risk arising from the time lag between funds being receivable or payable by the Company and investment or disinvestment in underlying securities. Options are used to generate additional income.

Interest rate swaps and swaptions are generally held to mitigate exposure to interest rate movements which could adversely affect the value of bonds held within the fund portfolios. Credit default swaps are used to manage credit and seek specific credit exposure through buying and selling protection.

Interest and finance charges from interest rate swaps are taken to revenue. The premiums from credit default swaps are taken to revenue. The gains and losses on interest rate swaps and credit default swaps are taken to capital.

The Company has exposure to a number of different risks to varying degrees. The main risks it faces from its financial instruments and the Manager's policies for managing these risks are summarised below:

a Foreign currency risk

The Funds can be exposed to foreign currency risk as a result of investing in assets denominated in currencies other than Sterling. Where the manager deems it necessary, this exposure to foreign currency fluctuations is mitigated by the use of forward foreign currency contracts. Numerical disclosures can be found in the notes to the financial statements for each Fund.

b Interest rate risk

The value of debt securities may be affected by interest rate movements or the expectation of such movements in the future. Interest receivable on bank deposits or payable on bank overdraft positions will be affected by fluctuations in interest rates. The Investment Manager manages this risk by maintaining a balanced portfolio with due consideration to interest rate and redemption profiles. Interest rate risk is also managed by ensuring that deposits mature within a relatively short period. Where relevant, numerical disclosures can be found in the notes to the financial statements for each Fund.

POLICIES AND RISKS (CONTINUED)

FINANCIAL INSTRUMENTS (CONTINUED)

c Market risk

The Funds' investment portfolios are exposed to market price fluctuations which are monitored by the Manager in pursuance of the investment objectives and policies of the Funds. Adherence to investment and borrowing powers set out in the Instrument of Incorporation and in the Collective Investment Schemes Sourcebook of the Financial Conduct Authority, mitigates the risk of excessive exposure to any particular type of security or issuer.

Further information on the investment portfolios is set out in the investment reports and portfolio statements, of the individual Funds.

d Credit risk

The Funds restrict their exposure to credit losses on derivative instruments by trading via International Swap and Derivative Association (ISDA) Master Arrangements with each counterparty.

The Funds are exposed to the risk that a bond issuer may default on the interest payments or the redemption of the bond. The Funds manage this risk by maintaining a balanced portfolio with due consideration to interest rate and redemption profiles and the credit worthiness of the bond issuer.

e Liquidity risk

This is the risk that there is insufficient liquidity which restricts a Fund's investment opportunities or ability to pay liabilities at short notice. This risk is managed by ensuring that overdrafts are monitored and maintained within investment limits and exposure to unquoted or illiquid securities is limited.

f Counterparty Risk

There is a risk that the Counterparty will not be able to settle its obligations under the agreement. This is mitigated by an assessment of the credit worthiness of the Counterparty, and the use of multiple counterparties to ensure that no more than 20% of the Fund value is exposed to one counterparty.

Further information on the investment portfolio is set out in the investment reports and portfolio statements.

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 twelve months ended 31 July 2018 the Fund* returned 8.01 per cent, underperforming both the Lipper UK Equity sector return of 8.59 per cent and the FTSE® All-Share Index return of 9.15 per cent.

Review

UK equities gained ground over the year under review, although the market underperformed global indices. After the FTSE® All Share Index ended 2017 at an all-time high, UK equities faltered in early 2018 before rallying during the second quarter. As bond yields rose during January and February, sectors sensitive to weakness in bond markets such as consumer staples and telecoms sold off sharply. The market was also impacted by the strength of sterling, which reached its highest level against the US dollar since the 2016 EU referendum in January, supported by indications that the Bank of England could increase interest rates at a faster pace than previously expected. In the event, the release of disappointing UK economic data, which highlighted that GDP (Gross Domestic Product) grew at its slowest pace since 2012 during the first quarter, led the Bank of England to shelve plans for a rate hike in May. Sterling fell back sharply against the US dollar during the second quarter of 2018. This benefitted companies with substantial international earnings.

Brexit negotiations have weighed on market sentiment. In July, shortly after the publication of the government's Chequers plan, resignations from two senior members of the cabinet emphasised the divisions within the Conservative Party and heightened the risk that the government would fail to negotiate an exit deal with the EU prior to the March 2019 deadline.

Elsewhere, escalating trade conflict between the US and China raised concerns over the impact of a prolonged trade dispute on global economic growth. The imposition of US tariffs on imported goods by the Trump administration provoked retaliatory measures from the Chinese authorities. Geopolitical tensions have been reflected in the strength of the US dollar and the weakness of industrial metal prices in recent months. As a result, companies with significant exposure to emerging markets have performed poorly as the year ended, notably mining companies and financials.

Our overweight position in mining companies and stocks with emerging market exposure detracted from performance relative to the FTSE® All Share Index, as a stronger US dollar plus trade-linked fears over China outweighed favourable stock specific factors. In the mining sector, our holding in Glencore was the main detractor where issues over trading practices and licences in the DRC further depressed sentiment. We continue to selectively favour mining stocks, focusing on companies where low valuations reflect perceived global trade risks, which offer the attributes of strong cash flows and high yields.

Exposure to financials detracted from performance, most notably our holding in Standard Chartered. This was largely a function of the bank's substantial exposure to emerging markets, particularly in Asia. However, recent interim results announced at the end of July highlighted an improvement in underlying pre-tax profits as provisions for bad loans halved while strong performance in Hong Kong and Singapore counterbalanced more challenging conditions in Africa and the Middle East.

We maintained limited exposure to the healthcare sector due to a lack of attractive investment opportunities. However, this detracted from performance as the sector remained a focal point for merger and acquisition activity. Irish pharmaceutical firm Shire, where the Fund held an underweight position relative to the All Share Index, was the recipient of a takeover bid from Japanese pharmaceutical firm Takeda. We also did not hold AstraZeneca, which recently reported better than expected interim results.

An overweight in the oil & gas sector and stock selection in the industrials sector were the main contributory factors over the reporting period. Amongst energy stocks, we purchased Faroe Petroleum and Wood Group post company contact. Faroe was trading at a discount to the company's net asset value with a potential bidder also on the share register, while the valuation of Wood Group underestimated the company's earnings recovery prospects.

In the industrials sector, holdings in asset management consultancy firm Alpha Financial Markets (AFM) and Keywords Studios were key contributors. Maiden full year results from AFM, since last year's IPO, were very strong with revenue growth of 50% and earnings growing ahead of that given the business's high utilisation rate. AFM taps into the structural industry drivers of cost pressure and regulatory change, along with increasing assets under management. Keywords Studios performed well following better-than-expected results, delivering a healthy balance of strong organic and inorganic growth in 2017. We remain enthused about the company's inorganic growth potential, as management referred to a 'healthy' pipeline of potential acquisitions in the year ahead while the company has less than a 5% market share of a \$6bn global gaming services market.

Recent portfolio activity has focused on stocks that had fallen back due to global issues, which we believe to be transitory. Holdings in Glencore and Standard Chartered were added to, post positive company contact. We switched the holding in Rio Tinto into Anglo American. Post company contact with the latter, we concluded the risk of South African exposure no longer justified Anglo's significant discount to the sector, while we believe the company's mix of assets also has superior medium term earnings prospects. We also added a holding in Inchcape, the global car distribution company, after the shares had been hit unjustifiably on trade war fears.

Our holding in outsourcing group Capita was sold as a meeting with management weakened our confidence in their turnaround strategy. We also reduced our position in turnaround specialist Melrose, due to concerns over the company's exposure to the autos sector as trade fears surrounding tariffs escalated. Earlier in the year, Melrose had successfully concluded a protracted takeover bid for auto component supplier GKN. After our holding in property group Hammerson had rallied, we sold down the position on a deteriorating retail property backdrop. Finally, we reduced exposure to packaging group DS Smith after the shares rallied sharply following an acquisition, despite a rights issue to fund the deal.

AVIVA INVESTORS UK OPPORTUNITIES FUND (CONTINUED)

Outlook

The outlook for the UK remains clouded by Brexit uncertainty. The recent moderation in growth, a decline in consumer price inflation back towards its 2% target and the uncertainty regarding the outcome of the Withdrawal Agreement suggests that the Bank of England will be slow to raise interest rates any further, having sanctioned a hike to 0.75% in early August. Furthermore, recent UK economic indicators suggest there has not been much improvement on a sluggish first quarter. However, despite political uncertainty and the slowdown in the domestic economy, stronger global demand trends, positive corporate earnings momentum and selectively attractive historic and relative valuations are supportive of UK equities at current levels.

The Fund continues to focus on attractive stock opportunities where future earnings prospects are mispriced based on company specific and macro factors. Currently banks, energy and materials and those generally exposed to emerging markets are the most attractive areas for investment opportunities. Defensive sectors such as healthcare, utilities and consumer staples appear most expensive as their perceived defensive attributes are highly valued due to concerns over the implications of an increasingly nationalist political climate.

September 2018

* 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

As noted above, the performance figures in this commentary have been sourced from an external party and are based on published prices. The performance figures quoted in the comparative tables on page 11 are based on the net asset value per the published accounts and may be different due to post year end accounting adjustments.

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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
Glencore	Rio Tinto
Standard Chartered	British American Tobacco
BHP Billiton	Sanne Group
NatWest Markets	London Stock Exchange Group
Cineworld Group	DS Smith
Lloyds Banking Group	Compass Group
Barclays	BP
Anglo American	Lloyds Banking Group
Energean Oil & Gas	Unilever

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'.
- Further information on the risks applicable to the Fund is detailed in the Fund's Key Investor Information Document, and a full description is set out in the Prospectus, both of which are available on the internet at www.avivainvestors.com or from the ACD on request.

COMPARATIVE TABLES

Class 1 Accumulation	2018 p per share	2017 p per share	2016 p per share
Change in net assets per share			
Opening net asset value per share	150.83	128.32	134.90
Return before operating charges [†]	14.30	24.68	(4.60)
Operating charges	(2.26)	(2.17)	(1.98)
Return after operating charges [†]	12.04	22.51	(6.58)
Distributions	(2.90)	(2.51)	(2.34)
Retained distributions on accumulation shares	2.90	2.51	2.34
Closing net asset value per share	162.87	150.83	128.32
[†] after direct transaction costs of	(0.98)	(0.30)	(0.21)
Performance			
Return after charges	7.98%	17.54%	(4.88)%
Other information			
Closing net asset value (£000)	1,288	1,523	1,127
Closing number of shares	790,799	1,009,651	878,708
Operating charges (%) [‡]	1.45%	1.53%	1.53%
Direct transaction costs (%) [#]	0.63%	0.21%	0.16%
Prices[≈]			
Highest share price	169.53	152.66	136.85
Lowest share price	146.43	127.18	117.46

Class 2 Accumulation	2018 p per share	2017 p per share	2016 p per share
Change in net assets per share			
Opening net asset value per share	254.70	214.96	224.19
Return before operating charges [†]	24.26	41.47	(7.66)
Operating charges	(1.93)	(1.73)	(1.57)
Return after operating charges [†]	22.33	39.74	(9.23)
Distributions	(6.80)	(6.11)	(5.62)
Retained distributions on accumulation shares	6.80	6.11	5.62
Closing net asset value per share	277.03	254.70	214.96
[†] after direct transaction costs of	(1.67)	(0.49)	(0.34)
Performance			
Return after charges	8.77%	18.49%	(4.12)%
Other information			
Closing net asset value (£000)	928	804	840
Closing number of shares	334,896	315,587	390,657
Operating charges (%) [‡]	0.73%	0.73%	0.73%
Direct transaction costs (%) [#]	0.63%	0.21%	0.16%
Prices[≈]			
Highest share price	288.15	257.77	227.47
Lowest share price	248.62	213.08	196.04

Class 3 Accumulation	2018 p per share	2017 p per share	2016 p per share
Change in net assets per share			
Opening net asset value per share	358.30	301.48	313.49
Return before operating charges [†]	34.17	58.26	(10.72)
Operating charges	(1.59)	(1.44)	(1.29)
Return after operating charges [†]	32.58	56.82	(12.01)
Distributions	(10.70)	(9.58)	(8.77)
Retained distributions on accumulation shares	10.70	9.58	8.77
Closing net asset value per share	390.88	358.30	301.48
[†] after direct transaction costs of	(2.35)	(0.70)	(0.48)
Performance			
Return after charges	9.09%	18.85%	(3.83)%
Other information			
Closing net asset value (£000)	236,157	216,700	180,522
Closing number of shares	60,417,130	60,480,176	59,878,505
Operating charges (%) [‡]	0.43%	0.43%	0.43%
Direct transaction costs (%) [#]	0.63%	0.21%	0.16%
Prices[≈]			
Highest share price	406.34	362.61	318.10
Lowest share price	350.45	298.86	274.57

[‡] The operating charges are calculated on an ex-post basis and as such may differ from the Ongoing Charge Figure where:

(a) Changes to fee rates were made during the year and the Ongoing Charge Figure has been amended to be future proofed for this change.

(b) The Ongoing Charge has been annualised for a share class that has not yet been open for a full year.

[#] The direct transaction costs have been stated after deducting, in the case of single-priced funds, the proportion of the amounts collected from dilution adjustments or dilution levies that relates to direct transaction costs and, in the case of dual-priced funds, the amounts collected in relation to direct transaction costs added to, or subtracted from, the valuations by virtue of COLL 6.3.6 G (4).

[≈] The high and low prices disclosed are the high and low prices for the accounting period and not the calendar year and are based on published prices. The net asset value per share price is based on the net asset value in the published accounts and may be different due to post year end accounting adjustments.

Ongoing Charges Figure*

Share class	31.07.18	31.07.17
Class 1	1.03%**	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 year. The OCF is made up of the Fund Management Fee and, where a fund invests a substantial portion of its assets in other funds, an amount for the pro-rated charges of those other funds (referred to as "synthetic charges" or the "synthetic" part of the ongoing charge). The figure for ongoing charges excludes performance fees and portfolio transaction costs, except in the case of an entry/exit charge paid by the Fund when buying or selling shares/units in another collective investment scheme.

** Following the update to the prospectus and the change in charging structure of the fund part way through the period, the ongoing charges figure has been based on the revised fee structure and therefore is not on an ex-post basis.

Please remember that past performance is not a guide to future performance and it might not be repeated. The value of investments and the revenue from them may go down as well as up and investors may not get back the amount originally invested. Because of this, you are not certain to make a profit on your investments and you may lose money.

PORTFOLIO STATEMENT

As at 31 July 2018

Investment	Currency	Holding	Market Value £000	% of Net Assets
Equities 97.37% (93.39%)				
Consumer Discretionary 11.96% (15.62%)				
Auto Components 0.00% (0.02%)				
Distributors 0.96% (0.00%)				
Inchcape	GBP	321,437	2,279	0.96
			2,279	0.96
Hotel, Restaurants & Leisure 0.00% (2.76%)				
Household Durables 2.88% (2.76%)				
Bellway	GBP	86,767	2,526	1.06
Countryside Properties	GBP	1,299,452	4,340	1.82
			6,866	2.88
Media 7.22% (5.95%)				
Cineworld Group	GBP	2,723,670	7,430	3.12
ITV	GBP	2,745,365	4,566	1.91
Next Fifteen Communications Group [#]	GBP	1,041,264	5,227	2.19
			17,223	7.22
Multiline Retail 0.90% (2.27%)				
B&M European Value Retail	GBP	516,641	2,134	0.90
			2,134	0.90
Specialty Retail 0.00% (1.86%)				
Consumer Discretionary total			28,502	11.96
Consumer Staples 3.41% (10.25%)				
Food & Staples Retailing 1.06% (0.00%)				
Tesco	GBP	971,707	2,520	1.06
			2,520	1.06
Household Products 0.00% (1.92%)				
Personal Products 0.00% (2.36%)				
Tobacco 2.35% (5.97%)				
British American Tobacco	GBP	43,565	1,837	0.77
Imperial Brands	GBP	129,852	3,775	1.58
			5,612	2.35
Consumer Staples total			8,132	3.41
Energy 19.99% (11.11%)				
Energy Equipment & Services 3.54% (0.00%)				
Gulf Marine Services	GBP	8,563,357	3,511	1.48
John Wood Group	GBP	743,878	4,916	2.06
			8,427	3.54
Oil, Gas & Consumable Fuels 16.45% (11.11%)				
BP	GBP	1,232,292	7,056	2.96
Cairn Energy	GBP	1,330,598	3,284	1.38
Energean Oil & Gas	GBP	1,031,856	5,304	2.23
Faroe Petroleum [#]	GBP	1,273,699	1,821	0.76
Premier Oil	GBP	912,181	1,179	0.49
Royal Dutch Shell 'B'	GBP	764,256	20,578	8.63
			39,222	16.45
Energy total			47,649	19.99

PORTFOLIO STATEMENT (CONTINUED)

As at 31 July 2018

Investment	Currency	Holding	Market Value £000	% of Net Assets
Financials 27.74% (20.04%)				
Banks 16.91% (6.50%)				
Barclays	GBP	5,353,553	10,445	4.38
HSBC Holdings	GBP	1,482,199	10,844	4.55
NatWest Markets	GBP	3,042,774	7,841	3.29
Standard Chartered	GBP	1,621,066	11,179	4.69
			40,309	16.91
Capital Markets 0.81% (8.28%)				
Sherborne Investors Guernsey C	GBP	2,131,381	1,918	0.81
			1,918	0.81
Consumer Finance 2.19% (0.00%)				
International Personal Finance	GBP	2,158,963	5,221	2.19
			5,221	2.19
Insurance 7.83% (5.26%)				
Aviva [†]	GBP	506,000	2,532	1.06
Just Group	GBP	1,730,360	1,881	0.79
Legal & General Group	GBP	824,587	2,179	0.91
Phoenix Group Holdings	GBP	485,463	3,335	1.40
Prudential	GBP	481,923	8,747	3.67
			18,674	7.83
Financials total			66,122	27.74
Health Care 1.03% (4.24%)				
Biotechnology 0.00% (1.98%)				
Health Care Equipment & Supplies 0.00% (1.07%)				
Health Care Providers & Services 1.03% (1.19%)				
Spire Healthcare Group	GBP	983,288	2,446	1.03
			2,446	1.03
Health Care total			2,446	1.03
Industrials 7.56% (3.27%)				
Airlines 1.09% (0.00%)				
International Consolidated Airlines Group	GBP	364,761	2,599	1.09
			2,599	1.09
Commercial Services & Supplies 0.69% (0.00%)				
Serco Group	GBP	1,626,801	1,633	0.69
			1,633	0.69
Construction & Engineering 2.82% (0.00%)				
Kier Group	GBP	431,334	4,180	1.75
Morgan Sindall Group	GBP	185,131	2,551	1.07
			6,731	2.82
Electrical Equipment 0.96% (1.93%)				
Melrose Industries	GBP	1,073,456	2,296	0.96
			2,296	0.96
Professional Services 2.00% (1.34%)				
Alpha Financial Markets Consulting [#]	GBP	743,828	1,949	0.82
Ricardo	GBP	339,511	2,811	1.18
			4,760	2.00
Industrials total			18,019	7.56

PORTFOLIO STATEMENT (CONTINUED)

As at 31 July 2018

Investment	Currency	Holding	Market Value £000	% of Net Assets
Information Technology 1.05% (8.27%)				
Internet Software & Services 0.00% (3.35%)				
IT Services 1.05% (2.25%)				
Keywords Studios [#]	GBP	139,831	2,511	1.05
			2,511	1.05
Software 0.00% (2.67%)				
Izodia [^]	GBP	1,192,922	–	–
			–	–
Information Technology total			2,511	1.05
Materials 19.39% (12.55%)				
Construction Materials 2.28% (2.56%)				
CRH	GBP	127,188	3,382	1.42
Ibstock	GBP	832,323	2,046	0.86
			5,428	2.28
Containers & Packaging 3.54% (4.85%)				
DS Smith	GBP	1,092,888	5,539	2.32
RPC Group	GBP	359,138	2,909	1.22
			8,448	3.54
Metals & Mining 13.57% (5.14%)				
Anglo American	GBP	309,187	5,307	2.23
Antofagasta	GBP	239,242	2,366	0.99
BHP Billiton	GBP	659,339	11,437	4.80
Glencore	GBP	3,463,222	11,391	4.78
Petra Diamonds	GBP	3,949,604	1,835	0.77
			32,336	13.57
Materials total			46,212	19.39
Real Estate 1.37% (2.83%)				
Equity Real Estate Investment Trusts (REITs) 1.37% (1.69%)				
Derwent London	GBP	104,815	3,270	1.37
			3,270	1.37
Real Estate Management & Development 0.00% (1.14%)				
Real Estate total			3,270	1.37
Telecommunication Services 3.87% (3.69%)				
Diversified Telecommunication Services 1.86% (1.05%)				
BT Group	GBP	1,877,029	4,433	1.86
			4,433	1.86
Wireless Telecommunication Services 2.01% (2.64%)				
Vodafone Group	GBP	2,560,732	4,800	2.01
			4,800	2.01
Telecommunication Services total			9,233	3.87

PORTFOLIO STATEMENT (CONTINUED)

As at 31 July 2018

Investment	Currency	Holding	Market Value £000	% of Net Assets
Utilities 0.00% (1.52%)				
Multi-Utilities 0.00% (1.52%)				
Equities total			232,096	97.37
Liquidity Funds 0.00% (4.84%)				
Investment assets			232,096	97.37
Net other assets			6,277	2.63
Net assets			238,373	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 2017.

Security traded on another regulated market.

^ Unlisted, suspended or delisted security.

† A related party to the Fund.

STATEMENT OF TOTAL RETURN

For the year ended 31 July 2018

	Notes	£000	Year ended 31.07.18 £000	£000	Year ended 31.07.17 £000
Income					
Net capital gains	2		13,348		28,830
Revenue	3	7,521		6,756	
Expenses	4	(989)		(894)	
Net revenue before taxation		6,532		5,862	
Taxation	5	(17)		(26)	
Net revenue after taxation			6,515		5,836
Total return before distributions			19,863		34,666
Distributions	6		(6,515)		(5,836)
Change in net assets attributable to shareholders from investment activities			13,348		28,830

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

For the year ended 31 July 2018

	£000	Year ended 31.07.18 £000	£000	Year ended 31.07.17 £000
Opening net assets attributable to shareholders		219,027		182,489
Movement due to issue and cancellation of shares:				
Amounts receivable on issue of shares	391		2,910	
Amounts payable on cancellation of shares	(905)		(1,044)	
		(514)		1,866
Change in net assets attributable to shareholders from investment activities (see above)		13,348		28,830
Retained distribution on accumulation shares		6,512		5,842
Closing net assets attributable to shareholders		238,373		219,027

BALANCE SHEET

As at 31 July 2018

	Notes	As at 31.07.18 £000	As at 31.07.17 £000
Assets:			
Investments		232,096	215,160
Current assets:			
Debtors	8	5,225	469
Cash and bank balances	9	3,895	3,534
Total assets		241,216	219,163
Liabilities:			
Creditors:			
Other creditors	10	(2,843)	(136)
Total liabilities		(2,843)	(136)
Net assets attributable to shareholders		238,373	219,027

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting basis and policies

Please see pages 6 to 8 for accounting basis and policies.

2 Net capital gains

	Year ended 31.07.18 £000	Year ended 31.07.17 £000
Net capital gains on investments during the year comprise:		
Expenses relating to the purchase and sale of investments	(3)	(6)
Non-derivative securities gains	13,351	28,836
Net capital gains	13,348	28,830

3 Revenue

	Year ended 31.07.18 £000	Year ended 31.07.17 £000
Bank and deposit interest	6	10
Interest on debt securities	17	30
Overseas dividends	518	287
Property income distributions	58	48
UK dividends	6,922	6,381
Total revenue	7,521	6,756

4 Expenses

	Year ended 31.07.18 £000	Year ended 31.07.17 £000
Payable to the Authorised Corporate Director ("ACD"), associates of the ACD or agents of either of them:		
ACD's periodic charge/Fund Management Fee*	940	832
Registration fees	9	10
	949	842
Payable to the Depositary, associates of the Depositary or agents of either of them:		
Depositary's fee	23	27
Interest payable	–	2
Safe custody fee	2	2
	25	31
Other expenses:		
Audit fee**	9	10
Printing & postage expenses	–	4
Statement fees	6	7
	15	21
Total expenses	989	894

* From 4 June 2018 the Fund changed to a single fixed charge known as the Fund Management Fee (FMF). The FMF covers fees and expenses in relation to the operation and administration of the Company and the Fund.

** The audit fee was £8,562 (2017: £8,333) net of VAT.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5 Taxation**a Analysis of tax charge**

	Year ended 31.07.18 £000	Year ended 31.07.17 £000
Overseas tax suffered	17	26
Total current tax for the year (see note 5b)	17	26

b Factors affecting current tax charge

The tax assessed for the year is lower (2017: lower) than the standard rate of corporation tax in the UK for an Authorised Investment Fund (20%) (2017: 20%).

The differences are explained below:

	Year ended 31.07.18 £000	Year ended 31.07.17 £000
Net revenue before taxation	6,532	5,862
Corporation tax at 20%	1,306	1,172
Effects of:		
Movement in excess expenses	181	160
Overseas dividends not subject to corporation tax	(103)	(56)
Overseas tax suffered	17	26
UK dividends not subject to corporation tax	(1,384)	(1,276)
	(1,289)	(1,146)
Current tax charge (see note 5a)	17	26

Authorised Investment Funds are exempt from tax on capital gains. Therefore, any capital return is not included in the above reconciliation.

c Deferred tax

There was no provision for deferred tax at the year end (2017: £nil).

After claiming relief against accrued income taxable on receipt, the Fund has unrelieved excess expenses of £6,884,204 (2017: £5,977,154) creating a potential deferred tax asset of £1,376,841 (2017: £1,195,431). It is unlikely that the Fund will generate taxable profits in the future to utilise these amounts and therefore no deferred tax asset has been recognised in the current or prior year.

6 Distributions

	Year ended 31.07.18 £000	Year ended 31.07.17 £000
The distributions take account of revenue received on the issue of shares and revenue deducted on the cancellation of shares, and comprise:		
Interim distribution	2,699	2,333
Final distribution	3,813	3,509
	6,512	5,842
Add: Revenue deducted on cancellation of shares	6	10
Deduct: Revenue received on issue of shares	(3)	(16)
Total distributions	6,515	5,836

Details of the distributions per share are set out in the distribution tables on page 24.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7 Fair value hierarchy

	As at 31.07.18 Assets £000	As at 31.07.17 Assets £000
Basis of valuation		
Level 1: Quoted prices	232,096	204,560
Level 2: Observable market data	–	10,600
Total value	232,096	215,160

Financial instruments have been measured at their fair value and have been classified below using a hierarchy that reflects the significance of the inputs used in measuring their fair value:

Level 1: Unadjusted quoted price in an active market for an identical instrument;

Level 2: Valuation techniques using observable inputs other than quoted prices within level 1;

Level 3: Valuation techniques using unobservable inputs.

8 Debtors

	As at 31.07.18 £000	As at 31.07.17 £000
Accrued revenue	387	449
Amounts receivable on issue of shares	2	–
Income tax recoverable	1	–
Overseas tax recoverable	8	12
Sales awaiting settlement	4,827	8
Total debtors	5,225	469

9 Cash and bank balances

	As at 31.07.18 £000	As at 31.07.17 £000
Cash and bank balances	3,895	3,534
Total cash and bank balances	3,895	3,534

10 Other creditors

	As at 31.07.18 £000	As at 31.07.17 £000
Accrued expenses	86	136
Purchases awaiting settlement	2,757	–
Total creditors	2,843	136

11 Contingent liabilities and commitments

There were no contingent liabilities or commitments at the year end (2017: £nil).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12 Related party transactions

Aviva Investors UK Fund Services Limited, Aviva Investors Global Services Limited and the Aviva group are deemed to be related parties per section 33.10 of FRS 102 as they are entities with control, joint control or significant influence over the entity.

ACD periodic charges/Fund Management Fee paid to Aviva Investors UK Fund Services Limited ("the ACD") are shown in note 4 and details of shares issued and cancelled by the ACD are shown in the statement of change in net assets attributable to shareholders. The balance due to the ACD at the year end in respect of ACD periodic charges/Fund Management Fee was £86,275 (2017: £75,893). Any balance due from the ACD in respect of issues is shown in note 8. Any balance due to the ACD in respect of cancellations is shown in note 10.

Distributions payable to the ACD and related parties of the ACD during the year amounted to £6,466,235 (2017: £5,799,316). The amount outstanding at the year end was £3,786,280 (2017: £3,481,501). Related parties of the ACD are deemed to be all companies under the control of Aviva Plc. This will include companies which hold shares in the Fund on behalf of other external investors.

Any investments managed and advised by Aviva Investors Global Services Limited or associated with the Aviva Group are identified on the portfolio statement. The total purchases and sales on these investments during the year amounted to £66,600,000 (2017: £48,500,000) and £76,200,000 (2017: £46,600,000) respectively. The income received during the year amounted to £155,841 (2017: £147,410).

Holdings at the year end and movements during the year are as follows:

	Holdings at 31.07.18 (shares)	Movement (shares)	Holdings at 31.07.17 (shares)
ACD and related parties (Share Class 2 Accumulation)	38,796	5,797	32,999
ACD and related parties (Share Class 3 Accumulation)	60,417,130	(63,046)	60,480,176

The ACD and related parties of the ACD are ineligible to vote at any general meeting.

13 Shareholder funds

The Fund currently has three share classes: Class 1 (Retail), Class 2 (Institutional) and Class 3 (Associated undertakings of Aviva Plc). The Fund Management Fee is as follows:

Class 1: 1.03%
Class 2: 0.73%
Class 3: 0.43%

The net asset value per share class, the net asset value per share and the number of shares in the class are shown on page 11. The distributions per share class are given in the distribution tables on page 24. All the share classes have the same rights on winding up.

14 Shares in issue reconciliation

	Number of shares in issue at 31.07.17	Number of shares issued	Number of shares cancelled	Number of shares converted	Number of shares in issue at 31.07.18
Share Class 1 Accumulation	1,009,651	110,518	(329,370)	–	790,799
Share Class 2 Accumulation	315,587	82,805	(63,496)	–	334,896
Share Class 3 Accumulation	60,480,176	–	(63,046)	–	60,417,130

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

15 Derivatives and other financial instruments

The policies applied in the management of financial instruments are set out on pages 6 to 8.

Fair value of financial assets and financial liabilities

There is no significant difference between the carrying values of the financial assets and liabilities and their fair values (2017: £nil).

Currency risk

At the year end date, 0.00% (2017: 0.01%) of the net assets of the Fund were denominated in currencies other than sterling and as such the currency risk is not considered significant.

Interest rate risk

The Fund does not invest in either fixed or floating rate securities and interest rate risk exposure is restricted to interest receivable on bank deposits or payable on bank overdraft positions which will be affected by fluctuations in interest rates.

At the year end date 1.63% (2017: 6.45%) of the net assets of the Fund were interest bearing and as such the interest rate risk is not considered significant.

The floating rate on bank balances is linked to the Depositary's base rate.

The floating rate on deposits is linked to LIBOR or its overseas equivalent.

Market price risk

At the year end date, 97.37% (2017: 98.23%) of the net assets of the Fund were invested in ordinary shares or stock units admitted to an official stock exchange. If the market value were to change by 10%, the value of the Fund would change by 9.74% (2017: 9.82%).

16 Direct transaction costs

In the case of shares, broker commissions and transfer taxes, stamp duty is paid by the Fund on each transaction. In addition, there is a dealing spread between buying and selling prices of the underlying investments. Unlike shares, other types of investments (such as bonds, money market instruments, derivatives) have no separately identifiable transaction costs; these costs form part of the dealing spread.

31.07.18	Principal before costs £000	Commissions £000	Taxes £000	Total after costs £000	Commissions as % of principal	Taxes as % of principal
Purchases (excluding Inspecie & Corporate Action activity)						
Equities	(173,803)	(114)	(1,224)	(175,141)	0.07%	0.70%
Bonds	(65,600)	–	–	(65,600)	0.00%	0.00%
Purchases (include Corporate Action activity only)						
Equities	(6,077)	–	–	(6,077)	0.00%	0.00%
	(245,480)	(114)	(1,224)	(246,818)		
Sales (excluding Inspecie & Corporate Action activity)						
Equities	167,139	(106)	–	167,033	0.06%	0.00%
Bonds	76,200	–	–	76,200	0.00%	0.00%
	243,339	(106)	–	243,233		
Total		(220)	(1,224)			
Percentage of Fund average net assets		0.09%	0.54%			

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16 Direct transaction costs (continued)

31.07.17	Principal before costs £000	Commissions £000	Taxes £000	Total after costs £000	Commissions as % of principal	Taxes as % of principal
Purchases (excluding Inspecie & Corporate Action activity)						
Equities	(48,369)	(28)	(356)	(48,753)	0.06%	0.74%
Bonds	(49,500)	–	–	(49,500)	0.00%	0.00%
	(97,869)	(28)	(356)	(98,253)		
Sales (excluding Inspecie & Corporate Action activity)						
Equities	43,902	(41)	–	43,861	0.09%	0.00%
Bonds	46,600	–	–	46,600	0.00%	0.00%
	90,502	(41)	–	90,461		
Total		(69)	(356)			
Percentage of Fund average net assets		0.03%	0.18%			

Dealing spread

As at 31 July 2018, the average portfolio dealing spread was 0.42% (2017: 0.38%). This spread represents the difference between the values determined retrospectively by reference to the bid and offer prices of investments expressed as a percentage of the value determined by reference to the offer price.

17 Post balance sheet events

There are no post balance sheet events which require adjustment or disclosure at the year end (2017: £nil).

DISTRIBUTION TABLES

Final distribution payable in pence per share for the six months ended 31 July 2018

Accumulation shares		Net revenue	Equalisation	Final distribution payable 30 September 2018	Final distribution paid 30 September 2017
Share Class 1	Group 1	1.8918	–	1.8918	1.6317
	Group 2	1.0483	0.8435	1.8918	1.6317
Share Class 2	Group 1	4.0455	–	4.0455	3.7260
	Group 2	0.9871	3.0584	4.0455	3.7260
Share Class 3	Group 1	6.2643	–	6.2643	5.7544
	Group 2	6.2643	0.0000	6.2643	5.7544

Group 1 shares are those shares purchased at or before 12:00 noon on 31 January 2018.

Group 2 shares are those shares purchased after 12:00 noon on 31 January 2018.

Interim distribution paid in pence per share for the six months ended 31 January 2018

Accumulation shares		Net revenue	Equalisation	Interim distribution paid 31 March 2018	Interim distribution paid 31 March 2017
Share Class 1	Group 1	1.0056	–	1.0056	0.8755
	Group 2	0.1456	0.8600	1.0056	0.8755
Share Class 2	Group 1	2.7536	–	2.7536	2.3811
	Group 2	0.2149	2.5387	2.7536	2.3811
Share Class 3	Group 1	4.4325	–	4.4325	3.8251
	Group 2	4.4325	0.0000	4.4325	3.8251

Group 1 shares are those shares purchased at or before 12:00 noon on 31 July 2017.

Group 2 shares are those shares purchased after 12:00 noon on 31 July 2017.

Equalisation

Equalisation applies only to Group 2 shares, in other words shares purchased during the relevant period. It is the average amount of revenue included in the purchase price of all Group 2 shares and is refunded to the holders of these shares as return of capital. Being capital, it is not liable to income tax but must be deducted from the cost of shares for capital gains tax purposes.

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 twelve months ended 31 July 2018 the Fund* returned 14.00 per cent (net of fees), outperforming the FTSE® All-Share Index return of 9.2 per cent.

Review

"In the future all companies will be Internet companies".

We continue to find Andy Grove's observation relevant for understanding the performance of today's UK and global equity markets, and indeed of your portfolio.

His quote seems true – in that most companies we know are indeed trying to become more like Internet companies. But also provides explanatory power for the way stock prices are performing. Certainly more explanatory than other, let us call them, twentieth century paradigms. Specifically, the twentieth century polarity between "growth" and "value", which for a number of last century decades was a helpful descriptor of what was going up or down, as well as when and why, seems to us to be less useful today – how temporarily we don't know. In other words, in 2018 it looks as though working out which companies are advantaged and which challenged by digital disruption may deliver better returns than establishing what is currently "cheap" or "dear" or whether macro-economic trends favour "cyclical value" or "quality growth".

Certainly over the last 12 months we note that government bond yields have gone up, as Oil and other commodity prices have advanced. The symptoms of a widely-predicted cyclical upturn are there. But we also note these developments have not had the effects that twentieth century market theory expects. The "growth" market NASDAQ remains the best performing major in calendar 2018, while traditional "value" markets Germany and Japan are down. Meanwhile and symbolically that great industrial/cyclical value play, GE, has dropped out of the Dow Jones after 110 years.

A look at the contributors to that performance reconfirms, at least to our eyes, the irrelevance of the 20th century value/growth debate. And the central importance of backing successful digital strategies. The five big winners over the year (in terms of contribution to overall portfolio performance) were Burberry, LSE, Fidessa, Hargreaves Lansdown and PayPal. All of these we have seen characterised as "expensive" in recent times. Hargreaves with its longstanding P/E in the high 20s has outraged value investors for many years. But the fact is it is the success of the strategies of these companies – strategies with technology at the heart of them – that has mattered much more to stock market investors than the valuations.

Over the half year two previous portfolio laggards have gained over 20% – Daily Mail and Pearson. Again, we think this is so not because the pair had simply become too "cheap". Rather the investment and time both have poured into digitising their products has at last begun to show signs of paying off. In truth for both DMGT and Pearson the evidence of transformative digital success is still tentative. But it is another illustration of the lack of credible digital strategies in the UK stock market that both shares have rallied so soon and so much. It's worth remembering that still the top 5 UK companies by market capitalisation are a bank, two oil majors, an arguably ex-growth drug company and a tobacco stock. Not being disparaging, but this is no collection of tech giants.

The worst faller in the portfolio over the year was Greene King, down just over 20%. There are a variety of factors here and some are temporary. But I was interested to hear the company acknowledge the unanticipated impact on its dining business of the success of the online food delivery companies. It may be just a coincidence that Just Eat, founded in a Danish basement in 2001, entered the FTSE® 100 in 2017, with its shares up 34% – in a miserable year for Greene King, founded in 1799 – but there's some causation too.

Another dull holding in 2018 has been Mondelez – which is old Cadbury combined with Kraft's biscuit and confectionary assets. Its shares have drifted, as sales growth has been muted. But also in sympathy with the poor share price performance of many US food companies. Here the dismal share prices of, for instance, a Campbell Soup or General Mills are further instances of the sterility of the value/quality debate. Because no one is arguing these US food companies are doing poorly because interest rates are going up – even though interest rates have been going up. No, they're doing poorly because of investors' well-founded concerns about what Amazon might do to food brands in circumstances where younger consumers' tastes and shopping habits are changing quickly. It seems probable that staple or standard food brands will now commoditise more quickly than before, just as, for instance, sugar did in the second half of the twentieth century. Returning to Mondelez, though, we remain encouraged about its brands. CEO Dirk Van de Put was recently interviewed and noted that Oreos remain the number one biscuit brand purchased online in the US – just as they are in traditional stores. The same is true for Cadbury in the UK. His conclusion is that beloved consumer brands which taste good are making a perfectly successful transition to digital distribution. This is encouraging for the other consumer branded goods companies we own in your portfolio, like Diageo, AG Barr, Unilever and Heineken.

AVIVA INVESTORS UK EQUITY MOM 1 FUND (CONTINUED)

FUND MANAGER'S REPORT (CONTINUED)

In this report I have suggested that “value” is less relevant in current equity market conditions than it used to be. But, to be clear, we are in no doubt that in the long run “value” will prevail over “growth”. Because in the end everything hangs on what is the true value of a corporation’s future cash flows, discounted back to today’s intrinsic worth. It’s just that during the 21st century to date what looked expensive yesterday has turned out to be in fact far cheaper than most of us could imagine. And some of yesterday’s most compelling “value” opportunities have been revealed to be ruinous value traps. Because digital technology is creating investment value so quickly. And destroying it.

Over the reporting period there were 19 inadvertent breaches of the UCITS concentration regulations (COLL 5.2.11 R (3) and COLL 5.2.11 R (4)) (31 during the previous period). These have occurred as a consequence of our concentrated portfolio. The breaches are caused by the price gains of shares in which we are invested, particularly gains in excess of the market average. The Fund breached these restrictions this year for an extended period, owing to a corporate event in respect of one of the assets it held. This resulted in a marked increase in the share price of that asset until the event concluded. At the heart of our approach is the conviction that one way to investment success is to invest solely in what we analyse to be great businesses and then to hold shares in those great businesses for very long periods. We manage relatively concentrated portfolios with less than thirty holdings. This is in part because “great” businesses are rare, but also because we believe our clients pay us to back our best investment ideas. We recognise the importance of adhering to the UCITS concentration regulations however and continue to work with Aviva Investors to ensure the portfolio holdings comply with the UCITS regulations.

September 2018

* 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.

As noted above, the performance figures in this commentary have been sourced from an external party and are based on published prices. The performance figures quoted in the comparative table on page 27 are based on the net asset value per the published accounts and may be different due to post year end accounting adjustments.

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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
Nintendo	Fidessa Group
Walt Disney	Unilever
Mondelez International 'A'	London Stock Exchange Group
Daily Mail & General Trust 'A'	PayPal Holdings
Manchester United 'A'	Greene King
Fidessa Group	Diageo
Schroders	Burberry Group
Sage Group	Hargreaves Lansdown
Burberry Group	Schroders
Greene King	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.
- 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’.
- Further information on the risks applicable to the Fund is detailed in the Fund’s Key Investor Information Document, and a full description is set out in the Prospectus, both of which are available on the internet at www.avivainvestors.com or from the ACD on request.

COMPARATIVE TABLE

Class 2 Income	2018 p per share	2017 p per share	2016 p per share
Change in net assets per share			
Opening net asset value per share	346.50	301.25	280.77
Return before operating charges [†]	55.68	52.95	27.48
Operating charges	(3.74)	(3.28)	(2.82)
Return after operating charges [†]	51.94	49.67	24.66
Distributions	(4.39)	(4.42)	(4.18)
Closing net asset value per share	394.05	346.50	301.25
[†] after direct transaction costs of	(0.11)	(0.35)	(0.11)
Performance			
Return after charges	14.99%	16.49%	8.78%
Other information			
Closing net asset value (£000)	402,691	358,250	274,503
Closing number of shares	102,192,951	103,392,549	91,121,345
Operating charges (%) [‡]	1.02%	1.02%	1.02%
Direct transaction costs (%) [#]	0.03%	0.11%	0.04%
Prices[≈]			
Highest share price	406.19	352.51	307.64
Lowest share price	340.53	290.03	252.55

[‡] The operating charges are calculated on an ex-post basis and as such may differ from the Ongoing Charge Figure where:

(a) Changes to fee rates were made during the year and the Ongoing Charge Figure has been amended to be future proofed for this change.

(b) The Ongoing Charge has been annualised for a share class that has not yet been open for a full year.

[#] The direct transaction costs have been stated after deducting, in the case of single-priced funds, the proportion of the amounts collected from dilution adjustments or dilution levies that relates to direct transaction costs and, in the case of dual-priced funds, the amounts collected in relation to direct transaction costs added to, or subtracted from, the valuations by virtue of COLL 6.3.6 G (4).

[≈] The high and low prices disclosed are the high and low prices for the accounting period and not the calendar year and are based on published prices. The net asset value per share price is based on the net asset value in the published accounts and may be different due to post year end accounting adjustments.

Ongoing Charges Figure*

Share class	31.07.18	31.07.17
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 year. The OCF is made up of the Fund Management Fee and, where a fund invests a substantial portion of its assets in other funds, an amount for the pro-rated charges of those other funds (referred to as "synthetic charges" or the "synthetic" part of the ongoing charge). The figure for ongoing charges excludes performance fees and portfolio transaction costs, except in the case of an entry/exit charge paid by the Fund when buying or selling shares/units in another collective investment scheme.

Please remember that past performance is not a guide to future performance and it might not be repeated. The value of investments and the revenue from them may go down as well as up and investors may not get back the amount originally invested. Because of this, you are not certain to make a profit on your investments and you may lose money.

PORTFOLIO STATEMENT

As at 31 July 2018

Investment	Currency	Holding	Market Value £000	% of Net Assets
Equities 93.65% (99.89%)				
Consumer Discretionary 21.94% (18.47%)				
Hotels, Restaurants & Leisure 2.75% (4.32%)				
Fuller Smith & Turner 'A'	GBP	206,675	2,029	0.51
Greene King	GBP	470,395	2,426	0.60
Young & Co's Brewery [#]	GBP	21,763	279	0.07
Young & Co's Brewery 'A' [#]	GBP	360,785	6,332	1.57
			11,066	2.75
Media 14.42% (9.43%)				
Celtic [#]	GBP	166,410	213	0.05
Daily Mail & General Trust 'A'	GBP	2,499,647	18,622	4.63
Euromoney Institutional Investor	GBP	738,833	10,166	2.53
Manchester United 'A'	USD	376,872	5,908	1.47
Pearson	GBP	1,690,337	15,636	3.88
Walt Disney	USD	87,600	7,506	1.86
			58,051	14.42
Textiles, Apparel & Luxury Goods 4.77% (4.72%)				
Burberry Group	GBP	917,019	19,221	4.77
			19,221	4.77
Consumer Discretionary total			88,338	21.94
Consumer Staples 23.22% (27.93%)				
Beverages 13.74% (15.27%)				
AG Barr	GBP	1,237,392	8,377	2.08
Diageo	GBP	1,056,986	29,638	7.36
Heineken Holding	EUR	234,046	17,325	4.30
			55,340	13.74
Food Products 4.48% (3.89%)				
Mondelez International 'A'	USD	551,287	18,038	4.48
			18,038	4.48
Personal Products 5.00% (8.77%)				
Unilever	GBP	462,117	20,132	5.00
			20,132	5.00
Consumer Staples total			93,510	23.22
Financials 24.23% (25.72%)				
Capital Markets 24.23% (25.72%)				
Hargreaves Lansdown	GBP	1,703,068	35,339	8.77
London Stock Exchange Group	GBP	659,755	29,029	7.21
Rathbone Brothers	GBP	640,006	15,744	3.91
Schroders	GBP	536,793	16,759	4.16
Schroders, (Non-Voting) 'C'	GBP	30,000	714	0.18
			97,585	24.23
Financials total			97,585	24.23
Industrials 6.77% (7.96%)				
Professional Services 6.77% (7.96%)				
RELX	GBP	1,645,872	27,264	6.77
			27,264	6.77
Industrials total			27,264	6.77

PORTFOLIO STATEMENT (CONTINUED)

As at 31 July 2018

Investment	Currency	Holding	Market Value £000	% of Net Assets
Information Technology 13.27% (15.56%)				
Electronic Equipment, Instruments & Components 3.02% (2.67%)				
Halma	GBP	867,747	12,140	3.02
			12,140	3.02
IT Services 4.57% (4.95%)				
PayPal Holdings	USD	293,760	18,416	4.57
			18,416	4.57
Software 5.68% (7.94%)				
Nintendo	JPY	27,900	6,996	1.74
Sage Group	GBP	2,580,046	15,878	3.94
			22,874	5.68
Information Technology total			53,430	13.27
Investment Funds 4.22% (4.25%)				
Investment Companies 4.22% (4.25%)				
Finsbury Growth & Income Trust	GBP	2,064,000	17,007	4.22
			17,007	4.22
Investment Funds total			17,007	4.22
Equities total			377,134	93.65
Investment assets			377,134	93.65
Net other assets			25,557	6.35
Net assets			402,691	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 2017.

Security traded on another regulated market.

STATEMENT OF TOTAL RETURN

For the year ended 31 July 2018

	Notes	£000	Year ended 31.07.18 £000	£000	Year ended 31.07.17 £000
Income					
Net capital gains	2		48,882		48,961
Revenue	3	8,453		7,752	
Expenses	4	(3,837)		(3,278)	
Net revenue before taxation		4,616		4,474	
Taxation	5	(103)		(65)	
Net revenue after taxation			4,513		4,409
Total return before distributions			53,395		53,370
Distributions	6		(4,513)		(4,409)
Change in net assets attributable to shareholders from investment activities			48,882		48,961

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

For the year ended 31 July 2018

	£000	Year ended 31.07.18 £000	£000	Year ended 31.07.17 £000
Opening net assets attributable to shareholders		358,250		274,503
Movement due to issue and cancellation of shares:				
Amounts receivable on issue of shares	2,658		73,335	
Amounts payable on cancellation of shares	(7,099)		(39,079)	
		(4,441)		34,256
Dilution adjustment		–		530
Change in net assets attributable to shareholders from investment activities (see above)		48,882		48,961
Closing net assets attributable to shareholders		402,691		358,250

BALANCE SHEET

As at 31 July 2018

	Notes	As at 31.07.18 £000	As at 31.07.17 £000
Assets:			
Investments		377,134	357,840
Current assets:			
Debtors	8	23,002	361
Cash and bank balances	9	6,572	3,708
Total assets		406,708	361,909
Liabilities:			
Creditors:			
Distribution payable		(2,678)	(2,863)
Other creditors	10	(1,339)	(796)
Total liabilities		(4,017)	(3,659)
Net assets attributable to shareholders		402,691	358,250

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting basis and policies

Please see pages 6 to 8 for accounting basis and policies.

2 Net capital gains

	Year ended 31.07.18 £000	Year ended 31.07.17 £000
Net capital gains on investments during the year comprise:		
Currency (losses)/gains	(14)	27
Expenses relating to the purchase and sale of investments	(2)	(2)
Non-derivative securities gains	48,898	48,936
Net capital gains	48,882	48,961

3 Revenue

	Year ended 31.07.18 £000	Year ended 31.07.17 £000
Bank and deposit interest	5	11
Overseas dividends	864	528
UK dividends	7,584	7,213
Total revenue	8,453	7,752

4 Expenses

	Year ended 31.07.18 £000	Year ended 31.07.17 £000
Payable to the Authorised Corporate Director ("ACD"), associates of the ACD or agents of either of them:		
ACD's periodic charge/Fund Management Fee*	3,775	3,203
	3,775	3,203
Payable to the Depositary, associates of the Depositary or agents of either of them:		
Depositary's fee	36	41
Interest payable	–	2
Safe custody fee	7	8
	43	51
Other expenses:		
Audit fee**	9	11
Printing & postage expenses	3	6
Statement fees	7	7
	19	24
Total expenses	3,837	3,278

* From 4 June 2018 the Fund changed to a single fixed charge known as the Fund Management Fee (FMF). The FMF covers fees and expenses in relation to the operation and administration of the Company and the Fund.

** The audit fee was £8,562 (2017: £8,333) net of VAT.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5 Taxation**a Analysis of tax charge**

	Year ended 31.07.18 £000	Year ended 31.07.17 £000
Overseas tax suffered	103	65
Total current tax for the year (see note 5b)	103	65

b Factors affecting current tax charge

The tax assessed for the year is lower (2017: lower) than the standard rate of corporation tax in the UK for an Authorised Investment Fund (20%) (2017: 20%).

The differences are explained below:

	Year ended 31.07.18 £000	Year ended 31.07.17 £000
Net revenue before taxation	4,616	4,474
Corporation tax at 20%	923	895
Effects of:		
Movement in excess expenses	766	654
Overseas dividends not subject to corporation tax	(173)	(106)
Overseas tax suffered	103	65
UK dividends not subject to corporation tax	(1,516)	(1,443)
	(820)	(830)
Current tax charge (see note 5a)	103	65

Authorised Investment Funds are exempt from tax on capital gains. Therefore, any capital return is not included in the above reconciliation.

c Deferred tax

There was no provision for deferred tax at the year end (2017: £nil).

After claiming relief against accrued income taxable on receipt, the Fund has unrelieved excess expenses of £20,414,125 (2017: £16,582,106) creating a potential deferred tax asset of £4,082,825 (2017: £3,316,421). It is unlikely that the Fund will generate taxable profits in the future to utilise these amounts and therefore no deferred tax asset has been recognised in the current or prior year.

6 Distributions

	Year ended 31.07.18 £000	Year ended 31.07.17 £000
The distributions take account of revenue received on the issue of shares and revenue deducted on the cancellation of shares, and comprise:		
Interim distribution	1,813	1,780
Final distribution	2,678	2,863
	4,491	4,643
Add: Revenue deducted on cancellation of shares	40	144
Deduct: Revenue received on issue of shares	(18)	(378)
Total distributions	4,513	4,409

Details of the distributions per share are set out in the distribution tables on page 38.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7 Fair value hierarchy

	As at 31.07.18 Assets £000	As at 31.07.17 Assets £000
Basis of valuation		
Level 1: Quoted prices	377,134	357,840
Total value	377,134	357,840

Financial instruments have been measured at their fair value and have been classified below using a hierarchy that reflects the significance of the inputs used in measuring their fair value:

Level 1: Unadjusted quoted price in an active market for an identical instrument;

Level 2: Valuation techniques using observable inputs other than quoted prices within level 1;

Level 3: Valuation techniques using unobservable inputs.

8 Debtors

	As at 31.07.18 £000	As at 31.07.17 £000
Accrued revenue	356	352
Overseas tax recoverable	25	9
Sales awaiting settlement	22,621	–
Total debtors	23,002	361

9 Cash and bank balances

	As at 31.07.18 £000	As at 31.07.17 £000
Cash and bank balances	6,572	3,708
Total cash and bank balances	6,572	3,708

10 Other creditors

	As at 31.07.18 £000	As at 31.07.17 £000
Accrued expenses	361	340
Purchases awaiting settlement	978	456
Total creditors	1,339	796

11 Contingent liabilities and commitments

There were no contingent liabilities or commitments at the year end (2017: £nil).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12 Related party transactions

Aviva Investors UK Fund Services Limited, Aviva Investors Global Services Limited and the Aviva group are deemed to be related parties per section 33.10 of FRS 102 as they are entities with control, joint control or significant influence over the entity.

ACD periodic charges/Fund Management Fee paid to Aviva Investors UK Fund Services Limited ("the ACD") are shown in note 4 and details of shares issued and cancelled by the ACD are shown in the statement of change in net assets attributable to shareholders.

The balance due to the ACD at the year end in respect of ACD periodic charges/Fund Management Fee was £360,961 (2017: £301,517). Any balance due from the ACD in respect of issues is shown in note 8. Any balance due to the ACD in respect of cancellations is shown in note 10.

Distributions payable to the ACD and related parties of the ACD during the year amounted to £4,490,569 (2017: £4,642,880). The amount outstanding at the year end was £2,677,558 (2017: £2,862,630). Related parties of the ACD are deemed to be all companies under the control of Aviva Plc. This will include companies which hold shares in the Fund on behalf of other external investors.

Any investments managed and advised by Aviva Investors Global Services Limited or associated with the Aviva Group are identified on the portfolio statement.

Holdings at the year end and movements during the year are as follows:

	Holdings at 31.07.18 (shares)	Movement (shares)	Holdings at 31.07.17 (shares)
ACD and related parties	102,192,951	(1,199,598)	103,392,549

The ACD and related parties of the ACD are ineligible to vote at any general meeting.

13 Shareholder funds

The Fund currently has one share class: Class 2 (Institutional). The Fund Management Fee is as follows:

Class 2: 1.02%

The net asset value of the share class, the net asset value per share and the number of shares in the class are shown on page 27. The distributions per share class are given in the distribution tables on page 38.

14 Shares in issue reconciliation

	Number of shares in issue at 31.07.17	Number of shares issued	Number of shares cancelled	Number of shares converted	Number of shares in issue at 31.07.18
Share Class 2 Income	103,392,549	686,954	(1,886,552)	–	102,192,951

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

15 Derivatives and other financial instruments

The policies applied in the management of financial instruments are set out on pages 6 to 8.

Fair value of financial assets and financial liabilities

There is no significant difference between the carrying values of the financial assets and liabilities and their fair values (2017: £nil).

Currency risk

At the year end date, 18.40% (2017: 14.36%) of the net assets of the Fund were denominated in currencies other than sterling with the effect that the balance sheet and total return can be affected by currency movements. If currency rates were to change by 10%, the value of the Fund would change by 1.84% (2017: 1.44%).

Currency	Net foreign currency assets					
	Monetary exposure £000		Non monetary exposure £000		Total £000	
	31.07.18	31.07.17	31.07.18	31.07.17	31.07.18	31.07.17
Euro	25	9	17,325	17,885	17,350	17,894
Japanese Yen	–	–	6,996	–	6,996	–
US Dollar	(108)	–	49,868	33,554	49,760	33,554

Interest rate risk

The Fund does not invest in either fixed or floating rate securities and interest rate risk exposure is restricted to interest receivable on bank deposits or payable on bank overdraft positions which will be affected by fluctuations in interest rates.

At the year end date 1.63% (2017: 1.04%) net assets of the Fund were interest bearing and as such the interest rate risk is not considered significant.

The floating rate on bank balances is linked to the Depositary's base rate.

Market price risk

At the year end date, 93.65% (2017: 99.89%) of the net assets of the Fund were invested in ordinary shares or stock units admitted to an official stock exchange. If the market value were to change by 10%, the value of the Fund would change by 9.37% (2017: 9.99%).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16 Direct transaction costs

In the case of shares, broker commissions and transfer taxes, stamp duty is paid by the Fund on each transaction. In addition, there is a dealing spread between buying and selling prices of the underlying investments. Unlike shares, other types of investments (such as bonds, money market instruments, derivatives) have no separately identifiable transaction costs; these costs form part of the dealing spread.

	Principal before costs £000	Commissions £000	Taxes £000	Total after costs £000	Commissions as % of principal	Taxes as % of principal
31.07.18						
Purchases (excluding Inspecie & Corporate Action activity)						
Equities	(35,575)	(15)	(65)	(35,655)	0.04%	0.18%
	(35,575)	(15)	(65)	(35,655)		
Sales (excluding Inspecie & Corporate Action activity)						
Equities	65,277	(19)	–	65,258	0.03%	0.00%
	65,277	(19)	–	65,258		
Total		(34)	(65)			
Percentage of Fund average net assets		0.01%	0.02%			

	Principal before costs £000	Commissions £000	Taxes £000	Total after costs £000	Commissions as % of principal	Taxes as % of principal
31.07.17						
Purchases (excluding Inspecie & Corporate Action activity)						
Equities	(84,059)	(31)	(302)	(84,392)	0.04%	0.36%
	(84,059)	(31)	(302)	(84,392)		
Sales (excluding Inspecie & Corporate Action activity)						
Equities	49,859	(26)	–	49,833	0.05%	0.00%
	49,859	(26)	–	49,833		
Total		(57)	(302)			
Percentage of Fund average net assets		0.02%	0.09%			

Dealing spread

As at 31 July 2018, the average portfolio dealing spread was 0.14% (2017: 0.16%). This spread represents the difference between the values determined retrospectively by reference to the bid and offer prices of investments expressed as a percentage of the value determined by reference to the offer price.

17 Post balance sheet events

There are no post balance sheet events which require adjustment or disclosure at the year end (2017: £nil).

DISTRIBUTION TABLES

Final distribution payable in pence per share for the six months ended 31 July 2018

Income shares		Net revenue	Equalisation	Final distribution payable 30 September 2018	Final distribution paid 30 September 2017
Share Class 2	Group 1	2.6201	–	2.6201	2.7687
	Group 2	0.0717	2.5484	2.6201	2.7687

Group 1 shares are those shares purchased at or before 2pm on 31 January 2018.

Group 2 shares are those shares purchased after 2pm on 31 January 2018.

Interim distribution paid in pence per share for the six months ended 31 January 2018

Income shares		Net revenue	Equalisation	Interim distribution paid 31 March 2018	Interim distribution paid 31 March 2017
Share Class 2	Group 1	1.7666	–	1.7666	1.6500
	Group 2	1.7666	0.0000	1.7666	1.6500

Group 1 shares are those shares purchased at or before 2pm on 31 July 2017.

Group 2 shares are those shares purchased after 2pm on 31 July 2017.

Equalisation

Equalisation applies only to Group 2 shares, in other words shares purchased during the relevant period. It is the average amount of revenue included in the purchase price of all Group 2 shares and is refunded to the holders of these shares as return of capital. Being capital, it is not liable to income tax but must be deducted from the cost of shares for capital gains tax purposes.

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 twelve months ended 31 July 2018 the Fund* returned 8.5 per cent (net of fees), underperforming the FTSE® All-Share Index return of 9.2 per cent.

Review

The Fund made a positive return but slightly trailed its benchmark. Being underweight, the energy sector held back relative performance. There were also some stock-specific issues. The most notable detractor was a disappointing (and surprising) statement from Saga, the insurance and travel business. This announcement, like most of its kind in the current environment, prompted a severe fall in the share price despite professions of confidence in the sustainability of the dividend and the company's future prospects.

Another detractor was Inmarsat, which has had a difficult year. We stand by our view that the potential for mobile data to be transmitted by satellite is very substantial and Inmarsat has the infrastructure to deliver that service. But the costs of acquiring and activating new customers is high and comes ahead of revenue, so the market sees near-term attrition to profits and gives short shrift to the longer-term opportunity.

On the positive side, we continued to see good progress from Segro (commercial and industrial property). Whereas hitherto it had been its UK logistics and last-mile delivery assets that had done well, there are now signs that the growth of online retail in Europe is having a similar effect on this part of its business. Tesco also made a good contribution. We bought the stock at the time of the bid for Booker, acting against the negative consensus view and now we look for signs the combined group can grow in the food service market. If this proves to be the case this will require little incremental additional capital and produce attractive cashflows and hence dividends. Results have been positive so far.

Performance was also helped by bids for two of our holdings: Laird and NEX. Laird has trodden a long road away from adversity. We will realise a good profit on the shares. In contrast, the strategic value of NEX has always featured in any rationale for holding the stock.

New holdings included Anglo American. More diversified than Rio Tinto, it also trades on a markedly cheaper valuation and so our purchase was part-funded by reducing Rio. The disparity in valuation stems, in part, from the proportion of assets in South Africa and the associated political risk. We felt that the valuation captured this and there are signs that the politics of South Africa could eventually change for the better. Another purchase was Vivendi, the French conglomerate. It owns Universal Music Group, whose catalogue holds a third of the world's recorded music, and we think this more than compensates for the less palatable

parts of the business. We also bought Smiths Group. We like its businesses, we can see the long-term opportunity and the capital structure that should allow it to deliver both income and growth. Later, we added SAP. When we look at where companies' priorities lie and where they are investing, it is often in the simplification of IT, by replacing legacy systems with simpler, more efficient and capable cloud-based tools. SAP is very much at the heart of this and looks set to benefit from a trend that has many years to run.

We sold our holding in Saga. Although we had signalled our ambivalence about this stock by selling some of our holding last year, we retained a smaller position. This then bore the full brunt of a profit warning and share-price fall in the closing months of 2017. We sold because we needed to fund other, better ideas. A large part of Saga's business is home and motor insurance and it was the latter – and some not previously articulated change in its accounting treatments – that led to the disappointment.

We also sold Enagas, the Spanish utility. It has been range bound since we have owned it. With a forthcoming regulatory review, it is likely to remain that way, so we had no appetite for making it a meaningful holding.

In the first half of the period under review, economic growth continued to rebound and equity markets worldwide strengthened. And, despite the Brexit impasse and political uncertainty, the UK market joined in. All-time highs were reached at the start of January, before global markets took fright at higher interest rates and rising inflationary threats and began to slip. Meanwhile, the UK economy continued to defy the sceptics with unemployment at multi-year lows. The next couple of months saw weakness across equity markets worldwide. The UK market underperformed as international investors shunned it, viewing the Brexit process as prolonged and uncertain and current policymaking, on balance, as inimical to business.

Outlook

The UK market has regained some of its composure, but this has little to do with the domestic economy where cost pressures are evident. The over-dependence on the consumer remains and some would suggest that the uncertainty over Brexit is beginning to take its toll. To be clear, under the surface, the 'domestic' economy does not look too pretty and with employment full and more scrutiny of the working practices of the 'gig economy', we remain wary here. Nowadays politics certainly matter and the inestimable Mr Trump continues to try to make the certain less so. In the UK, business and markets crave – nay, yearn – for a scintilla of certainty regarding the likely path of Brexit.

September 2018

* 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.

As noted above, the performance figures in this commentary have been sourced from an external party and are based on published prices. The performance figures quoted in the comparative table on page 41 are based on the net asset value per the published accounts and may be different due to post year end accounting adjustments.

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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.

COMPARATIVE TABLE

Class 2 Income	2018 p per share	2017 p per share	2016 p per share
Change in net assets per share			
Opening net asset value per share	105.22	94.82	93.94
Return before operating charges [‡]	9.60	14.39	4.61
Operating charges	(1.11)	(1.05)	(0.94)
Return after operating charges [‡]	8.49	13.34	3.67
Distributions	(3.06)	(2.94)	(2.79)
Closing net asset value per share	110.65	105.22	94.82
[‡] after direct transaction costs of	(0.15)	(0.12)	(0.26)
Performance			
Return after charges	8.07%	14.07%	3.91%
Other information			
Closing net asset value (£000)	139,105	124,189	139,552
Closing number of shares	125,715,552	118,028,339	147,173,681
Operating charges (%) [‡]	1.03%	1.04%	1.04%
Direct transaction costs (%) [#]	0.14%	0.12%	0.29%
Prices[≈]			
Highest share price	114.26	108.05	97.37
Lowest share price	100.91	94.39	82.18

[‡] The operating charges are calculated on an ex-post basis and as such may differ from the Ongoing Charge Figure where:

(a) Changes to fee rates were made during the year and the Ongoing Charge Figure has been amended to be future proofed for this change.

(b) The Ongoing Charge has been annualised for a share class that has not yet been open for a full year.

[#] The direct transaction costs have been stated after deducting, in the case of single-priced funds, the proportion of the amounts collected from dilution adjustments or dilution levies that relates to direct transaction costs and, in the case of dual-priced funds, the amounts collected in relation to direct transaction costs added to, or subtracted from, the valuations by virtue of COLL 6.3.6 G (4).

[≈] The high and low prices disclosed are the high and low prices for the accounting period and not the calendar year and are based on published prices. The net asset value per share price is based on the net asset value in the published accounts and may be different due to post year end accounting adjustments.

Ongoing Charges Figure*

Share class	31.07.18	31.07.17
Class 2	1.04%	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 year. The OCF is made up of the Fund Management Fee and, where a fund invests a substantial portion of its assets in other funds, an amount for the pro-rated charges of those other funds (referred to as "synthetic charges" or the "synthetic" part of the ongoing charge). The figure for ongoing charges excludes performance fees and portfolio transaction costs, except in the case of an entry/exit charge paid by the Fund when buying or selling shares/units in another collective investment scheme.

Please remember that past performance is not a guide to future performance and it might not be repeated. The value of investments and the revenue from them may go down as well as up and investors may not get back the amount originally invested. Because of this, you are not certain to make a profit on your investments and you may lose money.

PORTFOLIO STATEMENT

As at 31 July 2018

Investment	Currency	Holding	Market Value £000	% of Net Assets
Equities 99.61% (98.64%)				
Consumer Discretionary 9.83% (9.51%)				
Hotels, Restaurants & Leisure 4.25% (4.02%)				
Greene King	GBP	46,044	238	0.17
SSP Group	GBP	358,549	2,440	1.76
TUI	GBP	101,482	1,659	1.19
William Hill	GBP	529,668	1,572	1.13
			5,909	4.25
Household Durables 0.65% (0.96%)				
Berkeley Group Holdings	GBP	24,260	906	0.65
			906	0.65
Media 4.22% (3.25%)				
Daily Mail & General Trust 'A'	GBP	17,208	128	0.09
Informa	GBP	627,327	4,975	3.57
Vivendi	EUR	39,028	774	0.56
			5,877	4.22
Specialty Retail 0.71% (1.28%)				
Card Factory	GBP	468,510	986	0.71
			986	0.71
Consumer Discretionary total			13,678	9.83
Consumer Staples 8.07% (5.97%)				
Food & Staples Retailing 2.99% (1.47%)				
Tesco	GBP	1,592,020	4,155	2.99
			4,155	2.99
Food Products 0.58% (0.00%)				
Origin Enterprises	EUR	148,570	814	0.58
			814	0.58
Tobacco 4.50% (4.50%)				
British American Tobacco	GBP	57,109	2,410	1.73
Imperial Brands	GBP	132,358	3,848	2.77
			6,258	4.50
Consumer Staples total			11,227	8.07
Energy 9.08% (7.18%)				
Oil, Gas & Consumable Fuels 9.08% (7.18%)				
BP	GBP	1,262,526	7,237	5.20
Royal Dutch Shell 'B'	GBP	200,650	5,394	3.88
			12,631	9.08
Energy total			12,631	9.08
Financials 29.11% (31.46%)				
Banks 10.33% (10.57%)				
Barclays	GBP	1,700,577	3,313	2.38
HSBC Holdings	GBP	566,852	4,140	2.98
Lloyds Banking Group	GBP	8,103,698	5,052	3.63
Nordea Bank	SEK	229,109	1,864	1.34
			14,369	10.33
Capital Markets 7.94% (8.26%)				
3i Group	GBP	636,501	6,058	4.35
IG Group Holdings	GBP	242,910	2,217	1.59
London Stock Exchange Group	GBP	63,080	2,775	2.00
			11,050	7.94

PORTFOLIO STATEMENT (CONTINUED)

As at 31 July 2018

Investment	Currency	Holding	Market Value £000	% of Net Assets
Diversified Financial Services 1.63% (0.00%)				
Standard Life Aberdeen	GBP	723,258	2,263	1.63
			2,263	1.63
Insurance 9.21% (12.63%)				
Direct Line Insurance Group	GBP	930,420	3,161	2.27
Legal & General Group	GBP	1,850,026	4,878	3.51
Phoenix Group Holdings	GBP	393,398	2,706	1.95
RSA Insurance Group	GBP	322,700	2,065	1.48
			12,810	9.21
Financials total			40,492	29.11
Health Care 8.82% (10.20%)				
Pharmaceuticals 8.82% (10.20%)				
AstraZeneca	GBP	48,742	2,825	2.03
Bayer	EUR	26,826	2,262	1.63
GlaxoSmithKline	GBP	366,668	5,762	4.14
Indivior	GBP	457,696	1,425	1.02
			12,274	8.82
Health Care total			12,274	8.82
Industrials 13.68% (14.30%)				
Aerospace & Defence 0.81% (1.61%)				
Cobham	GBP	901,381	1,121	0.81
			1,121	0.81
Air Freight & Logistics 1.26% (1.14%)				
Royal Mail	GBP	371,684	1,759	1.26
			1,759	1.26
Commercial Services & Supplies 1.79% (2.84%)				
Rentokil Initial	GBP	734,470	2,487	1.79
			2,487	1.79
Electrical Equipment 1.12% (1.72%)				
Melrose Industries	GBP	728,278	1,557	1.12
			1,557	1.12
Industrial Conglomerates 1.36% (0.00%)				
Smiths Group	GBP	117,983	1,898	1.36
			1,898	1.36
Professional Services 6.13% (6.01%)				
RELX	GBP	285,751	4,733	3.40
RELX	EUR	42,009	695	0.50
Wolters Kluwer	EUR	67,433	3,097	2.23
			8,525	6.13
Transportation Infrastructure 1.21% (0.98%)				
BBA Aviation	GBP	481,180	1,677	1.21
			1,677	1.21
Industrials total			19,024	13.68
Information Technology 2.41% (1.98%)				
Electronic Equipment, Instruments & Components 0.00% (1.39%)				
Internet Software & Services 0.80% (0.59%)				
Delivery Hero	EUR	25,724	1,109	0.80
			1,109	0.80

PORTFOLIO STATEMENT (CONTINUED)

As at 31 July 2018

Investment	Currency	Holding	Market Value £000	% of Net Assets
Software 1.61% (0.00%)				
Sage Group	GBP	111,367	685	0.49
SAP	EUR	17,600	1,563	1.12
			2,248	1.61
Information Technology total			3,357	2.41
Investment Funds 0.84% (0.84%)				
Investment Companies 0.84% (0.84%)				
NextEnergy Solar Fund	GBP	1,070,504	1,162	0.84
			1,162	0.84
Investment Funds total			1,162	0.84
Materials 4.77% (3.35%)				
Chemicals 0.36% (0.00%)				
Corbion	EUR	19,444	509	0.36
			509	0.36
Metals & Mining 4.41% (3.35%)				
Anglo American	GBP	106,597	1,824	1.31
Rio Tinto	GBP	103,125	4,308	3.10
			6,132	4.41
Materials total			6,641	4.77
Real Estate 6.75% (6.07%)				
Equity Real Estate Investment Trusts (REITs) 6.75% (6.07%)				
Assura	GBP	2,987,317	1,691	1.22
Secure Income REIT [#]	GBP	854,201	3,237	2.33
Segro	GBP	670,111	4,454	3.20
			9,382	6.75
Real Estate total			9,382	6.75
Telecommunication Services 5.52% (6.18%)				
Diversified Telecommunication Services 3.04% (3.49%)				
BT Group	GBP	881,076	2,065	1.49
Inmarsat	GBP	378,706	2,159	1.55
			4,224	3.04
Wireless Telecommunication Services 2.48% (2.69%)				
Vodafone Group	GBP	1,850,734	3,458	2.48
			3,458	2.48
Telecommunication Services total			7,682	5.52
Utilities 0.73% (1.60%)				
Independent Power and Renewable Electricity Producers 0.73% (0.64%)				
Drax Group	GBP	276,449	1,009	0.73
			1,009	0.73
Multi-Utilities 0.00% (0.96%)				
Utilities total			1,009	0.73
Equities total			138,559	99.61
Investment assets			138,559	99.61
Net other assets			546	0.39
Net assets			139,105	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 2017.

[#] Security traded on another regulated market.

STATEMENT OF TOTAL RETURN

For the year ended 31 July 2018

	Notes	£000	Year ended 31.07.18 £000	£000	Year ended 31.07.17 £000
Income					
Net capital gains	2		6,540		13,975
Revenue	3	5,020		5,555	
Expenses	4	(1,322)		(1,542)	
Net revenue before taxation		3,698		4,013	
Taxation	5	(72)		(56)	
Net revenue after taxation			3,626		3,957
Total return before distributions			10,166		17,932
Distributions	6		(3,626)		(3,957)
Change in net assets attributable to shareholders from investment activities			6,540		13,975

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

For the year ended 31 July 2018

	£000	Year ended 31.07.18 £000	£000	Year ended 31.07.17 £000
Opening net assets attributable to shareholders		124,189		139,552
Movement due to issue and cancellation of shares:				
Amounts receivable on issue of shares	9,927		5,376	
Amounts payable on cancellation of shares	(1,590)		(34,799)	
		8,337		(29,423)
Dilution adjustment		39		85
Change in net assets attributable to shareholders from investment activities (see above)		6,540		13,975
Closing net assets attributable to shareholders		139,105		124,189

BALANCE SHEET

As at 31 July 2018

	Notes	As at 31.07.18 £000	As at 31.07.17 £000
Assets:			
Investments		138,559	122,504
Current assets:			
Debtors	8	813	224
Cash and bank balances	9	2,455	3,760
Total assets		141,827	126,488
Liabilities:			
Creditors:			
Distribution payable		(2,453)	(2,164)
Other creditors	10	(269)	(135)
Total liabilities		(2,722)	(2,299)
Net assets attributable to shareholders		139,105	124,189

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting basis and policies

Please see pages 6 to 8 for accounting basis and policies.

2 Net capital gains

	Year ended 31.07.18 £000	Year ended 31.07.17 £000
Net capital gains on investments during the year comprise:		
Currency losses	(14)	(21)
Expenses relating to the purchase and sale of investments	(8)	(10)
Non-derivative securities gains	6,562	14,006
Net capital gains	6,540	13,975

3 Revenue

	Year ended 31.07.18 £000	Year ended 31.07.17 £000
Bank and deposit interest	16	137
Overseas dividends	531	652
Property income distributions	154	149
UK dividends	4,319	4,617
Total revenue	5,020	5,555

4 Expenses

	Year ended 31.07.18 £000	Year ended 31.07.17 £000
Payable to the Authorised Corporate Director ("ACD"), associates of the ACD or agents of either of them:		
ACD's periodic charge/Fund Management Fee*	1,294	1,384
	1,294	1,384
Payable to the Depositary, associates of the Depositary or agents of either of them:		
Depositary's fee	14	19
Interest payable	1	118
Safe custody fee	2	4
	17	141
Other expenses:		
Audit fee**	8	11
Printing & postage expenses	-	3
Statement fees	3	3
	11	17
Total expenses	1,322	1,542

* From 4 June 2018 the Fund changed to a single fixed charge known as the Fund Management Fee (FMF). The FMF covers fees and expenses in relation to the operation and administration of the Company and the Fund.

** The audit fee was £8,562 (2017: £8,333) net of VAT.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5 Taxation**a Analysis of tax charge**

	Year ended 31.07.18 £000	Year ended 31.07.17 £000
Overseas tax suffered	72	56
Total current tax for the year (see note 5b)	72	56

b Factors affecting current tax charge

The tax assessed for the year is lower (2017: lower) than the standard rate of corporation tax in the UK for an Authorised Investment Fund (20%) (2017: 20%).

The differences are explained below:

	Year ended 31.07.18 £000	Year ended 31.07.17 £000
Net revenue before taxation	3,698	4,013
Corporation tax at 20%	740	803
Effects of:		
Movement in excess expenses	230	251
Overseas dividends not subject to corporation tax	(106)	(131)
Overseas tax suffered	72	56
Tax relief for overseas tax suffered	(864)	(923)
	(668)	(747)
Current tax charge (see note 5a)	72	56

Authorised Investment Funds are exempt from tax on capital gains. Therefore, any capital return is not included in the above reconciliation.

c Deferred tax

There was no provision for deferred tax at the year end (2017: £nil).

After claiming relief against accrued income taxable on receipt, the Fund has unrelieved excess expenses of £9,945,468 (2017: £8,793,760) creating a potential deferred tax asset of £1,989,094 (2017: £1,758,752). It is unlikely that the Fund will generate taxable profits in the future to utilise these amounts and therefore no deferred tax asset has been recognised in the current or prior year.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6 Distributions

	Year ended 31.07.18 £000	Year ended 31.07.17 £000
The distributions take account of revenue received on the issue of shares and revenue deducted on the cancellation of shares, and comprise:		
Interim distribution	1,322	1,546
Final distribution	2,453	2,164
	3,775	3,710
Add: Revenue deducted on cancellation of shares	25	277
Deduct: Revenue received on issue of shares	(174)	(30)
Total distributions	3,626	3,957

Details of the distributions per share are set out in the distribution tables on page 52.

7 Fair value hierarchy

	As at 31.07.18 Assets £000	As at 31.07.17 Assets £000
Basis of valuation		
Level 1: Quoted prices	138,559	122,504
Total value	138,559	122,504

Financial instruments have been measured at their fair value and have been classified below using a hierarchy that reflects the significance of the inputs used in measuring their fair value:

Level 1: Unadjusted quoted price in an active market for an identical instrument;

Level 2: Valuation techniques using observable inputs other than quoted prices within level 1;

Level 3: Valuation techniques using unobservable inputs.

8 Debtors

	As at 31.07.18 £000	As at 31.07.17 £000
Accrued revenue	235	135
Overseas tax recoverable	63	89
Sales awaiting settlement	515	-
Total debtors	813	224

9 Cash and bank balances

	As at 31.07.18 £000	As at 31.07.17 £000
Cash and bank balances	2,455	3,760
Total cash and bank balances	2,455	3,760

10 Other creditors

	As at 31.07.18 £000	As at 31.07.17 £000
Accrued expenses	126	135
Purchases awaiting settlement	143	-
Total creditors	269	135

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11 Contingent liabilities and commitments

There were no contingent liabilities or commitments at the year end (2017: £nil).

12 Related party transactions

Aviva Investors UK Fund Services Limited, Aviva Investors Global Services Limited and the Aviva group are deemed to be related parties per section 33.10 of FRS 102 as they are entities with control, joint control or significant influence over the entity.

ACD periodic charges/Fund Management Fee paid to Aviva Investors UK Fund Services Limited ("the ACD") are shown in note 4 and details of shares issued and cancelled by the ACD are shown in the statement of change in net assets attributable to shareholders. The balance due to the ACD at the year end in respect of ACD periodic charges/Fund Management Fee was £125,778 (2017: £109,801). Any balance due from the ACD in respect of issues is shown in note 8. Any balance due to the ACD in respect of cancellations is shown in note 10.

Distributions payable to the ACD and related parties of the ACD during the year amounted to £3,774,814 (2017: £3,710,489). The amount outstanding at the year end was £2,453,213 (2017: £2,164,050). Related parties of the ACD are deemed to be all companies under the control of Aviva Plc. This will include companies which hold shares in the Fund on behalf of other external investors.

Any investments managed and advised by Aviva Investors Global Services Limited or associated with the Aviva Group are marked on the portfolio statement.

Holdings at the year end and movements during the year are as follows:

	Holdings at 31.07.18 (shares)	Movement (shares)	Holdings at 31.07.17 (shares)
ACD and related parties	125,715,552	7,687,213	118,028,339

The ACD and related parties of the ACD are ineligible to vote at any general meeting.

13 Shareholder funds

The Fund currently has one share class: Class 2 (Institutional). The Fund Management Fee is as follows:

Class 2: 1.04%

The net asset value of the share class, the net asset value per share and the number of shares in the class are shown on page 41. The distributions per share class are given in the distribution tables on page 52.

14 Shares in issue reconciliation

	Number of shares in issue at 31.07.17	Number of shares issued	Number of shares cancelled	Number of shares converted	Number of shares in issue at 31.07.18
Share Class 2 Income	118,028,339	9,149,873	(1,462,660)	–	125,715,552

15 Derivatives and other financial instruments

The policies applied in the management of financial instruments are set out on pages 6 to 8.

Fair value of financial assets and financial liabilities

There is no significant difference between the carrying values of the financial assets and liabilities and their fair values (2017: £nil).

Currency risk

At the year end date, 9.34% (2017: 9.42%) of the net assets of the Fund were denominated in currencies other than sterling and as such the currency risk is not considered significant.

Interest rate risk

The Fund does not invest in either fixed or floating rate securities and interest rate risk exposure is restricted to interest receivable on bank deposits or payable on bank overdraft positions which will be affected by fluctuations in interest rates.

At the year end date 1.76% (2017: 3.03%) of the net assets of the Fund were interest bearing and as such the interest rate risk is not considered significant.

The floating rate on bank balances is linked to the Depositary's base rate.

Market price risk

At the year end date, 99.61% (2017: 98.64%) of the net assets of the Fund were invested in ordinary shares or stock units admitted to an official stock exchange. If the market value were to change by 10%, the value of the Fund would change by 9.96% (2017: 9.86%).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16 Direct transaction costs

In the case of shares, broker commissions and transfer taxes, stamp duty is paid by the Fund on each transaction. In addition, there is a dealing spread between buying and selling prices of the underlying investments. Unlike shares, other types of investments (such as bonds, money market instruments, derivatives) have no separately identifiable transaction costs; these costs form part of the dealing spread.

	Principal before costs £000	Commissions £000	Taxes £000	Total after costs £000	Commissions as % of principal	Taxes as % of principal
31.07.18						
Purchases (excluding Inspecie & Corporate Action activity)						
Equities	(36,167)	(14)	(148)	(36,329)	0.04%	0.41%
Purchases (include Corporate Action activity only)						
Equities	(815)	-	-	(815)	0.00%	0.00%
	(36,982)	(14)	(148)	(37,144)		
Sales (excluding Inspecie & Corporate Action activity)						
Equities	27,668	(17)	-	27,651	0.06%	0.00%
	27,668	(17)	-	27,651		
Total		(31)	(148)			
Percentage of Fund average net assets		0.02%	0.11%			

	Principal before costs £000	Commissions £000	Taxes £000	Total after costs £000	Commissions as % of principal	Taxes as % of principal
31.07.17						
Purchases (excluding Inspecie & Corporate Action activity)						
Equities	(27,064)	(32)	(90)	(27,186)	0.12%	0.33%
Purchases (include Corporate Action activity only)						
Equities	(3,092)	-	-	(3,092)	0.00%	0.00%
	(30,156)	(32)	(90)	(30,278)		
Sales (excluding Inspecie & Corporate Action activity)						
Equities	57,624	(48)	-	57,576	0.08%	0.00%
	57,624	(48)	-	57,576		
Total		(80)	(90)			
Percentage of Fund average net assets		0.06%	0.06%			

Dealing spread

As at 31 July 2018, the average portfolio dealing spread was 0.07% (2017: 0.08%). This spread represents the difference between the values determined retrospectively by reference to the bid and offer prices of investments expressed as a percentage of the value determined by reference to the offer price.

17 Post balance sheet events

There are no post balance sheet events which require adjustment or disclosure at the year end (2017: £nil).

DISTRIBUTION TABLES

Final distribution payable in pence per share for the six months ended 31 July 2018

Income shares		Net revenue	Equalisation	Final distribution payable 30 September 2018	Final distribution paid 30 September 2017
Share Class 2	Group 1	1.9514	–	1.9514	1.8335
	Group 2	0.0000	1.9514	1.9514	1.8335

Group 1 shares are those shares purchased at or before 2pm on 31 January 2018.

Group 2 shares are those shares purchased after 2pm on 31 January 2018.

Interim distribution paid in pence per share for the six months ended 31 January 2018

Income shares		Net revenue	Equalisation	Interim distribution paid 31 March 2018	Interim distribution paid 31 March 2017
Share Class 2	Group 1	1.1097	–	1.1097	1.1043
	Group 2	0.0000	1.1097	1.1097	1.1043

Group 1 shares are those shares purchased at or before 2pm on 31 July 2017.

Group 2 shares are those shares purchased after 2pm on 31 July 2017.

Equalisation

Equalisation applies only to Group 2 shares, in other words shares purchased during the relevant period. It is the average amount of revenue included in the purchase price of all Group 2 shares and is refunded to the holders of these shares as return of capital. Being capital, it is not liable to income tax but must be deducted from the cost of shares for capital gains tax purposes.

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 twelve months ended 31 July 2018 the Fund* returned 5.08 per cent (net of fees), underperforming the FTSE® All-Share Index return of 9.15 per cent.

Review

Our exposure to materials, primarily through mining companies, was the largest drag on relative returns over the period. Platinum miner Impala Platinum detracted the most as a result of weaker commodity prices and the political instability in South Africa towards the end of last year, before Cyril Ramaphosa was successfully voted into office. Elsewhere, not holding BHP and Rio Tinto also hurt performance, with both companies enjoying particularly strong performances in the second quarter of the year.

Financials were also a drag on relative returns. The worst performing stock was estate agent and property services company Countrywide, which continued to languish after multiple profit warnings during the period. The first came in January this year after lower transactions as a result of Brexit uncertainty and changes to stamp duty, with the second coming in June. Its most recent warning signalled the need for a substantial capital raise, with something around £125m believed to be the targeted amount. This was hugely disappointing, especially given that management had previously suggested that no such equity raise would be needed. The market's response – the shares were down 59% on the month – was therefore not wholly surprising and seems to indicate some scepticism as to whether such a sum of new equity can be successfully raised.

At a stock level, our position in insulation specialist SIG was the largest detractor. The shares started on a downward trend at the start of the year after reports profitability at its UK insulation business had been deliberately overstated for much of the last two-and-a-half years. Guidance is that 2016 profits may have been overstated by up to £3.7 million, with the year before overstated by an additional £0.4 million. However, the group is now under new management which is working hard to resolve these issues, thus leading us to make additional, opportunistic purchases of the company's shares.

More positively, our holdings in consumer services proved profitable. Retailers Tesco and Next both performed well over the 12-month period. Food retailer Tesco has performed well since its £3.7 billion takeover approach of food wholesaler Booker got a provisional clearance from the UK's competition regulator at the end of last year. Its shares went up further after the Booker deal was approved by both sets of shareholders in March 2018, and

again after its first set of results since the deal, which showed a stronger-than-expected increase in profitability. Clothing retailer Next also performed well against a tough consumer backdrop in the UK, with online sales particularly strong and a further boost coming from better weather over the summer. The shares have retreated slightly more recently, however, on concerns of a cooling outlook for the remainder of the year.

The portfolio's zero weighting to tobacco and telecoms also proved profitable, in particular not holding British American Tobacco and Vodafone.

Outlook

We continue to consider three macro outcomes. The first is the 'muddle-through'. Everything turns out all right, with growth fine, inflation muted and interest rates returned to normal levels without causing asset markets any great problems. This continues to be investors' core scenario. And if it happens, perhaps it justifies the historically low level of bond yields and high US equity valuations. However, even this is not assured as bond yields are surely too low for this scenario. And a reversal of bond yields could prove difficult for other asset classes.

We believe investors should be considering the other two macro outcomes. The first is an inflationary boom generated by low interest rates and low unemployment. In this scenario we would expect central banks to be reluctant to raise short-term interest rates too quickly (in fear of causing a recession), but this could encourage markets to believe that the bankers are behind the curve and willing to see higher-than-expected inflation. While in this scenario short-term rates would be kept low, interest rates could rise at the long end (perhaps dragging equities lower) and precious metals might be expected to rise too.

Alternatively, the huge mountain of global debt that has been created (or to be more accurate, added to) since the global financial crisis could hold back any sustained economic recovery and make the global economy far more vulnerable to even small rises in interest rates, consequently bringing on a recession. This would probably drive bond yields back to their low and quite possibly re-ignite central bank enthusiasm for quantitative easing as well as increase fiscal expenditure from governments.

In our view, with investors under-estimating the probability of these tail risks, it is right to remain defensively positioned. Our clear preference is for cheap equities over expensive ones and that precious metals remain an asset class which should perform well if confidence in central bankers is lost. If bond yields are ultimately moving (significantly) higher we would expect that to be much better for value than growth.

September 2018

* 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.

As noted above, the performance figures in this commentary have been sourced from an external party and are based on published prices. The performance figures quoted in the comparative table on page 55 are based on the net asset value per the published accounts and may be different due to post year end accounting adjustments.

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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
Capita	HSBC Holdings
Lloyds Banking Group	Grafton Group
Travis Perkins	Royal Dutch Shell 'B'
SIG	Helical
McCarthy & Stone	Computacenter
Virgin Money Holdings UK	Welbilt
Forterra	Standard Chartered
GlaxoSmithKline	Barclays
Carpetright	Wm Morrison Supermarkets
Aggreko	NatWest Markets

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'.
- Further information on the risks applicable to the Fund is detailed in the Fund's Key Investor Information Document, and a full description is set out in the Prospectus, both of which are available on the internet at www.avivainvestors.com or from the ACD on request.

COMPARATIVE TABLE

Class 2 Income	2018 p per share	2017 p per share	2016 p per share
Change in net assets per share			
Opening net asset value per share	155.84	135.73	141.86
Return before operating charges [†]	9.55	25.12	(1.05)
Operating charges	(1.64)	(1.57)	(1.39)
Return after operating charges [†]	7.91	23.55	(2.44)
Distributions	(3.47)	(3.44)	(3.69)
Closing net asset value per share	160.28	155.84	135.73
[†] after direct transaction costs of	(0.31)	(0.18)	(0.29)
Performance			
Return after charges	5.08%	17.35%	(1.72)%
Other information			
Closing net asset value (£000)	81,833	73,926	82,774
Closing number of shares	51,056,003	47,436,358	60,986,162
Operating charges (%) [‡]	1.05%	1.04%	1.05%
Direct transaction costs (%) [#]	0.20%	0.12%	0.22%
Prices[≈]			
Highest share price	165.56	161.65	143.88
Lowest share price	145.10	132.88	118.45

[‡] The operating charges are calculated on an ex-post basis and as such may differ from the Ongoing Charge Figure where:

(a) Changes to fee rates were made during the year and the Ongoing Charge Figure has been amended to be future proofed for this change.

(b) The Ongoing Charge has been annualised for a share class that has not yet been open for a full year.

[#] The direct transaction costs have been stated after deducting, in the case of single-priced funds, the proportion of the amounts collected from dilution adjustments or dilution levies that relates to direct transaction costs and, in the case of dual-priced funds, the amounts collected in relation to direct transaction costs added to, or subtracted from, the valuations by virtue of COLL 6.3.6 G (4).

[≈] The high and low prices disclosed are the high and low prices for the accounting period and not the calendar year and are based on published prices. The net asset value per share price is based on the net asset value in the published accounts and may be different due to post year end accounting adjustments.

Ongoing Charges Figure*

Share class	31.07.18	31.07.17
Class 2	1.05%	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 year. The OCF is made up of the Fund Management Fee and, where a fund invests a substantial portion of its assets in other funds, an amount for the pro-rated charges of those other funds (referred to as "synthetic charges" or the "synthetic" part of the ongoing charge). The figure for ongoing charges excludes performance fees and portfolio transaction costs, except in the case of an entry/exit charge paid by the Fund when buying or selling shares/units in another collective investment scheme.

Please remember that past performance is not a guide to future performance and it might not be repeated. The value of investments and the revenue from them may go down as well as up and investors may not get back the amount originally invested. Because of this, you are not certain to make a profit on your investments and you may lose money.

PORTFOLIO STATEMENT

As at 31 July 2018

Investment	Currency	Holding	Market Value £000	% of Net Assets
Equities 97.02% (97.01%)				
Consumer Discretionary 11.72% (10.27%)				
Distributors 0.83% (0.00%)				
Headlam Group	GBP	147,880	676	0.83
			676	0.83
Hotels, Restaurants & Leisure 0.00% (0.50%)				
Household Durables 1.30% (0.32%)				
McCarthy & Stone	GBP	995,344	1,068	1.30
			1,068	1.30
Internet & Direct Marketing Retail 0.39% (0.81%)				
N Brown Group	GBP	218,406	319	0.39
			319	0.39
Media 0.41% (0.37%)				
Bloomsbury Publishing	GBP	153,144	337	0.41
			337	0.41
Multiline Retail 4.99% (3.86%)				
Marks & Spencer Group	GBP	835,151	2,569	3.14
Next	GBP	25,613	1,514	1.85
			4,083	4.99
Specialty Retail 3.80% (4.41%)				
Carpetright	GBP	2,965,449	801	0.98
Kingfisher	GBP	274,252	810	0.99
Signet Jewelers	USD	23,213	1,090	1.33
Topps Tiles	GBP	679,949	409	0.50
			3,110	3.80
Consumer Discretionary total			9,593	11.72
Consumer Staples 7.53% (6.75%)				
Food & Staples Retailing 7.09% (6.21%)				
Tesco	GBP	1,625,312	4,242	5.18
Wm Morrison Supermarkets	GBP	599,816	1,559	1.91
			5,801	7.09
Personal Products 0.44% (0.54%)				
Avon Products	USD	302,433	364	0.44
			364	0.44
Consumer Staples total			6,165	7.53
Energy 10.12% (10.62%)				
Oil, Gas & Consumable Fuels 10.12% (10.62%)				
BP	GBP	661,944	3,794	4.64
Royal Dutch Shell 'B'	GBP	166,840	4,486	5.48
			8,280	10.12
Energy total			8,280	10.12

PORTFOLIO STATEMENT (CONTINUED)

As at 31 July 2018

Investment	Currency	Holding	Market Value £000	% of Net Assets
Financials 20.46% (24.75%)				
Banks 19.85% (24.14%)				
Barclays	GBP	2,062,930	4,019	4.91
Citigroup	USD	52,451	2,885	3.53
HSBC Holdings	GBP	351,570	2,567	3.14
Lloyds Banking Group	GBP	3,016,468	1,880	2.30
NatWest Markets	GBP	1,417,923	3,654	4.46
Virgin Money Holdings UK	GBP	313,219	1,237	1.51
			16,242	19.85
Capital Markets 0.61% (0.00%)				
Hipgnosis Songs Fund	GBP	485,844	503	0.61
			503	0.61
Consumer Finance 0.00% (0.61%)				
Financials total			16,745	20.46
Health Care 7.61% (7.26%)				
Pharmaceuticals 7.61% (7.26%)				
GlaxoSmithKline	GBP	396,092	6,224	7.61
			6,224	7.61
Health Care total			6,224	7.61
Industrials 25.60% (19.94%)				
Aerospace & Defence 1.67% (1.40%)				
Chemring Group	GBP	207,807	471	0.57
QinetiQ Group	GBP	334,676	900	1.10
			1,371	1.67
Air Freight & Logistics 0.00% (0.13%)				
Airlines 1.47% (1.50%)				
easyJet	GBP	74,141	1,203	1.47
			1,203	1.47
Commercial Services & Supplies 3.14% (1.53%)				
Aggreko	GBP	240,462	1,796	2.20
Serco Group	GBP	767,696	771	0.94
			2,567	3.14
Machinery 0.00% (1.39%)				
Professional Services 7.14% (0.00%)				
Capita	GBP	3,736,598	5,844	7.14
			5,844	7.14
Road & Rail 0.83% (1.39%)				
Go-Ahead Group	GBP	44,388	679	0.83
			679	0.83
Trading Companies & Distributors 11.35% (12.60%)				
Grafton Group	GBP	435,668	3,359	4.11
NOW	USD	44,005	486	0.59
SIG	GBP	2,242,091	2,695	3.29
Travis Perkins	GBP	228,971	2,748	3.36
			9,288	11.35
Industrials total			20,952	25.60

PORTFOLIO STATEMENT (CONTINUED)

As at 31 July 2018

Investment	Currency	Holding	Market Value £000	% of Net Assets
Information Technology 0.00% (1.57%)				
IT Services 0.00% (1.57%)				
Materials 5.59% (5.46%)				
Construction Materials 3.18% (2.01%)				
CRH	EUR	53,385	1,409	1.72
CRH	GBP	7,507	198	0.24
Forterra	GBP	335,974	994	1.22
			2,601	3.18
Metals & Mining 2.41% (3.45%)				
Coeur Mining	USD	62,814	323	0.39
Hochschild Mining	GBP	167,433	291	0.36
Impala Platinum Holdings	ZAR	433,894	487	0.59
Pan American Silver	USD	32,822	407	0.50
SSR Mining	USD	59,255	463	0.57
			1,971	2.41
Materials total			4,572	5.59
Real Estate 2.60% (5.21%)				
Equity Real Estate Investment Trusts (REITs) 1.61% (2.47%)				
Land Securities Group	GBP	139,870	1,319	1.61
			1,319	1.61
Real Estate Management & Development 0.99% (2.74%)				
Countrywide	GBP	1,089,114	532	0.65
LSL Property Services	GBP	107,466	274	0.34
			806	0.99
Real Estate total			2,125	2.60
Telecommunication Services 1.84% (1.46%)				
Diversified Telecommunication Services 1.84% (1.46%)				
BT Group	GBP	640,461	1,501	1.84
			1,501	1.84
Telecommunication Services total			1,501	1.84
Utilities 3.95% (3.72%)				
Independent Power and Renewable Electricity Producers 1.60% (1.37%)				
Drax Group	GBP	358,942	1,309	1.60
			1,309	1.60
Multi-Utilities 2.35% (2.35%)				
Centrica	GBP	1,283,956	1,925	2.35
			1,925	2.35
Utilities total			3,234	3.95
Equities total			79,391	97.02
Investment assets			79,391	97.02
Net other assets			2,442	2.98
Net assets			81,833	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 2017.

STATEMENT OF TOTAL RETURN

For the year ended 31 July 2018

	Notes	£000	Year ended 31.07.18 £000	£000	Year ended 31.07.17 £000
Income					
Net capital gains	2		2,069		12,088
Revenue	3	2,419		2,851	
Expenses	4	(778)		(893)	
Net revenue before taxation		1,641		1,958	
Taxation	5	(3)		(7)	
Net revenue after taxation			1,638		1,951
Total return before distributions			3,707		14,039
Distributions	6		(1,638)		(1,951)
Change in net assets attributable to shareholders from investment activities			2,069		12,088

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

For the year ended 31 July 2018

	£000	Year ended 31.07.18 £000	£000	Year ended 31.07.17 £000
Opening net assets attributable to shareholders		73,926		82,774
Movement due to issue and cancellation of shares:				
Amounts receivable on issue of shares	6,399		–	
Amounts payable on cancellation of shares	(588)		(20,966)	
		5,811		(20,966)
Dilution adjustment		27		30
Change in net assets attributable to shareholders from investment activities (see above)		2,069		12,088
Closing net assets attributable to shareholders		81,833		73,926

BALANCE SHEET

As at 31 July 2018

	Notes	As at 31.07.18 £000	As at 31.07.17 £000
Assets:			
Investments		79,391	71,713
Current assets:			
Debtors	8	55	80
Cash and bank balances	9	4,035	3,220
Total assets		83,481	75,013
Liabilities:			
Creditors:			
Distribution payable		(1,044)	(999)
Other creditors	10	(604)	(88)
Total liabilities		(1,648)	(1,087)
Net assets attributable to shareholders		81,833	73,926

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting basis and policies

Please see pages 6 to 8 for accounting basis and policies.

2 Net capital gains

	Year ended 31.07.18 £000	Year ended 31.07.17 £000
Net capital gains on investments during the year comprise:		
Currency (losses)/gains	(14)	29
Expenses relating to the purchase and sale of investments	(6)	(5)
Non-derivative securities gains	2,089	12,064
Net capital gains	2,069	12,088

3 Revenue

	Year ended 31.07.18 £000	Year ended 31.07.17 £000
Bank and deposit interest	7	9
Overseas dividends	177	236
Property income distributions	60	66
UK dividends	2,175	2,540
Total revenue	2,419	2,851

4 Expenses

	Year ended 31.07.18 £000	Year ended 31.07.17 £000
Payable to the Authorised Corporate Director ("ACD"), associates of the ACD or agents of either of them:		
ACD's periodic charge/Fund Management Fee*	754	863
	754	863
Payable to the Depositary, associates of the Depositary or agents of either of them:		
Depositary's fee	9	13
Interest payable	3	2
Safe custody fee	1	2
	13	17
Other expenses:		
Audit fee**	9	11
Printing & postage expenses	–	2
Statement Fees	2	–
	11	13
Total expenses	778	893

* From 4 June 2018 the Fund changed to a single fixed charge known as the Fund Management Fee (FMF). The FMF covers fees and expenses in relation to the operation and administration of the Company and the Fund.

** The audit fee was £8,562 (2017: £8,333) net of VAT.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5 Taxation**a Analysis of tax charge**

	Year ended 31.07.18 £000	Year ended 31.07.17 £000
Adjustments in respect of prior periods	(4)	–
Overseas tax suffered	7	7
Total current tax for the year (see note 5b)	3	7

b Factors affecting current tax charge

The tax assessed for the year is lower (2017: lower) than the standard rate of corporation tax in the UK for an Authorised Investment Fund (20%) (2017: 20%).

The differences are explained below:

	Year ended 31.07.18 £000	Year ended 31.07.17 £000
Net revenue before taxation	1,641	1,958
Corporation tax at 20%	328	392
Effects of:		
Adjustments in respect of prior periods	(4)	–
Movement in excess expenses	142	164
Overseas dividends not subject to corporation tax	(35)	(48)
Overseas tax suffered	7	7
UK dividends not subject to corporation tax	(435)	(508)
	(325)	(385)
Current tax charge (see note 5a)	3	7

Authorised Investment Funds are exempt from tax on capital gains. Therefore, any capital return is not included in the above reconciliation.

c Deferred tax

There was no provision for deferred tax at the year end (2017: £nil).

After claiming relief against accrued income taxable on receipt, the Fund has unrelieved excess expenses of £9,500,030 (2017: £8,789,503) creating a potential deferred tax asset of £1,900,006 (2017: £1,757,901). It is unlikely that the Fund will generate taxable profits in the future to utilise these amounts and therefore no deferred tax asset has been recognised in the current or prior year.

6 Distributions

	Year ended 31.07.18 £000	Year ended 31.07.17 £000
The distributions take account of revenue received on the issue of shares and revenue deducted on the cancellation of shares, and comprise:		
Interim distribution	672	806
Final distribution	1,044	999
	1,716	1,805
Add: Revenue deducted on cancellation of shares	6	146
Deduct: Revenue received on issue of shares	(84)	–
Total distributions	1,638	1,951

Details of the distributions per share are set out in the distribution tables on page 67.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7 Fair value hierarchy

	As at 31.07.18 Assets £000	As at 31.07.17 Assets £000
Basis of valuation		
Level 1: Quoted prices	79,391	71,713
Total value	79,391	71,713

Financial instruments have been measured at their fair value and have been classified below using a hierarchy that reflects the significance of the inputs used in measuring their fair value:

Level 1: Unadjusted quoted price in an active market for an identical instrument;

Level 2: Valuation techniques using observable inputs other than quoted prices within level 1;

Level 3: Valuation techniques using unobservable inputs.

8 Debtors

	As at 31.07.18 £000	As at 31.07.17 £000
Accrued revenue	55	66
Income tax recoverable	–	3
Overseas tax recoverable	–	11
Total debtors	55	80

9 Cash and bank balances

	As at 31.07.18 £000	As at 31.07.17 £000
Cash and bank balances	4,035	3,220
Total cash and bank balances	4,035	3,220

10 Other creditors

	As at 31.07.18 £000	As at 31.07.17 £000
Accrued expenses	76	85
Purchases awaiting settlement	528	3
Total creditors	604	88

11 Contingent liabilities and commitments

There were no contingent liabilities or commitments at the year end (2017: £nil).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12 Related party transactions

Aviva Investors UK Fund Services Limited, Aviva Investors Global Services Limited and the Aviva group are deemed to be related parties per section 33.10 of FRS 102 as they are entities with control, joint control or significant influence over the entity.

ACD periodic charges/Fund Management Fee paid to Aviva Investors UK Fund Services Limited ("the ACD") are shown in note 4 and details of shares issued and cancelled by the ACD are shown in the statement of change in net assets attributable to shareholders. The balance due to the ACD at the year end in respect of ACD periodic charges/Fund Management Fee was £75,676 (2017: £65,353). Any balance due from the ACD in respect of issues is shown in note 8. Any balance due to the ACD in respect of cancellations is shown in note 10.

Distributions payable to the ACD and related parties of the ACD during the year amounted to £1,716,776 (2017: £1,804,951). The amount outstanding at the year end was £1,044,453 (2017: £998,915). Related parties of the ACD are deemed to be all companies under the control of Aviva Plc. This will include companies which hold shares in the Fund on behalf of other external investors.

Any investments managed and advised by Aviva Investors Global Services Limited or associated with the Aviva Group are marked on the portfolio statement.

Holdings at the year end and movements during the year are as follows:

	Holdings at 31.07.18 (shares)	Movement (shares)	Holdings at 31.07.17 (shares)
ACD and related parties	51,056,003	3,619,645	47,436,358

The ACD and related parties of the ACD are ineligible to vote at any general meeting.

13 Shareholder funds

The Fund currently has one share class: Class 2 (Institutional). The Fund Management Fee is as follows:

Class 2: 1.05%

The net asset value of the share class, the net asset value per share and the number of shares in the class are shown on page 55. The distributions per share class are given in the distribution tables on page 67.

14 Shares in issue reconciliation

	Number of shares in issue at 31.07.17	Number of shares issued	Number of shares cancelled	Number of shares converted	Number of shares in issue at 31.07.18
Share Class 2 Income	47,436,358	4,000,897	(381,252)	–	51,056,003

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

15 Derivatives and other financial instruments

The policies applied in the management of financial instruments are set out on pages 6 to 8.

Fair value of financial assets and financial liabilities

There is no significant difference between the carrying values of the financial assets and liabilities and their fair values (2017: £nil).

Currency risk

At the year end date, 9.68% (2017: 11.44%) of the net assets of the Fund were denominated in currencies other than sterling and as such the currency risk is not considered significant.

Interest rate risk

The Fund does not invest in either fixed or floating rate securities and interest rate risk exposure is restricted to interest receivable on bank deposits or payable on bank overdraft positions which will be affected by fluctuations in interest rates.

At the year end date 4.93% (2017: 4.36%) of the net assets of the Fund were interest bearing and as such the interest rate risk is not considered significant.

The floating rate on bank balances is linked to the Depositary's base rate.

Market price risk

At the year end date, 97.02% (2017: 97.01%) of the net assets of the Fund were invested in ordinary shares or stock units admitted to an official stock exchange. If the market value were to change by 10%, the value of the Fund would change by 9.70% (2017: 9.70%).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16 Direct transaction costs

In the case of shares, broker commissions and transfer taxes, stamp duty is paid by the Fund on each transaction. In addition, there is a dealing spread between buying and selling prices of the underlying investments. Unlike shares, other types of investments (such as bonds, money market instruments, derivatives) have no separately identifiable transaction costs; these costs form part of the dealing spread.

	Principal before costs £000	Commissions £000	Taxes £000	Total after costs £000	Commissions as % of principal	Taxes as % of principal
31.07.18						
Purchases (excluding Inspecie & Corporate Action activity)						
Equities	(27,300)	(13)	(124)	(27,437)	0.05%	0.45%
Purchases (include Corporate Action activity only)						
Equities	(2,048)	–	–	(2,048)	0.00%	0.00%
	(29,348)	(13)	(124)	(29,485)		
Sales (excluding Inspecie & Corporate Action activity)						
Equities	23,909	(13)	–	23,896	0.05%	0.00%
	23,909	(13)	–	23,896		
Total		(26)	(124)			
Percentage of Fund average net assets		0.03%	0.17%			

	Principal before costs £000	Commissions £000	Taxes £000	Total after costs £000	Commissions as % of principal	Taxes as % of principal
31.07.17						
Purchases (excluding Inspecie & Corporate Action activity)						
Equities	(16,614)	(17)	(67)	(16,698)	0.10%	0.40%
	(16,614)	(17)	(67)	(16,698)		
Sales (excluding Inspecie & Corporate Action activity)						
Equities	38,314	(21)	(1)	38,292	0.05%	0.00%
	38,314	(21)	(1)	38,292		
Total		(38)	(68)			
Percentage of Fund average net assets		0.04%	0.08%			

Dealing spread

As at 31 July 2018, the average portfolio dealing spread was 0.13% (2017: 0.11%). This spread represents the difference between the values determined retrospectively by reference to the bid and offer prices of investments expressed as a percentage of the value determined by reference to the offer price.

17 Post balance sheet events

There are no post balance sheet events which require adjustment or disclosure at the year end (2017: £nil).

DISTRIBUTION TABLES

Final distribution payable in pence per share for the six months ended 31 July 2018

Income shares		Net revenue	Equalisation	Final distribution payable 30 September 2018	Final distribution paid 30 September 2017
Share Class 2	Group 1	2.0457	–	2.0457	2.1058
	Group 2	0.0000	2.0457	2.0457	2.1058

Group 1 shares are those shares purchased at or before 2pm on 31 January 2018.

Group 2 shares are those shares purchased after 2pm on 31 January 2018.

Interim distribution paid in pence per share for the six months ended 31 January 2018

Income shares		Net revenue	Equalisation	Interim distribution paid 31 March 2018	Interim distribution paid 31 March 2017
Share Class 2	Group 1	1.4288	–	1.4288	1.3328
	Group 2	1.4288	0.0000	1.4288	1.3328

Group 1 shares are those shares purchased at or before 2pm on 31 July 2017.

Group 2 shares are those shares purchased after 2pm on 31 July 2017.

Equalisation

Equalisation applies only to Group 2 shares, in other words shares purchased during the relevant period. It is the average amount of revenue included in the purchase price of all Group 2 shares and is refunded to the holders of these shares as return of capital. Being capital, it is not liable to income tax but must be deducted from the cost of shares for capital gains tax purposes.

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 twelve months ended 31 July 2018 the Fund* returned 12.81 per cent (gross of fees), underperforming the S&P 500 Index return of 16.24 per cent.

Review

Despite an uptick in volatility in the first quarter of 2018, the U.S. equity market as measured by the S&P 500 Index recorded a strong gain of 16.24% for the one-year period ending 31 July 2018. Effectively, after a drawdown of 10% in the first quarter, the S&P 500 Index recovered quickly and has recorded strong gains through the end of July 2018. The information technology sector continued to record significant gains during the period, while telecommunication services and consumer staples were the only two sectors to post negative returns over the past twelve months.

The portfolio's active size positioning had a negative impact on relative performance as capital concentration increased within the S&P 500 Index during the period, reflecting the outperformance of mega-cap stocks over the smaller-cap stocks in the index on average.

From a sector perspective, the Fund was negatively impacted by an average overweight allocation to the utilities sector, which was among the weakest performing sectors during the period, as well as an overall negative selection effect, especially within the consumer discretionary sector, during the period.

Specifically, six of the strategy's ten largest detractors during the period were underweight positions in some strongly performing mega-cap technology stocks (Microsoft, Cisco Systems, Alphabet Class A and C, Apple and Intel). An average underweight to Amazon.com (consumer discretionary), which posted a return of 80% over the past twelve months, was the biggest detractor from the portfolio's relative performance during the period.

Outlook

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, The Investment Manager has no view on individual stocks, sectors, economic, or market conditions. The Investment Manager overweights and underweights stocks 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 portfolio positioning is a function of the optimization routine and is a byproduct of the search for stocks with high relative volatility and low correlation. Consequently, the actual positioning of the portfolio 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.

September 2018

* 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.

As noted above, the performance figures in this commentary have been sourced from an external party and are based on published prices. The performance figures quoted in the comparative table on page 70 are based on the net asset value per the published accounts and may be different due to post year end accounting adjustments.

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
Boeing	NVIDIA
PayPal Holdings	Micron Technology
Marriott International 'A'	Altria Group
AbbVie	CBS, (Non-Voting) 'B'
Progressive	Ross Stores
Caterpillar	Quest Diagnostics
United Rentals	Intel
VF	AT&T
Red Hat	Activision Blizzard
Philip Morris International	Tyson Foods 'A'

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.
- Further information on the risks applicable to the Fund is detailed in the Fund's Key Investor Information Document, and a full description is set out in the Prospectus, both of which are available on the internet at www.avivainvestors.com or from the ACD on request.

COMPARATIVE TABLE

Class 2 Income	2018 p per share	2017 p per share	2016 p per share
Change in net assets per share			
Opening net asset value per share	318.68	276.36	227.64
Return before operating charges [†]	44.27	47.12	52.52
Operating charges	(3.45)	(3.13)	(2.46)
Return after operating charges [†]	40.82	43.99	50.06
Distributions	(1.36)	(1.67)	(1.34)
Closing net asset value per share	358.14	318.68	276.36
[†] after direct transaction costs of	(0.17)	(0.21)	(0.12)
Performance			
Return after charges	12.81%	15.92%	21.99%
Other information			
Closing net asset value (£000)	225,566	200,817	246,769
Closing number of shares	62,982,827	63,015,327	89,291,279
Operating charges (%) [‡]	1.03%	1.04%	1.04%
Direct transaction costs (%) [#]	0.05%	0.07%	0.05%
Prices[≈]			
Highest share price	367.41	329.13	280.62
Lowest share price	311.63	267.16	205.76

[‡] The operating charges are calculated on an ex-post basis and as such may differ from the Ongoing Charge Figure where:

(a) Changes to fee rates were made during the year and the Ongoing Charge Figure has been amended to be future proofed for this change.

(b) The Ongoing Charge has been annualised for a share class that has not yet been open for a full year.

[#] The direct transaction costs have been stated after deducting, in the case of single-priced funds, the proportion of the amounts collected from dilution adjustments or dilution levies that relates to direct transaction costs and, in the case of dual-priced funds, the amounts collected in relation to direct transaction costs added to, or subtracted from, the valuations by virtue of COLL 6.3.6 G (4).

[≈] The high and low prices disclosed are the high and low prices for the accounting period and not the calendar year and are based on published prices. The net asset value per share price is based on the net asset value in the published accounts and may be different due to post year end accounting adjustments.

Ongoing Charges Figure*

Share class	31.07.18	31.07.17
Class 2	1.04%	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 year. The OCF is made up of the Fund Management Fee and, where a fund invests a substantial portion of its assets in other funds, an amount for the pro-rated charges of those other funds (referred to as "synthetic charges" or the "synthetic" part of the ongoing charge). The figure for ongoing charges excludes performance fees and portfolio transaction costs, except in the case of an entry/exit charge paid by the Fund when buying or selling shares/units in another collective investment scheme.

Please remember that past performance is not a guide to future performance and it might not be repeated. The value of investments and the revenue from them may go down as well as up and investors may not get back the amount originally invested. Because of this, you are not certain to make a profit on your investments and you may lose money.

PORTFOLIO STATEMENT

As at 31 July 2018

Investment	Currency	Holding	Market Value £000	% of Net Assets
Equities 99.05% (99.10%)				
Consumer Discretionary 12.69% (7.48%)				
Auto Components 0.48% (0.00%)				
Aptiv	USD	6,700	472	0.21
BorgWarner	USD	17,600	610	0.27
			1,082	0.48
Automobiles 0.16% (0.00%)				
General Motors	USD	12,700	364	0.16
			364	0.16
Distributors 0.22% (0.00%)				
LKQ	USD	19,400	495	0.22
			495	0.22
Hotels, Restaurants & Leisure 2.68% (1.01%)				
Carnival	USD	16,300	728	0.32
Darden Restaurants	USD	3,100	251	0.11
Hilton Worldwide Holdings	USD	11,500	676	0.30
Marriott International 'A'	USD	16,200	1,552	0.69
McDonald's	USD	11,200	1,352	0.60
Royal Caribbean Cruises	USD	3,800	321	0.14
Wynn Resorts	USD	8,300	1,022	0.45
Yum! Brands	USD	2,400	144	0.07
			6,046	2.68
Household Durables 0.94% (0.00%)				
DR Horton	USD	32,200	1,070	0.47
Garmin	USD	2,000	94	0.04
Lennar 'A'	USD	8,600	340	0.15
PulteGroup	USD	29,200	625	0.28
			2,129	0.94
Internet & Direct Marketing Retail 2.40% (1.65%)				
Amazon.com	USD	3,200	4,332	1.92
Netflix	USD	4,200	1,071	0.48
			5,403	2.40
Media 0.71% (3.05%)				
Charter Communications 'A'	USD	1,600	358	0.16
Comcast 'A'	USD	26,180	706	0.31
News 'A'	USD	24,600	280	0.12
Twenty-First Century Fox 'A'	USD	2,300	79	0.04
Twenty-First Century Fox 'B'	USD	5,400	183	0.08
			1,606	0.71
Multiline Retail 1.42% (0.00%)				
Dollar General	USD	10,300	769	0.34
Dollar Tree	USD	15,500	1,062	0.47
Kohl's	USD	16,200	909	0.40
Macy's	USD	2,900	89	0.04
Target	USD	6,100	377	0.17
			3,206	1.42

PORTFOLIO STATEMENT (CONTINUED)

As at 31 July 2018

Investment	Currency	Holding	Market Value £000	% of Net Assets
Specialty Retail 1.99% (1.77%)				
AutoZone	USD	900	479	0.21
Best Buy	USD	9,500	538	0.24
Gap	USD	22,400	509	0.23
Home Depot	USD	9,500	1,426	0.63
Lowe's	USD	2,000	151	0.07
O'Reilly Automotive	USD	1,300	301	0.13
Ross Stores	USD	3,000	198	0.09
Tiffany	USD	6,400	663	0.29
Tractor Supply	USD	3,700	218	0.10
			4,483	1.99
Textiles, Apparel & Luxury Goods 1.69% (0.00%)				
Michael Kors Holdings	USD	16,900	851	0.38
NIKE 'B'	USD	1,200	69	0.03
PVH	USD	8,800	1,026	0.45
Ralph Lauren	USD	4,700	486	0.22
Tapestry	USD	4,700	170	0.07
VF	USD	17,400	1,213	0.54
			3,815	1.69
Consumer Discretionary total			28,629	12.69
Consumer Staples 4.46% (6.73%)				
Beverages 2.04% (1.81%)				
Brown-Forman 'B'	USD	22,700	911	0.41
Constellation Brands 'A'	USD	14,600	2,329	1.03
Monster Beverage	USD	9,600	436	0.19
PepsiCo	USD	10,554	917	0.41
			4,593	2.04
Food & Staples Retailing 0.41% (0.27%)				
Costco Wholesale	USD	500	83	0.04
Kroger	USD	3,500	79	0.03
Sysco	USD	1,400	71	0.03
Walmart	USD	10,300	697	0.31
			930	0.41
Food Products 0.35% (1.69%)				
Tyson Foods 'A'	USD	17,400	777	0.35
			777	0.35
Household Products 0.38% (1.10%)				
Procter & Gamble	USD	14,070	859	0.38
			859	0.38
Personal Products 0.48% (0.00%)				
Estee Lauder 'A'	USD	10,700	1,092	0.48
			1,092	0.48
Tobacco 0.80% (1.86%)				
Altria Group	USD	30,419	1,353	0.60
Philip Morris International	USD	6,900	455	0.20
			1,808	0.80
Consumer Staples total			10,059	4.46

PORTFOLIO STATEMENT (CONTINUED)

As at 31 July 2018

Investment	Currency	Holding	Market Value £000	% of Net Assets
Energy 4.35% (6.29%)				
Energy Equipment & Services 0.24% (1.61%)				
Halliburton	USD	1,900	61	0.03
Helmerich & Payne	USD	9,800	470	0.21
			531	0.24
Oil, Gas & Consumable Fuels 4.11% (4.68%)				
Anadarko Petroleum	USD	5,800	325	0.14
Andeavor	USD	5,500	633	0.28
Cabot Oil & Gas	USD	4,500	78	0.03
Chevron	USD	14,800	1,440	0.64
Concho Resources	USD	2,300	261	0.12
ConocoPhillips	USD	11,300	621	0.27
EOG Resources	USD	1,500	148	0.07
Exxon Mobil	USD	17,657	1,098	0.49
HollyFrontier	USD	3,500	200	0.09
Marathon Oil	USD	24,000	386	0.17
Marathon Petroleum	USD	15,100	936	0.41
Occidental Petroleum	USD	3,900	247	0.11
ONEOK	USD	2,900	156	0.07
Phillips 66	USD	9,100	846	0.37
Valero Energy	USD	16,400	1,463	0.65
Williams	USD	19,700	443	0.20
			9,281	4.11
Energy total			9,812	4.35
Financials 19.82% (20.18%)				
Banks 7.41% (8.06%)				
Bank of America	USD	91,337	2,177	0.97
BB&T	USD	8,500	333	0.15
Citigroup	USD	16,300	896	0.40
Citizens Financial Group	USD	35,100	1,070	0.47
Comerica	USD	19,100	1,404	0.62
Fifth Third Bancorp	USD	61,800	1,399	0.62
Huntington Bancshares	USD	18,400	217	0.10
JPMorgan Chase	USD	26,467	2,351	1.04
KeyCorp	USD	38,300	616	0.27
M&T Bank	USD	4,700	628	0.28
PNC Financial Services Group	USD	15,000	1,659	0.74
Regions Financial	USD	99,600	1,426	0.63
SunTrust Banks	USD	13,300	737	0.33
SVB Financial Group	USD	2,000	459	0.20
US Bancorp	USD	9,713	392	0.17
Wells Fargo	USD	3,473	154	0.07
Zions Bancorporation	USD	20,000	797	0.35
			16,715	7.41
Capital Markets 6.57% (4.26%)				
Affiliated Managers Group	USD	1,600	194	0.09
Ameriprise Financial	USD	5,100	570	0.25
Bank of New York Mellon	USD	3,500	142	0.06
BlackRock	USD	2,200	838	0.37
Cboe Global Markets	USD	10,600	780	0.35
Charles Schwab	USD	11,700	457	0.20
CME Group	USD	18,300	2,245	1.00
E*TRADE Financial	USD	28,200	1,287	0.57
Goldman Sachs Group	USD	2,900	527	0.23
Intercontinental Exchange	USD	13,050	738	0.33
Moody's	USD	6,800	884	0.39
Morgan Stanley	USD	39,900	1,545	0.69
MSCI	USD	4,600	586	0.26
Nasdaq	USD	1,000	70	0.03

PORTFOLIO STATEMENT (CONTINUED)

As at 31 July 2018

Investment	Currency	Holding	Market Value £000	% of Net Assets
Capital Markets 6.57% (4.26%) (continued)				
Northern Trust	USD	1,200	101	0.04
Raymond James Financial	USD	4,900	339	0.15
S&P Global	USD	10,800	1,651	0.73
State Street	USD	11,400	757	0.34
T Rowe Price Group	USD	12,300	1,099	0.49
			14,810	6.57
Consumer Finance 0.39% (0.19%)				
American Express	USD	3,300	253	0.11
Discover Financial Services	USD	7,200	394	0.17
Synchrony Financial	USD	10,900	245	0.11
			892	0.39
Diversified Financial Services 0.69% (1.02%)				
Berkshire Hathaway 'B'	USD	10,264	1,555	0.69
			1,555	0.69
Insurance 4.76% (6.65%)				
Aflac	USD	14,900	526	0.23
Allstate	USD	27,400	1,972	0.88
Aon	USD	4,000	437	0.19
Arthur J Gallagher	USD	13,400	726	0.32
Chubb	USD	1,023	109	0.05
Hartford Financial Services Group	USD	19,300	773	0.34
Lincoln National	USD	4,900	254	0.11
Marsh & McLennan	USD	15,100	966	0.43
Principal Financial Group	USD	17,300	767	0.34
Progressive	USD	50,900	2,301	1.02
Prudential Financial	USD	8,100	617	0.28
Torchmark	USD	5,100	342	0.15
Travelers	USD	2,680	267	0.12
Unum Group	USD	22,500	673	0.30
			10,730	4.76
Financials total			44,702	19.82
Health Care 10.70% (7.77%)				
Biotechnology 0.90% (0.34%)				
AbbVie	USD	18,400	1,280	0.57
Amgen	USD	300	44	0.02
Biogen	USD	1,100	277	0.12
Gilead Sciences	USD	1,000	58	0.03
Vertex Pharmaceuticals	USD	2,800	372	0.16
			2,031	0.90
Health Care Equipment & Supplies 3.89% (3.28%)				
Abbott Laboratories	USD	17,700	878	0.39
ABIOMED	USD	800	217	0.10
Align Technology	USD	5,200	1,379	0.61
Baxter International	USD	24,800	1,346	0.60
Becton Dickinson	USD	8,165	1,536	0.68
IDEXX Laboratories	USD	1,500	271	0.12
Intuitive Surgical	USD	6,100	2,335	1.03
ResMed	USD	800	64	0.03
Stryker	USD	4,700	590	0.26
Varian Medical Systems	USD	1,900	163	0.07
			8,779	3.89

PORTFOLIO STATEMENT (CONTINUED)

As at 31 July 2018

Investment	Currency	Holding	Market Value £000	% of Net Assets
Health Care Providers & Services 3.17% (1.79%)				
Aetna	USD	4,297	621	0.28
Anthem	USD	4,700	902	0.40
Centene	USD	14,500	1,428	0.63
Cigna	USD	6,300	848	0.38
Express Scripts Holding	USD	1,200	73	0.03
HCA Healthcare	USD	1,000	94	0.04
Humana	USD	2,800	667	0.30
Laboratory Corp. of America Holdings	USD	1,100	144	0.06
UnitedHealth Group	USD	12,300	2,376	1.05
			7,153	3.17
Life Sciences Tools & Services 1.06% (0.85%)				
Agilent Technologies	USD	6,500	320	0.14
Illumina	USD	2,200	484	0.22
IQVIA Holdings	USD	1,900	175	0.08
Mettler-Toledo International	USD	1,700	753	0.33
PerkinElmer	USD	5,500	325	0.15
Thermo Fisher Scientific	USD	900	158	0.07
Waters	USD	1,100	161	0.07
			2,376	1.06
Pharmaceuticals 1.68% (1.51%)				
Bristol-Myers Squibb	USD	2,100	94	0.04
Johnson & Johnson	USD	22,601	2,273	1.01
Nektar Therapeutics	USD	18,000	699	0.31
Zoetis	USD	11,300	727	0.32
			3,793	1.68
Health Care total			24,132	10.70
Industrials 15.56% (12.23%)				
Aerospace & Defense 6.97% (4.95%)				
Boeing	USD	13,600	3,632	1.61
General Dynamics	USD	8,900	1,329	0.59
Harris	USD	13,500	1,544	0.68
Huntington Ingalls Industries	USD	500	87	0.04
L3 Technologies	USD	4,500	723	0.32
Lockheed Martin	USD	8,100	1,973	0.88
Northrop Grumman	USD	12,400	2,782	1.23
Raytheon	USD	17,800	2,620	1.16
Rockwell Collins	USD	6,800	711	0.32
Textron	USD	3,700	188	0.08
TransDigm Group	USD	500	139	0.06
			15,728	6.97
Air Freight & Logistics 0.56% (0.25%)				
CH Robinson Worldwide	USD	12,300	847	0.38
Expeditors International of Washington	USD	1,400	80	0.03
FedEx	USD	1,800	329	0.15
			1,256	0.56
Airlines 0.00% (0.65%)				
Building Products 0.06% (0.01%)				
Masco	USD	4,600	138	0.06
			138	0.06
Commercial Services & Supplies 1.07% (1.47%)				
Cintas	USD	400	62	0.03
Copart	USD	2,500	107	0.05
Republic Services	USD	15,200	827	0.36
Waste Management	USD	21,100	1,427	0.63
			2,423	1.07

PORTFOLIO STATEMENT (CONTINUED)

As at 31 July 2018

Investment	Currency	Holding	Market Value £000	% of Net Assets
Construction & Engineering 0.11% (0.20%)				
Fluor	USD	6,400	247	0.11
			247	0.11
Electrical Equipment 0.39% (0.04%)				
AMETEK	USD	11,800	683	0.30
Emerson Electric	USD	1,100	59	0.03
Rockwell Automation	USD	1,000	139	0.06
			881	0.39
Industrial Conglomerates 1.04% (1.01%)				
3M	USD	5,100	796	0.35
Honeywell International	USD	6,700	799	0.36
Roper Technologies	USD	3,300	739	0.33
			2,334	1.04
Machinery 2.77% (1.55%)				
Caterpillar	USD	13,300	1,414	0.63
Cummins	USD	4,400	459	0.20
Deere	USD	9,300	978	0.43
Dover	USD	3,600	222	0.10
Fortive	USD	6,200	376	0.17
Illinois Tool Works	USD	9,000	957	0.43
Parker-Hannifin	USD	3,500	435	0.19
Stanley Black & Decker	USD	2,500	276	0.12
Xylem	USD	21,000	1,120	0.50
			6,237	2.77
Professional Services 0.19% (0.22%)				
IHS Markit	USD	6,700	270	0.12
Robert Half International	USD	2,900	166	0.07
			436	0.19
Road & Rail 1.57% (1.58%)				
CSX	USD	28,500	1,524	0.68
JB Hunt Transport Services	USD	8,400	753	0.33
Kansas City Southern	USD	5,500	485	0.21
Norfolk Southern	USD	4,700	602	0.27
Union Pacific	USD	1,600	181	0.08
			3,545	1.57
Trading Companies & Distributors 0.83% (0.30%)				
Fastenal	USD	7,800	333	0.15
United Rentals	USD	10,300	1,140	0.50
WW Grainger	USD	1,600	409	0.18
			1,882	0.83
Industrials total			35,107	15.56
Information Technology 21.43% (24.01%)				
Communications Equipment 0.24% (0.69%)				
Cisco Systems	USD	14,600	468	0.21
F5 Networks	USD	600	78	0.03
			546	0.24
Electronic Equipment, Instruments & Components 1.27% (0.95%)				
Amphenol 'A'	USD	20,700	1,453	0.64
Corning	USD	1,700	43	0.02
FLIR Systems	USD	8,400	370	0.16
IPG Photonics	USD	4,000	684	0.30
TE Connectivity	USD	4,600	326	0.15
			2,876	1.27

PORTFOLIO STATEMENT (CONTINUED)

As at 31 July 2018

Investment	Currency	Holding	Market Value £000	% of Net Assets
Internet Software & Services 2.35% (2.40%)				
Akamai Technologies	USD	9,000	516	0.23
Alphabet 'A'	USD	1,000	936	0.42
Alphabet 'C'	USD	1,001	929	0.41
eBay	USD	12,000	307	0.14
Facebook 'A'	USD	13,600	1,770	0.78
Twitter	USD	7,300	174	0.08
VeriSign	USD	6,000	664	0.29
			5,296	2.35
IT Services 4.82% (3.27%)				
Accenture 'A'	USD	3,400	412	0.18
Automatic Data Processing	USD	3,900	399	0.18
Broadridge Financial Solutions	USD	1,300	112	0.05
Cognizant Technology Solutions 'A'	USD	6,600	406	0.18
DXC Technology	USD	17,998	1,157	0.51
Fidelity National Information Services	USD	3,100	248	0.11
Fiserv	USD	19,300	1,093	0.49
FleetCor Technologies	USD	1,400	231	0.10
Gartner	USD	700	72	0.03
Global Payments	USD	900	77	0.03
Mastercard 'A'	USD	13,700	2,062	0.91
PayPal Holdings	USD	31,100	1,950	0.87
Total System Services	USD	13,600	941	0.42
Visa 'A'	USD	16,500	1,714	0.76
			10,874	4.82
Semiconductors & Semiconductor Equipment 4.58% (8.36%)				
Applied Materials	USD	42,200	1,538	0.68
Broadcom	USD	6,149	1,054	0.47
Intel	USD	9,700	352	0.15
KLA-Tencor	USD	2,100	170	0.07
Lam Research	USD	10,200	1,458	0.65
Microchip Technology	USD	10,400	737	0.33
Micron Technology	USD	36,300	1,464	0.65
NVIDIA	USD	11,400	2,118	0.94
Texas Instruments	USD	16,700	1,409	0.62
Xilinx	USD	700	39	0.02
			10,339	4.58
Software 4.81% (4.24%)				
Activision Blizzard	USD	22,000	1,218	0.54
Adobe Systems	USD	7,000	1,291	0.57
ANSYS	USD	2,400	308	0.14
Cadence Design Systems	USD	11,500	384	0.17
Electronic Arts	USD	2,500	240	0.11
Intuit	USD	1,200	185	0.08
Microsoft	USD	61,906	4,963	2.20
Red Hat	USD	9,300	997	0.44
salesforce.com	USD	3,800	399	0.18
Symantec	USD	14,300	221	0.10
Synopsys	USD	6,900	469	0.21
Take-Two Interactive Software	USD	1,900	163	0.07
			10,838	4.81
Technology Hardware, Storage & Peripherals 3.36% (4.10%)				
Apple	USD	45,672	6,601	2.93
Hewlett Packard Enterprise	USD	11,100	131	0.06
HP	USD	8,200	144	0.06
NetApp	USD	7,200	423	0.19
Seagate Technology	USD	6,600	271	0.12
			7,570	3.36
Information Technology total			48,339	21.43

PORTFOLIO STATEMENT (CONTINUED)

As at 31 July 2018

Investment	Currency	Holding	Market Value £000	% of Net Assets
Materials 2.98% (2.83%)				
Chemicals 1.82% (1.32%)				
Albemarle	USD	2,500	176	0.08
CF Industries Holdings	USD	21,200	709	0.31
DowDuPont	USD	23,533	1,218	0.54
Eastman Chemical	USD	2,600	200	0.09
FMC	USD	8,900	604	0.27
International Flavors & Fragrances	USD	300	30	0.01
LyondellBasell Industries 'A'	USD	5,600	465	0.20
Praxair	USD	1,400	176	0.08
Sherwin-Williams	USD	1,600	536	0.24
			4,114	1.82
Construction Materials 0.00% (0.31%)				
Containers & Packaging 0.76% (0.47%)				
Avery Dennison	USD	10,100	866	0.38
Packaging Corp. of America	USD	8,800	744	0.33
WestRock	USD	2,300	100	0.05
			1,710	0.76
Metals & Mining 0.40% (0.73%)				
Freeport-McMoRan	USD	39,000	477	0.21
Newmont Mining	USD	15,300	428	0.19
			905	0.40
Materials total			6,729	2.98
Real Estate 2.72% (3.05%)				
Equity Real Estate Investment Trusts (REITs) 2.56% (3.05%)				
Alexandria Real Estate Equities	USD	2,100	196	0.09
American Tower	USD	10,700	1,162	0.52
Crown Castle International	USD	2,900	242	0.11
Digital Realty Trust	USD	3,800	349	0.15
Equinix	USD	3,613	1,190	0.53
Essex Property Trust	USD	1,000	178	0.08
Extra Space Storage	USD	1,000	71	0.03
Prologis	USD	28,800	1,424	0.63
SBA Communications	USD	7,900	951	0.42
			5,763	2.56
Real Estate Management & Development 0.16% (0.00%)				
CBRE Group 'A'	USD	9,600	359	0.16
			359	0.16
Real Estate total			6,122	2.72
Telecommunication Services 0.05% (1.06%)				
Diversified Telecommunication Services 0.05% (1.06%)				
AT&T	USD	1,580	38	0.02
Verizon Communications	USD	1,900	76	0.03
			114	0.05
Telecommunication Services total			114	0.05

PORTFOLIO STATEMENT (CONTINUED)

As at 31 July 2018

Investment	Currency	Holding	Market Value £000	% of Net Assets
Utilities 4.29% (7.47%)				
Electric Utilities 1.78% (3.27%)				
Alliant Energy	USD	8,300	267	0.12
American Electric Power	USD	4,400	236	0.11
Eversource Energy	USD	3,100	131	0.06
Eversource Energy	USD	5,900	268	0.12
Exelon	USD	5,800	184	0.08
NextEra Energy	USD	16,300	2,062	0.91
Pinnacle West Capital	USD	800	49	0.02
Xcel Energy	USD	22,800	803	0.36
			4,000	1.78
Independent Power and Renewable Electricity Producers 0.34% (0.00%)				
NRG Energy	USD	32,600	771	0.34
			771	0.34
Multi-Utilities 1.90% (3.79%)				
Ameren	USD	18,000	841	0.37
CenterPoint Energy	USD	16,600	354	0.16
CMS Energy	USD	11,900	431	0.19
Consolidated Edison	USD	6,900	411	0.18
Dominion Energy	USD	3,400	184	0.08
DTE Energy	USD	13,100	1,074	0.48
Public Service Enterprise Group	USD	5,700	221	0.10
Sempra Energy	USD	2,200	192	0.08
WEC Energy Group	USD	11,777	585	0.26
			4,293	1.90
Water Utilities 0.27% (0.41%)				
American Water Works	USD	9,200	613	0.27
			613	0.27
Utilities total			9,677	4.29
Equities total			223,422	99.05
Investment assets			223,422	99.05
Net other assets			2,144	0.95
Net assets			225,566	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 2017.

STATEMENT OF TOTAL RETURN

For the year ended 31 July 2018

	Notes	£000	Year ended 31.07.18 £000	£000	Year ended 31.07.17 £000
Income					
Net capital gains	2		24,117		32,917
Revenue	3	3,368		4,454	
Expenses	4	(2,084)		(2,424)	
Net revenue before taxation		1,284		2,030	
Taxation	5	(469)		(693)	
Net revenue after taxation			815		1,337
Total return before distributions			24,932		34,254
Distributions	6		(815)		(1,337)
Change in net assets attributable to shareholders from investment activities			24,117		32,917

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

For the year ended 31 July 2018

	£000	Year ended 31.07.18 £000	£000	Year ended 31.07.17 £000
Opening net assets attributable to shareholders		200,817		246,769
Movement due to issue and cancellation of shares:				
Amounts receivable on issue of shares	22,878		1,219	
Amounts payable on cancellation of shares	(22,280)		(80,175)	
		598		(78,956)
Dilution adjustment		34		87
Change in net assets attributable to shareholders from investment activities (see above)		24,117		32,917
Closing net assets attributable to shareholders		225,566		200,817

BALANCE SHEET

As at 31 July 2018

	Notes	As at 31.07.18 £000	As at 31.07.17 £000
Assets:			
Investments		223,422	199,007
Current assets:			
Debtors	8	489	504
Cash and bank balances	9	2,121	1,989
Total assets		226,032	201,500
Liabilities:			
Creditors:			
Distribution payable		(265)	(476)
Other creditors	10	(201)	(207)
Total liabilities		(466)	(683)
Net assets attributable to shareholders		225,566	200,817

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting basis and policies

Please see pages 6 to 8 for accounting basis and policies.

2 Net capital gains

	Year ended 31.07.18 £000	Year ended 31.07.17 £000
Net capital gains on investments during the year comprise:		
Currency losses	(92)	(326)
Expenses relating to the purchase and sale of investments	(10)	(18)
Non-derivative securities gains	24,219	33,261
Net capital gains	24,117	32,917

3 Revenue

	Year ended 31.07.18 £000	Year ended 31.07.17 £000
Bank and deposit interest	5	14
Overseas dividends	3,360	4,430
UK dividends	3	10
Total revenue	3,368	4,454

4 Expenses

	Year ended 31.07.18 £000	Year ended 31.07.17 £000
Payable to the Authorised Corporate Director ("ACD"), associates of the ACD or agents of either of them:		
ACD's periodic charge/Fund Management Fee*	2,042	2,356
	2,042	2,356
Payable to the Depositary, associates of the Depositary or agents of either of them:		
Depositary's fee	21	31
Safe custody fee	6	16
	27	47
Other expenses:		
Audit fee**	9	11
Printing & postage expenses	–	6
Statement fees	6	4
	15	21
Total expenses	2,084	2,424

* From 4 June 2018 the Fund changed to a single fixed charge known as the Fund Management Fee (FMF). The FMF covers fees and expenses in relation to the operation and administration of the Company and the Fund.

** The audit fee was £8,562 (2017: £8,333) net of VAT.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5 Taxation**a Analysis of tax charge**

	Year ended 31.07.18 £000	Year ended 31.07.17 £000
Overseas tax suffered	469	693
Total current tax for the year (see note 5b)	469	693

b Factors affecting current tax charge

The tax assessed for the year is higher (2017: higher) than the standard rate of corporation tax in the UK for an Authorised Investment Fund (20%) (2017: 20%).

The differences are explained below:

	Year ended 31.07.18 £000	Year ended 31.07.17 £000
Net revenue before taxation	1,284	2,030
Corporation tax at 20%	257	406
Effects of:		
Movement in excess expenses	387	439
Overseas dividends not subject to corporation tax	(638)	(836)
Overseas tax suffered	469	693
Revenue taxable in different periods	–	1
Tax relief for overseas tax suffered	(5)	(8)
UK dividends not subject to corporation tax	(1)	(2)
	212	287
Current tax charge (see note 5a)	469	693

Authorised Investment Funds are exempt from tax on capital gains. Therefore, any capital return is not included in the above reconciliation.

c Deferred tax

There was no provision for deferred tax at the year end (2017: £nil).

After claiming relief against accrued income taxable on receipt, the Fund has unrelieved excess expenses of £13,465,085 (2017: £11,529,352) creating a potential deferred tax asset of £2,693,017 (2017: £2,305,870). It is unlikely that the Fund will generate taxable profits in the future to utilise these amounts and therefore no deferred tax asset has been recognised in the current or prior year.

6 Distributions

	Year ended 31.07.18 £000	Year ended 31.07.17 £000
The distributions take account of revenue received on the issue of shares and revenue deducted on the cancellation of shares, and comprise:		
Interim distribution	549	729
Final distribution	265	476
	814	1,205
Add: Revenue deducted on cancellation of shares	50	133
Deduct: Revenue received on issue of shares	(49)	(1)
Total distributions	815	1,337

Details of the distributions per share are set out in the distribution tables on page 88.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7 Fair value hierarchy

	As at 31.07.18 Assets £000	As at 31.07.17 Assets £000
Basis of valuation		
Level 1: Quoted prices	223,422	199,007
Total value	223,422	199,007

Financial instruments have been measured at their fair value and have been classified below using a hierarchy that reflects the significance of the inputs used in measuring their fair value:

Level 1: Unadjusted quoted price in an active market for an identical instrument;

Level 2: Valuation techniques using observable inputs other than quoted prices within level 1;

Level 3: Valuation techniques using unobservable inputs.

8 Debtors

	As at 31.07.18 £000	As at 31.07.17 £000
Accrued revenue	100	117
Amounts receivable on issue of shares	–	200
Overseas tax recoverable	389	187
Total debtors	489	504

9 Cash and bank balances

	As at 31.07.18 £000	As at 31.07.17 £000
Cash and bank balances	2,121	1,989
Total cash and bank balances	2,121	1,989

10 Other creditors

	As at 31.07.18 £000	As at 31.07.17 £000
Accrued expenses	201	207
Total creditors	201	207

11 Contingent liabilities and commitments

There were no contingent liabilities or commitments at the year end (2017: £nil).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12 Related party transactions

Aviva Investors UK Fund Services Limited, Aviva Investors Global Services Limited and the Aviva group are deemed to be related parties per section 33.10 of FRS 102 as they are entities with control, joint control or significant influence over the entity.

ACD periodic charges/Fund Management Fee paid to Aviva Investors UK Fund Services Limited ("the ACD") are shown in note 4 and details of shares issued and cancelled by the ACD are shown in the statement of change in net assets attributable to shareholders. The balance due to the ACD at the year end in respect of ACD periodic charges/Fund Management Fee was £200,947 (2017: £172,314). Any balance due from the ACD in respect of issues is shown in note 8. Any balance due to the ACD in respect of cancellations is shown in note 10.

Distributions payable to the ACD and related parties of the ACD during the year amounted to £813,852 (2017: £1,204,713). The amount outstanding at the year end was £264,906 (2017: £475,640). Related parties of the ACD are deemed to be all companies under the control of Aviva Plc. This will include companies which hold shares in the Fund on behalf of other external investors.

Any investments managed and advised by Aviva Investors Global Services Limited or associated with the Aviva Group are identified on the portfolio statement.

Holdings at the year end and movements during the year are as follows:

	Holdings at 31.07.18 (shares)	Movement (shares)	Holdings at 31.07.17 (shares)
ACD and related parties	62,982,827	(32,500)	63,015,327

The ACD and related parties of the ACD are ineligible to vote at any general meeting.

13 Shareholder funds

The Fund currently has one share class: Class 2 (Institutional). The Fund Management Fee is as follows:

Class 2: 1.04%

The net asset value of the share class, the net asset value per share and the number of shares in the class are shown on page 70. The distributions per share class are given in the distribution tables on page 88.

14 Shares in issue reconciliation

	Number of shares in issue at 31.07.17	Number of shares issued	Number of shares cancelled	Number of shares converted	Number of shares in issue at 31.07.18
Share Class 2 Income	63,015,327	6,583,807	(6,616,307)	–	62,982,827

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

15 Derivatives and other financial instruments

The policies applied in the management of financial instruments are set out on pages 6 to 8.

Fair value of financial assets and financial liabilities

There is no significant difference between the carrying values of the financial assets and liabilities and their fair values (2017: £nil).

Currency risk

At the year end date, 99.75% (2017: 99.67%) of the net assets of the Fund were denominated in currencies other than sterling with the effect that the balance sheet and total return can be significantly affected by currency movements. If currency rates were to change by 10.00%, the value of the Fund would change by 9.98% (2017: 9.97%).

	Net foreign currency assets					
	Monetary exposure £000		Non monetary exposure £000		Total £000	
Currency	31.07.18	31.07.17	31.07.18	31.07.17	31.07.18	31.07.17
US Dollar	1,583	1,139	223,422	199,007	225,005	200,146

Interest rate risk

The Fund does not invest in either fixed or floating rate securities and interest rate risk exposure is restricted to interest receivable on bank deposits or payable on bank overdraft positions which will be affected by fluctuations in interest rates.

At the year end date 0.94% (2017: 0.99%) of the net assets of the Fund were interest bearing and as such the interest rate risk is not considered significant.

The floating rate on bank balances is linked to the Depositary's base rate.

Market price risk

At the year end date, 99.05% (2017: 99.10%) of the net assets of the Fund were invested in ordinary shares or stock units admitted to an official stock exchange. If the market value were to change by 10%, the value of the Fund would change by 9.91% (2017: 9.91%).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16 Direct transaction costs

In the case of shares, broker commissions and transfer taxes, stamp duty is paid by the Fund on each transaction. In addition, there is a dealing spread between buying and selling prices of the underlying investments. Unlike shares, other types of investments (such as bonds, money market instruments, derivatives) have no separately identifiable transaction costs; these costs form part of the dealing spread.

	Principal before costs £000	Commissions £000	Taxes £000	Total after costs £000	Commissions as % of principal	Taxes as % of principal
31.07.18						
Purchases (excluding Inspecie & Corporate Action activity)						
Equities	(136,605)	(50)	–	(136,655)	0.04%	0.00%
	(136,605)	(50)	–	(136,655)		
Sales (excluding Inspecie & Corporate Action activity)						
Equities	136,498	(51)	(3)	136,444	0.04%	0.00%
	136,498	(51)	(3)	136,444		
Total		(101)	(3)			
Percentage of Fund average net assets		0.05%	0.00%			

	Principal before costs £000	Commissions £000	Taxes £000	Total after costs £000	Commissions as % of principal	Taxes as % of principal
31.07.17						
Purchases (excluding Inspecie & Corporate Action activity)						
Equities	(165,839)	(66)	–	(165,905)	0.04%	0.00%
	(165,839)	(66)	–	(165,905)		
Sales (excluding Inspecie & Corporate Action activity)						
Equities	245,371	(85)	(5)	245,281	0.03%	0.00%
	245,371	(85)	(5)	245,281		
Total		(151)	(5)			
Percentage of Fund average net assets		0.07%	0.00%			

Dealing spread

As at 31 July 2018, the average portfolio dealing spread was 0.02% (2017: 0.02%). This spread represents the difference between the values determined retrospectively by reference to the bid and offer prices of investments expressed as a percentage of the value determined by reference to the offer price.

17 Post balance sheet events

There are no post balance sheet events which require adjustment or disclosure at the year end (2017: £nil).

DISTRIBUTION TABLES

Final distribution payable in pence per share for the six months ended 31 July 2018

Income shares		Net revenue	Equalisation	Final distribution payable 30 September 2018	Final distribution paid 30 September 2017
Share Class 2	Group 1	0.4206	–	0.4206	0.7548
	Group 2	0.0000	0.4206	0.4206	0.7548

Group 1 shares are those shares purchased at or before 2pm on 31 January 2018.

Group 2 shares are those shares purchased after 2pm on 31 January 2018.

Interim distribution paid in pence per share for the six months ended 31 January 2018

Income shares		Net revenue	Equalisation	Interim distribution paid 31 March 2018	Interim distribution paid 31 March 2017
Share Class 2	Group 1	0.9369	–	0.9369	0.9136
	Group 2	0.9336	0.0033	0.9369	0.9136

Group 1 shares are those shares purchased at or before 2pm on 31 July 2017.

Group 2 shares are those shares purchased after 2pm on 31 July 2017.

Equalisation

Equalisation applies only to Group 2 shares, in other words shares purchased during the relevant period. It is the average amount of revenue included in the purchase price of all Group 2 shares and is refunded to the holders of these shares as return of capital. Being capital, it is not liable to income tax but must be deducted from the cost of shares for capital gains tax purposes.

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 twelve months ended 31 July 2018 the Fund* returned 3.51 per cent (net of fees), underperforming the FTSE® World Europe ex-UK Index return of 5.78 per cent.

Review

The FTSE® World Europe ex-UK Index rose during the period under review, although it has fallen off the highs registered in January 2018. European equities were knocked during the first quarter as market volatility picked up. Worries over a potential trade war between the United States and China escalated, sparking concerns over its implications for global growth.

European economic indicators, including activity in the manufacturing and services sectors, were particularly strong during the first half of the period under review. In the latter half, indicators declined from their multi-year highs but continued to remain consistent with an ongoing economic expansion in the region. The unemployment rate in the euro zone continued to fall, reaching a record low in Germany.

Towards the end of the twelve month period, the European Central Bank (ECB) announced that it planned to wind down its bond-buying programme by the end of 2018, but added that it expected interest rates to remain at record-low levels at least through to mid-2019.

The first half of the period under review was characterised by a strong euro. However, currency leadership switched during the second half of the period as the US dollar strengthened versus the single currency. The price of Brent crude oil and the industrial metal nickel rose sharply over the twelve months to the end of July. Politics returned to the fore, particularly in Italy after the country's populist parties were given the green light in June to form a coalition government, ending months of political deadlock.

With the exception of telecommunications and financials, all other sectors generated a positive return. The oil & gas, technology, and basic materials sectors were particularly strong.

Overweight positioning and stock selection in the oil & gas sector was the major contributor to relative performance. Stock selection in financials and consumer services was also helpful. In contrast, stock selection in the industrials and health care sectors were major detractors.

In the industrials sector, conglomerate A.P. Moller-Maersk detracted as it continued to decline after the release of its quarterly results, which revealed lower-than-expected profit margins, mainly due to higher unit costs and higher financial charges at Maersk Line. Performance also detracted at French-listed electrical and mechanical contractor SPIE, as investors continued to have concerns over its lacklustre margins in France and the weakness in the oil & gas division, following the company's full-year results earlier this year.

Within the health care sector, a number of overweight positions in Fresenius SE, Novartis, and Bayer detracted, as did not holding Novo Nordisk.

The largest contributor to returns during the period was video game developer Ubisoft, in the consumer goods sector. Full year results exceeded expectations, reflecting a strong performance from its games portfolio, while there was also a smooth transition for Vivendi's 27% stake in the company. Among Ubisoft's new owners are Tencent, who have entered a partnership with the company to publish its games in China – one of the world's largest gaming markets.

The sustained recovery in the oil price over the year improved the economics for the oil and gas industry. This benefitted the overweight positioning in Equinor (the new name for Statoil) and Galp Energia. For Equinor, investors grew more confident about the company's ability to generate strong free cash flow, which could allow the return of capital to shareholders through share buybacks or increased dividends. Not owning Total, which also rallied strongly, detracted.

The largest detractor from relative performance was an overweight position in Porsche, in the consumer goods sector. Comments from President Donald Trump threatening trade tariffs on car imports from the European Union weighed on its share price; as the holding company of Volkswagen, there are a number of its underlying brands that could be negatively affected by this type of action.

In contrast, French aerospace, defence and security supplier Safran outperformed, as investors responded to impressive growth in its highly profitable propulsion aftermarket business and raised guidance from management.

Within consumer services, low cost airline Ryanair detracted from performance in spite of recent first quarter results that were in line with expectations. The company reduced its guidance for yields in the second quarter due to industrial action.

On a positive note, in the same sector, an overweight position in information services business Wolters Kluwer contributed to relative returns. The share price rose following strong quarterly results, when company management also reaffirmed trading guidance for the year ahead.

AVIVA INVESTORS EURO EQUITY MOM 1 FUND (CONTINUED)

FUND MANAGER'S REPORT (CONTINUED)

Outlook

Policy divergence between the United States and Europe has become starker in recent months. The Fed has raised interest rates twice so far this year and signalled that more rate increases are likely in 2018. On the other hand, the ECB will likely only be deliberating its first rate hike since 2011, as it plots a cautious exit from its unprecedented stimulus programme. The ECB's decision to scale back its bond-buying programme comes amid ongoing economic growth in the region and rising wages.

We believe the underlying strength of the euro zone economy alongside a still accommodative ECB continue to provide a supportive backdrop for consumers and corporates in the euro zone, and continue to hold the view that a focused bottom-up stock selection approach is the best way to explore and uncover compelling opportunities.

September 2018

* 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.

As noted above, the performance figures in this commentary have been sourced from an external party and are based on published prices. The performance figures quoted in the comparative table on page 91 are based on the net asset value per the published accounts and may be different due to post year end accounting adjustments.

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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
BNP Paribas	Unilever, CVA
Porsche Automobil Holding Preference	Schneider Electric
Orange	Continental
Royal Dutch Shell 'A'	UniCredit
Banco Santander	Faurecia
Unilever, CVA	Euronext
Cie de Saint-Gobain	ING Groep
Societe Generale	Banco Santander
Safran	KION Group
Ryanair Holdings	Akzo Nobel

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.
- Further information on the risks applicable to the Fund is detailed in the Fund's Key Investor Information Document, and a full description is set out in the Prospectus, both of which are available on the internet at www.avivainvestors.com or from the ACD on request.

COMPARATIVE TABLE

Class 2 Income	2018 p per share	2017 p per share	2016 p per share
Change in net assets per share			
Opening net asset value per share	237.05	195.99	189.75
Return before operating charges [†]	10.86	46.63	10.94
Operating charges	(2.54)	(2.29)	(1.98)
Return after operating charges [†]	8.32	44.34	8.96
Distributions	(3.18)	(3.28)	(2.72)
Closing net asset value per share	242.19	237.05	195.99
[†] after direct transaction costs of	(0.46)	(0.52)	(0.44)
Performance			
Return after charges	3.51%	22.62%	4.72%
Other information			
Closing net asset value (£000)	167,490	173,785	138,928
Closing number of shares	69,157,059	73,313,168	70,887,198
Operating charges (%) [‡]	1.05%	1.06%	1.07%
Direct transaction costs (%) [#]	0.19%	0.24%	0.24%
Prices[≈]			
Highest share price	252.18	241.77	199.54
Lowest share price	226.23	191.42	167.14

[‡] The operating charges are calculated on an ex-post basis and as such may differ from the Ongoing Charge Figure where:

(a) Changes to fee rates were made during the year and the Ongoing Charge Figure has been amended to be future proofed for this change.

(b) The Ongoing Charge has been annualised for a share class that has not yet been open for a full year.

[#] The direct transaction costs have been stated after deducting, in the case of single-priced funds, the proportion of the amounts collected from dilution adjustments or dilution levies that relates to direct transaction costs and, in the case of dual-priced funds, the amounts collected in relation to direct transaction costs added to, or subtracted from, the valuations by virtue of COLL 6.3.6 G (4).

[≈] The high and low prices disclosed are the high and low prices for the accounting period and not the calendar year and are based on published prices. The net asset value per share price is based on the net asset value in the published accounts and may be different due to post year end accounting adjustments.

Ongoing Charges Figure*

Share class	31.07.18	31.07.17
Class 2	1.07%	1.06%

* 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 year. The OCF is made up of the Fund Management Fee and, where a fund invests a substantial portion of its assets in other funds, an amount for the pro-rated charges of those other funds (referred to as "synthetic charges" or the "synthetic" part of the ongoing charge). The figure for ongoing charges excludes performance fees and portfolio transaction costs, except in the case of an entry/exit charge paid by the Fund when buying or selling shares/units in another collective investment scheme.

Please remember that past performance is not a guide to future performance and it might not be repeated. The value of investments and the revenue from them may go down as well as up and investors may not get back the amount originally invested. Because of this, you are not certain to make a profit on your investments and you may lose money.

PORTFOLIO STATEMENT

As at 31 July 2018

Investment	Currency	Holding	Market Value £000	% of Net Assets
Equities 98.34% (100.52%)				
Austria 1.02% (1.32%)				
BAWAG Group	EUR	47,212	1,704	1.02
			1,704	1.02
Belgium 2.83% (3.64%)				
Anheuser-Busch InBev	EUR	61,602	4,735	2.83
			4,735	2.83
Denmark 3.39% (4.68%)				
Asetek	NOK	68,287	582	0.35
Carlsberg 'B'	DKK	39,121	3,610	2.15
Genmab	DKK	11,293	1,496	0.89
			5,688	3.39
Finland 3.05% (2.08%)				
Huhtamaki	EUR	75,154	2,046	1.22
Sampo 'A'	EUR	78,760	3,060	1.83
			5,106	3.05
France 24.32% (21.50%)				
Amundi	EUR	43,692	2,293	1.37
AXA	EUR	192,120	3,705	2.21
BNP Paribas	EUR	70,485	3,500	2.09
Capgemini	EUR	13,190	1,278	0.76
Cie de Saint-Gobain	EUR	83,952	2,835	1.69
Cie Generale des Etablissements Michelin	EUR	28,376	2,786	1.66
Faurecia	EUR	65,898	3,398	2.03
Orange	EUR	260,253	3,393	2.03
Safran	EUR	40,974	3,870	2.31
Societe Generale	EUR	82,184	2,804	1.67
SPIE	EUR	120,470	1,790	1.07
Ubisoft Entertainment	EUR	26,033	2,211	1.32
Vinci	EUR	41,645	3,191	1.91
Vivendi	EUR	185,559	3,679	2.20
			40,733	24.32
Germany 12.90% (13.64%)				
Bayer	EUR	36,353	3,066	1.83
Deutsche Wohnen	EUR	58,500	2,191	1.31
Fresenius	EUR	51,847	3,053	1.82
Porsche Automobil Holding Preference	EUR	79,589	4,104	2.45
SAP	EUR	68,346	6,070	3.62
Siemens	EUR	29,181	3,126	1.87
			21,610	12.90
Ireland 5.89% (5.77%)				
Bank of Ireland Group	EUR	252,201	1,627	0.97
CRH	EUR	106,821	2,820	1.68
Kerry Group 'A'	EUR	33,178	2,690	1.61
Ryanair Holdings	EUR	215,607	2,728	1.63
			9,865	5.89
Italy 2.21% (6.55%)				
Carel Industries	EUR	94,800	726	0.43
Cerved Group	EUR	142,449	1,238	0.74
Italgas	EUR	391,860	1,732	1.04
			3,696	2.21
Luxembourg 2.70% (1.61%)				
ArcelorMittal	EUR	119,303	2,904	1.73
Subsea 7	NOK	145,519	1,620	0.97
			4,524	2.70

PORTFOLIO STATEMENT (CONTINUED)

As at 31 July 2018

Investment	Currency	Holding	Market Value £000	% of Net Assets
Netherlands 10.48% (15.62%)				
ABN AMRO Group, CVA	EUR	162,779	3,451	2.06
CNH Industrial	EUR	298,610	2,655	1.59
Euronext	EUR	41,600	1,962	1.17
RELX	EUR	193,190	3,196	1.91
Unilever, CVA	EUR	49,229	2,163	1.29
Wolters Kluwer	EUR	89,876	4,127	2.46
			17,554	10.48
Norway 2.61% (1.70%)				
Petroleum Geo-Services	NOK	173,668	640	0.38
Equinor	NOK	184,421	3,732	2.23
			4,372	2.61
Portugal 2.85% (1.40%)				
Banco Comercial Portugues 'R'	EUR	7,235,041	1,731	1.03
Galp Energia	EUR	193,840	3,038	1.82
			4,769	2.85
Spain 2.63% (2.77%)				
Bankia	EUR	850,487	2,577	1.54
Merlin Properties Socimi, REIT	EUR	163,860	1,838	1.09
			4,415	2.63
Sweden 8.12% (4.77%)				
Assa Abloy 'B'	SEK	179,871	2,710	1.62
Epiroc 'A'	SEK	214,830	1,963	1.17
Hexagon 'B'	SEK	60,058	2,799	1.67
Nordea Bank	SEK	518,311	4,217	2.52
Saab 'B'	SEK	54,523	1,920	1.14
			13,609	8.12
Switzerland 10.84% (11.79%)				
Cie Financiere Richemont	CHF	46,003	3,082	1.84
Credit Suisse Group	CHF	248,413	3,085	1.84
Julius Baer Group	CHF	46,524	1,947	1.16
Novartis	CHF	156,524	10,039	6.00
			18,153	10.84
Turkey 0.72% (1.68%)				
Turkcell Iletisim Hizmetleri	TRY	607,217	1,203	0.72
			1,203	0.72
United Kingdom 1.78% (0.00%)				
Royal Dutch Shell 'A'	EUR	113,101	2,982	1.78
			2,982	1.78
Equities total			164,718	98.34
Investment assets			164,718	98.34
Net other assets			2,772	1.66
Net assets			167,490	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 2017.

STATEMENT OF TOTAL RETURN

For the year ended 31 July 2018

	Notes	£000	Year ended 31.07.18 £000	£000	Year ended 31.07.17 £000
Income					
Net capital gains	2		3,586		29,688
Revenue	3	4,587		4,224	
Expenses	4	(1,803)		(1,627)	
Net revenue before taxation		2,784		2,597	
Taxation	5	(559)		(205)	
Net revenue after taxation			2,225		2,392
Total return before distributions			5,811		32,080
Distributions	6		(2,225)		(2,392)
Change in net assets attributable to shareholders from investment activities			3,586		29,688

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

For the year ended 31 July 2018

	£000	Year ended 31.07.18 £000	£000	Year ended 31.07.17 £000
Opening net assets attributable to shareholders		173,785		138,928
Movement due to issue and cancellation of shares:				
Amounts receivable on issue of shares	40		9,007	
Amounts payable on cancellation of shares	(9,921)		(3,864)	
		(9,881)		5,143
Dilution adjustment		–		26
Change in net assets attributable to shareholders from investment activities (see above)		3,586		29,688
Closing net assets attributable to shareholders		167,490		173,785

BALANCE SHEET

As at 31 July 2018

	Notes	As at 31.07.18 £000	As at 31.07.17 £000
Assets:			
Investments		164,718	174,686
Current assets:			
Debtors	8	1,642	592
Cash and bank balances	9	3,474	937
Total assets		169,834	176,215
Liabilities:			
Creditors:			
Distribution payable		(2,196)	(2,235)
Other creditors	10	(148)	(195)
Total liabilities		(2,344)	(2,430)
Net assets attributable to shareholders		167,490	173,785

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting basis and policies

Please see pages 6 to 8 for accounting basis and policies.

2 Net capital gains

	Year ended 31.07.18 £000	Year ended 31.07.17 £000
Net capital gains on investments during the year comprise:		
Currency losses	(143)	(183)
Expenses relating to the purchase and sale of investments	(9)	(20)
Non-derivative securities gains	3,738	29,891
Net capital gains	3,586	29,688

3 Revenue

	Year ended 31.07.18 £000	Year ended 31.07.17 £000
Bank and deposit interest	6	3
Overseas dividends	4,581	4,221
Total revenue	4,587	4,224

4 Expenses

	Year ended 31.07.18 £000	Year ended 31.07.17 £000
Payable to the Authorised Corporate Director ("ACD"), associates of the ACD or agents of either of them:		
ACD's periodic charge/Fund Management Fee*	1,744	1,553
	1,744	1,553
Payable to the Depositary, associates of the Depositary or agents of either of them:		
Depositary's fee	18	21
Interest payable	1	1
Safe custody fee	26	32
	45	54
Other expenses:		
Audit fee**	9	11
Printing & postage expenses	1	3
Statement fees	4	6
	14	20
Total expenses	1,803	1,627

* From 4 June 2018 the Fund changed to a single fixed charge known as the Fund Management Fee (FMF). The FMF covers fees and expenses in relation to the operation and administration of the Company and the Fund.

** The audit fee was £8,562 (2017: £8,333) net of VAT.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5 Taxation**a Analysis of tax charge**

	Year ended 31.07.18 £000	Year ended 31.07.17 £000
Adjustments in respect of prior periods	(13)	–
Overseas tax suffered	572	205
Total current tax for the year (see note 5b)	559	205

b Factors affecting current tax charge

The tax assessed for the year is higher (2017: lower) than the standard rate of corporation tax in the UK for an Authorised Investment Fund (20%) (2017: 20%).

The differences are explained below:

	Year ended 31.07.18 £000	Year ended 31.07.17 £000
Net revenue before taxation	2,784	2,597
Corporation tax at 20%	557	519
Effects of:		
Adjustments in respect of prior periods	(13)	–
Movement in excess expenses	343	317
Overseas dividends not subject to corporation tax	(897)	(835)
Overseas tax suffered	572	205
Tax relief for overseas tax suffered	(3)	(1)
	2	(314)
Current tax charge (see note 5a)	559	205

Authorised Investment Funds are exempt from tax on capital gains. Therefore, any capital return is not included in the above reconciliation.

c Deferred tax

There was no provision for deferred tax at the year end (2017: £nil).

After claiming relief against accrued income taxable on receipt, the Fund has unrelieved excess expenses of £8,741,993 (2017: £7,026,210) creating a potential deferred tax asset of £1,748,399 (2017: £1,405,242). It is unlikely that the Fund will generate taxable profits in the future to utilise these amounts and therefore no deferred tax asset has been recognised in the current or prior year.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6 Distributions

	Year ended 31.07.18 £000	Year ended 31.07.17 £000
The distributions take account of revenue received on the issue of shares and revenue deducted on the cancellation of shares, and comprise:		
Interim distribution	–	168
Final distribution	2,196	2,235
	2,196	2,403
Add: Revenue deducted on cancellation of shares	30	6
Deduct: Revenue received on issue of shares	(1)	(17)
Total distributions	2,225	2,392

Details of the distributions per share are set out in the distribution tables on page 102.

7 Fair value hierarchy

	As at 31.07.18 Assets £000	As at 31.07.17 Assets £000
Basis of valuation		
Level 1: Quoted prices	164,718	174,686
Total value	164,718	174,686

Financial instruments have been measured at their fair value and have been classified below using a hierarchy that reflects the significance of the inputs used in measuring their fair value:

Level 1: Unadjusted quoted price in an active market for an identical instrument;

Level 2: Valuation techniques using observable inputs other than quoted prices within level 1;

Level 3: Valuation techniques using unobservable inputs.

8 Debtors

	As at 31.07.18 £000	As at 31.07.17 £000
Overseas tax recoverable	300	587
Sales awaiting settlement	1,342	5
Total debtors	1,642	592

9 Cash and bank balances

	As at 31.07.18 £000	As at 31.07.17 £000
Cash and bank balances	3,474	937
Total cash and bank balances	3,474	937

10 Other creditors

	As at 31.07.18 £000	As at 31.07.17 £000
Accrued expenses	148	182
Corporation tax payable	–	13
Total creditors	148	195

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11 Contingent liabilities and commitments

There were no contingent liabilities or commitments at the year end (2017: £nil).

12 Related party transactions

Aviva Investors UK Fund Services Limited, Aviva Investors Global Services Limited and the Aviva group are deemed to be related parties per section 33.10 of FRS 102 as they are entities with control, joint control or significant influence over the entity.

ACD periodic charges/Fund Management Fee paid to Aviva Investors UK Fund Services Limited ("the ACD") are shown in note 4 and details of shares issued and cancelled by the ACD are shown in the statement of change in net assets attributable to shareholders. The balance due to the ACD at the year end in respect of ACD periodic charges/Fund Management Fee was £148,109 (2017: £148,147). Any balance due from the ACD in respect of issues is shown in note 8. Any balance due to the ACD in respect of cancellations is shown in note 10.

Distributions payable to the ACD and related parties of the ACD during the year amounted to £2,196,497 (2017: £2,403,112). The amount outstanding at the year end was £2,196,497 (2017: £2,235,025). Related parties of the ACD are deemed to be all companies under the control of Aviva Plc. This will include companies which hold shares in the Fund on behalf of other external investors.

Any investments managed and advised by Aviva Investors Global Services Limited or associated with the Aviva Group are marked on the portfolio statement.

Holdings at the year end and movements during the year are as follows:

	Holdings at 31.07.18 (shares)	Movement (shares)	Holdings at 31.07.17 (shares)
ACD and related parties	69,157,059	(4,156,109)	73,313,168

The ACD and related parties of the ACD are ineligible to vote at any general meeting.

13 Shareholder funds

The Fund currently has one share class: Class 2 (Institutional). The Fund Management Fee is as follows:

Class 2: 1.07%

The net asset value of the share class, the net asset value per share and the number of shares in the class are shown on page 91. The distributions per share class are given in the distribution tables on page 102.

14 Shares in issue reconciliation

	Number of shares in issue at 31.07.17	Number of shares issued	Number of shares cancelled	Number of shares converted	Number of shares in issue at 31.07.18
Share Class 2 Income	73,313,168	16,970	(4,173,079)	–	69,157,059

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

15 Derivatives and other financial instruments

The policies applied in the management of financial instruments are set out on pages 6 to 8.

Fair value of financial assets and financial liabilities

There is no significant difference between the carrying values of the financial assets and liabilities and their fair values (2017: £nil).

Currency risk

At the year end date, 98.71% (2017: 100.86%) of the net assets of the Fund were denominated in currencies other than sterling with the effect that the balance sheet and total return can be significantly affected by currency movements. If currency rates were to change by 10%, the value of the Fund would change by 9.87% (2017: 10.09%).

Currency	Net foreign currency assets					
	Monetary exposure £000		Non monetary exposure £000		Total £000	
	31.07.18	31.07.17	31.07.18	31.07.17	31.07.18	31.07.17
Danish Krone	29	34	5,106	8,126	5,135	8,160
Euro	535	329	120,073	131,902	120,608	132,231
Norwegian Krone	49	73	6,574	2,963	6,623	3,036
Swedish Krona	(2)	(2)	13,609	8,287	13,607	8,285
Swiss Franc	–	155	18,153	20,496	18,153	20,651
Turkish Lira	–	–	1,203	2,912	1,203	2,912

Interest rate risk

The Fund does not invest in either fixed or floating rate securities and interest rate risk exposure is restricted to interest receivable on bank deposits or payable on bank overdraft positions which will be affected by fluctuations in interest rates.

At the year end date 2.07% (2017: 0.54%) of the net assets of the Fund were interest bearing and as such the interest rate risk is not considered significant.

The floating rate on bank balances is linked to the Depositary's base rate.

Market price risk

At the year end date, 98.34% (2017: 100.52%) of the net assets of the Fund were invested in ordinary shares or stock units admitted to an official stock exchange. If the market value were to change by 10%, the value of the Fund would change by 9.83% (2017: 10.05%).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16 Direct transaction costs

In the case of shares, broker commissions and transfer taxes, stamp duty is paid by the Fund on each transaction. In addition, there is a dealing spread between buying and selling prices of the underlying investments. Unlike shares, other types of investments (such as bonds, money market instruments, derivatives) have no separately identifiable transaction costs; these costs form part of the dealing spread.

	Principal before costs £000	Commissions £000	Taxes £000	Total after costs £000	Commissions as % of principal	Taxes as % of principal
31.07.18						
Purchases (excluding Inspecie & Corporate Action activity)						
Equities	(107,390)	(80)	(160)	(107,630)	0.07%	0.15%
Purchases (include Corporate Action activity only)						
Equities	(207)	–	–	(207)	0.00%	0.00%
	(107,597)	(80)	(160)	(107,837)		
Sales (excluding Inspecie & Corporate Action activity)						
Equities	121,637	(94)	–	121,543	0.08%	0.00%
	121,637	(94)	–	121,543		
Total		(174)	(160)			
Percentage of Fund average net assets		0.10%	0.09%			

	Principal before costs £000	Commissions £000	Taxes £000	Total after costs £000	Commissions as % of principal	Taxes as % of principal
31.07.17						
Purchases (excluding Inspecie & Corporate Action activity)						
Equities	(130,613)	(124)	(119)	(130,856)	0.09%	0.09%
Purchases (include Corporate Action activity only)						
Equities	(1,685)	–	–	(1,685)	0.00%	0.00%
	(132,298)	(124)	(119)	(132,541)		
Sales (excluding Inspecie & Corporate Action activity)						
Equities	124,465	(123)	–	124,342	0.10%	0.00%
	124,465	(123)	–	124,342		
Total		(247)	(119)			
Percentage of Fund average net assets		0.16%	0.08%			

Dealing spread

As at 31 July 2018, the average portfolio dealing spread was 0.05% (2017: 0.06%). This spread represents the difference between the values determined retrospectively by reference to the bid and offer prices of investments expressed as a percentage of the value determined by reference to the offer price.

17 Post balance sheet events

There are no post balance sheet events which require adjustment or disclosure at the year end (2017: £nil).

DISTRIBUTION TABLES

Final distribution payable in pence per share for the six months ended 31 July 2018

Income shares		Net revenue	Equalisation	Final distribution payable 30 September 2018	Final distribution paid 30 September 2017
Share Class 2	Group 1	3.1761	–	3.1761	3.0486
	Group 2	0.0000	3.1761	3.1761	3.0486

Group 1 shares are those shares purchased at or before 2pm on 31 January 2018.

Group 2 shares are those shares purchased after 2pm on 31 January 2018.

Interim distribution paid in pence per share for the six months ended 31 January 2017

Income shares		Net revenue	Equalisation	Interim distribution paid 31 March 2018	Interim distribution paid 31 March 2017
Share Class 2	Group 1	0.0000	–	0.0000	0.2312
	Group 2	0.0000	0.0000	0.0000	0.2312

Group 1 shares are those shares purchased at or before 2pm on 31 July 2017.

Group 2 shares are those shares purchased after 2pm on 31 July 2017.

Equalisation

Equalisation applies only to Group 2 shares, in other words shares purchased during the relevant period. It is the average amount of revenue included in the purchase price of all Group 2 shares and is refunded to the holders of these shares as return of capital. Being capital, it is not liable to income tax but must be deducted from the cost of shares for capital gains tax purposes.

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 twelve months ended 31 July 2018 the Fund* returned 7.16 per cent (net of fees), outperforming the MSCI Europe ex-UK Index Total Return GBP Index return of 5.2 per cent.

Review

Donald Trump was a central focus for investors during the review period. The US president won his first major legislative victory in December as his highly anticipated tax reform was narrowly passed in Congress, supporting global equity markets.

However, Trump's engagement in trade hostilities during the beginning of 2018 took the shine off his tax reform. He announced tariffs on all US steel and aluminium imports as well as additional levies targeting Chinese imports in particular. The initial exemption of trading partners such as the EU, Canada and Mexico, and a delay in enacting the Chinese tariffs, led to some hope that the situation might not escalate. However by the end of July, Trump had removed the exemptions and implemented tariffs on \$34bn worth of Chinese imports, though he did reach an agreement with the EU to cease any further escalation of trade barriers.

Global monetary policy took a hawkish direction, albeit from an exceptionally loose starting point: the US Federal Reserve implemented the last of its three planned interest rate increases for 2017 and actioned two more in 2018. Two further hikes are forecast in 2018 – one more than its previous guidance – with three further increases projected for 2019. The European Central Bank took more steps towards curbing its quantitative easing scheme, announcing a taper from €30bn to €15bn from September before halting it completely at the end of 2018. Meanwhile, the Bank of England delivered its first interest rate increase in over a decade in November 2017 and was poised to make another hike in August 2018.

In the commodity space, oil prices rebounded strongly, with Brent oil rising to over \$80 a barrel. Contributing to the rise was Venezuela's political and economic turmoil, the US withdrawal from a nuclear deal with Iran (implying lower Iranian oil exports) and ongoing OPEC supply restrictions.

The energy sector was the best performer in the MSCI Europe ex-UK Index, rising 32.8% in sterling terms. Other strong performers included IT (+19.3%) and utilities (+13.1%). Aside from utilities, defensive sectors dominated the bottom of the MSCI Europe ex-UK performance list, with telecoms (+6.6%), consumer staples (+2.4%) and health care (+4.2%) all among the worst performers.

The Portfolio's consumer discretionary holdings were the biggest source of positive attribution relative to the MSCI Europe ex-UK, while holdings in the IT sector also delivered a strong performance. The Portfolio's underweight position to defensive sectors also helped it outperform the market.

The Portfolio's strongest contributors included Moncler, Technogym and ENCE Energia y Celulosa.

Moncler's steady share price rise was underpinned by strong first quarter results. The luxury fashion company, known for its down jackets, stated revenue grew 20% year-on-year which beat consensus forecasts. The result was aided by the company's development of its network of mono-brand retail stores and new wholesale store openings.

Gym equipment and service provider Technogym issued a series of strong results statements. Its 2017 results showed a net profit increase of 41% to €61.2m, which came in ahead of consensus. Revenue grew in all of the company's geographic areas, with North America providing the fastest growth of 13% and an upbeat outlook pointed to further growth in revenue and profit for 2018.

ENCE Energia y Celulosa is one of the portfolio's recent additions. In its interim results, the eucalyptus pulp producer delivered a 49% increase in EBITDA to €130.8m due to higher pulp prices. Chief Executive Ignacio Colmenares stated that the trend of growth was expected to continue, which means the company is on track to exceed its full-year EBITDA target of €300m.

The biggest detractors from performance included Vestas Wind Systems, JM and Lenzing.

Wind turbine manufacturer Vestas Wind Systems lowered its EBIT margin guidance for 2017 to 12%13% from 12%-14% while free cash flow guidance was cut to between €450m-€900m, having earlier been set at a minimum of €700m. The company stated that the lower guidance reflected uncertainty around the US market, additional execution costs and an increasingly competitive environment.

Swedish housing developer JM came under pressure due to concerns about the Swedish housing market, with analysts fearing about oversupply in the market. The stock further fell when investor OBOS sold its entire 5.2% stake.

Lenzing's share price dropped after its CEO Stefan Doboczky stated in the group's third quarter results that the company is on course to deliver better operating results in 2017 but 2018 is likely to see greater headwinds. The Austrian textiles company warned of a substantial increase in the supply side for the markets it operates in, particularly viscose and cotton.

As a result of the deterioration in their cash flow characteristics, all of the worst performing stocks were sold from the portfolio. Orion and Straumann Holdings were also sold.

We made a number of changes made as a result of our annual review of companies' reports and accounts. New positions were initiated in: Boliden, CIE Automotive, ENCE Energia Y Cellulosa, Deutsche Boerse, Elisa, Eramet, Koninklijke Philips, Lundin Petroleum, Merlin Properties, Natixis, Roche Holding, Siltronic and Swedish Match.

The following positions were sold: DFDS, Endesa, Fred Olsen Energy, Hexpol, Hochtief, ING Groep, Investor AB, Liberbank, Nokian Renkaat, Skandinaviska Enskilda Banken and Sydbank.

AVIVA INVESTORS EURO EQUITY MOM 2 FUND (CONTINUED)

FUND MANAGER'S REPORT (CONTINUED)

We implemented many of the changes from the 2018 review of companies' report and accounts earlier than usual owing to a decision to phase the turnover in the portfolio, as opposed to previous year's practice of implementing all the changes in May. Further to research we carried out in 2017 we believe there is good evidence that a phasing of turnover over the course of the review period offers better risk control. Similar to the 2017 review the dominant feature of the 2018 review was a continuation of very low investor anxiety – therefore we were careful not to emphasize 'contrarian' selections in the review as a backdrop of very low investor anxiety usually is the least rewarding time to invest in these types of companies.

Separately, Atlas Copco implemented a corporate action in June which saw Epiroc – a business focused on mining and civil engineering sectors – spin out into a separately listed company. The portfolio received new shares in Epiroc, with the value of its Atlas Copco holding falling proportionately as a result.

Outlook

We continue to see the outlook for equity markets as uncertain and have not changed our view from the end of the prior quarter. The trend remains intact for European markets but there are concerns relating to investor and corporate behaviour.

Our determination that the investment environment is 'uncertain' rests on observations we make about corporate and investor behaviour. European markets remain in a fragile uptrend and this is usually positive for future returns. However the context of the uptrend is somewhat concerning. Market valuation is high relative to history and there are signs of widespread investor complacency – both conclusions that we draw from our aggregated cash flow data. We have found clear evidence in developed markets that paying attention to investor complacency and valuation in the context of market trend gives a good steer on the likely path of returns over the next 12 months. If the current trend breaks, our data show that the valuation and investor sentiment backdrop today could have troubling implications for future returns.

Additionally, our measures of corporate behaviour tell us that complacency is picking up – the trend is concerning and we are monitoring it closely but our indicator has not yet reached levels we would associate with a bleak equity market outlook.

September 2018

* 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 Liontrust Investment Partners LLP.

As noted above, the performance figures in this commentary have been sourced from an external party and are based on published prices. The performance figures quoted in the comparative table on page 105 are based on the net asset value per the published accounts and may be different due to post year end accounting adjustments.

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
Koninklijke Philips	Straumann Holding
Swedish Match	Dfds
Deutsche Boerse	Sydbank
Elisa	ING Groep
Roche Holding	Investor 'B'
CIE Automotive	Nokian Renkaat
Boliden	HOCHTIEF
Siltronic	Endesa
Eramet	Skandinaviska Enskilda Banken 'A'
Ence Energia y Celulosa	Hexpol

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.
- Further information on the risks applicable to the Fund is detailed in the Fund's Key Investor Information Document, and a full description is set out in the Prospectus, both of which are available on the internet at www.avivainvestors.com or from the ACD on request.

COMPARATIVE TABLE

Class 2 Income	2018 p per share	2017 p per share	2016 p per share
Change in net assets per share			
Opening net asset value per share	244.30	202.20	172.00
Return before operating charges [†]	20.11	48.32	34.90
Operating charges	(2.63)	(2.50)	(1.87)
Return after operating charges [†]	17.48	45.82	33.03
Distributions	(4.40)	(3.72)	(2.83)
Closing net asset value per share	257.38	244.30	202.20
[†] after direct transaction costs of	(0.12)	(0.23)	(0.66)
Performance			
Return after charges	7.16%	22.66%	19.20%
Other information			
Closing net asset value (£000)	54,825	56,003	47,015
Closing number of shares	21,300,985	22,923,740	23,251,716
Operating charges (%) [‡]	1.06%	1.09%	1.05%
Direct transaction costs (%) [#]	0.05%	0.10%	0.37%
Prices[≈]			
Highest share price	264.60	256.01	205.29
Lowest share price	235.33	197.75	158.47

[‡] The operating charges are calculated on an ex-post basis and as such may differ from the Ongoing Charge Figure where:

(a) Changes to fee rates were made during the year and the Ongoing Charge Figure has been amended to be future proofed for this change.

(b) The Ongoing Charge has been annualised for a share class that has not yet been open for a full year.

[#] The direct transaction costs have been stated after deducting, in the case of single-priced funds, the proportion of the amounts collected from dilution adjustments or dilution levies that relates to direct transaction costs and, in the case of dual-priced funds, the amounts collected in relation to direct transaction costs added to, or subtracted from, the valuations by virtue of COLL 6.3.6 G (4).

[≈] The high and low prices disclosed are the high and low prices for the accounting period and not the calendar year and are based on published prices. The net asset value per share price is based on the net asset value in the published accounts and may be different due to post year end accounting adjustments.

Ongoing Charges Figure*

Share class	31.07.18	31.07.17
Class 2	1.05%	1.09%

* 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 year. The OCF is made up of the Fund Management Fee and, where a fund invests a substantial portion of its assets in other funds, an amount for the pro-rated charges of those other funds (referred to as "synthetic charges" or the "synthetic" part of the ongoing charge). The figure for ongoing charges excludes performance fees and portfolio transaction costs, except in the case of an entry/exit charge paid by the Fund when buying or selling shares/units in another collective investment scheme.

Please remember that past performance is not a guide to future performance and it might not be repeated. The value of investments and the revenue from them may go down as well as up and investors may not get back the amount originally invested. Because of this, you are not certain to make a profit on your investments and you may lose money.

PORTFOLIO STATEMENT

As at 31 July 2018

Investment	Currency	Holding	Market Value £000	% of Net Assets
Equities 98.95% (97.84%)				
Austria 0.00% (2.63%)				
Denmark 3.82% (11.45%)				
SimCorp	DKK	32,221	2,092	3.82
			2,092	3.82
Finland 5.92% (8.03%)				
Elisa	EUR	43,149	1,429	2.61
Stora Enso 'R'	EUR	144,876	1,815	3.31
			3,244	5.92
France 14.60% (8.49%)				
Dassault Aviation	EUR	1,413	2,006	3.66
Eramet	EUR	10,920	805	1.47
Natixis	EUR	198,805	1,086	1.98
Peugeot	EUR	97,854	2,139	3.90
TOTAL	EUR	39,533	1,970	3.59
			8,006	14.60
Germany 14.68% (10.69%)				
Covestro	EUR	25,959	1,886	3.44
Deutsche Boerse	EUR	14,038	1,413	2.57
Deutsche Pfandbriefbank	EUR	150,639	1,797	3.28
Siltronic	EUR	9,976	1,327	2.42
Software	EUR	45,637	1,628	2.97
			8,051	14.68
Italy 10.62% (8.44%)				
Mediobanca Banca di Credito Finanziario	EUR	211,544	1,667	3.04
Moncler	EUR	67,022	2,234	4.07
Technogym	EUR	230,075	1,923	3.51
			5,824	10.62
Luxembourg 2.53% (2.46%)				
Subsea 7	NOK	124,329	1,384	2.53
			1,384	2.53
Netherlands 2.88% (3.08%)				
Koninklijke Philips	EUR	47,108	1,578	2.88
			1,578	2.88
Norway 0.00% (0.20%)				
Portugal 3.48% (2.88%)				
EDP – Energias de Portugal	EUR	608,307	1,909	3.48
			1,909	3.48
Spain 12.71% (8.90%)				
Amadeus IT Group 'A'	EUR	37,934	2,486	4.53
CIE Automotive	EUR	52,638	1,209	2.21
Construcciones y Auxiliar de Ferrocarriles	EUR	16,435	559	1.02
Ence Energia y Celulosa	EUR	229,632	1,653	3.01
Merlin Properties Socimi, REIT	EUR	94,593	1,061	1.94
			6,968	12.71
Sweden 16.01% (19.45%)				
Atlas Copco 'A'	SEK	54,003	1,175	2.14
Boliden	SEK	53,242	1,184	2.16
Epiroc 'A'	SEK	54,003	494	0.90
Loomis 'B'	SEK	55,096	1,309	2.39
Lundin Petroleum	SEK	64,317	1,642	2.99
Peab	SEK	184,408	1,133	2.07
Swedish Match	SEK	43,911	1,841	3.36
			8,778	16.01

PORTFOLIO STATEMENT (CONTINUED)

As at 31 July 2018

Investment	Currency	Holding	Market Value £000	% of Net Assets
Switzerland 11.70% (11.14%)				
Cembra Money Bank	CHF	23,678	1,654	3.02
Oriflame Holding	SEK	48,478	1,222	2.23
Partners Group Holding	CHF	3,324	1,930	3.52
Roche Holding	CHF	8,603	1,609	2.93
			6,415	11.70
Equities total			54,249	98.95
Investment assets			54,249	98.95
Net other assets			576	1.05
Net assets			54,825	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 2017.

STATEMENT OF TOTAL RETURN

For the year ended 31 July 2018

	Notes	£000	Year ended 31.07.18 £000	£000	Year ended 31.07.17 £000
Income					
Net capital gains	2		2,888		9,898
Revenue	3	1,799		1,426	
Expenses	4	(599)		(563)	
Net revenue before taxation		1,200		863	
Taxation	5	(209)		4	
Net revenue after taxation			991		867
Total return before distributions			3,879		10,765
Distributions	6		(991)		(867)
Change in net assets attributable to shareholders from investment activities			2,888		9,898

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

For the year ended 31 July 2018

	£000	Year ended 31.07.18 £000	£000	Year ended 31.07.17 £000
Opening net assets attributable to shareholders		56,003		47,015
Movement due to issue and cancellation of shares:				
Amounts receivable on issue of shares	–		2,962	
Amounts payable on cancellation of shares	(4,067)		(3,884)	
		(4,067)		(922)
Dilution adjustment		1		12
Change in net assets attributable to shareholders from investment activities (see above)		2,888		9,898
Closing net assets attributable to shareholders		54,825		56,003

BALANCE SHEET

As at 31 July 2018

	Notes	As at 31.07.18 £000	As at 31.07.17 £000
Assets:			
Investments		54,249	54,793
Current assets:			
Debtors	8	145	211
Cash and bank balances	9	1,413	1,946
Total assets		55,807	56,950
Liabilities:			
Creditors:			
Bank overdrafts		–	(2)
Distribution payable		(938)	(853)
Other creditors	10	(44)	(92)
Total liabilities		(982)	(947)
Net assets attributable to shareholders		54,825	56,003

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting basis and policies

Please see pages 6 to 8 for accounting basis and policies.

2 Net capital gains

	Year ended 31.07.18 £000	Year ended 31.07.17 £000
Net capital gains on investments during the year comprise:		
Currency losses	(22)	(70)
Expenses relating to the purchase and sale of investments	(5)	(16)
Non-derivative securities gains	2,915	9,984
Net capital gains	2,888	9,898

3 Revenue

	Year ended 31.07.18 £000	Year ended 31.07.17 £000
Bank and deposit interest	13	3
Overseas dividends	1,786	1,423
Total revenue	1,799	1,426

4 Expenses

	Year ended 31.07.18 £000	Year ended 31.07.17 £000
Payable to the Authorised Corporate Director ("ACD"), associates of the ACD or agents of either of them:		
ACD's periodic charge/Fund Management Fee*	566	530
	566	530
Payable to the Depositary, associates of the Depositary or agents of either of them:		
Depositary's fee	7	9
Interest payable	8	1
Safe custody fee	6	9
	21	19
Other expenses:		
Audit fee**	9	10
Printing & postage expenses	1	1
Statement fees	2	3
	12	14
Total expenses	599	563

* From 4 June 2018 the Fund changed to a single fixed charge known as the Fund Management Fee (FMF). The FMF covers fees and expenses in relation to the operation and administration of the Company and the Fund.

** The audit fee was £8,562 (2017: £8,333) net of VAT.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5 Taxation**a Analysis of tax charge/(credit)**

	Year ended 31.07.18 £000	Year ended 31.07.17 £000
Overseas tax suffered	209	(4)
Total current tax for the year (see note 5b)	209	(4)

b Factors affecting current tax charge/(credit)

The tax assessed for the year is lower (2017: lower) than the standard rate of corporation tax in the UK for an Authorised Investment Fund (20%) (2017: 20%).

The differences are explained below:

	Year ended 31.07.18 £000	Year ended 31.07.17 £000
Net revenue before taxation	1,200	863
Corporation tax at 20%	240	173
Effects of:		
Movement in excess expenses	99	103
Overseas dividends not subject to corporation tax	(336)	(275)
Tax relief for overseas tax suffered	(3)	(1)
Overseas tax suffered	209	(4)
	(31)	(177)
Current tax charge/(credit) (see note 5a)	209	(4)

Authorised Investment Funds are exempt from tax on capital gains. Therefore, any capital return is not included in the above reconciliation.

c Deferred tax

There was no provision for deferred tax at the year end (2017: £nil).

After claiming relief against accrued income taxable on receipt, the Fund has unrelieved excess expenses of £4,232,461 (2017: £3,738,815) creating a potential deferred tax asset of £846,492 (2017: £747,763). It is unlikely that the Fund will generate taxable profits in the future to utilise these amounts and therefore no deferred tax asset has been recognised in the current or prior year.

6 Distributions

	Year ended 31.07.18 £000	Year ended 31.07.17 £000
The distributions take account of revenue received on the issue of shares and revenue deducted on the cancellation of shares, and comprise:		
Final distribution	938	853
	938	853
Add: Revenue deducted on cancellation of shares	53	15
Deduct: Revenue received on issue of shares	–	(1)
Total distributions	991	867

Details of the distributions per share are set out in the distribution tables on page 116.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7 Fair value hierarchy

	As at 31.07.18 Assets £000	As at 31.07.17 Assets £000
Basis of valuation		
Level 1: Quoted prices	54,249	54,793
Total value	54,249	54,793

Financial instruments have been measured at their fair value and have been classified below using a hierarchy that reflects the significance of the inputs used in measuring their fair value:

Level 1: Unadjusted quoted price in an active market for an identical instrument;

Level 2: Valuation techniques using observable inputs other than quoted prices within level 1;

Level 3: Valuation techniques using unobservable inputs.

8 Debtors

	As at 31.07.18 £000	As at 31.07.17 £000
Overseas tax recoverable	145	210
Prepaid Expenses	–	1
Total debtors	145	211

9 Cash and bank balances

	As at 31.07.18 £000	As at 31.07.17 £000
Cash and bank balances	1,413	1,946
Total cash and bank balances	1,413	1,946

10 Other creditors

	As at 31.07.18 £000	As at 31.07.17 £000
Accrued expenses	44	92
Total creditors	44	92

11 Contingent liabilities and commitments

There were no contingent liabilities or commitments at the year end (2017: £nil).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12 Related party transactions

Aviva Investors UK Fund Services Limited, Aviva Investors Global Services Limited and the Aviva group are deemed to be related parties per section 33.10 of FRS 102 as they are entities with control, joint control or significant influence over the entity.

ACD periodic charges/Fund Management Fee paid to Aviva Investors UK Fund Services Limited ("the ACD") are shown in note 4 and details of shares issued and cancelled by the ACD are shown in the statement of change in net assets attributable to shareholders. The balance due to the ACD at the year end in respect of ACD periodic charges/Fund Management Fee was £44,090 (2017: £48,428). Any balance due from the ACD in respect of issues is shown in note 8. Any balance due to the ACD in respect of cancellations is shown in note 10.

Distributions payable to the ACD and related parties of the ACD during the year amounted to £937,733 (2017: £853,474). The amount outstanding at the year end was £937,733 (2017: £853,474). Related parties of the ACD are deemed to be all companies under the control of Aviva Plc. This will include companies which hold shares in the Fund on behalf of other external investors.

Any investments managed and advised by Aviva Investors Global Services Limited or associated with the Aviva Group are marked on the portfolio statement.

Holdings at the year end and movements during the year are as follows:

	Holdings at 31.07.18 (shares)	Movement (shares)	Holdings at 31.07.17 (shares)
ACD and related parties	21,300,985	(1,622,755)	22,923,740

The ACD and related parties of the ACD are ineligible to vote at any general meeting.

13 Shareholder funds

The Fund currently has one share class: Class 2 (Institutional). The Fund Management Fee is as follows:

Class 2: 1.05%

The net asset value of the share class, the net asset value per share and the number of shares in the class are shown on page 105. The distributions per share class are given in the distribution tables on page 116.

14 Shares in issue reconciliation

	Number of shares in issue at 31.07.17	Number of shares issued	Number of shares cancelled	Number of shares converted	Number of shares in issue at 31.07.18
Share Class 2 Income	22,923,740	–	(1,622,755)	–	21,300,985

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

15 Derivatives and other financial instruments

The policies applied in the management of financial instruments are set out on pages 6 to 8.

Fair value of financial assets and financial liabilities

There is no significant difference between the carrying values of the financial assets and liabilities and their fair values (2017: £nil).

Currency risk

At the year end date, 99.22% (2017: 98.21%) of the net assets of the Fund were denominated in currencies other than sterling with the effect that the balance sheet and total return can be significantly affected by currency movements. If currency rates were to change by 10%, the value of the Fund would change by 9.92% (2017: 9.82%).

Currency	Net foreign currency assets					
	Monetary exposure		Non monetary exposure		Total	
	£000		£000		£000	
	31.07.18	31.07.17	31.07.18	31.07.17	31.07.18	31.07.17
Danish Krone	30	38	2,092	6,412	2,122	6,450
Euro	116	105	35,580	29,761	35,696	29,866
Norwegian Krone	4	9	1,384	1,492	1,388	1,501
Swedish Krona	–	–	10,000	12,291	10,000	12,291
Swiss Franc	–	57	5,193	4,837	5,193	4,894

Interest rate risk

The Fund does not invest in either fixed or floating rate securities and interest rate risk exposure is restricted to interest receivable on bank deposits or payable on bank overdraft positions which will be affected by fluctuations in interest rates.

At the year end date 2.58% (2017: 3.47%) of the net assets of the Fund were interest bearing and as such the interest rate risk is not considered significant.

The floating rate on bank balances is linked to the Depositary's base rate.

Market price risk

At the year end date, 98.95% (2017: 97.84%) of the net assets of the Fund were invested in ordinary shares or stock units admitted to an official stock exchange. If the market value were to change by 10%, the value of the Fund would change by 9.90% (2017: 9.78%).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16 Direct transaction costs

In the case of shares, broker commissions and transfer taxes, stamp duty is paid by the Fund on each transaction. In addition, there is a dealing spread between buying and selling prices of the underlying investments. Unlike shares, other types of investments (such as bonds, money market instruments, derivatives) have no separately identifiable transaction costs; these costs form part of the dealing spread.

	Principal before costs £000	Commissions £000	Taxes £000	Total after costs £000	Commissions as % of principal	Taxes as % of principal
31.07.18						
Purchases (excluding Inspecie & Corporate Action activity)						
Equities	(21,620)	(8)	(10)	(21,638)	0.04%	0.05%
	(21,620)	(8)	(10)	(21,638)		
Sales (excluding Inspecie & Corporate Action activity)						
Equities	25,109	(12)	–	25,097	0.05%	0.00%
	25,109	(12)	–	25,097		
Total		(20)	(10)			
Percentage of Fund average net assets		0.03%	0.02%			

	Principal before costs £000	Commissions £000	Taxes £000	Total after costs £000	Commissions as % of principal	Taxes as % of principal
31.07.17						
Purchases (excluding Inspecie & Corporate Action activity)						
Equities	(38,375)	(22)	(12)	(38,409)	0.06%	0.03%
	(38,375)	(22)	(12)	(38,409)		
Sales (excluding Inspecie & Corporate Action activity)						
Equities	39,828	(20)	–	39,808	0.05%	0.00%
	39,828	(20)	–	39,808		
Total		(42)	(12)			
Percentage of Fund average net assets		0.08%	0.02%			

Dealing spread

As at 31 July 2018, the average portfolio dealing spread was 0.08% (2017: 0.08%). This spread represents the difference between the values determined retrospectively by reference to the bid and offer prices of investments expressed as a percentage of the value determined by reference to the offer price.

17 Post balance sheet events

There are no post balance sheet events which require adjustment or disclosure at the year end (2017: £nil).

DISTRIBUTION TABLES

Final distribution payable in pence per share for the six months ended 31 July 2018

Income shares		Net revenue	Equalisation	Final distribution payable 30 September 2018	Final distribution paid 30 September 2017
Share Class 2	Group 1	4.4023	–	4.4023	3.7231
	Group 2	4.4023	0.0000	4.4023	3.7231

Group 1 shares are those shares purchased at or before 2pm on 31 January 2018.

Group 2 shares are those shares purchased after 2pm on 31 January 2018.

Interim distribution paid in pence per share for the six months ended 31 January 2018

Income shares		Net revenue	Equalisation	Interim distribution paid 31 March 2018	Interim distribution paid 31 March 2017
Share Class 2	Group 1	0.0000	–	0.0000	0.0000
	Group 2	0.0000	0.0000	0.0000	0.0000

Group 1 shares are those shares purchased at or before 2pm on 31 July 2017.

Group 2 shares are those shares purchased after 2pm on 31 July 2017.

Equalisation

Equalisation applies only to Group 2 shares, in other words shares purchased during the relevant period. It is the average amount of revenue included in the purchase price of all Group 2 shares and is refunded to the holders of these shares as return of capital. Being capital, it is not liable to income tax but must be deducted from the cost of shares for capital gains tax purposes.

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 twelve months ended 31 July 2018 the Fund* returned 6.1 per cent (net of fees), outperforming the MSCI AC Asia Pacific ex Japan Index return of 5.8 per cent.

Review

2017 was a remarkable year for Asian equities, with total returns over 40% in US dollar terms over the full year. These were the strongest returns since 2009 and among the best five calendar-year returns in the last 30 years. The stellar stock market performance was a result of the very positive investment sentiment supported by synchronised global economic growth and positive revisions to corporate earnings throughout the year.

However, following a strong start in 2018, Asian equities have seen a fairly indiscriminate and broad-based sell-off during the first half, as worries over protectionism took centre stage and investor sentiment soured. The ongoing efforts of the Chinese government to deleverage the economy and rein in the shadow banking system also fuelled concerns that economic growth momentum in China could decelerate. Outside China, the Philippine and Indonesian currencies, equity and bond markets were notably weak as these ASEAN economies are perceived to be vulnerable to rising US rates due to their current account and government budget deficits.

Against this backdrop, the Fund held up reasonably well over the 12-month period and outperformed the regional benchmark. The outperformance was largely driven by positive stock selection in China, Korea and Australia, although part of that was offset by the negative stock selection in Singapore and Indonesia. At the sector level, an overweight position in technology across the region has added value despite the weaker sentiment in the sector towards the middle of this year. Other key areas include select financials, real estate companies, oil producers and healthcare names. Consumer discretionary stocks have been a drag.

Among the top individual contributors was Chinese dairy producer China Mengniu Dairy, which posted strong share price gains on the back of an apparent dairy consumption upgrade trend in China. Margins are improving as consumers buy premium milk products. Also in China, Sinopec, a leading oil and gas producer, saw positive share price performance amid recovering oil prices. In technology, Alibaba has been a key contributor, with most of its gains driven by robust earnings growth from its core ecommerce, cloud computing, digital media and entertainment businesses. SK Hynix, a leading memory chip producer in Korea, also did well after a strong year of solid memory demand, driving memory prices significantly higher.

Meanwhile, the overweight position in Chinese online discount apparel retailer Vipshop did poorly despite the gains towards the end of 2017 after announcing a strategic alliance with Tencent and JD.com. Investors took profits following mixed first quarter results as the synergy has yet to materialise. However, we believe it is still early days for the integration and remain positive that the synergy will play out. The poor sentiment on the internet sector also weighed on Chinese online media name Sina despite its strong earnings growth. In technology hardware, iPhone assembler Hon Hai Precision detracted from performance on concerns that weaker iPhone demand could lead to a cyclical slowdown of the company.

On November 1st, 2017 the benchmark was changed from FTSE® All-World Asia Pacific ex Japan India Pakistan to MSCI AC Asia Pacific ex Japan Index. One consequence was the inclusion of India, and as a result we have introduced exposure to India via the SISF Indian Equity Fund, at 9% of the portfolio as at the end of July.

Other notable transactions over the past 12 months included new positions to select financial names like Ping An Insurance and Hana Financial. The former is a life insurance franchise in China with solid growth in new business benefiting from structural demand growth in the underpenetrated insurance market in China, while the latter is a leading Korean banking group with solid asset quality. Meanwhile, we have taken some profits by trimming technology names TSMC, Hon Hai Precision and SK Hynix on strong performance last year. We have also exited some telecom names including SK Telecom in Korea and Intouch in Thailand on concerns over increased competition and ongoing capital expenditure in 5G which dampens the growth outlook of the industry.

The trade war has continued to dominate regional headlines in recent months. Whilst the direct impact to GDP growth and corporate earnings look modest, the market is extrapolating further on retaliatory trade responses which will affect confidence and will likely delay near-term corporate investment appetite. Meanwhile, financial deleveraging continues in China, with tightened regulations across wealth management products and off-balance sheet lending reducing liquidity. We are watching carefully for signs of slower economic activities in China.

We continue to be mindful of the potential growth moderation in China and the escalation of the trade war situation. We are taking partial profits in the energy sector as OPEC is likely to start normalising oil supply. We continue to like Korean semiconductor memory companies where valuations are quite attractive while supply will remain constrained and disciplined. We also favour the internet space where we see the gaming, media, messaging and e-commerce names as the new consumption substitutes. Whilst interest rate expectations have been dented recently, we believe financials across the region will continue to deliver steady earnings this year.

After a year of strong earnings growth across mainly technology, financials and commodity sectors in 2017, the outlook for 2018 is still of growth, albeit at a more modest pace, on the maturing economic cycle and emergence of new global risks. The escalation in the trade war is warranting a further shift towards a more cautious outlook. All else equal, higher trade tariffs lead to lower end-consumption and growth. Should tariffs escalate further, we might start to see localisation of production, lower scale and production efficiency and ultimately lower profits and consumption.

AVIVA INVESTORS APAC EQUITY MOM 1 FUND (CONTINUED)

FUND MANAGER'S REPORT (CONTINUED)

Market profits growth expectations for 2018 remains double-digit, whereas we believe a high single digit outcome is more likely on the assumption that China's tightening is more modest and does not drag down regional growth. After the recent market correction, valuations are looking more reasonable and are back in line with long-term average levels.

September 2018

* 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.

As noted above, the performance figures in this commentary have been sourced from an external party and are based on published prices. The performance figures quoted in the comparative table on page 119 are based on the net asset value per the published accounts and may be different due to post year end accounting adjustments.

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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
Schroder Indian Equity Fund Class I Accumulation USD	Taiwan Semiconductor Manufacturing
Alibaba Group Holding, ADR	SK Telecom
Hana Financial Group	Hon Hai Precision Industry
Ping An Insurance Group Co. of China 'H'	SK Hynix
Novatek Microelectronics	Intouch Holdings, NVDR
China Petroleum & Chemical 'H'	Jardine Matheson Holdings
Swire Pacific 'A'	BOC Hong Kong Holdings
Vipshop Holdings, ADR	Kerry Properties
NCSOFT	AGL Energy
Contact Energy	HSBC Holdings

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.
- Further information on the risks applicable to the Fund is detailed in the Fund's Key Investor Information Document, and a full description is set out in the Prospectus, both of which are available on the internet at www.avivainvestors.com or from the ACD on request.

COMPARATIVE TABLE

Class 2 Income	2018 p per share	2017 p per share	2016 p per share
Change in net assets per share			
Opening net asset value per share	265.20	214.31	189.20
Return before operating charges [†]	19.99	57.89	31.27
Operating charges	(3.69)	(3.28)	(2.49)
Return after operating charges [†]	16.30	54.61	28.78
Distributions	(3.71)	(3.72)	(3.67)
Closing net asset value per share	277.79	265.20	214.31
[†] after direct transaction costs of	(0.19)	(0.17)	(0.16)
Performance			
Return after charges	6.15%	25.48%	15.21%
Other information			
Closing net asset value (£000)	67,003	71,264	43,444
Closing number of shares	24,120,133	26,871,824	20,271,338
Operating charges (%) [‡]	1.34%	1.34%	1.36%
Direct transaction costs (%) [#]	0.07%	0.07%	0.09%
Prices[≈]			
Highest share price	287.45	271.09	218.46
Lowest share price	261.57	211.41	162.38

[‡] The operating charges are calculated on an ex-post basis and as such may differ from the Ongoing Charge Figure where:

(a) Changes to fee rates were made during the year and the Ongoing Charge Figure has been amended to be future proofed for this change.

(b) The Ongoing Charge has been annualised for a share class that has not yet been open for a full year.

[#] The direct transaction costs have been stated after deducting, in the case of single-priced funds, the proportion of the amounts collected from dilution adjustments or dilution levies that relates to direct transaction costs and, in the case of dual-priced funds, the amounts collected in relation to direct transaction costs added to, or subtracted from, the valuations by virtue of COLL 6.3.6 G (4).

[≈] The high and low prices disclosed are the high and low prices for the accounting period and not the calendar year and are based on published prices. The net asset value per share price is based on the net asset value in the published accounts and may be different due to post year end accounting adjustments.

Ongoing Charges Figure*

Share class	31.07.18	31.07.17
Class 2	1.36%	1.34%

* 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 year. The OCF is made up of the Fund Management Fee and, where a fund invests a substantial portion of its assets in other funds, an amount for the pro-rated charges of those other funds (referred to as "synthetic charges" or the "synthetic" part of the ongoing charge). The figure for ongoing charges excludes performance fees and portfolio transaction costs, except in the case of an entry/exit charge paid by the Fund when buying or selling shares/units in another collective investment scheme.

Please remember that past performance is not a guide to future performance and it might not be repeated. The value of investments and the revenue from them may go down as well as up and investors may not get back the amount originally invested. Because of this, you are not certain to make a profit on your investments and you may lose money.

PORTFOLIO STATEMENT

As at 31 July 2018

Investment	Currency	Holding	Market Value £000	% of Net Assets
Collective Investment Schemes 9.08% (0.00%)				
Schroder Indian Equity Fund Class I Accumulation USD	USD	30,602	6,086	9.08
Collective Investment Schemes total			6,086	9.08
Equities 91.00% (98.41%)				
Australia 17.63% (20.50%)				
ASX	AUD	7,915	294	0.44
Australia & New Zealand Banking Group	AUD	84,388	1,397	2.09
BHP Billiton	AUD	97,305	1,916	2.86
Brambles	AUD	155,755	870	1.30
Commonwealth Bank of Australia	AUD	14,009	592	0.88
Computershare	AUD	61,897	636	0.95
CSL	AUD	11,958	1,329	1.98
Incitec Pivot	AUD	339,676	726	1.08
Medibank	AUD	438,247	768	1.15
National Australia Bank	AUD	46,047	737	1.10
QBE Insurance Group	AUD	35,592	203	0.30
Rio Tinto	AUD	12,558	576	0.86
Westpac Banking	AUD	78,255	1,303	1.94
Woodside Petroleum	AUD	22,881	467	0.70
			11,814	17.63
Bermuda 2.67% (4.89%)				
Hongkong Land Holdings	USD	157,600	872	1.30
Jardine Matheson Holdings	USD	17,900	918	1.37
Peace Mark ^A	HKD	276,000	–	–
			1,790	2.67
Cayman Islands 15.82% (14.17%)				
Alibaba Group Holding, ADR	USD	20,921	2,942	4.39
China Mengniu Dairy	HKD	484,000	1,140	1.70
China Resources Land	HKD	266,888	741	1.11
Pacific Textiles Holdings	HKD	748,000	476	0.71
Sands China	HKD	68,000	266	0.40
SINA	USD	14,037	862	1.29
Tencent Holdings	HKD	106,500	3,666	5.47
Vipshop Holdings, ADR	USD	68,812	505	0.75
			10,598	15.82
China 9.69% (7.36%)				
China Construction Bank 'H'	HKD	1,704,000	1,173	1.75
China Pacific Insurance Group 'H'	HKD	413,000	1,225	1.83
China Petroleum & Chemical 'H'	HKD	1,808,200	1,327	1.98
Industrial & Commercial Bank of China 'H'	HKD	1,702,000	959	1.43
Ping An Insurance Group Co. of China 'H'	HKD	109,500	772	1.15
Zhuzhou CRRC Times Electric 'H'	HKD	227,100	1,035	1.55
			6,491	9.69
Hong Kong 10.33% (10.81%)				
AlA Group	HKD	426,200	2,830	4.22
BOC Hong Kong Holdings	HKD	185,000	681	1.02
China Mobile	HKD	174,000	1,193	1.78
Sun Hung Kai Properties	HKD	45,000	536	0.80
Swire Pacific 'A'	HKD	92,500	762	1.14
Swire Properties	HKD	307,000	918	1.37
			6,920	10.33
Indonesia 0.38% (1.13%)				
Matahari Department Store	IDR	605,500	257	0.38
			257	0.38

PORTFOLIO STATEMENT (CONTINUED)

As at 31 July 2018

Investment	Currency	Holding	Market Value £000	% of Net Assets
Ireland 1.42% (1.07%)				
James Hardie Industries, CDI	AUD	78,639	955	1.42
			955	1.42
New Zealand 0.65% (0.00%)				
Contact Energy	NZD	145,937	434	0.65
			434	0.65
Philippines 0.55% (0.96%)				
Ayala Land	PHP	633,500	370	0.55
			370	0.55
Singapore 3.68% (4.26%)				
Jardine Cycle & Carriage	SGD	19,888	374	0.56
Oversea-Chinese Banking	SGD	139,600	902	1.35
United Overseas Bank	SGD	43,500	657	0.98
UOL Group	SGD	132,400	530	0.79
			2,463	3.68
South Korea 13.39% (15.49%)				
Hana Financial Group	KRW	23,790	727	1.08
LG Chem	KRW	3,062	781	1.17
NAVER	KRW	905	440	0.66
NCSOFT	KRW	3,690	967	1.44
Samsung Electronics	KRW	127,973	4,022	6.00
Samsung Fire & Marine Insurance	KRW	2,799	520	0.78
SK Hynix	KRW	25,821	1,514	2.26
			8,971	13.39
Taiwan 8.88% (11.16%)				
ASE Technology Holding	TWD	505,682	983	1.47
Hon Hai Precision Industry	TWD	389,672	810	1.21
Novatek Microelectronics	TWD	238,000	869	1.30
Taiwan Semiconductor Manufacturing	TWD	539,000	3,287	4.90
			5,949	8.88
Thailand 3.56% (3.75%)				
Bangkok Bank	THB	278,200	1,324	1.98
Land & Houses, NVDR	THB	3,866,140	1,061	1.58
			2,385	3.56
United Kingdom 0.91% (1.86%)				
HSBC Holdings	HKD	84,400	611	0.91
			611	0.91
United States of America 1.44% (1.00%)				
ResMed, CDI	AUD	121,232	965	1.44
			965	1.44
Equities total			60,973	91.00
Investment assets			67,059	100.08
Net other liabilities			(56)	(0.08)
Net assets			67,003	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 2017.

^ Unlisted, suspended or delisted security.

STATEMENT OF TOTAL RETURN

For the year ended 31 July 2018

	Notes	£000	Year ended 31.07.18 £000	£000	Year ended 31.07.17 £000
Income					
Net capital gains	2		3,182		11,634
Revenue	3	2,040		1,861	
Expenses	4	(938)		(794)	
Net revenue before taxation		1,102		1,067	
Taxation	5	(143)		(152)	
Net revenue after taxation			959		915
Total return before distributions			4,141		12,549
Distributions	6		(959)		(915)
Change in net assets attributable to shareholders from investment activities			3,182		11,634

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

For the year ended 31 July 2018

	£000	Year ended 31.07.18 £000	£000	Year ended 31.07.17 £000
Opening net assets attributable to shareholders		71,264		43,444
Movement due to issue and cancellation of shares:				
Amounts receivable on issue of shares	–		16,124	
Amounts payable on cancellation of shares	(7,449)		–	
		(7,449)		16,124
Dilution adjustment		6		62
Change in net assets attributable to shareholders from investment activities (see above)		3,182		11,634
Closing net assets attributable to shareholders		67,003		71,264

BALANCE SHEET

As at 31 July 2018

	Notes	As at 31.07.18 £000	As at 31.07.17 £000
Assets:			
Investments		67,059	70,129
Current assets:			
Debtors	8	234	728
Cash and bank balances	9	415	1,121
Total assets		67,708	71,978
Liabilities:			
Creditors:			
Distribution payable		(628)	(619)
Other creditors	10	(77)	(95)
Total liabilities		(705)	(714)
Net assets attributable to shareholders		67,003	71,264

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting basis and policies

Please see pages 6 to 8 for accounting basis and policies.

2 Net capital gains

	Year ended 31.07.18 £000	Year ended 31.07.17 £000
Net capital gains on investments during the year comprise:		
Currency losses	(86)	(44)
Expenses relating to the purchase and sale of investments	(7)	(10)
Non-derivative securities gains	3,275	11,688
Net capital gains	3,182	11,634

3 Revenue

	Year ended 31.07.18 £000	Year ended 31.07.17 £000
Bank and deposit interest	2	3
Overseas dividends	1,943	1,804
Revenue from offshore funds	46	–
Stock dividends	–	13
UK dividends	49	41
Total revenue	2,040	1,861

4 Expenses

	Year ended 31.07.18 £000	Year ended 31.07.17 £000
Payable to the Authorised Corporate Director ("ACD"), associates of the ACD or agents of either of them:		
ACD's periodic charge/Fund Management Fee*	899	747
	899	747
Payable to the Depositary, associates of the Depositary or agents of either of them:		
Depositary's fee	8	10
Safe custody fee	18	20
	26	30
Other expenses:		
Audit fee**	9	11
Printing & postage expenses	1	1
Professional fees	2	4
Statement fees	1	1
	13	17
Total expenses	938	794

* From 4 June 2018 the Fund changed to a single fixed charge known as the Fund Management Fee (FMF). The FMF covers fees and expenses in relation to the operation and administration of the Company and the Fund.

** The audit fee was £8,562 (2017: £8,333) net of VAT.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5 Taxation**a Analysis of tax charge**

	Year ended 31.07.18 £000	Year ended 31.07.17 £000
Overseas tax suffered	143	152
Total current tax for the year (see note 5b)	143	152

b Factors affecting current tax charge

The tax assessed for the year is lower (2017: lower) than the standard rate of corporation tax in the UK for an Authorised Investment Fund (20%) (2017: 20%).

The differences are explained below:

	Year ended 31.07.18 £000	Year ended 31.07.17 £000
Net revenue before taxation	1,102	1,067
Corporation tax at 20%	220	213
Effects of:		
Movement in excess expenses	187	148
Overseas dividends not subject to corporation tax	(397)	(350)
Overseas tax suffered	143	152
Stock dividends not taxable	–	(3)
UK dividends not subject to corporation tax	(10)	(8)
	(77)	(61)
Current tax charge (see note 5a)	143	152

Authorised Investment Funds are exempt from tax on capital gains. Therefore, any capital return is not included in the above reconciliation.

c Deferred tax

There was no provision for deferred tax at the year end (2017: £nil).

After claiming relief against accrued income taxable on receipt, the Fund has unrelieved excess expenses of £7,501,411 (2017: £6,565,512) creating a potential deferred tax asset of £1,500,282 (2017: £1,313,102). It is unlikely that the Fund will generate taxable profits in the future to utilise these amounts and therefore no deferred tax asset has been recognised in the current or prior year.

6 Distributions

	Year ended 31.07.18 £000	Year ended 31.07.17 £000
The distributions take account of revenue received on the issue of shares and revenue deducted on the cancellation of shares, and comprise:		
Interim distribution	282	354
Final distribution	628	619
	910	973
Add: Revenue deducted on cancellation of shares	49	–
Deduct: Revenue received on issue of shares	–	(58)
Total distributions	959	915

Details of the distributions per share are set out in the distribution tables on page 130.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7 Fair value hierarchy

	As at 31.07.18 Assets £000	As at 31.07.17 Assets £000
Basis of valuation		
Level 1: Quoted prices	60,973	70,129
Level 2: Observable market data	6,086	–
Total value	67,059	70,129

Financial instruments have been measured at their fair value and have been classified below using a hierarchy that reflects the significance of the inputs used in measuring their fair value:

Level 1: Unadjusted quoted price in an active market for an identical instrument;

Level 2: Valuation techniques using observable inputs other than quoted prices within level 1;

Level 3: Valuation techniques using unobservable inputs.

8 Debtors

	As at 31.07.18 £000	As at 31.07.17 £000
Accrued revenue	230	186
Overseas tax recoverable	4	6
Sales awaiting settlement	–	536
Total debtors	234	728

9 Cash and bank balances

	As at 31.07.18 £000	As at 31.07.17 £000
Cash and bank balances	415	1,121
Total cash and bank balances	415	1,121

10 Other creditors

	As at 31.07.18 £000	As at 31.07.17 £000
Accrued expenses	77	95
Total creditors	77	95

11 Contingent liabilities and commitments

There were no contingent liabilities or commitments at the year end (2017: £nil).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12 Related party transactions

Aviva Investors UK Fund Services Limited, Aviva Investors Global Services Limited and the Aviva group are deemed to be related parties per section 33.10 of FRS 102 as they are entities with control, joint control or significant influence over the entity.

ACD periodic charges/Fund Management Fee paid to Aviva Investors UK Fund Services Limited ("the ACD") are shown in note 4 and details of shares issued and cancelled by the ACD are shown in the statement of change in net assets attributable to shareholders. The balance due to the ACD at the year end in respect of ACD periodic charges/Fund Management Fee was £77,219 (2017: £75,596). Any balance due from the ACD in respect of issues is shown in note 8. Any balance due to the ACD in respect of cancellations is shown in note 10.

Distributions payable to the ACD and related parties of the ACD during the year amounted to £910,320 (2017: £972,222). The amount outstanding at the year end was £628,161 (2017: £618,401). Related parties of the ACD are deemed to be all companies under the control of Aviva Plc. This will include companies which hold shares in the Fund on behalf of other external investors.

Any investments managed and advised by Aviva Investors Global Services Limited or associated with the Aviva Group are marked on the portfolio statement.

Holdings at the year end and movements during the year are as follows:

	Holdings at 31.07.18 (shares)	Movement (shares)	Holdings at 31.07.17 (shares)
ACD and related parties	24,120,133	(2,751,691)	26,871,824

The ACD and related parties of the ACD are ineligible to vote at any general meeting.

13 Shareholder funds

The Fund currently has one share class: Class 2 (Institutional). The Fund Management Fee is as follows:

Class 2: 1.36%

The net asset value of the share class, the net asset value per share and the number of shares in the class are shown on page 119. The distributions per share class are given in the distribution tables on page 130.

14 Shares in issue reconciliation

	Number of shares in issue at 31.07.17	Number of shares issued	Number of shares cancelled	Number of shares converted	Number of shares in issue at 31.07.18
Share Class 2 Income	26,871,824	–	(2,751,691)	–	24,120,133

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

15 Derivatives and other financial instruments

The policies applied in the management of financial instruments are set out on pages 6 to 8.

Fair value of financial assets and financial liabilities

There is no significant difference between the carrying values of the financial assets and liabilities and their fair values (2017: £nil).

Currency risk

At the year end date, 100.45% (2017: 99.46%) of the net assets of the Fund were denominated in currencies other than sterling with the effect that the balance sheet and total return can be significantly affected by currency movements. If currency rates were to change by 10.00%, the value of the Fund would change by 10.05% (2017: 9.95%).

Currency	Net foreign currency assets					
	Monetary exposure £000		Non monetary exposure £000		Total £000	
	31.07.18	31.07.17	31.07.18	31.07.17	31.07.18	31.07.17
Australian Dollar	–	–	13,734	16,083	13,734	16,083
Hong Kong Dollar	130	563	20,311	21,268	20,441	21,831
Indonesian Rupiah	–	–	257	803	257	803
Korean Won	28	87	8,971	11,040	8,999	11,127
New Zealand Dollar	–	–	434	–	434	–
Philippine Peso	–	–	370	683	370	683
Singapore Dollar	–	–	2,463	3,034	2,463	3,034
Taiwan Dollar	63	80	5,949	7,953	6,012	8,033
Thailand Baht	–	–	2,385	2,675	2,385	2,675
US Dollar	22	20	12,185	6,590	12,207	6,610

Interest rate risk

The Fund does not invest in either fixed or floating rate securities and interest rate risk exposure is restricted to interest receivable on bank deposits or payable on bank overdraft positions which will be affected by fluctuations in interest rates.

At the year end date 0.62% (2017: 1.57%) of the net assets of the Fund were interest bearing and as such the interest rate risk is not considered significant.

The floating rate on bank balances is linked to the Depositary's base rate.

Market price risk

At the year end date, 100.08% (2017: 98.41%) of the net assets of the Fund were invested in CIS, ordinary shares or stock units admitted to an official stock exchange. If the market value were to change by 10%, the value of the Fund would change by 10.01% (2017: 9.84%).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16 Direct transaction costs

In the case of shares, broker commissions and transfer taxes, stamp duty is paid by the Fund on each transaction. In addition, there is a dealing spread between buying and selling prices of the underlying investments. Unlike shares, other types of investments (such as bonds, money market instruments, derivatives) have no separately identifiable transaction costs; these costs form part of the dealing spread.

	Principal before costs £000	Commissions £000	Taxes £000	Total after costs £000	Commissions as % of principal	Taxes as % of principal
31.07.18						
Purchases (excluding Inspecie & Corporate Action activity)						
Equities	(7,974)	(5)	(3)	(7,982)	0.06%	0.04%
Funds	(6,017)	–	–	(6,017)	0.00%	0.00%
	(13,991)	(5)	(3)	(13,999)		
Sales (excluding Inspecie & Corporate Action activity)						
Equities	20,248	(16)	(29)	20,203	0.08%	0.14%
Funds	141	–	–	141	0.00%	0.00%
	20,389	(16)	(29)	20,344		
Total		(21)	(32)			
Percentage of Fund average net assets		0.03%	0.04%			

	Principal before costs £000	Commissions £000	Taxes £000	Total after costs £000	Commissions as % of principal	Taxes as % of principal
31.07.17						
Purchases (excluding Inspecie & Corporate Action activity)						
Equities	(23,250)	(21)	(8)	(23,279)	0.09%	0.03%
Purchases (include Corporate Action activity only)						
Equities	(19)	–	–	(19)	0.00%	0.00%
	(23,269)	(21)	(8)	(23,298)		
Sales (excluding Inspecie & Corporate Action activity)						
Equities	7,821	(6)	(9)	7,806	0.08%	0.12%
	7,821	(6)	(9)	7,806		
Total		(27)	(17)			
Percentage of Fund average net assets		0.04%	0.03%			

Dealing spread

As at 31 July 2018, the average portfolio dealing spread was 0.15% (2017: 0.18%). This spread represents the difference between the values determined retrospectively by reference to the bid and offer prices of investments expressed as a percentage of the value determined by reference to the offer price.

17 Post balance sheet events

There are no post balance sheet events which require adjustment or disclosure at the year end (2017: £nil).

DISTRIBUTION TABLES

Final distribution payable in pence per share for the six months ended 31 July 2018

Income shares		Net revenue	Equalisation	Final distribution payable 30 September 2018	Final distribution paid 30 September 2017
Share Class 2	Group 1	2.6043	–	2.6043	2.3013
	Group 2	2.6043	0.0000	2.6043	2.3013

Group 1 shares are those shares purchased at or before 2pm on 31 January 2018.

Group 2 shares are those shares purchased after 2pm on 31 January 2018.

Interim distribution paid in pence per share for the six months ended 31 January 2018

Income shares		Net revenue	Equalisation	Interim distribution paid 31 March 2018	Interim distribution paid 31 March 2017
Share Class 2	Group 1	1.1021	–	1.1021	1.4184
	Group 2	1.1021	0.0000	1.1021	1.4184

Group 1 shares are those shares purchased at or before 2pm on 31 July 2017.

Group 2 shares are those shares purchased after 2pm on 31 July 2017.

Equalisation

Equalisation applies only to Group 2 shares, in other words shares purchased during the relevant period. It is the average amount of revenue included in the purchase price of all Group 2 shares and is refunded to the holders of these shares as return of capital. Being capital, it is not liable to income tax but must be deducted from the cost of shares for capital gains tax purposes.

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 twelve months ended 31 July 2018 the Fund* returned 5.63 per cent (net of fees), underperforming the FTSE® World Japan Index Return of 10.86 per cent.

Review

Solid earnings prospects for the Japanese corporate sector and stable political conditions in Japan appeared to support the market in 2017. However, growing concerns over global economic, trade and financial conditions brought the equity market rally to a halt in early 2018. In February, a sudden increase in long-term US interest rates on news of strong wage data seemed to trigger a hike in volatility across the global financial markets, which in turn drove profit-taking in the equity markets. In March, the US government imposed tariffs targeting Chinese goods, raising concerns about a possible trade war between the worlds' two largest national economies. Increasingly hawkish attitudes on trade and tariffs from the Trump administration fuelled uncertainty about the earnings prospects for Japanese multinationals. Export oriented cyclical sectors, in particular the Capital Goods and Automobiles sectors, have been especially vulnerable to the unease among investors.

Sector allocation had a negative effect of 13 basis points (bp) on the relative return, while the stock selection results were mainly responsible for the negative outcome during the review period.

We have gradually reduced our overweight positions in economic sensitive manufacturing sectors, including Automobiles and Capital Goods, recognising that an uncertain phase in the global business cycle and protectionist US trade policies could have a relatively large impact on the earnings outlook for manufacturers. Overweight exposures to the Capital Goods and the Automobiles sectors were reduced to neutral during the review period. At the same time, the underweight exposures to defensive sectors have been eased gradually and brought closer to neutral. However, the outperformance of these defensive sectors resulted in a negative sector allocation effect: the underweight positions in the Consumption and Medical sectors detracted from the portfolio by 33bp and 17bp respectively.

Stock selection detracted from the relative performance by 256bp. With investor sentiment deteriorating as global economic prospects for 2018 became less clear, stocks that failed to achieve their forecasts were punished heavily regardless of valuations. In the Consumption sector, low priced clothing chain operator Shimamura plunged after reporting same-store sales and quarterly earnings results that were below expectations, although new management is focused on restoring the company's sales performance. Moreover, our lack of exposure to cosmetics companies such as Shiseido also weighed on the relative return as these stocks performed well despite high valuations, mainly driven by strong demand from Chinese consumers. Stock selection in the Consumption sector therefore had a negative impact of 182bp. In the Capital Goods sector, shares of our favoured machinery component company THK plunged. The stock was sold off amid concerns about the demand outlook, especially in China. The company provides key components for factory automation and semiconductor equipment, for which Chinese demand has been driving order flows. Thus we saw a negative stock selection impact of 133bp in the Capital Goods sector. Fujitsu General reported weak earnings results and its share price plummeted on the back of rising input costs and slow global growth in sales of its air conditioners. Stock selection in the Capital Goods sector therefore had a negative effect of 133bp. In 2017, several large manufacturing companies underperformed the market due to misreporting and malpractice revelations. Mitsubishi Material, Toray, Nissan Motor, Subaru Corp and Kobe Steel revealed improper product inspection processes. During the review period, active positions in Kobe Steel and Subaru therefore had negative effects on the relative return of 51bp and 25bp, respectively.

September 2018

* 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.

As noted above, the performance figures in this commentary have been sourced from an external party and are based on published prices. The performance figures quoted in the comparative table on page 133 are based on the net asset value per the published accounts and may be different due to post year end accounting adjustments.

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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 JAPAN EQUITY MOM 1 FUND (CONTINUED)

Material Portfolio Changes

Purchases	Sales
MS&AD Insurance Group Holdings	Tokio Marine Holdings
Fast Retailing	Toyota Motor
Komatsu	Daiichi Sankyo
Isuzu Motors	Ebara
Shimamura	Mazda Motor
Hitachi High-Technologies	Mitsubishi Electric
Seven & i Holdings	Fujitsu
TDK	Stanley Electric
Kao	Mizuho Financial Group
JXTG Holdings	Sankyu

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.
- Further information on the risks applicable to the Fund is detailed in the Fund's Key Investor Information Document, and a full description is set out in the Prospectus, both of which are available on the internet at www.avivainvestors.com or from the ACD on request.

COMPARATIVE TABLE

Class 2 Income	2018 p per share	2017 p per share	2016 p per share
Change in net assets per share			
Opening net asset value per share	197.85	171.18	150.25
Return before operating charges [†]	13.82	30.40	24.13
Operating charges	(2.69)	(2.48)	(1.94)
Return after operating charges [†]	11.13	27.92	22.19
Distributions	(1.56)	(1.25)	(1.26)
Closing net asset value per share	207.42	197.85	171.18
[†] after direct transaction costs of	(0.12)	(0.13)	(0.18)
Performance			
Return after charges	5.63%	16.31%	14.77%
Other information			
Closing net asset value (£000)	305,012	315,140	214,330
Closing number of shares	147,048,857	159,284,578	125,210,846
Operating charges (%) [‡]	1.30%	1.30%	1.31%
Direct transaction costs (%) [#]	0.06%	0.07%	0.12%
Prices[≈]			
Highest share price	223.49	200.88	172.42
Lowest share price	193.45	165.55	126.69

[‡] The operating charges are calculated on an ex-post basis and as such may differ from the Ongoing Charge Figure where:

(a) Changes to fee rates were made during the year and the Ongoing Charge Figure has been amended to be future proofed for this change.

(b) The Ongoing Charge has been annualised for a share class that has not yet been open for a full year.

[#] The direct transaction costs have been stated after deducting, in the case of single-priced funds, the proportion of the amounts collected from dilution adjustments or dilution levies that relates to direct transaction costs and, in the case of dual-priced funds, the amounts collected in relation to direct transaction costs added to, or subtracted from, the valuations by virtue of COLL 6.3.6 G (4).

[≈] The high and low prices disclosed are the high and low prices for the accounting period and not the calendar year and are based on published prices. The net asset value per share price is based on the net asset value in the published accounts and may be different due to post year end accounting adjustments.

Ongoing Charges Figure*

Share class	31.07.18	31.07.17
Class 2	1.31%	1.30%

* 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 year. The OCF is made up of the Fund Management Fee and, where a fund invests a substantial portion of its assets in other funds, an amount for the pro-rated charges of those other funds (referred to as "synthetic charges" or the "synthetic" part of the ongoing charge). The figure for ongoing charges excludes performance fees and portfolio transaction costs, except in the case of an entry/exit charge paid by the Fund when buying or selling shares/units in another collective investment scheme.

Please remember that past performance is not a guide to future performance and it might not be repeated. The value of investments and the revenue from them may go down as well as up and investors may not get back the amount originally invested. Because of this, you are not certain to make a profit on your investments and you may lose money.

PORTFOLIO STATEMENT

As at 31 July 2018

Investment	Currency	Holding	Market Value £000	% of Net Assets
Equities 99.70% (99.51%)				
Consumer Discretionary 19.80% (21.41%)				
Auto Components 5.61% (6.18%)				
Exedy	JPY	95,400	2,330	0.76
Keihin	JPY	131,000	2,053	0.67
KYB	JPY	53,000	1,888	0.62
NGK Spark Plug	JPY	156,600	3,425	1.12
Nissin Kogyo	JPY	146,800	1,911	0.63
Showa	JPY	82,700	1,059	0.35
Toyoda Gosei	JPY	79,600	1,531	0.50
Toyota Industries	JPY	68,000	2,914	0.96
			17,111	5.61
Automobiles 4.76% (6.99%)				
Isuzu Motors	JPY	468,000	4,813	1.58
Mitsubishi Motors	JPY	872,700	5,062	1.66
Nissan Motor	JPY	223,900	1,612	0.53
Subaru	JPY	136,800	3,037	0.99
			14,524	4.76
Distributors 0.56% (0.00%)				
PALTAC	JPY	42,600	1,712	0.56
			1,712	0.56
Diversified Consumer Services 0.72% (0.97%)				
Benesse Holdings	JPY	78,800	2,186	0.72
			2,186	0.72
Hotels, Restaurants & Leisure 0.75% (0.00%)				
Saizeriya	JPY	144,600	2,284	0.75
			2,284	0.75
Household Durables 0.65% (1.58%)				
Fujitsu General	JPY	169,200	1,980	0.65
			1,980	0.65
Leisure Products 1.32% (0.78%)				
Bandai Namco Holdings	JPY	109,200	3,324	1.09
Tomy	JPY	109,900	693	0.23
			4,017	1.32
Specialty Retail 4.51% (4.91%)				
Fast Retailing	JPY	22,100	7,338	2.41
Nitori Holdings	JPY	32,700	3,762	1.23
Shimamura	JPY	20,200	1,441	0.47
Yamada Denki	JPY	325,800	1,229	0.40
			13,770	4.51
Textiles, Apparel & Luxury Goods 0.92% (0.00%)				
Asics	JPY	227,000	2,807	0.92
			2,807	0.92
Consumer Discretionary total			60,391	19.80
Consumer Staples 4.64% (3.39%)				
Food & Staples Retailing 1.98% (1.10%)				
Mitsubishi Shokuhin	JPY	63,000	1,284	0.42
Seven & i Holdings	JPY	113,300	3,521	1.15
Tsuruha Holdings	JPY	13,200	1,238	0.41
			6,043	1.98

PORTFOLIO STATEMENT (CONTINUED)

As at 31 July 2018

Investment	Currency	Holding	Market Value £000	% of Net Assets
Food Products 0.70% (1.12%)				
Kewpie	JPY	112,700	2,132	0.70
			2,132	0.70
Personal Products 1.11% (0.00%)				
Kao	JPY	61,200	3,397	1.11
			3,397	1.11
Tobacco 0.85% (1.17%)				
Japan Tobacco	JPY	119,300	2,585	0.85
			2,585	0.85
Consumer Staples total			14,157	4.64
Energy 2.71% (0.82%)				
Energy Equipment & Services 0.74% (0.00%)				
Modec	JPY	106,600	2,266	0.74
			2,266	0.74
Oil, Gas & Consumable Fuels 1.97% (0.82%)				
Inpex	JPY	284,000	2,383	0.78
JXTG Holdings	JPY	650,100	3,635	1.19
			6,018	1.97
Energy total			8,284	2.71
Financials 12.04% (11.49%)				
Banks 4.72% (5.47%)				
Aozora Bank	JPY	86,600	2,467	0.81
Mitsubishi UFJ Financial Group	JPY	917,840	4,315	1.41
Sumitomo Mitsui Financial Group	JPY	251,100	7,615	2.50
			14,397	4.72
Consumer Finance 2.60% (2.05%)				
AEON Financial Service	JPY	224,500	3,525	1.16
Hitachi Capital	JPY	139,000	2,822	0.92
Jaccs	JPY	96,600	1,600	0.52
			7,947	2.60
Diversified Financial Services 1.73% (1.27%)				
ORIX	JPY	427,500	5,279	1.73
			5,279	1.73
Insurance 2.99% (2.70%)				
MS&AD Insurance Group Holdings	JPY	260,600	6,066	1.99
T&D Holdings	JPY	268,200	3,044	1.00
			9,110	2.99
Financials total			36,733	12.04
Health Care 5.61% (4.84%)				
Health Care Providers & Services 0.77% (0.64%)				
Ship Healthcare Holdings	JPY	79,400	2,346	0.77
			2,346	0.77
Pharmaceuticals 4.84% (4.20%)				
Daiichi Sankyo	JPY	66,300	2,079	0.68
Otsuka Holdings	JPY	148,700	5,226	1.71
Sawai Pharmaceutical	JPY	69,300	2,487	0.82
Shionogi	JPY	95,800	3,971	1.30
Tsumura	JPY	40,100	991	0.33
			14,754	4.84
Health Care total			17,100	5.61

PORTFOLIO STATEMENT (CONTINUED)

As at 31 July 2018

Investment	Currency	Holding	Market Value £000	% of Net Assets
Industrials 19.48% (24.87%)				
Air Freight & Logistics 0.38% (0.00%)				
Mitsui-Soko Holdings	JPY	475,000	1,144	0.38
			1,144	0.38
Airlines 0.48% (0.57%)				
ANA Holdings	JPY	52,600	1,472	0.48
			1,472	0.48
Building Products 1.75% (1.85%)				
AGC	JPY	88,200	2,808	0.92
Nichiha	JPY	90,800	2,537	0.83
			5,345	1.75
Commercial Services & Supplies 0.48% (0.56%)				
Dai Nippon Printing	JPY	87,800	1,459	0.48
			1,459	0.48
Construction & Engineering 3.67% (4.96%)				
Chiyoda	JPY	236,400	1,437	0.47
Kandenko	JPY	273,800	2,171	0.71
Kyowa Exeo	JPY	68,000	1,399	0.46
Nippo	JPY	138,700	1,986	0.65
Penta-Ocean Construction	JPY	302,900	1,449	0.48
Shimizu	JPY	345,300	2,752	0.90
			11,194	3.67
Electrical Equipment 1.26% (4.24%)				
Nidec	JPY	34,800	3,841	1.26
			3,841	1.26
Machinery 8.51% (7.85%)				
Amada Holdings	JPY	295,300	2,251	0.74
DMG Mori	JPY	142,600	1,654	0.54
Furukawa	JPY	105,700	1,224	0.40
Komatsu	JPY	241,700	5,401	1.77
Makino Milling Machine	JPY	217,000	1,328	0.43
Meidensha	JPY	713,000	2,034	0.67
MINEBEA MITSUMI	JPY	69,500	946	0.31
SMC	JPY	7,600	1,943	0.64
Star Micronics	JPY	131,300	1,794	0.59
Sumitomo Heavy Industries	JPY	63,700	1,680	0.55
THK	JPY	191,900	3,961	1.30
YAMABIKO	JPY	175,800	1,754	0.57
			25,970	8.51
Professional Services 0.96% (0.99%)				
Recruit Holdings	JPY	140,700	2,932	0.96
			2,932	0.96
Road & Rail 0.32% (1.42%)				
Fukuyama Transporting	JPY	26,500	980	0.32
			980	0.32
Trading Companies & Distributors 1.67% (2.32%)				
Hanwa	JPY	84,700	2,468	0.81
Mitsubishi	JPY	123,800	2,628	0.86
			5,096	1.67
Transportation Infrastructure 0.00% (0.11%)				
Industrials total			59,433	19.48

PORTFOLIO STATEMENT (CONTINUED)

As at 31 July 2018

Investment	Currency	Holding	Market Value £000	% of Net Assets
Information Technology 15.18% (15.21%)				
Electronic Equipment, Instruments & Components 7.94% (4.71%)				
Hitachi	JPY	1,156,000	6,140	2.01
Hitachi High-Technologies	JPY	87,900	2,732	0.90
Ibiden	JPY	116,100	1,452	0.48
Murata Manufacturing	JPY	21,000	2,792	0.91
Nippon Chemi-Con	JPY	56,600	1,503	0.49
Nippon Signal	JPY	239,800	1,766	0.58
Taiyo Yuden	JPY	136,600	3,099	1.02
TDK	JPY	58,200	4,734	1.55
			24,218	7.94
Internet Software & Services 0.00% (0.52%)				
IT Services 2.85% (3.25%)				
Itochu Techno-Solutions	JPY	242,400	3,512	1.15
NEC Networks & System Integration	JPY	84,300	1,505	0.49
NET One Systems	JPY	221,300	3,674	1.21
			8,691	2.85
Semiconductors & Semiconductor Equipment 1.24% (3.32%)				
Disco	JPY	17,000	2,200	0.72
Tokyo Seimitsu	JPY	61,400	1,586	0.52
			3,786	1.24
Software 0.68% (0.83%)				
Capcom	JPY	104,300	2,059	0.68
			2,059	0.68
Technology Hardware, Storage & Peripherals 2.47% (2.58%)				
Canon	JPY	130,900	3,229	1.06
Eizo	JPY	41,600	1,411	0.46
NEC	JPY	137,800	2,906	0.95
			7,546	2.47
Information Technology total			46,300	15.18
Materials 9.91% (8.18%)				
Chemicals 5.53% (2.75%)				
Hitachi Chemical	JPY	160,300	2,415	0.79
JSR	JPY	161,100	2,351	0.77
Mitsui Chemicals	JPY	190,600	3,902	1.28
Nippon Soda	JPY	373,000	1,667	0.55
NOF	JPY	102,600	2,573	0.85
Tokyo Ohka Kogyo	JPY	86,600	2,387	0.78
Toyobo	JPY	121,500	1,565	0.51
			16,860	5.53
Metals & Mining 3.83% (5.08%)				
Dowa Holdings	JPY	78,900	1,930	0.63
JFE Holdings	JPY	256,800	3,967	1.30
Kobe Steel	JPY	299,600	2,243	0.74
Nippon Denko	JPY	169,800	382	0.13
Sumitomo Metal Mining	JPY	115,100	3,153	1.03
			11,675	3.83
Paper & Forest Products 0.55% (0.35%)				
Daio Paper	JPY	160,400	1,685	0.55
			1,685	0.55
Materials total			30,220	9.91

PORTFOLIO STATEMENT (CONTINUED)

As at 31 July 2018

Investment	Currency	Holding	Market Value £000	% of Net Assets
Real Estate 5.09% (4.54%)				
Equity Real Estate Investment Trusts (REITs) 0.43% (0.77%)				
Hoshino Resorts REIT	JPY	340	1,327	0.43
			1,327	0.43
Real Estate Management & Development 4.66% (3.77%)				
Daiwa House Industry	JPY	249,500	6,921	2.27
Mitsui Fudosan	JPY	191,000	3,474	1.14
Tokyu Fudosan Holdings	JPY	737,600	3,805	1.25
			14,200	4.66
Real Estate total			15,527	5.09
Telecommunication Services 4.58% (4.76%)				
Diversified Telecommunication Services 1.50% (1.65%)				
Nippon Telegraph & Telephone	JPY	129,600	4,569	1.50
			4,569	1.50
Wireless Telecommunication Services 3.08% (3.11%)				
NTT DOCOMO	JPY	286,800	5,620	1.84
SoftBank Group	JPY	59,700	3,772	1.24
			9,392	3.08
Telecommunication Services total			13,961	4.58
Utilities 0.66% (0.00%)				
Electric Utilities 0.66% (0.00%)				
Hokkaido Electric Power	JPY	408,400	2,004	0.66
			2,004	0.66
Utilities total			2,004	0.66
Equities total			304,110	99.70
Investment assets			304,110	99.70
Net other assets			902	0.30
Net assets			305,012	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 2017.

STATEMENT OF TOTAL RETURN

For the year ended 31 July 2018

	Notes	£000	Year ended 31.07.18 £000	£000	Year ended 31.07.17 £000
Income					
Net capital gains	2		15,949		38,222
Revenue	3	7,205		5,735	
Expenses	4	(4,092)		(3,478)	
Net revenue before taxation		3,113		2,257	
Taxation	5	(720)		(573)	
Net revenue after taxation			2,393		1,684
Total return before distributions			18,342		39,906
Distributions	6		(2,393)		(1,684)
Change in net assets attributable to shareholders from investment activities			15,949		38,222

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

For the year ended 31 July 2018

	£000	Year ended 31.07.18 £000	£000	Year ended 31.07.17 £000
Opening net assets attributable to shareholders		315,140		214,330
Amounts transferred from Other Fund		–		38,707
Movement due to issue and cancellation of shares:				
Amounts receivable on issue of shares	994		24,501	
Amounts payable on cancellation of shares	(27,095)		(646)	
		(26,101)		23,855
Dilution adjustment		24		26
Change in net assets attributable to shareholders from investment activities (see above)		15,949		38,222
Closing net assets attributable to shareholders		305,012		315,140

BALANCE SHEET

As at 31 July 2018

	Notes	As at 31.07.18 £000	As at 31.07.17 £000
Assets:			
Investments		304,110	313,611
Current assets:			
Debtors	8	385	1,269
Cash and bank balances	9	2,406	2,897
Total assets		306,901	317,777
Liabilities:			
Creditors:			
Distribution payable		(1,561)	(1,216)
Other creditors	10	(328)	(1,421)
Total liabilities		(1,889)	(2,637)
Net assets attributable to shareholders		305,012	315,140

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting basis and policies

Please see pages 6 to 8 for accounting basis and policies.

2 Net capital gains

	Year ended 31.07.18 £000	Year ended 31.07.17 £000
Net capital gains on investments during the year comprise:		
Currency gains	38	118
Expenses relating to the purchase and sale of investments	(31)	(40)
Non-derivative securities gains	15,942	38,144
Net capital gains	15,949	38,222

3 Revenue

	Year ended 31.07.18 £000	Year ended 31.07.17 £000
Bank and deposit interest	2	4
Overseas dividends	7,101	5,517
Property income distributions	102	214
Total revenue	7,205	5,735

4 Expenses

	Year ended 31.07.18 £000	Year ended 31.07.17 £000
Payable to the Authorised Corporate Director ("ACD"), associates of the ACD or agents of either of them:		
ACD's periodic charge/Fund Management Fee*	4,003	3,371
	4,003	3,371
Payable to the Depositary, associates of the Depositary or agents of either of them:		
Depositary's fee	32	35
Interest payable	2	2
Safe custody fee	35	36
	69	73
Other expenses:		
Audit fee**	9	11
Printing & postage expenses	3	4
Statement fees	8	19
	20	34
Total expenses	4,092	3,478

* From 4 June 2018 the Fund changed to a single fixed charge known as the Fund Management Fee (FMF). The FMF covers fees and expenses in relation to the operation and administration of the Company and the Fund.

** The audit fee was £8,562 (2017: £8,333) net of VAT.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5 Taxation**a Analysis of tax charge**

	Year ended 31.07.18 £000	Year ended 31.07.17 £000
Overseas tax suffered	720	573
Total current tax for the year (see note 5b)	720	573

b Factors affecting current tax charge

The tax assessed for the year is higher (2017: higher) than the standard rate of corporation tax in the UK for an Authorised Investment Fund (20%) (2017: 20%).

The differences are explained below:

	Year ended 31.07.18 £000	Year ended 31.07.17 £000
Net revenue before taxation	3,113	2,257
Corporation tax at 20%	623	451
Effects of:		
Movement in excess expenses	800	654
Overseas dividends not subject to corporation tax	(1,420)	(1,104)
Overseas tax suffered	720	573
Revenue taxable in different periods	–	3
Tax relief for overseas tax expensed	(3)	(4)
	97	122
Current tax charge (see note 5a)	720	573

Authorised Investment Funds are exempt from tax on capital gains. Therefore, any capital return is not included in the above reconciliation.

c Deferred tax

There was no provision for deferred tax at the year end (2017: £nil).

After claiming relief against accrued income taxable on receipt, the Fund has unrelieved excess expenses of £14,290,252 (2017: £10,292,362) creating a potential deferred tax asset of £2,858,050 (2017: £2,058,472). It is unlikely that the Fund will generate taxable profits in the future to utilise these amounts and therefore no deferred tax asset has been recognised in the current or prior year.

6 Distributions

	Year ended 31.07.18 £000	Year ended 31.07.17 £000
The distributions take account of revenue received on the issue of shares and revenue deducted on the cancellation of shares, and comprise:		
Interim distribution	742	728
Final distribution	1,561	1,216
	2,303	1,944
Add: Revenue deducted on cancellation of shares	97	4
Deduct: Revenue received on issue of shares	(7)	(264)
Total distributions	2,393	1,684

Details of the distributions per share are set out in the distribution tables on page 146.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7 Fair value hierarchy

	As at 31.07.18 Assets £000	As at 31.07.17 Assets £000
Basis of valuation		
Level 1: Quoted prices	304,110	313,611
Total value	304,110	313,611

Financial instruments have been measured at their fair value and have been classified below using a hierarchy that reflects the significance of the inputs used in measuring their fair value:

Level 1: Unadjusted quoted price in an active market for an identical instrument;

Level 2: Valuation techniques using observable inputs other than quoted prices within level 1;

Level 3: Valuation techniques using unobservable inputs.

8 Debtors

	As at 31.07.18 £000	As at 31.07.17 £000
Accrued revenue	385	178
Sales awaiting settlement	–	1,091
Total debtors	385	1,269

9 Cash and bank balances

	As at 31.07.18 £000	As at 31.07.17 £000
Cash and bank balances	2,406	2,897
Total cash and bank balances	2,406	2,897

10 Other creditors

	As at 31.07.18 £000	As at 31.07.17 £000
Accrued expenses	328	379
Purchases awaiting settlement	–	1,042
Total creditors	328	1,421

11 Contingent liabilities and commitments

There were no contingent liabilities or commitments at the year end (2017: £nil).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12 Related party transactions

Aviva Investors UK Fund Services Limited, Aviva Investors Global Services Limited and the Aviva group are deemed to be related parties per section 33.10 of FRS 102 as they are entities with control, joint control or significant influence over the entity.

ACD periodic charges paid/Fund Management Fee to Aviva Investors UK Fund Services Limited ("the ACD") are shown in note 4 and details of shares issued and cancelled by the ACD are shown in the statement of change in net assets attributable to shareholders. The balance due to the ACD at the year end in respect of ACD periodic charges/Fund Management Fee was £328,362 (2017: £328,267). Any balance due from the ACD in respect of issues is shown in note 8. Any balance due to the ACD in respect of cancellations is shown in note 10.

Distributions payable to the ACD and related parties of the ACD during the year amounted to £2,302,599 (2017: £1,944,232). The amount outstanding at the year end was £1,561,365 (2017: £1,216,456). Related parties of the ACD are deemed to be all companies under the control of Aviva Plc. This will include companies which hold shares in the Fund on behalf of other external investors.

Any investments managed and advised by Aviva Investors Global Services Limited or associated with the Aviva Group are marked on the portfolio statement.

Holdings at the year end and movements during the year are as follows:

	Holdings at 31.07.18 (shares)	Movement (shares)	Holdings at 31.07.17 (shares)
ACD and related parties	147,048,857	(12,235,721)	159,284,578

The ACD and related parties of the ACD are ineligible to vote at any general meeting.

13 Shareholder funds

The Fund currently has one share class: Class 2 (Institutional). The Fund Management Fee is as follows:

Class 2: 1.31%

The net asset value of the share class, the net asset value per share and the number of shares in the class are shown on page 133. The distributions per share class are given in the distribution tables on page 146.

14 Shares in issue reconciliation

	Number of shares in issue at 31.07.17	Number of shares issued	Number of shares cancelled	Number of shares converted	Number of shares in issue at 31.07.18
Share Class 2 Income	159,284,578	496,032	(12,731,753)	–	147,048,857

15 Derivatives and other financial instruments

The policies applied in the management of financial instruments are set out on pages 6 to 8.

Fair value of financial assets and financial liabilities

There is no significant difference between the carrying values of the financial assets and liabilities and their fair values (2017: £nil).

Currency risk

At the year end date, 100.07% (2017: 99.95%) of the net assets of the Fund were denominated in currencies other than sterling with the effect that the balance sheet and total return can be significantly affected by currency movements. If currency rates were to change by 10%, the value of the Fund would change by 10.01% (2017: 10.00%).

Currency	Net foreign currency assets					
	Monetary exposure £000		Non monetary exposure £000		Total £000	
	31.07.18	31.07.17	31.07.18	31.07.17	31.07.18	31.07.17
Japanese Yen	1,105	1,373	304,110	313,611	305,215	314,984

Interest rate risk

The Fund does not invest in either fixed or floating rate securities and interest rate risk exposure is restricted to interest receivable on bank deposits or payable on bank overdraft positions which will be affected by fluctuations in interest rates.

At the year end date 0.79% (2017: 0.92%) of the net assets of the Fund were interest bearing and as such the interest rate risk is not considered significant.

The floating rate on bank balances is linked to the Depositary's base rate.

Market price risk

At the year end date, 99.70% (2017: 99.51%) of the net assets of the Fund were invested in ordinary shares or stock units admitted to an official stock exchange. If the market value were to change by 10%, the value of the Fund would change by 9.97% (2017: 9.95%).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16 Direct transaction costs

In the case of shares, broker commissions and transfer taxes, stamp duty is paid by the Fund on each transaction. In addition, there is a dealing spread between buying and selling prices of the underlying investments. Unlike shares, other types of investments (such as bonds, money market instruments, derivatives) have no separately identifiable transaction costs; these costs form part of the dealing spread.

	Principal before costs £000	Commissions £000	Taxes £000	Total after costs £000	Commissions as % of principal	Taxes as % of principal
31.07.18						
Purchases (excluding Inspecie & Corporate Action activity)						
Equities	(140,664)	(98)	–	(140,762)	0.07%	0.00%
	(140,664)	(98)	–	(140,762)		
Sales (excluding Inspecie & Corporate Action activity)						
Equities	166,305	(100)	–	166,205	0.06%	0.00%
	166,305	(100)	–	166,205		
Total		(198)	–			
Percentage of Fund average net assets		0.06%	0.00%			

	Principal before costs £000	Commissions £000	Taxes £000	Total after costs £000	Commissions as % of principal	Taxes as % of principal
31.07.17						
Purchases (excluding Inspecie & Corporate Action activity)						
Equities	(143,228)	(94)	–	(143,322)	0.07%	0.00%
Purchases (include Inspecie activity only)						
Equities	(38,707)	–	–	(38,707)	0.00%	0.00%
	(181,935)	(94)	–	(182,029)		
Sales (excluding Inspecie & Corporate Action activity)						
Equities	119,097	(87)	–	119,010	0.07%	0.00%
	119,097	(87)	–	119,010		
Total		(181)	–			
Percentage of Fund average net assets		0.07%	0.00%			

Dealing spread

As at 31 July 2018, the average portfolio dealing spread was 0.20% (2017: 0.17%). This spread represents the difference between the values determined retrospectively by reference to the bid and offer prices of investments expressed as a percentage of the value determined by reference to the offer price.

17 Post balance sheet events

There are no post balance sheet events which require adjustment or disclosure at the year end (2017: £nil).

DISTRIBUTION TABLES

Final distribution payable in pence per share for the six months ended 31 July 2018

Income shares		Net revenue	Equalisation	Final distribution payable 30 September 2018	Final distribution paid 30 September 2017
Share Class 2	Group 1	1.0618	–	1.0618	0.7637
	Group 2	0.0000	1.0618	1.0618	0.7637

Group 1 shares are those shares purchased at or before 2pm on 31 January 2018.

Group 2 shares are those shares purchased after 2pm on 31 January 2018.

Interim distribution paid in pence per share for the six months ended 31 January 2018

Income shares		Net revenue	Equalisation	Interim distribution paid 31 March 2018	Interim distribution paid 31 March 2017
Share Class 2	Group 1	0.4947	–	0.4947	0.4906
	Group 2	0.4947	0.0000	0.4947	0.4906

Group 1 shares are those shares purchased at or before 2pm on 31 July 2017.

Group 2 shares are those shares purchased after 2pm on 31 July 2017.

Equalisation

Equalisation applies only to Group 2 shares, in other words shares purchased during the relevant period. It is the average amount of revenue included in the purchase price of all Group 2 shares and is refunded to the holders of these shares as return of capital. Being capital, it is not liable to income tax but must be deducted from the cost of shares for capital gains tax purposes.

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 twelve months ended 31 July 2018 the Fund* returned 8.60 per cent (net of fees) outperforming the MSCI Emerging Markets Index return of 0.61 per cent.

Review

Emerging markets rose over the 12 months ended 31 July 2018, although they underperformed developed markets in a period that saw contrasting market conditions.

In the first half of the period, emerging equity markets performed relatively well. Although there were a number of factors weighing on investors' minds (including the U.S. Federal Reserve moving toward more normalized monetary policy and later increasing interest rates), emerging markets rallied strongly later in 2017 and into early 2018. They were boosted by favorable global economic data, which provided reasons for encouragement about economic conditions in the U.S., Japan, and Europe as well as in China. In other developments, the progress of a major U.S. tax reform package, which was signed into law by President Donald Trump after being approved by both the House of Representatives and the Senate, buoyed investor sentiment.

By contrast, emerging equity markets fell in the latter half of the period. Concerns about trade tensions between the U.S. and China and the potential for a global "trade war" weighed on sentiment, as did increased political uncertainties in Europe. The Federal Reserve raised interest rates further and signaled a more hawkish tone on the prospects for further hikes this year. The U.S. dollar strengthened, generally a headwind for the asset class, and the currencies of several emerging market countries came under pressure, including Brazil, South Africa, and Turkey.

Our choice of securities in the financials sector boosted relative returns. Russian bank Sberbank saw its shares perform relatively well. The rally in the price of oil has been supportive for the Russian economy, and company performance has been strong. Sberbank unveiled strong results that showed an increase in net income as well as growth in loans and fee income.

Stock selection in the information technology space was beneficial, as was our overweight here. Our holding in Tencent, which operates the dominant social media platform in China, added value, with the shares lifted by an impressive set of quarterly results. Highlights included revenues that were well ahead of our expectations. Areas of strength included mobile gaming and subscription-based content. Tencent is one of our core long-term holdings, and we remain confident about its growth prospects following a recent meeting with management; one of its advantages is its solid market position due to the popularity of its "WeChat" application.

On the negative side, the portfolio's underweight to the outperforming energy sector weighed on relative returns.

At the country level, both security selection and group allocation added value. Stock selection in China was beneficial, more than making up for the negative effect of our underweight to this market. Our choice of securities in South Africa and Taiwan had a positive impact. On the negative side, stock selection in Brazil weighed on relative returns. Our choice of securities in Russia also detracted, although this was partially offset by the positive effect of our overweight stance.

Outlook

We believe that economic growth across many developing markets could continue to be higher than in the developed world soon, with some signs that this gap, which narrowed for five years through 2015, is turning higher. We feel that those countries that push forward with reforms could do well, while countries that do not may struggle. Valuations are not as cheap as they were 12 months ago but remain at a slight 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 an escalation of trade war rhetoric or a worse-than-expected slowdown in China or a breakdown in its financial system, or an unexpected bout of risk aversion due to geopolitical events. 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 think policymakers have the tools to manage the transition and slowdown that is occurring in China.

In our opinion, the impact that higher U.S. interest rates will have on emerging markets may turn out to be less significant than investors fear. Higher interest rates are reviving the concerns about lower capital flows (such as foreign direct investment) and weaker currencies within these emerging market countries. But broadly speaking, we think that 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.

AVIVA INVESTORS EM EQUITY MOM 1 FUND (CONTINUED)

FUND MANAGER'S REPORT (CONTINUED)

Overall, we believe the environment will remain complex, but in our view this could provide a good opportunity for active investors to take advantage of valuation anomalies. The emerging consumer remains a powerful force in our view and could, we believe, 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, we believe the environment appears positive for emerging markets equities and ripe for stock picking.

September 2018

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

As noted above, the performance figures in this commentary have been sourced from an external party and are based on published prices. The performance figures quoted in the comparative table on page 149 are based on the net asset value per the published accounts and may be different due to post year end accounting adjustments.

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
HDFC Bank, ADR	Tencent Holdings
Largan Precision	Infosys, ADR
Taiwan Semiconductor Manufacturing	Alibaba Group Holding, ADR
Alibaba Group Holding, ADR	Samsung Electronics
Naspers 'N'	Itau Unibanco Holding Preference
AAC Technologies Holdings	Taiwan Semiconductor Manufacturing
Ctrip.com International, ADR	HDFC Bank, ADR
Mahindra & Mahindra, GDR	Tata Motors, ADR
Sanlam	Lojas Renner
Shoprite Holdings	Catcher Technology

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.
- Further information on the risks applicable to the Fund is detailed in the Fund's Key Investor Information Document, and a full description is set out in the Prospectus, both of which are available on the internet at www.avivainvestors.com or from the ACD on request.

COMPARATIVE TABLE

Class 2 Income	2018 p per share	2017 p per share	2016 p per share
Change in net assets per share			
Opening net asset value per share	472.88	386.67	310.22
Return before operating charges [‡]	47.70	94.14	82.16
Operating charges	(7.01)	(6.04)	(4.55)
Return after operating charges [‡]	40.69	88.10	77.61
Distributions	(1.79)	(1.89)	(1.16)
Closing net asset value per share	511.78	472.88	386.67
[‡] after direct transaction costs of	(0.66)	(0.60)	(0.50)
Performance			
Return after charges	8.60%	22.78%	25.02%
Other information			
Closing net asset value (£000)	78,646	113,339	87,881
Closing number of shares	15,367,112	23,967,847	22,727,468
Operating charges (%) [‡]	1.38%	1.41%	1.45%
Direct transaction costs (%) [#]	0.13%	0.14%	0.16%
Prices[≈]			
Highest share price	535.49	477.59	391.24
Lowest share price	470.44	380.39	268.73

[‡] The operating charges are calculated on an ex-post basis and as such may differ from the Ongoing Charge Figure where:

(a) Changes to fee rates were made during the year and the Ongoing Charge Figure has been amended to be future proofed for this change.

(b) The Ongoing Charge has been annualised for a share class that has not yet been open for a full year.

[#] The direct transaction costs have been stated after deducting, in the case of single-priced funds, the proportion of the amounts collected from dilution adjustments or dilution levies that relates to direct transaction costs and, in the case of dual-priced funds, the amounts collected in relation to direct transaction costs added to, or subtracted from, the valuations by virtue of COLL 6.3.6 G (4).

[≈] The high and low prices disclosed are the high and low prices for the accounting period and not the calendar year and are based on published prices. The net asset value per share price is based on the net asset value in the published accounts and may be different due to post year end accounting adjustments.

Ongoing Charges Figure*

Share class	31.07.18	31.07.17
Class 2	1.46%	1.41%

* 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 year. The OCF is made up of the Fund Management Fee and, where a fund invests a substantial portion of its assets in other funds, an amount for the pro-rated charges of those other funds (referred to as "synthetic charges" or the "synthetic" part of the ongoing charge). The figure for ongoing charges excludes performance fees and portfolio transaction costs, except in the case of an entry/exit charge paid by the Fund when buying or selling shares/units in another collective investment scheme.

Please remember that past performance is not a guide to future performance and it might not be repeated. The value of investments and the revenue from them may go down as well as up and investors may not get back the amount originally invested. Because of this, you are not certain to make a profit on your investments and you may lose money.

PORTFOLIO STATEMENT

As at 31 July 2018

Investment	Currency	Holding	Market Value £000	% of Net Assets
Equities 97.20% (97.79%)				
Belgium 0.46% (0.41%)				
Anheuser-Busch InBev	ZAR	4,767	366	0.46
			366	0.46
Bermuda 1.20% (0.57%)				
Credicorp	USD	5,400	942	1.20
			942	1.20
Brazil 9.67% (11.46%)				
Ambev, ADR	USD	36,700	147	0.19
Banco Bradesco Preference	BRL	113,175	715	0.91
BR Malls Participacoes	BRL	117,272	239	0.30
Itau Unibanco Holding Preference	BRL	306,649	2,925	3.72
Itausa – Investimentos Itau Preference	BRL	73,700	162	0.21
Lojas Renner	BRL	237,120	1,502	1.91
Multiplan Empreendimentos Imobiliarios	BRL	57,897	235	0.30
Raia Drogasil	BRL	111,394	1,677	2.13
			7,602	9.67
Cayman Islands 22.04% (20.01%)				
58.com, ADR	USD	7,400	374	0.47
AAC Technologies Holdings	HKD	52,500	508	0.65
Alibaba Group Holding, ADR	USD	38,117	5,359	6.81
Baidu, ADR	USD	9,720	1,859	2.36
China Mengniu Dairy	HKD	427,000	1,006	1.28
Ctrip.com International, ADR	USD	26,600	847	1.08
Hengan International Group	HKD	151,000	1,019	1.29
New Oriental Education & Technology Group, ADR	USD	2,539	170	0.22
Sunny Optical Technology Group	HKD	45,500	571	0.73
TAL Education Group, ADR	USD	7,798	194	0.25
Tencent Holdings	HKD	157,700	5,428	6.90
			17,335	22.04
Chile 2.03% (1.83%)				
Banco Santander Chile, ADR	USD	39,600	986	1.25
SACI Falabella	CLP	87,179	610	0.78
			1,596	2.03
China 4.58% (3.55%)				
Anhui Conch Cement 'H'	HKD	232,500	1,133	1.44
China Longyuan Power Group 'H'	HKD	497,000	351	0.44
Huaneng Renewables 'H'	HKD	1,134,000	320	0.41
Ping An Insurance Group Co. of China 'H'	HKD	255,000	1,798	2.29
			3,602	4.58
Colombia 0.35% (0.42%)				
Grupo Aval Acciones y Valores, ADR Preference	USD	44,330	275	0.35
			275	0.35
Hong Kong 0.61% (0.76%)				
CSPC Pharmaceutical Group	HKD	242,000	481	0.61
			481	0.61
Hungary 0.61% (0.00%)				
OTP Bank	HUF	17,027	481	0.61
			481	0.61

PORTFOLIO STATEMENT (CONTINUED)

As at 31 July 2018

Investment	Currency	Holding	Market Value £000	% of Net Assets
India 7.39% (10.67%)				
Axis Bank, GDR	USD	26,095	789	1.00
HDFC Bank, ADR	USD	36,940	2,985	3.80
ICICI Bank, ADR	USD	41,448	278	0.35
Infosys, ADR	USD	58,956	894	1.14
Larsen & Toubro, GDR	USD	5,852	84	0.11
Mahindra & Mahindra, GDR	USD	54,774	571	0.73
State Bank of India, GDR	USD	2,712	88	0.11
Tata Motors, ADR	USD	8,199	121	0.15
			5,810	7.39
Indonesia 2.42% (2.69%)				
Astra International	IDR	1,921,900	723	0.92
Bank Central Asia	IDR	966,400	1,178	1.50
			1,901	2.42
Mexico 1.88% (2.14%)				
Banco Santander Mexico, ADR	USD	21,913	141	0.18
Grupo Aeroportuario del Sureste, ADR	USD	2,348	326	0.41
Wal-Mart de Mexico	MXN	457,000	1,010	1.29
			1,477	1.88
Netherlands 0.98% (0.74%)				
X5 Retail Group, GDR	USD	15,597	317	0.41
Yandex 'A'	USD	16,600	451	0.57
			768	0.98
Philippines 2.65% (3.12%)				
BDO Unibank	PHP	141,865	267	0.34
GT Capital Holdings	PHP	19,835	276	0.35
SM Investments	PHP	74,535	1,014	1.29
Universal Robina	PHP	288,230	527	0.67
			2,084	2.65
Russia 3.29% (4.15%)				
Magnit, GDR	USD	12,757	158	0.20
Sberbank of Russia, ADR	USD	225,967	2,428	3.09
			2,586	3.29
South Africa 8.54% (7.12%)				
Absa Group	ZAR	36,569	359	0.46
Aspen Pharmacare Holdings	ZAR	25,137	369	0.47
Bid	ZAR	20,981	321	0.41
Clicks Group	ZAR	23,171	254	0.32
FirstRand	ZAR	353,352	1,397	1.78
Mr Price Group	ZAR	15,243	205	0.26
Naspers 'N'	ZAR	7,160	1,345	1.71
Sanlam	ZAR	238,998	1,050	1.33
Shoprite Holdings	ZAR	114,567	1,416	1.80
			6,716	8.54
South Korea 10.38% (10.74%)				
Amorepacific	KRW	748	136	0.17
AMOREPACIFIC Group	KRW	2,745	179	0.23
LG Household & Health Care	KRW	2,398	1,974	2.51
NAVER	KRW	1,616	786	1.00
Samsung Electronics	KRW	136,217	4,282	5.45
Samsung Electronics Preference	KRW	30,910	804	1.02
			8,161	10.38

PORTFOLIO STATEMENT (CONTINUED)

As at 31 July 2018

Investment	Currency	Holding	Market Value £000	% of Net Assets
Taiwan 11.31% (11.10%)				
Catcher Technology	TWD	75,000	701	0.89
Largan Precision	TWD	18,000	2,302	2.93
President Chain Store	TWD	85,000	708	0.90
Taiwan Semiconductor Manufacturing	TWD	742,000	4,524	5.75
Uni-President Enterprises	TWD	329,878	662	0.84
			8,897	11.31
Thailand 2.52% (2.30%)				
Airports of Thailand	THB	321,400	485	0.62
CP ALL	THB	876,300	1,499	1.90
			1,984	2.52
Turkey 0.56% (1.02%)				
BIM Birlesik Magazalar	TRY	40,385	444	0.56
			444	0.56
United Arab Emirates 2.18% (2.06%)				
DP World	USD	22,747	390	0.50
Emaar Malls	AED	453,389	192	0.24
First Abu Dhabi Bank	AED	405,493	1,134	1.44
			1,716	2.18
United Kingdom 0.50% (0.64%)				
Fresnillo	GBP	38,080	394	0.50
			394	0.50
United States of America 0.57% (0.00%)				
Southern Copper	USD	12,300	450	0.57
			450	0.57
Virgin Islands, British 0.48% (0.29%)				
Mail.Ru Group, GDR Preference	USD	17,854	377	0.48
			377	0.48
Equities total			76,445	97.20
Investment assets			76,445	97.20
Net other assets			2,201	2.80
Net assets			78,646	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 2017.

STATEMENT OF TOTAL RETURN

For the year ended 31 July 2018

	Notes	£000	Year ended 31.07.18 £000	£000	Year ended 31.07.17 £000
Income					
Net capital gains	2		7,667		19,713
Revenue	3	1,975		2,054	
Expenses	4	(1,429)		(1,353)	
Net revenue before taxation		546		701	
Taxation	5	(235)		(265)	
Net revenue after taxation			311		436
Total return before distributions			7,978		20,149
Distributions	6		(311)		(436)
Change in net assets attributable to shareholders from investment activities			7,667		19,713

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

For the year ended 31 July 2018

	£000	Year ended 31.07.18 £000	£000	Year ended 31.07.17 £000
Opening net assets attributable to shareholders		113,339		87,881
Movement due to issue and cancellation of shares:				
Amounts receivable on issue of shares	2,254		18,965	
Amounts payable on cancellation of shares	(44,718)		(13,320)	
		(42,464)		5,645
Dilution adjustment		104		100
Change in net assets attributable to shareholders from investment activities (see above)		7,667		19,713
Closing net assets attributable to shareholders		78,646		113,339

BALANCE SHEET

As at 31 July 2018

	Notes	As at 31.07.18 £000	As at 31.07.17 £000
Assets:			
Investments		76,445	110,838
Current assets:			
Debtors	8	373	665
Cash and bank balances	9	2,201	3,351
Total assets		79,019	114,854
Liabilities:			
Creditors:			
Distribution payable		(275)	(335)
Other creditors	10	(98)	(1,180)
Total liabilities		(373)	(1,515)
Net assets attributable to shareholders		78,646	113,339

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting basis and policies

Please see pages 6 to 8 for accounting basis and policies.

2 Net capital gains

	Year ended 31.07.18 £000	Year ended 31.07.17 £000
Net capital gains on investments during the year comprise:		
Currency losses	(30)	(129)
Expenses relating to the purchase and sale of investments	(35)	(57)
Non-derivative securities gains	7,732	19,899
Net capital gains	7,667	19,713

3 Revenue

	Year ended 31.07.18 £000	Year ended 31.07.17 £000
Bank and deposit interest	8	1
Overseas dividends	1,952	2,027
UK dividends	15	26
Total revenue	1,975	2,054

4 Expenses

	Year ended 31.07.18 £000	Year ended 31.07.17 £000
Payable to the Authorised Corporate Director ("ACD"), associates of the ACD or agents of either of them:		
ACD's periodic charge/Fund Management Fee*	1,350	1,251
	1,350	1,251
Payable to the Depositary, associates of the Depositary or agents of either of them:		
Depositary's fee	12	14
Dividend collection charges	8	22
Interest payable	2	–
Safe custody fee	45	47
	67	83
Other expenses:		
Audit fee**	8	11
Printing & postage expenses	1	2
Professional fees	2	5
Statement fees	1	1
	12	19
Total expenses	1,429	1,353

* From 4 June 2018 the Fund changed to a single fixed charge known as the Fund Management Fee (FMF). The FMF covers fees and expenses in relation to the operation and administration of the Company and the Fund.

** The audit fee was £8,562 (2017: £8,333) net of VAT.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5 Taxation**a Analysis of tax charge**

	Year ended 31.07.18 £000	Year ended 31.07.17 £000
Overseas tax suffered	235	265
Total current tax for the year (see note 5b)	235	265

b Factors affecting current tax charge

The tax assessed for the year is higher (2017: higher) than the standard rate of corporation tax in the UK for an Authorised Investment Fund (20%) (2017: 20%).

The differences are explained below:

	Year ended 31.07.18 £000	Year ended 31.07.17 £000
Net revenue before taxation	546	701
Corporation tax at 20%	109	140
Effects of:		
Movement in excess expenses	210	193
Overseas dividends not subject to corporation tax	(309)	(317)
Overseas tax suffered	235	265
Tax relief for overseas tax suffered	(7)	(11)
UK dividends not subject to corporation tax	(3)	(5)
	126	125
Current tax charge (see note 5a)	235	265

Authorised Investment Funds are exempt from tax on capital gains. Therefore, any capital return is not included in the above reconciliation.

c Deferred tax

There was no provision for deferred tax at the year end (2017: £nil).

After claiming relief against accrued income taxable on receipt, the Fund has unrelieved excess expenses of £3,661,648 (2017: £2,613,039) creating a potential deferred tax asset of £732,330 (2017: £522,608). It is unlikely that the Fund will generate taxable profits in the future to utilise these amounts and therefore no deferred tax asset has been recognised in the current or prior year.

6 Distributions

	Year ended 31.07.18 £000	Year ended 31.07.17 £000
The distributions take account of revenue received on the issue of shares and revenue deducted on the cancellation of shares, and comprise:		
Interim distribution	–	110
Final distribution	275	335
	275	445
Add: Revenue deducted on cancellation of shares	37	30
Deduct: Revenue received on issue of shares	(1)	(39)
Total distributions	311	436

Details of the distributions per share are set out in the distribution tables on page 161.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7 Fair value hierarchy

	As at 31.07.18 Assets £000	As at 31.07.17 Assets £000
Basis of valuation		
Level 1: Quoted prices	76,445	110,838
Total value	76,445	110,838

Financial instruments have been measured at their fair value and have been classified below using a hierarchy that reflects the significance of the inputs used in measuring their fair value:

Level 1: Unadjusted quoted price in an active market for an identical instrument;

Level 2: Valuation techniques using observable inputs other than quoted prices within level 1;

Level 3: Valuation techniques using unobservable inputs.

8 Debtors

	As at 31.07.18 £000	As at 31.07.17 £000
Accrued revenue	117	172
Overseas tax recoverable	2	1
Sales awaiting settlement	254	492
Total debtors	373	665

9 Cash and bank balances

	As at 31.07.18 £000	As at 31.07.17 £000
Cash and bank balances	2,201	3,351
Total cash and bank balances	2,201	3,351

10 Other creditors

	As at 31.07.18 £000	As at 31.07.17 £000
Accrued expenses	87	150
Amounts payable for cancellation of shares	–	700
Purchases awaiting settlement	11	330
Total creditors	98	1,180

11 Contingent liabilities and commitments

There were no contingent liabilities or commitments at the year end (2017: £nil).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12 Related party transactions

Aviva Investors UK Fund Services Limited, Aviva Investors Global Services Limited and the Aviva group are deemed to be related parties per section 33.10 of FRS 102 as they are entities with control, joint control or significant influence over the entity.

ACD periodic charges/Fund Management Fee paid to Aviva Investors UK Fund Services Limited ("the ACD") are shown in note 4 and details of shares issued and cancelled by the ACD are shown in the statement of change in net assets attributable to shareholders. The balance due to the ACD at the year end in respect of ACD periodic charges/Fund Management Fee was £87,281 (2017: £116,609). Any balance due from the ACD in respect of issues is shown in note 8. Any balance due to the ACD in respect of cancellations is shown in note 10.

Distributions payable to the ACD and related parties of the ACD during the year amounted to £274,503 (2017: £445,538). The amount outstanding at the year end was £274,503 (2017: £335,238). Related parties of the ACD are deemed to be all companies under the control of Aviva Plc. This will include companies which hold shares in the Fund on behalf of other external investors.

Any investments managed and advised by Aviva Investors Global Services Limited or associated with the Aviva Group are marked on the portfolio statement.

Holdings at the year end and movements during the year are as follows:

	Holdings at 31.07.18 (shares)	Movement (shares)	Holdings at 31.07.17 (shares)
ACD and related parties	15,367,112	(8,600,735)	23,967,847

The ACD and related parties of the ACD are ineligible to vote at any general meeting.

13 Shareholder funds

The Fund currently has one share class: Class 2 (Institutional). The Fund Management Fee is as follows:

Class 2: 1.46%

The net asset value of the share class, the net asset value per share and the number of shares in the class are shown on page 149. The distributions per share class are given in the distribution tables on page 161.

14 Shares in issue reconciliation

	Number of shares in issue at 31.07.17	Number of shares issued	Number of shares cancelled	Number of shares converted	Number of shares in issue at 31.07.18
Share Class 2 Income	23,967,847	462,883	(9,063,618)	–	15,367,112

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

15 Derivatives and other financial instruments

The policies applied in the management of financial instruments are set out on pages 6 to 8.

Fair value of financial assets and financial liabilities

There is no significant difference between the carrying values of the financial assets and liabilities and their fair values (2017: £nil).

Currency risk

At the year end date, 99.10% (2017: 99.83%) of the net assets of the Fund were denominated in currencies other than sterling with the effect that the balance sheet and total return can be significantly affected by currency movements. If currency rates were to change by 10.00%, the value of the Fund would change by 9.91% (2017: 9.98%).

Currency	Net foreign currency assets					
	Monetary exposure £000		Non monetary exposure £000		Total £000	
	31.07.18	31.07.17	31.07.18	31.07.17	31.07.18	31.07.17
Arab Emirates Dirham	–	–	1,326	1,583	1,326	1,583
Brazilian Real	18	29	7,455	12,786	7,473	12,815
Chilean Peso	–	–	610	819	610	819
Hong Kong Dollar	11	34	12,615	16,950	12,626	16,984
Hungarian Forint	–	–	481	–	481	–
Indonesian Rupiah	–	–	1,901	3,048	1,901	3,048
Mexican Peso	27	–	1,010	1,634	1,037	1,634
Philippine Peso	–	–	2,084	3,541	2,084	3,541
Polish Zloty	1	1	–	–	1	1
South African Rand	–	–	7,082	8,528	7,082	8,528
South Korean Won	34	100	8,161	12,179	8,195	12,279
Taiwan Dollar	–	25	8,897	12,576	8,897	12,601
Thailand Baht	–	–	1,984	2,609	1,984	2,609
Turkish Lira	21	–	444	1,156	465	1,156
US Dollar	1,777	2,847	22,001	32,705	23,778	35,552

Interest rate risk

The Fund does not invest in either fixed or floating rate securities and interest rate risk exposure is restricted to interest receivable on bank deposits or payable on bank overdraft positions which will be affected by fluctuations in interest rates.

At the year end date 2.80% (2017: 2.96%) of the net assets of the Fund were interest bearing and as such the interest rate risk is not considered significant.

The floating rate on bank balances is linked to the Depositary's base rate.

Market price risk

At the year end date, 97.20% (2017: 97.79%) of the net assets of the Fund were invested in ordinary shares or stock units admitted to an official stock exchange. If the market value were to change by 10%, the value of the Fund would change by 9.72% (2017: 9.78%).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16 Direct transaction costs

In the case of shares, broker commissions and transfer taxes, stamp duty is paid by the Fund on each transaction. In addition, there is a dealing spread between buying and selling prices of the underlying investments. Unlike shares, other types of investments (such as bonds, money market instruments, derivatives) have no separately identifiable transaction costs; these costs form part of the dealing spread.

	Principal before costs £000	Commissions £000	Taxes £000	Total after costs £000	Commissions as % of principal	Taxes as % of principal
31.07.18						
Purchases (excluding Inspecie & Corporate Action activity)						
Equities	(21,473)	(18)	(12)	(21,503)	0.08%	0.06%
	(21,473)	(18)	(12)	(21,503)		
Sales (excluding Inspecie & Corporate Action activity)						
Equities	63,733	(41)	(64)	63,628	0.06%	0.10%
	63,733	(41)	(64)	63,628		
Total		(59)	(76)			
Percentage of Fund average net assets		0.06%	0.07%			

	Principal before costs £000	Commissions £000	Taxes £000	Total after costs £000	Commissions as % of principal	Taxes as % of principal
31.07.17						
Purchases (excluding Inspecie & Corporate Action activity)						
Equities	(40,748)	(46)	(17)	(40,811)	0.11%	0.04%
Purchases (include Corporate Action activity only)						
Equities	(103)	–	–	(103)	0.00%	0.00%
	(40,851)	(46)	(17)	(40,914)		
Sales (excluding Inspecie & Corporate Action activity)						
Equities	35,448	(40)	(35)	35,373	0.11%	0.10%
	35,448	(40)	(35)	35,373		
Total		(86)	(52)			
Percentage of Fund average net assets		0.09%	0.05%			

Dealing spread

As at 31 July 2018, the average portfolio dealing spread was 0.16% (2017: 0.17%). This spread represents the difference between the values determined retrospectively by reference to the bid and offer prices of investments expressed as a percentage of the value determined by reference to the offer price.

17 Post balance sheet events

There are no post balance sheet events which require adjustment or disclosure at the year end (2017: £nil).

DISTRIBUTION TABLES

Final distribution payable in pence per share for the six months ended 31 July 2018

Income shares		Net revenue	Equalisation	Final distribution payable 30 September 2018	Final distribution paid 30 September 2017
Share Class 2	Group 1	1.7863	–	1.7863	1.3987
	Group 2	1.7131	0.0732	1.7863	1.3987

Group 1 shares are those shares purchased at or before 2pm on 31 January 2018.

Group 2 shares are those shares purchased after 2pm on 31 January 2018.

Interim distribution paid in pence per share for the six months ended 31 January 2018

Income shares		Net revenue	Equalisation	Interim distribution paid 31 March 2018	Interim distribution paid 31 March 2017
Share Class 2	Group 1	0.0000	–	0.0000	0.4957
	Group 2	0.0000	0.0000	0.0000	0.4957

Group 1 shares are those shares purchased at or before 2pm on 31 July 2017.

Group 2 shares are those shares purchased after 2pm on 31 July 2017.

Equalisation

Equalisation applies only to Group 2 shares, in other words shares purchased during the relevant period. It is the average amount of revenue included in the purchase price of all Group 2 shares and is refunded to the holders of these shares as return of capital. Being capital, it is not liable to income tax but must be deducted from the cost of shares for capital gains tax purposes.

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 twelve months ended 31 July 2018, the Fund* returned 0.28 per cent (net of fees), underperforming the FTSE® British Government All Stocks Index return of 1.27 per cent.

Review

Our moves to alter the Fund's sensitivity to changes in interest rates were broadly helpful over the course of the period, and in particular around the Bank of England's decision to raise UK interest rates to 0.5% in November 2017. While our cross-market trade favouring the US market over the UK worked well initially, some underperformance was suffered in January as US government bond yields rose sharply on worries about inflation and further interest rate hikes by the US central bank. Losses were subsequently offset, however, as gilts found support from heightened risk aversion as global trade war fears intensified. In the latter stages of the period, the Fund underperformed, largely due to a very sizeable cash outflow in April which ultimately resulted in significant underperformance relative to the index. The Fund then benefited from positions anticipating both lower yields and the yield curve to flatten through the inaugural 2071 gilt syndication and as geopolitical concerns escalated.

Gilts posted a positive return in the twelve months under review, largely thanks to the resilient performance of long-dated area of the market. Government bonds were generally out of favour during the period as investors anticipated a tightening of monetary policy in response to the stronger performance of the global economy and an increase in inflationary pressures. This was borne out by interest rate hikes in the US and the UK and the announcement of the winding up of its bond-buying programme by the European Central Bank. Indeed, the markets suffered corrections at junctures when central bank policy rhetoric appeared to turn more hawkish. But despite pronounced market weakness at the start of the year, fears of a prolonged sell-off in gilts failed to materialise as geopolitical uncertainties, which included a dangerous stand-off between the US and North Korea and election turmoil in Italy, prompted investors to switch into lower-risk assets. As the period drew to a close, the market reflected the expectation that the Bank of England would raise the base rate to 0.75% in a bid to manage both inflation and the economy, which looked to be stabilising after a downturn in the first quarter of 2018.

In terms of the Fund's sensitivity to changes in interest rates we held a broadly neutral stance for much of the period. This was a consequence of the ambiguous outlook for the market in the context of rising inflation, patchy economic performance, possible interest rate hikes and political uncertainty. We did, however, adjust tactically the Fund's interest rate sensitivity in order to exploit opportunities as they developed. To help mitigate the conflicting factors influencing the gilt market we opened a cross-market position, taking exposure to US government bonds, whose prices we expected to be supported by economic and political risks. As the period drew to a close, we adopted a slight short duration position, anticipating gilts yields to rise ahead of an expected interest rate hike in August.

Outlook

In the short term, the gilt market will face increasing uncertainty. Not only are trade tensions unlikely to dissipate any time soon but domestically the Brexit negotiations are reaching a critical stage. This will likely see sizable moves in both the currency and gilt yields. Although we may get some clarity towards the end of the year on what kind of deal the UK will achieve (if any deal at all), for the time being gilt yields will most likely move in similar fashion to their overseas peers based on global macro-economic developments.

September 2018

* 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.

As noted above, the performance figures in this commentary have been sourced from an external party and are based on published prices. The performance figures quoted in the comparative table on page 164 are based on the net asset value per the published accounts and may be different due to post year end accounting adjustments.

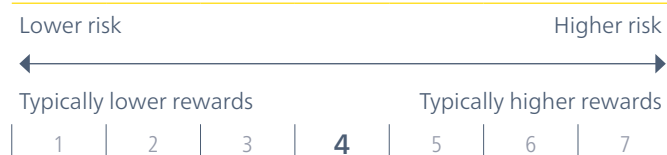
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Any opinions expressed are those of the Fund manager. They should not be viewed as a guarantee of a return from an investment in the Funds. The content of the commentary should not be viewed as a recommendation to invest nor to buy or sell stocks. 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 GILTS MOM 1 FUND (CONTINUED)

Material Portfolio Changes

Purchases	Sales
UK Treasury 1.25% 22/07/2018	UK Treasury 1.25% 22/07/2018
UK Treasury 1.25% 22/07/2027	UK Treasury 1.25% 22/07/2027
UK Treasury 1.50% 22/07/2047	UK Treasury 1.50% 22/07/2047
UK Treasury 4.50% 07/03/2019	UK Treasury 2.50% 22/07/2065
UK Treasury 1.75% 22/07/2019	UK Treasury 2.00% 22/07/2020
UK Treasury 2.50% 22/07/2065	UK Treasury 1.75% 22/07/2019
UK Treasury 2.00% 22/07/2020	UK Treasury 2.25% 07/09/2023
UK Treasury 1.63% 22/10/2071	UK Treasury 1.75% 07/09/2022
US Treasury 2.38% 15/05/2027	UK Treasury 4.50% 07/09/2034
UK Treasury 2.25% 07/09/2023	UK Treasury 3.75% 07/09/2020

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.
- Further information on the risks applicable to the Fund is detailed in the Fund's Key Investor Information Document, and a full description is set out in the Prospectus, both of which are available on the internet at www.avivainvestors.com or from the ACD on request.

COMPARATIVE TABLE

Class 2 Income	2018 p per share	2017 p per share	2016 p per share
Change in net assets per share			
Opening net asset value per share	121.89	127.64	115.31
Return before operating charges [†]	1.31	(3.22)	15.15
Operating charges	(0.96)	(0.99)	(0.92)
Return after operating charges [†]	0.35	(4.21)	14.23
Distributions	(1.50)	(1.54)	(1.90)
Closing net asset value per share	120.74	121.89	127.64
[†] after direct transaction costs of	–	–	–
Performance			
Return after charges	0.29%	(3.30)%	12.34%
Other information			
Closing net asset value (£000)	27,617	66,487	91,970
Closing number of shares	22,873,596	54,546,750	72,055,485
Operating charges (%) [‡]	0.79%	0.79%	0.78%
Direct transaction costs (%) [#]	–	–	–
Prices[≈]			
Highest share price	124.83	132.19	128.62
Lowest share price	118.11	119.86	113.65

[‡] The operating charges are calculated on an ex-post basis and as such may differ from the Ongoing Charge Figure where:

(a) Changes to fee rates were made during the year and the Ongoing Charge Figure has been amended to be future proofed for this change.

(b) The Ongoing Charge has been annualised for a share class that has not yet been open for a full year.

[#] The direct transaction costs have been stated after deducting, in the case of single-priced funds, the proportion of the amounts collected from dilution adjustments or dilution levies that relates to direct transaction costs and, in the case of dual-priced funds, the amounts collected in relation to direct transaction costs added to, or subtracted from, the valuations by virtue of COLL 6.3.6 G (4).

[≈] The high and low prices disclosed are the high and low prices for the accounting period and not the calendar year and are based on published prices. The net asset value per share price is based on the net asset value in the published accounts and may be different due to post year end accounting adjustments.

Ongoing Charges Figure*

Share class	31.07.18	31.07.17
Class 2	0.78%	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 year. The OCF is made up of the Fund Management Fee and, where a fund invests a substantial portion of its assets in other funds, an amount for the pro-rated charges of those other funds (referred to as "synthetic charges" or the "synthetic" part of the ongoing charge). The figure for ongoing charges excludes performance fees and portfolio transaction costs, except in the case of an entry/exit charge paid by the Fund when buying or selling shares/units in another collective investment scheme.

Please remember that past performance is not a guide to future performance and it might not be repeated. The value of investments and the revenue from them may go down as well as up and investors may not get back the amount originally invested. Because of this, you are not certain to make a profit on your investments and you may lose money.

PORTFOLIO STATEMENT

As at 31 July 2018

Investment	Currency	Holding	Market Value £000	% of Net Assets
Government Bonds 94.77% (98.07%)				
United Kingdom 94.77% (98.07%)				
UK Treasury 4.50% 07/03/2019	GBP	5,295,000	5,418	19.62
UK Treasury 1.75% 22/07/2019	GBP	1,518,000	1,533	5.55
UK Treasury 2.00% 22/07/2020	GBP	867,000	888	3.22
UK Treasury 3.75% 07/09/2020	GBP	1,031,000	1,096	3.97
UK Treasury 1.50% 22/01/2021	GBP	1,236,000	1,257	4.55
UK Treasury 1.75% 07/09/2022	GBP	1,144,000	1,181	4.28
UK Treasury 2.25% 07/09/2023	GBP	922,606	978	3.54
UK Treasury 1.25% 22/07/2027	GBP	3,214,153	3,180	11.51
UK Treasury 4.50% 07/09/2034	GBP	1,121,000	1,566	5.67
UK Treasury 4.25% 07/09/2039	GBP	635,000	912	3.30
UK Treasury 4.25% 07/12/2040	GBP	882,000	1,282	4.64
UK Treasury 1.50% 22/07/2047	GBP	4,229,301	3,958	14.33
UK Treasury 3.75% 22/07/2052	GBP	677,500	1,030	3.73
UK Treasury 1.75% 22/07/2057	GBP	174,000	178	0.65
UK Treasury 2.50% 22/07/2065	GBP	259,844	332	1.20
UK Treasury 1.63% 22/10/2071	GBP	1,377,647	1,384	5.01
			26,173	94.77
Government Bonds total			26,173	94.77
Forward Currency Contracts (0.02)% (0.00%)				
Buy JPY 78,626,024 sell GBP 536,405 dated 23/08/2018			–	–
Buy USD 696,866 sell JPY 78,645,230 dated 23/08/2018			(7)	(0.02)
Forward Currency Contracts total			(7)	(0.02)
Futures (0.01)% (0.02%)				
Euro-Bund 06/09/2018	EUR	9	–	–
Long Gilt 26/09/2018	GBP	2	(2)	(0.01)
Futures total			(2)	(0.01)
Investment assets (including investment liabilities)			26,164	94.74
Net other assets			1,453	5.26
Net assets			27,617	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 2017.

STATEMENT OF TOTAL RETURN

For the year ended 31 July 2018

	Notes	£000	Year ended 31.07.18 £000	£000	Year ended 31.07.17 £000
Income					
Net capital losses	2		(231)		(3,915)
Revenue	3	706		1,025	
Expenses	4	(441)		(636)	
Net revenue before taxation		265		389	
Taxation	5	–		–	
Net revenue after taxation			265		389
Total return before distributions			34		(3,526)
Distributions	6		(687)		(996)
Change in net assets attributable to shareholders from investment activities			(653)		(4,522)

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

For the year ended 31 July 2018

	£000	Year ended 31.07.18 £000	£000	Year ended 31.07.17 £000
Opening net assets attributable to shareholders		66,487		91,970
Movement due to issue and cancellation of shares:				
Amounts receivable on issue of shares	3,194		6,482	
Amounts payable on cancellation of shares	(41,422)		(27,455)	
		(38,228)		(20,973)
Dilution adjustment		11		12
Change in net assets attributable to shareholders from investment activities (see above)		(653)		(4,522)
Closing net assets attributable to shareholders		27,617		66,487

BALANCE SHEET

As at 31 July 2018

	Notes	As at 31.07.18 £000	As at 31.07.17 £000
Assets:			
Investments		26,173	65,220
Current assets:			
Debtors	8	173	246
Cash and bank balances	9	1,379	1,298
Total assets		27,725	66,764
Liabilities:			
Investment liabilities		(9)	–
Creditors:			
Distribution payable		(81)	(215)
Other creditors	10	(18)	(62)
Total liabilities		(108)	(277)
Net assets attributable to shareholders		27,617	66,487

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting basis and policies

Please see pages 6 to 8 for accounting basis and policies.

2 Net capital losses

	Year ended 31.07.18 £000	Year ended 31.07.17 £000
Net capital losses on investments during the year comprise:		
Currency gains	30	51
Derivative contracts gains/(losses)	109	(15)
Expenses relating to the purchase and sale of investments	(3)	(4)
Forward currency contracts gains	10	–
Non-derivative securities losses	(377)	(3,947)
Net capital losses	(231)	(3,915)

3 Revenue

	Year ended 31.07.18 £000	Year ended 31.07.17 £000
Bank and deposit interest	3	2
Interest on debt securities	703	1,041
Interest on derivatives	–	(18)
Total revenue	706	1,025

4 Expenses

	Year ended 31.07.18 £000	Year ended 31.07.17 £000
Payable to the Authorised Corporate Director ("ACD"), associates of the ACD or agents of either of them:		
ACD's periodic charge/Fund Management Fee*	422	607
	422	607
Payable to the Depositary, associates of the Depositary or agents of either of them:		
Depositary's fee	7	12
Interest payable	1	–
Safe custody fee	1	1
	9	13
Other expenses:		
Audit fee**	8	11
Printing & postage expenses	–	2
Statement fees	2	3
	10	16
Total expenses	441	636

* From 4 June 2018 the Fund changed to a single fixed charge known as the Fund Management Fee (FMF). The FMF covers fees and expenses in relation to the operation and administration of the Company and the Fund.

** The audit fee was £8,562 (2017: £8,333) net of VAT.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5 Taxation**a Analysis of tax charge**

	Year ended 31.07.18 £000	Year ended 31.07.17 £000
Corporation tax	–	–
Total current tax for the year (see note 5b)	–	–

b Factors affecting current tax charge

The tax assessed for the year is lower (2017: lower) than the standard rate of corporation tax in the UK for an Authorised Investment Fund (20%) (2017: 20%).

The differences are explained below:

	Year ended 31.07.18 £000	Year ended 31.07.17 £000
Net revenue before taxation	265	389
Corporation tax at 20%	53	78
Effects of:		
Tax deductible on interest distributions	(53)	(78)
	(53)	(78)
Current tax charge (see note 5a)	–	–

Authorised Investment Funds are exempt from tax on capital gains. Therefore, any capital return is not included in the above reconciliation.

c Deferred tax

There was no provision for deferred tax at the year end (2017: £nil).

6 Distributions

	Year ended 31.07.18 £000	Year ended 31.07.17 £000
The distributions take account of revenue received on the issue of shares and revenue deducted on the cancellation of shares, and comprise:		
Gross interest distribution for the three months ended 31 October	192	313
Gross interest distribution for the three months ended 31 January	212	230
Gross interest distribution for the three months ended 30 April	97	193
Gross interest distribution for the three months ended 31 July	81	215
	582	951
Add: Revenue deducted on cancellation of shares	109	60
Deduct: Revenue received on issue of shares	(4)	(15)
Total distributions	687	996
Reconciliation of distributions for the year to net revenue after taxation		
Distributions for the year	687	996
ACD's periodic charge borne by the capital account	(422)	(607)
Net revenue after taxation	265	389

Details of the distributions per share are set out in the distribution tables on page 174.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7 Fair value hierarchy

Basis of valuation	As at 31.07.18		As at 31.07.17	
	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Level 1: Quoted prices	–	(2)	14	–
Level 2: Observable market data	26,173	(7)	65,206	–
Total value	26,173	(9)	65,220	–

Financial instruments have been measured at their fair value and have been classified below using a hierarchy that reflects the significance of the inputs used in measuring their fair value:

Level 1: Unadjusted quoted price in an active market for an identical instrument;

Level 2: Valuation techniques using observable inputs other than quoted prices within level 1;

Level 3: Valuation techniques using unobservable inputs.

8 Debtors

	As at 31.07.18 £000	As at 31.07.17 £000
Accrued revenue	173	246
Total debtors	173	246

9 Cash and bank balances

	As at 31.07.18 £000	As at 31.07.17 £000
Amounts held at futures clearing house and brokers	20	209
Cash and bank balances	1,359	1,089
Total cash and bank balances	1,379	1,298

10 Other creditors

	As at 31.07.18 £000	As at 31.07.17 £000
Accrued expenses	18	62
Total creditors	18	62

11 Contingent liabilities and commitments

There were no contingent liabilities or commitments at the year end (2017: £nil).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12 Related party transactions

Aviva Investors UK Fund Services Limited, Aviva Investors Global Services Limited and the Aviva group are deemed to be related parties per section 33.10 of FRS 102 as they are entities with control, joint control or significant influence over the entity.

ACD periodic charges/Fund Management Fee paid to Aviva Investors UK Fund Services Limited ("the ACD") are shown in note 4 and details of shares issued and cancelled by the ACD are shown in the statement of change in net assets attributable to shareholders. The balance due to the ACD at the year end in respect of ACD periodic charges/Fund Management Fee was £17,890 (2017: £42,778). Any balance due from the ACD in respect of issues is shown in note 8. Any balance due to the ACD in respect of cancellations is shown in note 10.

Distributions payable to the ACD and related parties of the ACD during the year amounted to £582,402 (2017: £834,545). The amount outstanding at the year end was £80,744 (2017: £215,351). Related parties of the ACD are deemed to be all companies under the control of Aviva Plc. This will include companies which hold shares in the Fund on behalf of other external investors.

Any investments managed and advised by Aviva Investors Global Services Limited or associated with the Aviva Group are marked on the portfolio statement.

Holdings at the year end and movements during the year are as follows:

	Holdings at 31.07.18 (shares)	Movement (shares)	Holdings at 31.07.17 (shares)
ACD and related parties	22,873,596	(31,673,154)	54,546,750

The ACD and related parties of the ACD are ineligible to vote at any general meeting.

13 Shareholder funds

The Fund currently has one share class: Class 2 (Institutional). The Fund Management Fee is as follows:

Class 2: 0.78%

The net asset value of the share class, the net asset value per share and the number of shares in the class are shown on page 164. The distributions per share class are given in the distribution tables on page 174.

14 Shares in issue reconciliation

	Number of shares in issue at 31.07.17	Number of shares issued	Number of shares cancelled	Number of shares converted	Number of shares in issue at 31.07.18
Share Class 2 Income	54,546,750	2,612,352	(34,285,506)	–	22,873,596

15 Counterparty Exposure

Financial derivative exposure

The types of derivatives held at the year end date were forward currency contracts and futures contracts. Details of individual contracts are disclosed in the Portfolio Statement and the total position by counterparty at the year end date was as follows:

	Forward currency contracts £000	Futures contracts £000	Total £000
31.07.18			
Goldman Sachs	(7)	–	(7)
Total	(7)	–	(7)

	Forward currency contracts £000	Futures contracts £000	Total £000
31.07.17			
JPMorgan Chase & Co	–	14	14
Total	–	14	14

The counterparty exposure on forward currency contracts is reported at their mark to market values but for futures contracts it is only the positive mark to market values that are reported.

Collateral

At the year end date no collateral was held or pledged by the Company or on behalf of the counterparties in respect of the above (2017: £nil).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16 Derivatives and other financial instruments

The policies applied in the management of financial instruments are set out on pages 6 to 8.

Fair value of financial assets and financial liabilities

There is no significant difference between the carrying values of the financial assets and liabilities and their fair values (2017: £nil).

Currency risk

At the year end date, 1.99% (2017: 0.19%) of the net assets of the Fund were denominated in currencies other than sterling. As such, the currency risk is not considered significant.

Interest rate risk

At the year end date 99.76% (2017: 100.03%) of the net assets of the Fund were interest bearing. If interest rates were to change by 1.00%, the value of the Fund would change by 0.75% (2017: 0.35%).

The interest rate profile of the Fund's financial assets and liabilities at 31 July 2018 was:

Currency 31.07.18	Floating Rate £000	Fixed Rate £000	None £000	Total £000
Financial Assets				
Sterling	1,359	26,173	172	27,704
Euro	20	–	1	21
Japanese Yen	–	–	537	537
US Dollar	–	–	529	529
Financial Liabilities				
Sterling	–	–	(637)	(637)
Japanese Yen	–	–	(537)	(537)
Total	1,379	26,173	65	27,617

The interest rate profile of the Fund's financial assets and liabilities at 31 July 2017 was:

Currency 31.07.17	Floating Rate £000	Fixed Rate £000	None £000	Total £000
Financial Assets				
Sterling	1,176	65,206	253	66,635
Euro	55	–	–	55
US Dollar	67	–	7	74
Financial Liabilities				
Sterling	–	–	(277)	(277)
Total	1,298	65,206	(17)	66,487

The floating rate on bank balances is linked to the Depositary's base rate.

The interest rate risk is not considered significant.

Market price risk

At the year end date, 94.74% (2017: 98.09%) of the net assets of the Fund were invested in debt securities admitted to an official stock exchange. If the market value were to change by 10%, the value of the Fund would change by 9.47% (2017: 9.81%).

17 Debt security credit analysis

	Market value £000		Total net assets %	
	31.07.18	31.07.17	31.07.18	31.07.17
Investment grade	26,173	65,206	94.77%	98.07%
Total debt securities	26,173	65,206	94.77%	98.07%

Credit rating designations BBB or above are considered investment grade whereas credit rating designations BB or lower are considered below investment grade.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

18 Direct transaction costs

Due to the nature of the investments held, no transaction costs or taxes were incurred on the Fund's purchases or sales during the current year ended 31 July 2018 (2017: £nil). The total purchases for the year amounted to £85,131,480 (2017: £124,160,854) and the total sales amounted to £123,409,022 (2017: £144,987,728).

Dealing spread

As at 31 July 2018, the average portfolio dealing spread was 0.07% (2017: 0.08%). This spread represents the difference between the values determined retrospectively by reference to the bid and offer prices of investments expressed as a percentage of the value determined by reference to the offer price.

19 Post balance sheet events

There are no post balance sheet events which require adjustment or disclosure at the year end (2017: £nil).

DISTRIBUTION TABLES

Final distribution payable in pence per share for the three months ended 31 July 2018

Income shares		Gross revenue	Equalisation	Final distribution payable 30 September 2018	Final distribution paid 30 September 2017
Share Class 2	Group 1	0.3530	–	0.3530	0.3948
	Group 2	0.3530	0.0000	0.3530	0.3948

Group 1 shares are those shares purchased at or before 2pm on 30 April 2018.

Group 2 shares are those shares purchased after 2pm on 30 April 2018.

Interim distribution paid in pence per share for the three months ended 30 April 2018

Income shares		Gross revenue	Equalisation	Interim distribution paid 30 June 2018	Interim distribution paid 30 June 2017
Share Class 2	Group 1	0.4081	–	0.4081	0.3490
	Group 2	0.4081	0.0000	0.4081	0.3490

Group 1 shares are those shares purchased at or before 2pm on 31 January 2018.

Group 2 shares are those shares purchased after 2pm on 31 January 2018.

Interim distribution paid in pence per share for the three months ended 31 January 2018

Income shares		Gross revenue	Equalisation	Interim distribution paid 31 March 2018	Interim distribution paid 31 March 2017
Share Class 2	Group 1	0.3774	–	0.3774	0.3061
	Group 2	0.2067	0.1707	0.3774	0.3061

Group 1 shares are those shares purchased at or before 2pm on 31 October 2017.

Group 2 shares are those shares purchased after 2pm on 31 October 2017.

Interim distribution paid in pence per share for the three months ended 31 October 2017

Income shares		Gross revenue	Equalisation	Interim distribution paid 31 December 2017	Interim distribution paid 31 December 2016
Share Class 2	Group 1	0.3583	–	0.3583	0.3284
	Group 2	0.3583	0.0000	0.3583	0.3284

Group 1 shares are those shares purchased at or before 2pm on 31 July 2017.

Group 2 shares are those shares purchased after 2pm on 31 July 2017.

Up to 5 April 2017, the distributions payable were calculated after the deduction of basic rate income tax. From 6 April 2017, distributions payable are calculated without deducting this tax. The tax treatment of distributions will depend on an investor's individual circumstances.

Equalisation

Equalisation applies only to Group 2 shares, in other words shares purchased during the relevant period. It is the average amount of revenue included in the purchase price of all Group 2 shares and is refunded to the holders of these shares as return of capital. Being capital, it is not liable to income tax but must be deducted from the cost of shares for capital gains tax purposes.

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 per cent 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 twelve months ended 31 July 2018, the Fund* returned (0.36) per cent (net of fees), underperforming the FTSE® British Government All Stocks Index return of 1.03 per cent.

Contributors in the period included, Overweight exposure to the belly and longer portion of the GBP curve as yields decreased in most segments across the curve by between 10 bps to 20 bps and Overweight exposure to the real estate sector which outperformed due to being supported by rising inflation in the UK.

Detractors in the period included Overweight GBP denominated banking sector debt from names like Santander and Lloyds which lost value as Sterling banking spreads widened over the period and Exposure to emerging market external GBP denominated debt, particularly in Latin American quasi-sovereigns, detracted from performance as emerging market assets underperformed on the back of heightened volatility during recent months

Review

The Sterling credit market returned 1.03% over the period 17 May 2018 to 31 July 2018. Spreads widened by 14 bps, alongside increased volatility and concerns over global trade stemming from lower growth prints in Europe, political frictions and increased protectionist rhetoric from the US.

The government related sector outperformed due to its higher quality bias, while services underperformed on the back of pressure on long dated debt and additional issuance, while insurance also underperformed over the quarter due to M&A related concerns.

Our fundamental outlook for credit markets remains constructive, thus we remain slightly overweight credit risk. However, in light of closer to fair valuations, we are de-risking, moving up in quality and seniority, avoiding generic credit beta and focusing on bottom-up alpha opportunities.

We are focused on sectors such as UK financials, REITS and select cross-over issuers which benefit from strong asset backing, diversified businesses and are offering attractive valuations, such as pubs and supermarkets.

Outlook

We expect world GDP growth to remain above-trend at 3.0%-3.5% in 2018, with low but gently rising inflation. Still-favorable fiscal support suggests that solid growth will continue for the rest of 2018. Compared with our December forecast, we see marginally higher 2018 GDP growth in the US, Eurozone, U.K. and China, while we lowered our estimates for Mexico and India. The causes of the stronger expansion are more uncertain and these could affect its durability beyond 2018. Our inflation forecasts for 2018 have also risen slightly since our December forecast in response to a higher oil price trajectory.

In the US, we look for above-consensus growth of 2.25%-2.75% in 2018. Household and corporate tax cuts should boost growth by 0.3 percentage points in 2018, with another 0.3 percentage points coming from higher federal government spending resulting from the two-year budget deal. With unemployment dropping below 4%, we expect some upward pressure on wages and consumer prices, and core inflation to be above 2% over the course of 2018. Under new leadership, the Federal Reserve is expected to continue tightening gradually; we expect three rate hikes this year, with a fourth likely if economic and financial conditions are favorable.

For the Eurozone, we expect growth will be in a range of 2.25%-2.75% this year, about the same pace as 2017. The expansion has been broad-based across the region, but political challenges highlight some fragility. Core inflation, though, is expected to remain very low, creeping only marginally above 1% this year due to low wage pressures and the appreciation of the euro in 2017. We expect the European Central Bank to end its bond purchase program this year, though maturing bonds will be reinvested for some time. We do not foresee the first rate increase until mid-2019.

In the UK, we expect above-consensus growth in the range of 1.5%-2.0% in 2018. Our base case is for a relatively smooth separation from the European Union, which would contribute to business confidence and investment picking up. After seven years of austerity, we also see some scope for stronger government spending. Inflation should fall back toward the 2% target by year-end, with the effect of sterling's depreciation in 2017 fading. The Bank of England will likely follow a very gradual path higher.

Japan's GDP growth is expected to remain firm at 1.0%-1.5% in 2018. Fiscal policy should remain supportive ahead of the planned value-added tax hike in 2019. With unemployment below 3% and job growth accelerating, wage growth should pick up further, helping core inflation rise over the year to slightly below 1%. With the appreciating yen providing disinflationary headwinds and the newly appointed deputy governors tilting the Bank of Japan leadership somewhat more dovish, the BOJ may not tweak its yield curve control policy until 2019.

In China, we expect a controlled deceleration in growth to 6.0%-7.0% this year, from 6.8% in 2017. The authorities' focus is likely to be on controlling financial excesses, particularly in the shadow banking system, and on some fiscal consolidation, chiefly by local governments. We expect inflation to accelerate to 2.5% on stronger core inflation and higher oil prices. We are broadly neutral on the yuan and generally expect the authorities to control capital flows tightly to keep exchange rate volatility low.

AVIVA INVESTORS UK CREDIT MOM 1 FUND (CONTINUED)

In Brazil, Russia, India and Mexico, we expect growth to collectively rise to 4% in 2018, slightly above consensus, with modest upside risk from the growth rebound in India. Emerging markets are catching up to the recovery in developed markets, with improving fundamentals and greater differentiation among countries. This recovery is likely to be shallower and slower than others, however, and a deteriorating external backdrop could weigh on the asset class; EM potential growth has fallen, and key political events are likely to keep investors cautious. We expect inflation to stabilize around 4.1%, also above consensus, as most of the decline in EM inflation thus far appears cyclical rather than structural.

September 2018

* 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.

As noted above, the performance figures in this commentary have been sourced from an external party and are based on published prices. The performance figures quoted in the comparative table on page 177 are based on the net asset value per the published accounts and may be different due to post year end accounting adjustments.

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 1.50% 22/07/2047	European Investment Bank 6.00% 07/12/2028
European Investment Bank 0.63% 17/01/2020	European Investment Bank 5.38% 07/06/2021
European Investment Bank 6.00% 07/12/2028	European Investment Bank 0.63% 17/01/2020
Kreditanstalt fuer Wiederaufbau 5.50% 18/06/2025	Transport for London 3.88% 23/07/2042
European Investment Bank 5.63% 07/06/2032	European Investment Bank 3.88% 08/06/2037
European Investment Bank 2.50% 31/10/2022	European Investment Bank 2.50% 31/10/2022
Network Rail Infrastructure Finance 4.38% 09/12/2030	Network Rail Infrastructure Finance 4.75% 29/11/2035
Dexia Credit Local 2.00% 17/06/2020	Heathrow Funding 6.45% 10/12/2033
NatWest Markets, FRN 2.87% 19/09/2026	Network Rail Infrastructure Finance 4.38% 09/12/2030
Credit Suisse Group, FRN 2.13% 12/09/2025	Dexia Credit Local 2.00% 17/06/2020

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'.
- During the year ended 31 July 2018, the indicator changed from category 4 to category 3.
- Bond values are affected by changes in interest rates.
- Further information on the risks applicable to the Fund is detailed in the Fund's Key Investor Information Document, and a full description is set out in the Prospectus, both of which are available on the internet at www.avivainvestors.com or from the ACD on request.

COMPARATIVE TABLE

Class 2 Income	2018 p per share	2017 p per share	2016 p per share
Change in net assets per share			
Opening net asset value per share	103.63	104.84	99.10
Return before operating charges [‡]	0.44	3.49	10.39
Operating charges	(0.81)	(0.83)	(0.78)
Return after operating charges [‡]	(0.37)	2.66	9.61
Distributions	(3.39)	(3.87)	(3.87)
Closing net asset value per share	99.87	103.63	104.84
[‡] after direct transaction costs of	(0.08)	–	–
Performance			
Return after charges	(0.36)%	2.54%	9.70%
Other information			
Closing net asset value (£000)	66,318	69,168	97,632
Closing number of shares	66,402,542	66,746,623	93,126,919
Operating charges (%) [‡]	0.79%	0.79%	0.79%
Direct transaction costs (%) [#]	0.08%	–	–
Prices[≈]			
Highest share price	105.78	109.10	106.12
Lowest share price	100.20	101.18	96.37

[‡] The operating charges are calculated on an ex-post basis and as such may differ from the Ongoing Charge Figure where:

(a) Changes to fee rates were made during the year and the Ongoing Charge Figure has been amended to be future proofed for this change.

(b) The Ongoing Charge has been annualised for a share class that has not yet been open for a full year.

[#] The direct transaction costs have been stated after deducting, in the case of single-priced funds, the proportion of the amounts collected from dilution adjustments or dilution levies that relates to direct transaction costs and, in the case of dual-priced funds, the amounts collected in relation to direct transaction costs added to, or subtracted from, the valuations by virtue of COLL 6.3.6 G (4).

[≈] The high and low prices disclosed are the high and low prices for the accounting period and not the calendar year and are based on published prices. The net asset value per share price is based on the net asset value in the published accounts and may be different due to post year end accounting adjustments.

Ongoing Charges Figure*

Share class	31.07.18	31.07.17
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 year. The OCF is made up of the Fund Management Fee and, where a fund invests a substantial portion of its assets in other funds, an amount for the pro-rated charges of those other funds (referred to as "synthetic charges" or the "synthetic" part of the ongoing charge). The figure for ongoing charges excludes performance fees and portfolio transaction costs, except in the case of an entry/exit charge paid by the Fund when buying or selling shares/units in another collective investment scheme.

Please remember that past performance is not a guide to future performance and it might not be repeated. The value of investments and the revenue from them may go down as well as up and investors may not get back the amount originally invested. Because of this, you are not certain to make a profit on your investments and you may lose money.

PORTFOLIO STATEMENT

As at 31 July 2018

Investment	Currency	Holding	Market Value £000	% of Net Assets
Government Bonds 3.96% (0.00%)				
Canada 0.15% (0.00%)				
Province of Quebec Canada 1.50% 15/12/2023	GBP	100,000	100	0.15
			100	0.15
United Kingdom 3.81% (0.00%)				
UK Treasury 1.50% 22/07/2047	GBP	2,700,000	2,527	3.81
			2,527	3.81
Government Bonds total			2,627	3.96
Corporate Bonds 87.97% (89.21%)				
Australia 2.08% (2.46%)				
BHP Billiton Finance 3.25% 25/09/2024	GBP	150,000	161	0.24
BHP Billiton Finance 4.30% 25/09/2042	GBP	200,000	246	0.37
National Australia Bank 3.00% 04/09/2026	GBP	150,000	163	0.25
Scentre Group Trust 1, REIT 3.88% 16/07/2026	GBP	150,000	164	0.25
Vicinity Centres Trust, REIT 3.38% 07/04/2026	GBP	150,000	157	0.24
Westfield America Management 2.13% 30/03/2025	GBP	150,000	147	0.22
Westfield America Management 2.63% 30/03/2029	GBP	350,000	342	0.51
			1,380	2.08
Belgium 0.91% (0.86%)				
Anheuser-Busch InBev 1.75% 07/03/2025	GBP	300,000	292	0.44
Anheuser-Busch InBev 4.00% 24/09/2025	GBP	150,000	168	0.25
Anheuser-Busch InBev 2.25% 24/05/2029	GBP	150,000	143	0.22
			603	0.91
Cayman Islands 0.83% (1.12%)				
Thames Water Utilities Cayman Finance 1.88% 24/01/2024	GBP	200,000	195	0.29
Thames Water Utilities Cayman Finance 3.50% 25/02/2028	GBP	150,000	158	0.24
Yorkshire Water Services Odsal Finance 6.45% 28/05/2027	GBP	150,000	197	0.30
			550	0.83
Denmark 0.51% (1.05%)				
AP Moller – Maersk 4.00% 04/04/2025	GBP	150,000	156	0.24
Orsted 4.88% 12/01/2032	GBP	150,000	181	0.27
			337	0.51
France 5.65% (7.44%)				
AXA, FRN 5.63% 16/01/2054	GBP	150,000	163	0.24
AXA, FRN 5.45% Perpetual	GBP	200,000	215	0.32
BNP Paribas 5.75% 24/01/2022	GBP	100,000	112	0.17
Bouygues 5.50% 06/10/2026	GBP	100,000	120	0.18
BPCE 5.25% 16/04/2029	GBP	200,000	226	0.34
CNP Assurances, FRN 7.38% 30/09/2041	GBP	100,000	113	0.17
Credit Agricole, FRN 7.50% Perpetual	GBP	100,000	111	0.17
Dexia Credit Local 2.13% 12/02/2025	GBP	900,000	916	1.38
Electricite de France 5.88% 18/07/2031	GBP	150,000	192	0.29
Electricite de France 6.13% 02/06/2034	GBP	100,000	132	0.20
Electricite de France 5.50% 27/03/2037	GBP	200,000	246	0.37
Electricite de France 5.50% 17/10/2041	GBP	200,000	251	0.38
Engie 5.00% 01/10/2060	GBP	100,000	146	0.22
Orange 5.25% 05/12/2025	GBP	250,000	298	0.45
Orange 5.63% 23/01/2034	GBP	150,000	194	0.29
SNCF Mobilites 5.38% 18/03/2027	GBP	100,000	127	0.19
Teleperformance 1.88% 02/07/2025	EUR	100,000	90	0.14
Total Capital International 1.25% 16/12/2024	GBP	100,000	97	0.15
			3,749	5.65

PORTFOLIO STATEMENT (CONTINUED)

As at 31 July 2018

Investment	Currency	Holding	Market Value £000	% of Net Assets
Germany 4.38% (0.00%)				
Deutsche Bahn Finance 3.13% 24/07/2026	GBP	150,000	164	0.25
Deutsche Bank 1.88% 28/02/2020	GBP	300,000	298	0.45
Kreditanstalt fuer Wiederaufbau 5.50% 18/06/2025	GBP	1,350,000	1,705	2.57
Kreditanstalt fuer Wiederaufbau 5.75% 07/06/2032	GBP	500,000	740	1.11
			2,907	4.38
Guernsey 0.52% (0.00%)				
Credit Suisse Group Funding Guernsey 2.75% 08/08/2025	GBP	350,000	347	0.52
			347	0.52
Ireland 0.30% (0.00%)				
GE Capital UK Funding 5.88% 18/01/2033	GBP	150,000	196	0.30
			196	0.30
Italy 0.63% (0.00%)				
Assicurazioni Generali, FRN 6.42% Perpetual	GBP	100,000	105	0.16
Enel 5.75% 22/06/2037	GBP	250,000	310	0.47
			415	0.63
Japan 0.29% (0.00%)				
East Japan Railway 4.50% 25/01/2036	GBP	150,000	190	0.29
			190	0.29
Jersey 4.45% (3.66%)				
AA Bond 2.75% 31/07/2043	GBP	100,000	93	0.14
AA Bond 2.88% 31/07/2043	GBP	250,000	243	0.37
AA Bond 4.25% 31/07/2043	GBP	150,000	155	0.23
AA Bond 4.88% 31/07/2043	GBP	400,000	403	0.61
CPUK Finance 2.67% 28/02/2042	GBP	150,000	152	0.23
CPUK Finance 3.59% 28/02/2042	GBP	150,000	157	0.24
Glencore Finance Europe 6.00% 03/04/2022	GBP	150,000	168	0.25
Heathrow Funding 5.23% 15/02/2023	GBP	150,000	171	0.26
Heathrow Funding 7.13% 14/02/2024	GBP	500,000	611	0.92
Heathrow Funding 6.75% 03/12/2028	GBP	150,000	196	0.30
HSBC Bank Capital Funding Sterling 1, FRN 5.84% Perpetual	GBP	150,000	187	0.28
Kennedy Wilson Europe Real Estate 3.95% 30/06/2022	GBP	400,000	415	0.62
			2,951	4.45
Luxembourg 0.85% (0.00%)				
Aroundtown 3.25% 18/07/2027	GBP	100,000	98	0.15
Aroundtown 3.00% 16/10/2029	GBP	300,000	284	0.43
Bevco Lux 1.75% 09/02/2023	EUR	200,000	180	0.27
			562	0.85
Mexico 0.35% (0.00%)				
America Movil 4.95% 22/07/2033	GBP	100,000	121	0.18
America Movil 4.38% 07/08/2041	GBP	100,000	115	0.17
			236	0.35
Netherlands 5.84% (3.05%)				
Bank Nederlandse Gemeenten 5.20% 07/12/2028	GBP	400,000	522	0.79
Cooperatieve Rabobank 5.25% 14/09/2027	GBP	150,000	172	0.26
Cooperatieve Rabobank 4.63% 23/05/2029	GBP	250,000	276	0.42
Cooperatieve Rabobank, FRN 6.91% Perpetual	GBP	100,000	145	0.22
Deutsche Telekom International Finance 7.63% 15/06/2030	GBP	100,000	146	0.22
E.ON International Finance 6.38% 07/06/2032	GBP	250,000	339	0.51
E.ON International Finance 5.88% 30/10/2037	GBP	100,000	134	0.20
Enel Finance International 5.63% 14/08/2024	GBP	250,000	290	0.44
innogy Finance 0.75% 30/11/2022	EUR	100,000	90	0.14
innogy Finance 6.25% 03/06/2030	GBP	250,000	328	0.49
innogy Finance 4.75% 31/01/2034	GBP	300,000	352	0.53
Koninklijke KPN 5.00% 18/11/2026	GBP	150,000	172	0.26
Koninklijke KPN 5.75% 17/09/2029	GBP	150,000	184	0.28
Nederlandse Waterschapsbank 5.38% 07/06/2032	GBP	100,000	140	0.21

PORTFOLIO STATEMENT (CONTINUED)

As at 31 July 2018

Investment	Currency	Holding	Market Value £000	% of Net Assets
Netherlands 5.84% (3.05%) (continued)				
Petrobras Global Finance 6.25% 14/12/2026	GBP	150,000	155	0.23
TenneT Holding 1.38% 05/06/2028	EUR	200,000	181	0.27
Volkswagen Financial Services 1.75% 12/09/2022	GBP	250,000	248	0.37
			3,874	5.84
Singapore 0.33% (0.00%)				
Temasek Financial I 5.13% 26/07/2040	GBP	150,000	217	0.33
			217	0.33
Spain 0.52% (0.00%)				
Telefonica Emisiones 5.29% 09/12/2022	GBP	150,000	170	0.26
Telefonica Emisiones 5.38% 02/02/2026	GBP	150,000	175	0.26
			345	0.52
Sweden 0.38% (0.00%)				
Akelius Residential Property 2.38% 15/08/2025	GBP	100,000	96	0.14
Vattenfall 6.13% 16/12/2019	GBP	150,000	160	0.24
			256	0.38
Switzerland 1.63% (0.00%)				
Credit Suisse Group, FRN 2.13% 12/09/2025	GBP	300,000	287	0.43
Credit Suisse Group, FRN 7.50% Perpetual	USD	200,000	156	0.24
UBS 5.13% 15/05/2024	USD	350,000	268	0.40
UBS, FRN 6.37% 19/11/2024	GBP	350,000	369	0.56
			1,080	1.63
United Kingdom 41.87% (56.11%)				
Affinity Sutton Capital Markets 5.98% 17/09/2038	GBP	100,000	144	0.22
Affinity Sutton Capital Markets 4.25% 08/10/2042	GBP	100,000	119	0.18
Alba, FRN, Series 2006-2 'A3A' 0.78% 15/12/2038	GBP	86,664	83	0.12
Anglian Water Services Financing 1.63% 10/08/2025	GBP	100,000	97	0.15
Anglian Water Services Financing 4.50% 05/10/2027	GBP	100,000	116	0.17
Annington Funding 2.65% 12/07/2025	GBP	300,000	297	0.45
Annington Funding 3.18% 12/07/2029	GBP	150,000	149	0.22
Annington Funding 3.69% 12/07/2034	GBP	150,000	152	0.23
Arqiva Financing 4.88% 31/12/2032	GBP	96,667	107	0.16
Arqiva Financing 5.34% 30/12/2037	GBP	100,000	117	0.18
Artesian Finance II 6.00% 30/09/2033	GBP	150,000	210	0.32
Aspire Defence Finance 4.67% 31/03/2040	GBP	92,785	111	0.17
Assura Financing, REIT 3.00% 19/07/2028	GBP	100,000	100	0.15
Barclays 3.13% 17/01/2024	GBP	300,000	301	0.45
Barclays 3.25% 12/02/2027	GBP	350,000	345	0.52
Barclays, FRN 2.38% 06/10/2023	GBP	300,000	296	0.45
Barclays, FRN 7.87% Perpetual	GBP	350,000	374	0.56
Barclays Bank 7.63% 21/11/2022	USD	350,000	288	0.43
BAT International Finance 6.00% 29/06/2022	GBP	150,000	173	0.26
BAT International Finance 4.00% 04/09/2026	GBP	150,000	162	0.24
BAT International Finance 2.25% 09/09/2052	GBP	250,000	186	0.28
BG Energy Capital 5.13% 01/12/2025	GBP	150,000	181	0.27
BP Capital Markets 2.27% 03/07/2026	GBP	100,000	100	0.15
British Land, REIT 2.38% 14/09/2029	GBP	300,000	284	0.43
British Telecommunications 5.75% 07/12/2028	GBP	100,000	123	0.18
British Telecommunications 3.13% 21/11/2031	GBP	150,000	145	0.22
Broadgate Financing 4.95% 05/04/2031	GBP	123,363	143	0.22
Bunzl Finance 2.25% 11/06/2025	GBP	100,000	98	0.15
BUPA Finance 5.00% 25/04/2023	GBP	150,000	163	0.25
BUPA Finance 2.00% 05/04/2024	GBP	150,000	148	0.22
Cadent Finance 1.13% 22/09/2021	GBP	150,000	148	0.22
Cadent Finance 2.13% 22/09/2028	GBP	350,000	329	0.50
Centrica 6.38% 10/03/2022	GBP	100,000	116	0.18
Centrica 4.38% 13/03/2029	GBP	100,000	113	0.17
Compass Group 3.85% 26/06/2026	GBP	100,000	112	0.17
Connect Plus M25 Issuer 2.61% 31/03/2039	GBP	100,000	100	0.15

PORTFOLIO STATEMENT (CONTINUED)

As at 31 July 2018

Investment	Currency	Holding	Market Value £000	% of Net Assets
United Kingdom 41.87% (56.11%) (continued)				
Crh Finance UK 4.13% 02/12/2029	GBP	150,000	167	0.25
DS Smith 2.88% 26/07/2029	GBP	150,000	144	0.22
Experian Finance 2.13% 27/09/2024	GBP	200,000	198	0.30
FCE Bank 2.73% 03/06/2022	GBP	150,000	153	0.23
GlaxoSmithKline Capital 3.38% 20/12/2027	GBP	200,000	217	0.33
GlaxoSmithKline Capital 5.25% 19/12/2033	GBP	100,000	130	0.20
Greene King Finance 5.11% 15/03/2034	GBP	400,000	461	0.69
Greene King Finance 4.06% 15/03/2035	GBP	274,251	290	0.44
Guinness Partnership 4.00% 24/10/2044	GBP	150,000	172	0.26
Hammerson, REIT 6.00% 23/02/2026	GBP	150,000	178	0.27
Heathrow Finance 3.88% 01/03/2027	GBP	250,000	238	0.36
HSBC Bank 4.75% 24/03/2046	GBP	250,000	297	0.45
HSBC Bank, FRN 5.38% 04/11/2030	GBP	150,000	172	0.26
HSBC Holdings 6.50% 20/05/2024	GBP	150,000	182	0.27
HSBC Holdings 5.75% 20/12/2027	GBP	150,000	177	0.27
HSBC Holdings 2.63% 16/08/2028	GBP	600,000	579	0.87
HSBC Holdings 6.75% 11/09/2028	GBP	150,000	190	0.29
HSBC Holdings, FRN 2.26% 13/11/2026	GBP	150,000	144	0.22
Hutchison Whampoa Finance UK 5.63% 24/11/2026	GBP	100,000	123	0.18
Imperial Brands Finance 5.50% 28/09/2026	GBP	250,000	294	0.44
Imperial Brands Finance 4.88% 07/06/2032	GBP	150,000	172	0.26
Informa 3.13% 05/07/2026	GBP	200,000	200	0.30
InterContinental Hotels Group 2.13% 24/08/2026	GBP	350,000	330	0.50
Intu SGS Finance, REIT 3.88% 17/03/2028	GBP	150,000	157	0.24
John Lewis 6.13% 21/01/2025	GBP	150,000	173	0.26
Land Securities Capital Markets, REIT 1.97% 08/02/2026	GBP	100,000	100	0.15
Land Securities Capital Markets, REIT 2.40% 08/02/2031	GBP	150,000	150	0.23
Land Securities Capital Markets, REIT 2.63% 22/09/2039	GBP	100,000	97	0.15
LCR Finance 4.50% 07/12/2038	GBP	150,000	213	0.32
Legal & General Group, FRN 5.38% 27/10/2045	GBP	100,000	109	0.16
Legal & General Group, FRN 5.50% 27/06/2064	GBP	150,000	160	0.24
Lloyds Bank 4.88% 30/03/2027	GBP	250,000	307	0.46
Lloyds Banking Group 2.25% 16/10/2024	GBP	800,000	777	1.17
Lloyds Banking Group 3.75% 11/01/2027	USD	650,000	469	0.71
Lloyds Banking Group, FRN 7.00% Perpetual	GBP	200,000	206	0.31
Lloyds Banking Group, FRN 7.63% Perpetual	GBP	350,000	386	0.58
London Power Networks 6.13% 07/06/2027	GBP	150,000	190	0.29
Manchester Airport Group Funding 4.75% 31/03/2034	GBP	100,000	121	0.18
Marks & Spencer 3.00% 08/12/2023	GBP	200,000	202	0.30
Marks & Spencer 4.75% 12/06/2025	GBP	450,000	490	0.74
Mitchells & Butlers Finance, Series B1 5.97% 15/12/2025	GBP	197,028	214	0.32
Mitchells & Butlers Finance, Series C1 6.47% 15/09/2032	GBP	100,000	115	0.17
Motability Operations Group 3.75% 16/07/2026	GBP	150,000	167	0.25
Motability Operations Group 4.38% 08/02/2027	GBP	150,000	173	0.26
Motability Operations Group 5.63% 29/11/2030	GBP	150,000	198	0.30
National Express Group 2.50% 11/11/2023	GBP	300,000	297	0.45
National Grid Electricity Transmission 4.00% 08/06/2027	GBP	150,000	170	0.26
Nationwide Building Society 3.25% 20/01/2028	GBP	450,000	472	0.71
NatWest Markets 4.80% 05/04/2026	USD	200,000	154	0.23
NatWest Markets, FRN 2.87% 19/09/2026	GBP	300,000	295	0.44
Network Rail Infrastructure Finance 4.38% 09/12/2030	GBP	250,000	321	0.48
Next 4.38% 02/10/2026	GBP	150,000	160	0.24
Next 3.63% 18/05/2028	GBP	100,000	100	0.15
NIE Finance 6.38% 02/06/2026	GBP	100,000	128	0.19
Northern Electric Finance 5.13% 04/05/2035	GBP	100,000	129	0.19
Northern Gas Networks Finance 4.88% 30/06/2027	GBP	100,000	119	0.18
Northern Powergrid Yorkshire 4.38% 05/07/2032	GBP	100,000	118	0.18
Northumbrian Water Finance 1.63% 11/10/2026	GBP	100,000	93	0.14
Places for People Homes 3.63% 22/11/2028	GBP	300,000	303	0.46
Places For People Treasury 2.88% 17/08/2026	GBP	300,000	293	0.44
Prudential, FRN 5.00% 20/07/2055	GBP	250,000	263	0.40

PORTFOLIO STATEMENT (CONTINUED)

As at 31 July 2018

Investment	Currency	Holding	Market Value £000	% of Net Assets
United Kingdom 41.87% (56.11%) (continued)				
Prudential, FRN 5.70% 19/12/2063	GBP	150,000	172	0.26
RAC Bond 4.57% 06/05/2046	GBP	350,000	360	0.54
RHP Finance 3.25% 05/02/2048	GBP	250,000	250	0.38
Rio Tinto Finance 4.00% 11/12/2029	GBP	150,000	172	0.26
Riverside Finance 3.88% 05/12/2044	GBP	100,000	112	0.17
Rolls-Royce 3.38% 18/06/2026	GBP	150,000	161	0.24
Santander UK 5.75% 02/03/2026	GBP	100,000	127	0.19
Santander UK Group Holdings 3.63% 14/01/2026	GBP	300,000	313	0.47
Santander UK Group Holdings, FRN 2.92% 08/05/2026	GBP	200,000	198	0.30
Santander UK Group Holdings, FRN 6.75% Perpetual	GBP	350,000	363	0.55
Scotland Gas Networks 4.88% 21/12/2034	GBP	150,000	184	0.28
Severn Trent Utilities Finance 3.63% 16/01/2026	GBP	150,000	160	0.24
Severn Trent Utilities Finance 6.25% 07/06/2029	GBP	100,000	132	0.20
Sky 6.00% 21/05/2027	GBP	100,000	126	0.19
Society of Lloyd's 4.75% 30/10/2024	GBP	450,000	483	0.73
South Eastern Power Networks 5.63% 30/09/2030	GBP	150,000	191	0.29
Southern Electric Power Distribution 5.50% 07/06/2032	GBP	150,000	193	0.29
Southern Gas Networks 4.88% 21/03/2029	GBP	150,000	179	0.27
Southern Gas Networks 3.10% 15/09/2036	GBP	100,000	99	0.15
SP Manweb 4.88% 20/09/2027	GBP	250,000	296	0.45
Student Finance 2.67% 30/09/2029	GBP	150,000	148	0.22
Telereal Securitisation 4.97% 10/12/2033	GBP	134,000	151	0.23
Telereal Securitisation 5.43% 10/12/2033	GBP	138,300	161	0.24
Tesco Property Finance 2 6.05% 13/10/2039	GBP	173,196	203	0.31
Tesco Property Finance 4 5.80% 13/10/2040	GBP	293,684	341	0.51
Tesco Property Finance 6 5.41% 13/07/2044	GBP	145,339	163	0.25
TP ICAP 5.25% 26/01/2024	GBP	200,000	201	0.30
Transport for London 4.50% 31/03/2031	GBP	150,000	177	0.27
Travis Perkins 4.50% 07/09/2023	GBP	200,000	205	0.31
Unique Pub Finance 5.66% 30/06/2027	GBP	638,811	703	1.06
University of Oxford 2.54% 08/12/2117	GBP	100,000	94	0.14
Virgin Media Secured Finance 5.50% 15/01/2025	GBP	135,000	138	0.21
Vodafone Group 3.38% 08/08/2049	GBP	100,000	93	0.14
Western Power Distribution 3.63% 06/11/2023	GBP	150,000	157	0.24
Western Power Distribution West Midlands 6.00% 09/05/2025	GBP	150,000	183	0.28
Western Power Distribution West Midlands 5.75% 16/04/2032	GBP	150,000	194	0.29
Wm Morrison Supermarkets 3.50% 27/07/2026	GBP	150,000	158	0.24
			27,768	41.87
United States of America 15.65% (13.46%)				
Amgen 5.50% 07/12/2026	GBP	150,000	182	0.27
Amgen 4.00% 13/09/2029	GBP	500,000	555	0.84
Apple 3.05% 31/07/2029	GBP	100,000	107	0.16
Apple 3.60% 31/07/2042	GBP	100,000	116	0.17
AT&T 5.50% 15/03/2027	GBP	150,000	179	0.27
AT&T 4.38% 14/09/2029	GBP	500,000	545	0.82
AT&T 4.25% 01/06/2043	GBP	150,000	156	0.23
AT&T 4.88% 01/06/2044	GBP	150,000	169	0.26
Bank of America 4.25% 10/12/2026	GBP	450,000	500	0.75
Bank of America 7.00% 31/07/2028	GBP	250,000	338	0.51
Charter Communications Operating 4.50% 01/02/2024	USD	100,000	77	0.12
Citigroup 5.88% 01/07/2024	GBP	150,000	173	0.26
Citigroup 5.15% 21/05/2026	GBP	150,000	176	0.26
Citigroup 4.50% 03/03/2031	GBP	150,000	164	0.25
Citigroup, FRN 1.50% 24/07/2026	EUR	200,000	178	0.27
Comcast 5.50% 23/11/2029	GBP	100,000	125	0.19
Digital Stout Holding, REIT 4.25% 17/01/2025	GBP	150,000	163	0.25
Digital Stout Holding, REIT 3.30% 19/07/2029	GBP	150,000	150	0.23
Discovery Communications 2.50% 20/09/2024	GBP	750,000	733	1.10
General Electric 4.88% 18/09/2037	GBP	300,000	343	0.52
General Electric 5.38% 18/12/2040	GBP	100,000	130	0.20
General Motors Financial 2.25% 06/09/2024	GBP	250,000	242	0.37

PORTFOLIO STATEMENT (CONTINUED)

As at 31 July 2018

Investment	Currency	Holding	Market Value £000	% of Net Assets
United States of America 15.65% (13.46%) (continued)				
Goldman Sachs Group 4.25% 29/01/2026	GBP	500,000	547	0.82
Goldman Sachs Group 6.88% 18/01/2038	GBP	100,000	140	0.21
JPMorgan Chase 3.50% 18/12/2026	GBP	300,000	324	0.49
Kraft Heinz Foods 4.13% 01/07/2027	GBP	150,000	161	0.24
McDonald's 5.88% 23/04/2032	GBP	100,000	131	0.20
Metropolitan Life Global Funding I 2.88% 11/01/2023	GBP	200,000	210	0.32
Metropolitan Life Global Funding I 3.50% 30/09/2026	GBP	300,000	330	0.50
Morgan Stanley 2.63% 09/03/2027	GBP	350,000	345	0.52
Prologis, REIT 2.25% 30/06/2029	GBP	250,000	234	0.35
SLM Student Loan Trust 2003-10, FRN 1.18% 15/12/2039	GBP	150,000	144	0.22
Time Warner Cable 5.75% 02/06/2031	GBP	150,000	171	0.26
Time Warner Cable 5.25% 15/07/2042	GBP	100,000	109	0.16
Verizon Communications 4.07% 18/06/2024	GBP	100,000	111	0.17
Verizon Communications 4.75% 17/02/2034	GBP	450,000	522	0.79
Verizon Communications 3.38% 27/10/2036	GBP	300,000	294	0.44
Walgreens Boots Alliance 3.60% 20/11/2025	GBP	150,000	155	0.23
Walmart 5.63% 27/03/2034	GBP	150,000	210	0.32
Wells Fargo 2.13% 20/12/2023	GBP	150,000	149	0.22
Wells Fargo 4.63% 02/11/2035	GBP	250,000	299	0.45
Wells Fargo 4.88% 29/11/2035	GBP	250,000	289	0.44
			10,376	15.65
Corporate Bonds total			58,339	87.97
Supranational 6.18% (10.08%)				
European Investment Bank 1.00% 21/09/2026	GBP	500,000	476	0.72
European Investment Bank 3.75% 07/12/2027	GBP	150,000	177	0.27
European Investment Bank 6.00% 07/12/2028	GBP	500,000	698	1.05
European Investment Bank 4.50% 07/06/2029	GBP	150,000	189	0.29
European Investment Bank 5.63% 07/06/2032	GBP	1,300,000	1,888	2.85
International Bank for Reconstruction & Development 4.88% 07/12/2028	GBP	400,000	520	0.78
International Bank for Reconstruction & Development 5.75% 07/06/2032	GBP	100,000	148	0.22
			4,096	6.18
Supranational total			4,096	6.18
Forward Currency Contracts (0.07)% (0.00%)				
Buy GBP 91,357 sell EUR 102,000 dated 15/08/2018			–	–
Buy GBP 621,583 sell EUR 703,000 dated 15/08/2018			(6)	(0.01)
Buy GBP 142,348 sell USD 187,000 dated 15/08/2018			–	–
Buy GBP 2,397,136 sell USD 3,248,000 dated 15/08/2018			(73)	(0.11)
Buy USD 1,539,000 sell GBP 1,134,674 dated 15/08/2018			36	0.05
Forward Currency Contracts total			(43)	(0.07)
Futures 0.01% (0.00%)				
Euro-Bund 06/09/2018	EUR	(2)	1	–
Long Gilt 26/09/2018	GBP	(20)	11	0.02
US 10 Year Note 19/09/2018	USD	(13)	(4)	(0.01)
Futures total			8	0.01
Investment assets (including investment liabilities)			65,027	98.05
Net other assets			1,291	1.95
Net assets			66,318	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 2017.

STATEMENT OF TOTAL RETURN

For the year ended 31 July 2018

	Notes	£000	Year ended 31.07.18 £000	£000	Year ended 31.07.17 £000
Income					
Net capital losses	2		(2,017)		(623)
Revenue	3	2,267		3,013	
Expenses	4	(539)		(641)	
Net revenue before taxation		1,728		2,372	
Taxation	5	–		–	
Net revenue after taxation			1,728		2,372
Total return before distributions			(289)		1,749
Distributions	6		(2,242)		(2,979)
Change in net assets attributable to shareholders from investment activities			(2,531)		(1,230)

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

For the year ended 31 July 2018

	£000	Year ended 31.07.18 £000	£000	Year ended 31.07.17 £000
Opening net assets attributable to shareholders		69,168		97,632
Movement due to issue and cancellation of shares:				
Amounts receivable on issue of shares	2,438		–	
Amounts payable on cancellation of shares	(2,772)		(27,365)	
		(334)		(27,365)
Dilution adjustment		15		131
Change in net assets attributable to shareholders from investment activities (see above)		(2,531)		(1,230)
Closing net assets attributable to shareholders		66,318		69,168

BALANCE SHEET

As at 31 July 2018

	Notes	As at 31.07.18 £000	As at 31.07.17 £000
Assets:			
Investments		65,110	68,676
Current assets:			
Debtors	8	896	960
Cash and bank balances	9	927	257
Total assets		66,933	69,893
Liabilities:			
Investment liabilities		(83)	–
Creditors:			
Distribution payable		(487)	(659)
Other creditors	10	(45)	(66)
Total liabilities		(615)	(725)
Net assets attributable to shareholders		66,318	69,168

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting basis and policies

Please see pages 6 to 8 for accounting basis and policies.

2 Net capital losses

	Year ended 31.07.18 £000	Year ended 31.07.17 £000
Net capital losses on investments during the year comprise:		
Currency gains	2	–
Derivative contracts losses	(70)	–
Expenses relating to the purchase and sale of investments	(1)	(2)
Forward currency contracts losses	(49)	–
Non-derivative securities losses	(1,899)	(621)
Net capital losses	(2,017)	(623)

3 Revenue

	Year ended 31.07.18 £000	Year ended 31.07.17 £000
Bank and deposit interest	5	3
Interest on debt securities	2,269	3,010
Income from derivatives	(7)	–
Total revenue	2,267	3,013

4 Expenses

	Year ended 31.07.18 £000	Year ended 31.07.17 £000
Payable to the Authorised Corporate Director ("ACD"), associates of the ACD or agents of either of them:		
ACD's periodic charge/Fund Management Fee*	514	607
	514	607
Payable to the Depositary, associates of the Depositary or agents of either of them:		
Depositary's fee	8	12
Interest payable	1	–
Safe custody fee	4	6
	13	18
Other expenses:		
Audit fee**	9	11
Printing & postage expenses	–	2
Statement fees	3	3
	12	16
Total expenses	539	641

* From 4 June 2018 the Fund changed to a single fixed charge known as the Fund Management Fee (FMF). The FMF covers fees and expenses in relation to the operation and administration of the Company and the Fund.

** The audit fee was £8,562 (2017: £8,333) net of VAT.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5 Taxation**a Analysis of tax charge**

	Year ended 31.07.18 £000	Year ended 31.07.17 £000
Overseas tax suffered	–	–
Total current tax for the year (see note 5b)	–	–

b Factors affecting current tax charge

The tax assessed for the year is lower (2017: lower) than the standard rate of corporation tax in the UK for an Authorised Investment Fund (20%) (2017: 20%).

The differences are explained below:

	Year ended 31.07.18 £000	Year ended 31.07.17 £000
Net revenue before taxation	1,728	2,372
Corporation tax at 20%	346	474
Effects of:		
Tax deductible on interest distributions	(346)	(474)
	(346)	(474)
Current tax charge (see note 5a)	–	–

Authorised Investment Funds are exempt from tax on capital gains. Therefore, any capital return is not included in the above reconciliation.

c Deferred tax

There was no provision for deferred tax at the year end (2017: £nil).

6 Distributions

	Year ended 31.07.18 £000	Year ended 31.07.17 £000
The distributions take account of revenue received on the issue of shares and revenue deducted on the cancellation of shares, and comprise:		
Gross interest distribution for the three months ended 31 October	613	797
Gross interest distribution for the three months ended 31 January	597	718
Gross interest distribution for the three months ended 30 April	551	618
Gross interest distribution for the three months ended 31 July	487	659
	2,248	2,792
Add: Revenue deducted on cancellation of shares	8	187
Deduct: Revenue received on issue of shares	(14)	–
Total distributions	2,242	2,979
Reconciliation of distributions for the year to net revenue after taxation		
Distributions for the year	2,242	2,979
ACD's periodic charge borne by the capital account	(514)	(607)
Net revenue after taxation	1,728	2,372

Details of the distributions per share are set out in the distribution tables on page 192.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7 Fair value hierarchy

Basis of valuation	As at 31.07.18		As at 31.07.17	
	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Level 1: Quoted prices	12	(4)	–	–
Level 2: Observable market data	65,098	(79)	68,676	–
Total value	65,110	(83)	68,676	–

Financial instruments have been measured at their fair value and have been classified below using a hierarchy that reflects the significance of the inputs used in measuring their fair value:

Level 1: Unadjusted quoted price in an active market for an identical instrument;

Level 2: Valuation techniques using observable inputs other than quoted prices within level 1;

Level 3: Valuation techniques using unobservable inputs.

8 Debtors

	As at 31.07.18 £000	As at 31.07.17 £000
Accrued revenue	894	960
Sales awaiting settlement	2	–
Total debtors	896	960

9 Cash and bank balances

	As at 31.07.18 £000	As at 31.07.17 £000
Amounts held at futures clearing house and brokers	3	–
Cash and bank balances	924	257
Total cash and bank balances	927	257

10 Other creditors

	As at 31.07.18 £000	As at 31.07.17 £000
Accrued expenses	45	66
Total creditors	45	66

11 Contingent liabilities and commitments

There were no contingent liabilities or commitments at the year end (2017: £nil).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12 Related party transactions

Aviva Investors UK Fund Services Limited, Aviva Investors Global Services Limited and the Aviva group are deemed to be related parties per section 33.10 of FRS 102 as they are entities with control, joint control or significant influence over the entity.

ACD periodic charges/Fund Management Fee paid to Aviva Investors UK Fund Services Limited ("the ACD") are shown in note 4 and details of shares issued and cancelled by the ACD are shown in the statement of change in net assets attributable to shareholders. The balance due to the ACD at the year end in respect of ACD periodic charges/Fund Management Fee was £44,196 (2017: £45,166). Any balance due from the ACD in respect of issues is shown in note 8. Any balance due to the ACD in respect of cancellations is shown in note 10.

Distributions payable to the ACD and related parties of the ACD during the year amounted to £2,248,378 (2017: £2,461,788). The amount outstanding at the year end was £487,395 (2017: £659,056). Related parties of the ACD are deemed to be all companies under the control of Aviva Plc. This will include companies which hold shares in the Fund on behalf of other external investors.

Any investments managed and advised by Aviva Investors Global Services Limited or associated with the Aviva Group are marked on the portfolio statement.

Holdings at the year end and movements during the year are as follows:

	Holdings at 31.07.18 (shares)	Movement (shares)	Holdings at 31.07.17 (shares)
ACD and related parties	66,402,542	(344,081)	66,746,623

The ACD and related parties of the ACD are ineligible to vote at any general meeting.

13 Shareholder funds

The Fund currently has one share class: Class 2 (Institutional). The Fund Management Fee is as follows:

Class 2: 0.79%

The net asset value of the share class, the net asset value per share and the number of shares in the class are shown on page 177. The distributions per share class are given in the distribution tables on page 192.

14 Shares in issue reconciliation

	Number of shares in issue at 31.07.17	Number of shares issued	Number of shares cancelled	Number of shares converted	Number of shares in issue at 31.07.18
Share Class 2 Income	66,746,623	2,402,808	(2,746,889)	–	66,402,542

15 Counterparty Exposure

Financial derivative exposure

The types of derivatives held at the year end date were forward currency contracts and futures contracts. Details of individual contracts are disclosed in the Portfolio Statement and the total position by counterparty at the year end date was as follows:

31.07.18	Forward currency contracts £000	Futures contracts £000	Total £000
BNP Paribas	(36)	–	(36)
Citibank	(3)	–	(3)
Credit Suisse	–	12	12
Goldman Sachs	(2)	–	(2)
HSBC	(1)	–	(1)
State Street	(1)	–	(1)
Total	(43)	12	(31)

As at 31.07.17, the Fund did not hold any financial derivative instruments.

The counterparty exposure on forward currency contracts is reported at their mark to market values but for futures contracts it is only the positive mark to market values that are reported.

Collateral

At the year end date no collateral was held or pledged by the company or on behalf of the counterparties in respect of the above (2017: £nil).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16 Derivatives and other financial instruments

The policies applied in the management of financial instruments are set out on pages 6 to 8.

Fair value of financial assets and financial liabilities

There is no significant difference between the carrying values of the financial assets and liabilities and their fair values (2017: £nil).

Currency risk

At the year end date 0.06% (2017: nil%) of the net assets of the Fund were denominated in currencies other than sterling and as such the currency risk is not considered significant.

Interest rate risk

At the year end date 99.50% (2017: 99.66%) of the net assets of the Fund were interest bearing. If interest rates were to change by 1.00%, the value of the Fund would change by 0.34% (2017: 0.12%).

The interest rate profile of the Fund's financial assets and liabilities at 31 July 2018 was:

Currency 31.07.18	Floating Rate £000	Fixed Rate £000	None £000	Total £000
Financial Assets				
Sterling	1,215	62,580	4,147	67,942
Euro	4	719	3	726
US Dollar	59	1,412	1,181	2,652
Financial Liabilities				
Sterling	–	–	(1,666)	(1,666)
Euro	–	–	(719)	(719)
US Dollar	–	–	(2,617)	(2,617)
Total	1,278	64,711	329	66,318

The interest rate profile of the Fund's financial assets and liabilities at 31 July 2017 was:

Currency 31.07.17	Floating Rate £000	Fixed Rate £000	None £000	Total £000
Financial Assets				
Sterling	4,526	64,405	960	69,891
US Dollar	2	–	–	2
Financial Liabilities				
Sterling	–	–	(725)	(725)
Total	4,528	64,405	235	69,168

The floating rate on bank balances is linked to the Depositary's base rate.

The floating rate financial assets comprise investments in variable interest rate paying corporate debt and sterling denominated bank balances that bear interest rates based on LIBOR.

The interest rate risk is not considered significant.

Market price risk

At the year end date, 98.05% (2017: 99.29%) of the net assets of the Fund were invested in debt securities admitted to an official stock exchange. If the market value were to change by 10%, the value of the Fund would change by 9.81% (2017: 9.93%).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

17 Debt security credit analysis

	Market value £000		Total net assets %	
	31.07.18	31.07.17	31.07.18	31.07.17
Investment grade	60,650	57,736	91.46%	83.45%
Below investment grade	4,139	9,036	6.24%	13.08%
Unrated	273	1,904	0.41%	2.76%
Total debt securities	65,062	68,676	98.11%	99.29%

Credit rating designations BBB or above are considered investment grade whereas credit rating designations BB or lower are considered below investment grade.

18 Direct transaction costs

In the case of shares, broker commissions and transfer taxes, stamp duty is paid by the Fund on each transaction. In addition, there is a dealing spread between buying and selling prices of the underlying investments. Unlike shares, other types of investments (such as bonds, money market instruments, derivatives) have no separately identifiable transaction costs; these costs form part of the dealing spread.

	Principal before costs £000	Commissions £000	Taxes £000	Total after costs £000	Commissions as % of principal	Taxes as % of principal
31.07.18						
Purchases (excluding Inspecie & Corporate Action activity)						
Bonds	(78,044)	(28)	–	(78,072)	0.04%	0.00%
	(78,044)	(28)	–	(78,072)		
Sales (excluding Inspecie & Corporate Action activity)						
Bonds	79,438	(24)	–	79,414	0.03%	0.00%
	79,438	(24)	–	79,414		
Total		(52)	–			
Percentage of Fund average net assets		0.08%	0.00%			

	Principal before costs £000	Commissions £000	Taxes £000	Total after costs £000	Commissions as % of principal	Taxes as % of principal
31.07.17						
Purchases (excluding Inspecie & Corporate Action activity)						
Bonds	(20,660)	–	–	(20,660)	0.00%	0.00%
	(20,660)	–	–	(20,660)		
Sales (excluding Inspecie & Corporate Action activity)						
Bonds	47,353	–	–	47,353	0.00%	0.00%
	47,353	–	–	47,353		
Total		–	–			
Percentage of Fund average net assets		0.00%	0.00%			

Dealing spread

As at 31 July 2018, the average portfolio dealing spread was 0.67% (2017: 0.73%). This spread represents the difference between the values determined retrospectively by reference to the bid and offer prices of investments expressed as a percentage of the value determined by reference to the offer price.

19 Post balance sheet events

There are no post balance sheet events which require adjustment or disclosure at the year end (2017: £nil).

DISTRIBUTION TABLES

Final distribution payable in pence per share for the three months ended 31 July 2018

Income shares		Gross revenue	Equalisation	Final distribution payable 30 September 2018	Final distribution paid 30 September 2017
Share Class 2	Group 1	0.7340	–	0.7340	0.9874
	Group 2	0.0834	0.6506	0.7340	0.9874

Group 1 shares are those shares purchased at or before 2pm on 30 April 2018.

Group 2 shares are those shares purchased after 2pm on 30 April 2018.

Interim distribution paid in pence per share for the three months ended 30 April 2018

Income shares		Gross revenue	Equalisation	Interim distribution paid 30 June 2018	Interim distribution paid 30 June 2017
Share Class 2	Group 1	0.8288	–	0.8288	0.8951
	Group 2	0.8288	0.0000	0.8288	0.8951

Group 1 shares are those shares purchased at or before 2pm on 31 January 2018.

Group 2 shares are those shares purchased after 2pm on 31 January 2018.

Interim distribution paid in pence per share for the three months ended 31 January 2018

Income shares		Gross revenue	Equalisation	Interim distribution paid 31 March 2018	Interim distribution paid 31 March 2017
Share Class 2	Group 1	0.8979	–	0.8979	0.7716
	Group 2	0.4952	0.4027	0.8979	0.7716

Group 1 shares are those shares purchased at or before 2pm on 31 October 2017.

Group 2 shares are those shares purchased after 2pm on 31 October 2017.

Interim distribution paid in pence per share for the three months ended 31 October 2017

Income shares		Gross revenue	Equalisation	Interim distribution paid 31 December 2017	Interim distribution paid 31 December 2016
Share Class 2	Group 1	0.9281	–	0.9281	0.8162
	Group 2	0.9281	0.0000	0.9281	0.8162

Group 1 shares are those shares purchased at or before 2pm on 31 July 2017.

Group 2 shares are those shares purchased after 2pm on 31 July 2017.

Equalisation

Equalisation applies only to Group 2 shares, in other words shares purchased during the relevant period. It is the average amount of revenue included in the purchase price of all Group 2 shares and is refunded to the holders of these shares as return of capital. Being capital, it is not liable to income tax but must be deducted from the cost of shares for capital gains tax purposes.

AVIVA INVESTORS STERLING CREDIT MOM 1 FUND

The Fund closed on 6 December 2017, and will be terminated in due course.

INVESTMENT OBJECTIVE

The Fund sought to achieve income (with some prospect for long-term capital growth).

INVESTMENT POLICY

The Fund may have invested 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 have been invested in credit which is deemed to be below investment grade. The Fund's exposure would have been in Sterling or currency hedged back to Sterling. The Sterling exposure would have been within a range of 98% to 102%.

FUND MANAGER'S REPORT

Performance

Over the period ended 6 December 2017 the Fund* returned 2.69 per cent (net of fees).

Review

The European Central Bank's (ECB) decision on its Asset Purchase Programme (APP) dominated investor attention at the start of Quarter 4, with the Council delivering a taper to €30bn per month but a dovish extension to the programme until at least September 2018 with confirmation that euro interest rates would not rise at least until the Quantitative Easing (QE) programme has ended. In addition, Mario Draghi confirmed that bonds maturing in the APP would be reinvested, that both corporate bonds and ABS would remain part of the programme, and that QE would not "stop suddenly", thereby adding to the dovish speculation that the APP will extend past September 2018.

In the UK, strong economic data and continuing high inflation numbers added to the conviction that the emergency rate cut following the UK referendum on EU membership would be reversed before year-end. However, two new members have been added to the monetary policy committee recently and are regarded as being on the dovish side, while the deputy governor, Jon Cunliffe, also made comments regarding inflation and wages that suggested the decision is very much open to debate.

Central Banks were once again the main focus of market attention as we kicked off the penultimate month of the year. The Federal Reserve (Fed) rate decision on 1 November 2017 was as expected, a non-event with rates left unchanged, although expectation of a hike at the next Federal Open Market Committee (FOMC) on 13 December 2017 is now almost fully priced in. Meanwhile, the Bank of England provided a much more interesting story; the emergency rate cut that followed the UK referendum on EU membership was reversed on 2 November 2017 as expected, but Governor Carney followed up that decision by saying "two more 25bps rate hikes will be needed over the next three years". This was a surprisingly candid comment given the amount of uncertainty that faces the UK economy with the "Brexit" divorce to be negotiated, with a fragile government clinging onto power and an opposition waiting in the wings with a radically different set of policies.

The Brexit negotiations themselves took a step forward, with the apparent willingness of the UK Government to improve its offer on the "divorce bill". However, just as progress was being made, the prospect of a snap general election in Ireland began to increase and the Irish border question took great prominence as Michel Barnier, the EU negotiator, stated that "those who wanted Brexit" should find a solution.

In Europe, the 'Jamaican coalition' in Germany failed to reach a working agreement, subsequently raising the prospect of a second election and Mario Draghi also hit the headlines with a dovish speech, highlighting that inflation was still subdued and labour market slack remained significant despite strong economic recovery. He also cautioned that the Non-Performing Loan problem in the EU had not been solved and that further work was required.

In the US, the Federal Reserve prepared to bid farewell to Janet Yellen, who announced that she would be stepping down from the Board of Governors in February 2018, when the new Chair Jerome Powell takes over. Since taking over from Ben Bernanke, Yellen has avoided a recession and guided the US through a period of stable growth, where full employment has been achieved. She has also raised rates four times without causing too much market volatility and has started on the road to reducing the Fed's balance sheet. If Powell's term is as successful, market participants will be very contented, albeit surprised, as avoiding recession during his tenure is likely to be challenging.

A strong market technical backdrop helped credit spreads close the year close to the tight, resulting in a more than satisfactory 2017 for investors. In the US, the FOMC raised Fed funds by 0.25 per cent, in what was a highly anticipated move and therefore did little to move markets. Meanwhile President Trump finally saw the Senate pass the tax reform package, thereby giving the current credit cycle an additional boost, but saw some added volatility to US Treasury yields as the reforms were interpreted by markets as having the potential to cause inflation to rise.

September 2018

* 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.

AVIVA INVESTORS STERLING CREDIT MOM 1 FUND (CONTINUED)

Material Portfolio Changes

Purchases	Sales
Friary No 4 0.90% 21/01/2050	UK Treasury 1.25% 22/07/2018
Yorkshire Building Society 4.75% 12/04/2018	Friary No 4 0.90% 21/01/2050
E-Carat 6 1.35% 18/06/2024	Yorkshire Building Society 4.75% 12/04/2018
Holmes Master Issuer 0.80% 15/10/2054	E-Carat 6 1.35% 18/06/2024
Coventry Building Society 4.63% 19/04/2018	Holmes Master Issuer 0.80% 15/10/2054
Santander UK 5.13% 14/04/2021	Coventry Building Society 4.63% 19/04/2018
UK Treasury 1.25% 22/07/2018	Santander UK 5.13% 14/04/2021
Lloyds Bank 0.82% 16/01/2020	Lloyds Bank 0.82% 16/01/2020
Lanark Master Issuer 0.94% 22/12/2069	Australia Government Bond 5.75% 15/05/2021
LVMH Moët Hennessy Louis Vuitton 1.63% 20/12/2017	US Treasury 1.13% 15/06/2018

Synthetic Risk and Reward Indicator

Investment risks have been removed as the Fund closed on 6 December 2017.

COMPARATIVE TABLE

	2018 [§] p per share	2017 p per share	2016 p per share
Class 2 Income			
Change in net assets per share			
Opening net asset value per share	105.19	100.72	105.79
Return before operating charges [‡]	(103.71)	10.11	1.42
Operating charges	(0.32)	(0.83)	(0.81)
Return after operating charges [‡]	(104.03)	9.28	0.61
Distributions	(1.16)	(4.81)	(5.68)
Closing net asset value per share	–	105.19	100.72
[‡] after direct transaction costs of	–	–	–
Performance			
Return after charges	–	9.21%	0.58%
Other information			
Closing net asset value (£000)	–	44,844	70,809
Closing number of shares	–	42,630,931	70,306,075
Operating charges (%) [‡]	–	0.80%	0.80%
Direct transaction costs (%) [#]	–	–	–
Prices[≈]			
Highest share price	107.31	106.73	106.02
Lowest share price	105.36	100.98	96.74

[‡] The operating charges are calculated on an ex-post basis and as such may differ from the Ongoing Charge Figure where:

(a) Changes to fee rates were made during the year and the Ongoing Charge Figure has been amended to be future proofed for this change.

(b) The Ongoing Charge has been annualised for a share class that has not yet been open for a full year.

[#] The direct transaction costs have been stated after deducting, in the case of single-priced funds, the proportion of the amounts collected from dilution adjustments or dilution levies that relates to direct transaction costs and, in the case of dual-priced funds, the amounts collected in relation to direct transaction costs added to, or subtracted from, the valuations by virtue of COLL 6.3.6 G (4).

[≈] The high and low prices disclosed are the high and low prices for the accounting period and not the calendar year and are based on published prices. The net asset value per share price is based on the net asset value in the published accounts and may be different due to post year end accounting adjustments.

[§] Up to 6 December 2017 (date the Fund closed).

Ongoing Charges Figure*

Share class	31.07.18	31.07.17
Class 2	–	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 year. The OCF is made up of the Annual Management Charge and other operating costs deducted from the assets of the Fund during the year, except for those payments that are explicitly excluded (performance fees).

Please remember that past performance is not a guide to future performance and it might not be repeated. The value of investments and the revenue from them may go down as well as up and investors may not get back the amount originally invested. Because of this, you are not certain to make a profit on your investments and you may lose money.

PORTFOLIO STATEMENT

As at 31 July 2018

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			–	–
Investment assets			–	–
Net other assets			–	–
Net assets			–	–

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 2017.

STATEMENT OF TOTAL RETURN

For the year ended 31 July 2018

	Notes	£000	Year ended 31.07.18 £000	£000	Year ended 31.07.17 £000
Income					
Net capital gains	2		230		3,206
Revenue	3	714		3,223	
Expenses	4	(142)		(550)	
Net revenue before taxation		572		2,673	
Taxation	5	–		–	
Net revenue after taxation			572		2,673
Total return before distributions			802		5,879
Distributions	6		(642)		(3,189)
Change in net assets attributable to shareholders from investment activities			160		2,690

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

For the year ended 31 July 2018

	£000	Year ended 31.07.18 £000	£000	Year ended 31.07.17 £000
Opening net assets attributable to shareholders		44,844		70,809
Movement due to issue and cancellation of shares:				
Amounts receivable on issue of shares	16		57	
Amounts payable on cancellation of shares	(44,952)		(28,824)	
		(44,936)		(28,767)
Dilution adjustment		37		112
Change in net assets attributable to shareholders from investment activities (see above)		160		2,690
Fund closure		(105)		–
Closing net assets attributable to shareholders		–		44,844

BALANCE SHEET

As at 31 July 2018

	Notes	As at 31.07.18 £000	As at 31.07.17 £000
Assets:			
Investments		–	44,308
Current assets:			
Debtors	8	2	672
Cash and bank balances	9	121	1,599
Total assets		123	46,579
Liabilities:			
Investment liabilities		–	(436)
Creditors:			
Distribution payable		–	(520)
Other creditors	10	(123)	(779)
Total liabilities		(123)	(1,735)
Net assets attributable to shareholders		–	44,844

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting basis and policies

Please see pages 6 to 8 for accounting basis and policies.

2 Net capital gains

	Year ended 31.07.18 £000	Year ended 31.07.17 £000
Net capital gains on investments during the year comprise:		
Currency gains	324	388
Expenses relating to the purchase and sale of investments	(1)	(5)
Forward currency contracts losses	(86)	(1,253)
Non-derivative securities (losses)/gains	(7)	4,076
Net capital gains	230	3,206

3 Revenue

	Year ended 31.07.18 £000	Year ended 31.07.17 £000
Bank and deposit interest	59	8
Interest on debt securities	655	3,215
Total revenue	714	3,223

4 Expenses

	Year ended 31.07.18 £000	Year ended 31.07.17 £000
Payable to the Authorised Corporate Director ("ACD"), associates of the ACD or agents of either of them:		
ACD's periodic charge	118	516
	118	516
Payable to the Depositary, associates of the Depositary or agents of either of them:		
Depositary's fee	3	11
Interest payable	2	4
Safe custody fee	1	5
	6	20
Other expenses:		
Audit fee*	7	10
Closure costs	10	–
Statement fees	1	4
	18	14
Total expenses	142	550

* The audit fee was £8,562 (2017: £8,333) net of VAT.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5 Taxation**a Analysis of tax charge**

	Year ended 31.07.18 £000	Year ended 31.07.17 £000
Overseas tax suffered	–	–
Total current tax for the year (see note 5b)	–	–

b Factors affecting current tax charge

The tax assessed for the year is lower (2017: lower) than the standard rate of corporation tax in the UK for an Authorised Investment Fund (20%) (2017: 20%).

The differences are explained below:

	Year ended 31.07.18 £000	Year ended 31.07.17 £000
Net revenue before taxation	572	2,673
Corporation tax at 20%	114	535
Effects of:		
Tax deductible on interest distributions	(114)	(535)
	(114)	(535)
Current tax charge (see note 5a)	–	–

Authorised Investment Funds are exempt from tax on capital gains. Therefore, any capital return is not included in the above reconciliation.

c Deferred tax

There was no provision for deferred tax at the year end (2017: £nil).

6 Distributions

	Year ended 31.07.18 £000	Year ended 31.07.17 £000
The distributions take account of revenue received on the issue of shares and revenue deducted on the cancellation of shares, and comprise:		
Gross interest distribution for the three months ended 31 October	490	888
Gross interest distribution for the three months ended 31 January	–	844
Gross interest distribution for the three months ended 30 April	–	681
Gross interest distribution for the three months ended 31 July	–	520
	490	2,933
Add: Revenue deducted on cancellation of shares	152	256
Total distributions	642	3,189
Reconciliation of distributions for the year to net revenue after taxation		
Distributions for the year	642	3,189
ACD's periodic charge borne by the capital account	(118)	(516)
Movement in revenue account	58	–
Other fees borne by capital account	(10)	–
Net revenue after taxation	572	2,673

Details of the distributions per share are set out in the distribution tables on page 204.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7 Fair value hierarchy

Basis of valuation	As at 31.07.18		As at 31.07.17	
	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Level 2: Observable market data	–	–	44,308	(436)
Total value	–	–	44,308	(436)

Financial instruments have been measured at their fair value and have been classified below using a hierarchy that reflects the significance of the inputs used in measuring their fair value:

Level 1: Unadjusted quoted price in an active market for an identical instrument;

Level 2: Valuation techniques using observable inputs other than quoted prices within level 1;

Level 3: Valuation techniques using unobservable inputs.

8 Debtors

	As at 31.07.18 £000	As at 31.07.17 £000
Accrued revenue	–	671
Prepaid expenses	2	1
Total debtors	2	672

9 Cash and bank balances

	As at 31.07.18 £000	As at 31.07.17 £000
Cash and bank balances	121	1,599
Total cash and bank balances	121	1,599

10 Other creditors

	As at 31.07.18 £000	As at 31.07.17 £000
Accrued expenses	18	48
Amounts payable to ACD	105	–
Purchases awaiting settlement	–	731
Total creditors	123	779

11 Contingent liabilities and commitments

There were no contingent liabilities or commitments at the year end (2017: £nil).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12 Related party transactions

Aviva Investors UK Fund Services Limited, Aviva Investors Global Services Limited and the Aviva group are deemed to be related parties per section 33.10 of FRS 102 as they are entities with control, joint control or significant influence over the entity.

ACD periodic charges/Fund Management Fee paid to Aviva Investors UK Fund Services Limited ("the ACD") are shown in note 4 and details of shares issued and cancelled by the ACD are shown in the statement of change in net assets attributable to shareholders. The balance due to the ACD at the year end in respect of ACD periodic charges/Fund Management Fee was £nil (2017: £30,021). Any balance due from the ACD in respect of issues is shown in note 8. Any balance due to the ACD in respect of cancellations is shown in note 10.

Distributions payable to the ACD and related parties of the ACD during the year amounted to £490,405 (2017: £2,586,855). The amount outstanding at the year end was £nil (2017: £520,268). Related parties of the ACD are deemed to be all companies under the control of Aviva Plc. This will include companies which hold shares in the Fund on behalf of other external investors.

Any investments managed and advised by Aviva Investors Global Services Limited or associated with the Aviva Group are marked on the portfolio statement.

Holdings at the year end and movements during the year are as follows:

	Holdings at 31.07.18 (shares)	Movement (shares)	Holdings at 31.07.17 (shares)
ACD and related parties	–	(42,630,931)	42,630,931

The ACD and related parties of the ACD are ineligible to vote at any general meeting.

13 Shareholder funds

The Fund had one share class: Class 2 (Institutional). The Fund is closed and the previous annual management charge was as follows:

Class 2: 0.75%

The net asset value of the share class, the net asset value per share and the number of shares in the class are shown on page 195. The distributions per share class are given in the distribution tables on page 204.

14 Shares in issue reconciliation

	Number of shares in issue at 31.07.17	Number of shares issued	Number of shares cancelled	Number of shares converted	Number of shares in issue at 31.07.18
Share Class 2 Income	42,630,931	15,090	(42,646,021)	–	–

15 Counterparty Exposure

Financial derivative exposure

As at 31.07.18, the Fund was closed therefore no financial derivative instruments were held.

The types of derivatives held at the prior year end date were forward currency contracts. The total position by counterparty at the prior year end date was as follows:

31.07.17	Forward currency contracts £000	Total £000
JPMorgan Chase & Co	(211)	(211)
Total	(211)	(211)

The counterparty exposure on forward currency contracts is reported at their mark to market values.

Collateral

At the year end date no collateral was held or pledged by the Company or on behalf of the counterparties in respect of the above (2017: £nil).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16 Derivatives and other financial instruments

The policies applied in the management of financial instruments are set out on pages 6 to 8.

Currency risk

At the year end date, nil% (2017: 0.15%) of the net assets of the Fund were denominated in currencies other than sterling and as such the currency risk is not considered significant.

Interest rate risk

At the year end date nil% (2017: 101.87%) of the net assets of the Fund were interest bearing and as such the interest rate risk is not considered significant.

Market price risk

At the year end date, nil% (2017: 98.30%) of the net assets of the Fund were invested in debt securities admitted to an official stock exchange. If the market value were to change by 10%, the value of the Fund would change by nil% (2017: 9.83%).

17 Debt security credit analysis

	Market value £000		Total net assets %	
	31.07.18	31.07.17	31.07.18	31.07.17
Investment grade	–	15,283	–	34.07%
Below investment grade	–	26,694	–	59.54%
Unrated	–	2,106	–	4.69%
Total debt securities	–	44,083	–	98.30%

Credit rating designations BBB or above are considered investment grade whereas credit rating designations BB or lower are considered below investment grade. There is no Debt Security to disclose for the current year.

18 Direct transaction costs

Due to the nature of the investments held, no transaction costs or taxes were incurred on the Fund's purchases or sales during the current year ended 31 July 2018 (2017: £nil). The total purchases for the year amounted to £49,678,284 (2017: £101,834,266) and the total sales amounted to £93,633,692 (2017: £127,200,111).

Dealing spread

As at 31 July 2018, the average portfolio dealing spread was nil% (2017: 0.59%). This spread represents the difference between the values determined retrospectively by reference to the bid and offer prices of investments expressed as a percentage of the value determined by reference to the offer price.

19 Post balance sheet events

There are no post balance sheet events which require adjustment or disclosure at the year end (2017: £nil).

DISTRIBUTION TABLES

Final distribution payable in pence per share for the three months ended 31 July 2018

Income shares		Gross revenue	Equalisation	Final distribution payable 30 September 2018	Final distribution paid 30 September 2017
Share Class 2	Group 1	–	–	–	1.2204
	Group 2	–	–	–	1.2204

Group 1 shares are those shares purchased at or before 2pm on 30 April 2018.

Group 2 shares are those shares purchased after 2pm on 30 April 2018.

Interim distribution paid in pence per share for the three months ended 30 April 2018

Income shares		Gross revenue	Equalisation	Interim distribution paid 30 June 2018	Interim distribution paid 30 June 2017
Share Class 2	Group 1	–	–	–	1.1255
	Group 2	–	–	–	1.1255

Group 1 shares are those shares purchased at or before 2pm on 31 January 2018.

Group 2 shares are those shares purchased after 2pm on 31 January 2018.

Interim distribution paid in pence per share for the three months ended 31 January 2018

Income shares		Gross revenue	Equalisation	Interim distribution paid 31 March 2018	Interim distribution paid 31 March 2017
Share Class 2	Group 1	–	–	–	0.9624
	Group 2	–	–	–	0.9624

Group 1 shares are those shares purchased at or before 2pm on 31 October 2017.

Group 2 shares are those shares purchased after 2pm on 31 October 2017.

Interim distribution paid in pence per share for the three months ended 31 October 2017

Income shares		Gross revenue	Equalisation	Interim distribution paid 31 December 2017	Interim distribution paid 31 December 2016
Share Class 2	Group 1	1.1628	–	1.1628	1.0102
	Group 2	0.4718	0.6910	1.1628	1.0102

Group 1 shares are those shares purchased at or before 2pm on 31 July 2017.

Group 2 shares are those shares purchased after 2pm on 31 July 2017.

Equalisation

Equalisation applies only to Group 2 shares, in other words shares purchased during the relevant period. It is the average amount of revenue included in the purchase price of all Group 2 shares and is refunded to the holders of these shares as return of capital. Being capital, it is not liable to income tax but must be deducted from the cost of shares for capital gains tax purposes.

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 per cent 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 twelve months ended 31 July 2018 the Fund* returned (0.41) per cent (net of fees), underperforming the Barclays Global Aggregate (Hedged to GBP) index return of (0.08) per cent.

Review

US Treasuries have been trending upward since significant changes were implemented to the tax system. The USD rebounded from trade war concerns in Q1 2018. The inflation target has been met, quantitative easing ended and FOMC 25bps rate hikes happened in March and mid-June. Year over year wage growth increased, beating expectations, causing specter inflation. The unemployment rate dropped to around 17 year lows for the past 2 quarters, an increased participation rate pulled up unemployment for Q2 2018. In Q2 2018 non-farm payrolls and personal spending trends exceeded expectations but CCI has continued to slip and be below expectations (126.4 in June from 127.7 in Q1).

German Chancellor Angela Merkel was granted a 4th term, increasing stability and predictability. Most of the Eurozone met expectations. Portugal jumped to a BBB in Q4 2017. In Q1 2018 the European Central Bank (ECB) acted in a dovish manner and would not implement rate hikes until its quantitative easing process ended. In Q2 2018 Italy's Prime Minister indicated that he would veto the new coalition government's choice of a Eurosceptic Finance Minister, scaring investors about elections and increased populism. The ECB's accommodative monetary policy stabilized the situation. Eurozone inflation beat the ECB's target of 2% during Q2 2018, due to increased oil prices.

In November 2017, the Bank of England (BoE) delivered their first rate hike in over 10 years, which was expected, but held rates constant in Q2. The 25bps hike raised the rate to 0.5% was seen as dovish resulting in Gilts rallying (8bps) and Sterling depreciating (1.5%). The discussion for the end of reinvestments will come later. In Q4 the inflation grew 0.4%, while consumer inflation eased to 2.7%. The pound fell and increased Brexit ambiguity has complicated matters.

The Bank of Japan (BoJ) re-elected Governor Haruhiko Kuroda and tried to maintain its elusive inflationary target of 2%. The country's GDP increased 1.6%. The US-China trade conflict was a primary driver of lowered inflation.

Emerging markets suffered against a stronger USD, fears of a China-US trade conflict and rising consumer prices. China's PMI was expansionary, but missed expectations for February, May and April. South Africa's economy was bolstered by its president stepping down in Q1 2018 but next quarter the country dealt with political turmoil. Brazil's central bank cut and kept its Selic rate to a record low of 6.5%. Yet, not all emerging market economies were devastated, the USD declined, India benefited. Although India's state owned PNB committed fraud (a major setback for the recapitalization program), the Indian economy had overtaken China in annual GDP growth with 7.7%.

The portfolio outperformed the benchmark by approximately 21bps during the period. Security Selection was the greatest contributor for the period. Security selection in Portugal benefitted performance as spreads compressed versus Germany on the back of a ratings upgrade by S&P. Security selection within Germany and Italy and Spain also contributed strongly as European periphery spreads tightened. Asset allocation was also a contributor for the period. Overweights to US and Japan inflation linked bonds, along with an underweight to US treasuries all contributed to performance. An overweight position to high yield corporates and US asset backed securities detracted from performance. Yield curve positioning was also a contributor as US, South Africa and Australian curve positioning contributed to returns, whilst EUR and GBP positioning detracted. FX positioning was the greatest source of underperformance for the period. Long positions in the Argentinian Peso, Turkish Lira and Swedish Krona all detracted from performance, as they all weakened against major currencies.

Outlook

The trade dispute will probably get worse before it gets better, but the hit to economic activity is likely to be modest. In the US, accommodative financial conditions and fiscal impetus supports above-trend economic growth, exacerbating excess demand and putting upward pressure on costs. Most other advanced economies should grow above trend, as long as neither internal nor external politics derail the process.

Robust growth in China supports emerging market economies and commodity prices, although there are multiple risk events.

As inflation overshoots the Fed's goal, modestly more tightening is in store than currently built into markets. With the Fed in the lead, central banks in developed markets are moving, albeit slowly, to renormalize monetary policy; they thus far remain willing to lean against market instability.

Above-trend economic growth makes developed market sovereign yields expensive.

Break-evens offer value and provide inexpensive protection to upside surprises to inflation.

The dollar appears expensive against other developed and emerging market currencies.

For institutional investors, municipal assets are fairly valued, with the exception of the five-year maturity, which looks rich.

With fundamentals remaining strong, investment-grade corporate spreads are fair, although high-yield spreads are somewhat expensive.

Market and political uncertainties create opportunities in emerging markets local currency and dollar debt.

Interest rate volatility remains low.

AVIVA INVESTORS GLOBAL AGG MOM 1 FUND (CONTINUED)

The flattening of the Treasury yield curve provides attractive carry at the short end that will offset capital losses some as rates rise.

Valuations of securitized products generally appear fair to rich.

Be biased toward short duration positions in core developed market sovereign securities.

Maintain short dollar exposure, where appropriate through option strategies given increased probability of tail risks.

Maintain modest exposure to break-evens.

Remain overweight investment-grade hard-currency EM debt.

Maintain modest credit exposure but look to gradually step up the quality of the holdings.

Rotate from short-duration municipal securities to longer duration ones or taxable bonds, where appropriate.

Maintain modest underweight in MBS and emphasize ABS versus CMBS.

September 2018

* 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 Rogge Global Partners.

As noted above, the performance figures in this commentary have been sourced from an external party and are based on published prices. The performance figures quoted in the comparative table on page 207 are based on the net asset value per the published accounts and may be different due to post year end accounting adjustments.

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Material Portfolio Changes

Purchases	Sales
US Treasury 2.00% 31/10/2022	Australia Government Bond 2.75% 21/10/2019
US Treasury Bill 0.00% 02/08/2018	US Treasury 2.00% 31/10/2022
US Treasury 1.88% 31/03/2022	US Treasury 1.88% 31/03/2022
US Treasury 2.25% 15/11/2027	US Treasury 2.25% 15/02/2027
US Treasury 2.50% 31/03/2023	US Treasury Bill 0.00% 02/08/2018
Canada Government Bond 2.25% 01/06/2025	US Treasury 2.25% 15/11/2027
UK Treasury 1.50% 22/07/2047	Japan Government Ten Year Bond 0.50% 20/12/2024
Australia Government Bond 1.75% 21/11/2020	Canada Government Bond 2.25% 01/06/2025
Bundesrepublik Deutschland 2.50% 15/08/2046	US Treasury 2.50% 31/03/2023
US Treasury Bill 0.00% 01/03/2018	Bundesrepublik Deutschland 2.50% 15/08/2046

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, and the bond issuer's creditworthiness. Bonds that produce a higher level of income usually have a greater risk of default.
- The value of investments will be affected by changes in exchange rates.
- Further information on the risks applicable to the Fund is detailed in the Fund's Key Investor Information Document, and a full description is set out in the Prospectus, both of which are available on the internet at www.avivainvestors.com or from the ACD on request.

COMPARATIVE TABLE

Class 2 Income	2018 p per share	2017 p per share	2016 p per share
Change in net assets per share			
Opening net asset value per share	105.64	108.70	106.88
Return before operating charges [†]	0.40	0.16	4.79
Operating charges	(0.83)	(0.86)	(0.87)
Return after operating charges [†]	(0.43)	(0.70)	3.92
Distributions	(2.74)	(2.36)	(2.10)
Closing net asset value per share	102.47	105.64	108.70
[†] after direct transaction costs of	–	–	(0.09)
Performance			
Return after charges	(0.41)%	(0.64)%	3.67%
Other information			
Closing net asset value (£000)	185,341	202,514	98,397
Closing number of shares	180,880,055	191,708,815	90,517,628
Operating charges (%) [‡]	0.79%	0.80%	0.82%
Direct transaction costs (%) [#]	–	–	0.08%
Prices[≈]			
Highest share price	106.90	109.51	109.41
Lowest share price	102.51	104.79	105.42

[‡] The operating charges are calculated on an ex-post basis and as such may differ from the Ongoing Charge Figure where:

(a) Changes to fee rates were made during the year and the Ongoing Charge Figure has been amended to be future proofed for this change.

(b) The Ongoing Charge has been annualised for a share class that has not yet been open for a full year.

[#] The direct transaction costs have been stated after deducting, in the case of single-priced funds, the proportion of the amounts collected from dilution adjustments or dilution levies that relates to direct transaction costs and, in the case of dual-priced funds, the amounts collected in relation to direct transaction costs added to, or subtracted from, the valuations by virtue of COLL 6.3.6 G (4).

[≈] The high and low prices disclosed are the high and low prices for the accounting period and not the calendar year and are based on published prices. The net asset value per share price is based on the net asset value in the published accounts and may be different due to post year end accounting adjustments.

Ongoing Charges Figure*

Share class	31.07.18	31.07.17
Class 2	0.82%	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 year. The OCF is made up of the Fund Management Fee and, where a fund invests a substantial portion of its assets in other funds, an amount for the pro-rated charges of those other funds (referred to as "synthetic charges" or the "synthetic" part of the ongoing charge). The figure for ongoing charges excludes performance fees and portfolio transaction costs, except in the case of an entry/exit charge paid by the Fund when buying or selling shares/units in another collective investment scheme.

Please remember that past performance is not a guide to future performance and it might not be repeated. The value of investments and the revenue from them may go down as well as up and investors may not get back the amount originally invested. Because of this, you are not certain to make a profit on your investments and you may lose money.

PORTFOLIO STATEMENT

As at 31 July 2018

Investment	Currency	Holding	Market Value £000	% of Net Assets
Government Bonds 47.69% (70.13%)				
Argentina 1.40% (2.02%)				
Argentina Government Bond 3.75% 08/02/2019	ARS	5,275,000	167	0.09
Argentina Government Bond 6.88% 26/01/2027	USD	600,000	416	0.23
Argentina Government Bond 5.25% 15/01/2028	EUR	700,000	545	0.29
Argentina Government Bond, FRN 26.25% 21/06/2020	ARS	20,775,000	608	0.33
Argentina Government Bond, FRN 5.83% 31/12/2033	ARS	1,835,000	378	0.20
Provincia de Buenos Aires 9.13% 16/03/2024	USD	325,000	240	0.13
Provincia de Buenos Aires, FRN 26.08% 31/05/2022	ARS	10,000,000	246	0.13
			2,600	1.40
Australia 1.25% (12.57%)				
Australia Government Bond 1.75% 21/11/2020	AUD	4,125,000	2,314	1.25
			2,314	1.25
Canada 0.86% (1.78%)				
Canada Government Bond 3.50% 01/12/2045	CAD	1,200,000	864	0.47
Canada Government Real Return Bond 0.50% 01/12/2050	CAD	1,250,000	727	0.39
			1,591	0.86
Chile 0.50% (0.46%)				
Bonos de la Tesoreria de la Republica en pesos 4.50% 01/03/2021	CLP	750,000,000	926	0.50
			926	0.50
Egypt 0.00% (0.11%)				
France 1.29% (1.15%)				
France Government Bond OAT 0.25% 25/11/2026	EUR	2,725,000	2,389	1.29
			2,389	1.29
Germany 0.00% (1.05%)				
Ghana 0.41% (0.00%)				
Ghana Government Bond 7.63% 16/05/2029	USD	975,000	765	0.41
			765	0.41
Ireland 0.90% (0.79%)				
Ireland Government Bond 1.00% 15/05/2026	EUR	1,825,000	1,671	0.90
			1,671	0.90
Ivory Coast 0.47% (0.21%)				
Ivory Coast Government Bond 5.25% 22/03/2030	EUR	1,000,000	868	0.47
			868	0.47
Japan 12.28% (13.92%)				
Japan Government CPI Linked Bond 0.10% 10/03/2025	JPY	614,212,709	4,435	2.39
Japan Government CPI Linked Bond 0.10% 10/03/2026	JPY	531,500,000	3,856	2.08
Japan Government CPI Linked Bond 0.10% 10/03/2027	JPY	592,600,000	4,328	2.33
Japan Government Ten Year Bond 0.50% 20/12/2024	JPY	829,600,000	5,855	3.16
Japan Government Twenty Year Bond 0.40% 20/03/2036	JPY	634,250,000	4,294	2.32
			22,768	12.28
Kenya 0.49% (0.00%)				
Kenya Government Bond 7.25% 28/02/2028	USD	1,175,000	903	0.49
			903	0.49
Kuwait 0.00% (0.53%)				
Mexico 1.06% (1.55%)				
Mexican Bonos 8.00% 07/11/2047	MXN	476,000	1,966	1.06
			1,966	1.06
Netherlands 1.02% (0.83%)				
Netherlands Government Bond 1.25% 15/01/2019	EUR	2,095,000	1,886	1.02
			1,886	1.02

PORTFOLIO STATEMENT (CONTINUED)

As at 31 July 2018

Investment	Currency	Holding	Market Value £000	% of Net Assets
New Zealand 3.27% (2.58%)				
New Zealand Government Inflation Linked Bond 2.00% 20/09/2025	NZD	10,475,000	6,067	3.27
			6,067	3.27
Nigeria 0.55% (0.00%)				
Nigeria Government Bond 6.50% 28/11/2027	USD	350,000	260	0.14
Nigeria Government Bond 7.14% 23/02/2030	USD	450,000	341	0.19
Nigeria Government Bond 7.88% 16/02/2032	USD	525,000	413	0.22
			1,014	0.55
Poland 0.00% (1.38%)				
Portugal 0.00% (1.18%)				
Qatar 0.56% (0.00%)				
Qatar Government Bond 5.10% 23/04/2048	USD	1,325,000	1,029	0.56
			1,029	0.56
Romania 0.50% (0.00%)				
Romania Government Bond 2.50% 08/02/2030	EUR	1,075,000	925	0.50
			925	0.50
Russia 1.47% (0.74%)				
Russian Federal Bond – OFZ 7.00% 16/08/2023	RUB	64,250,000	774	0.42
Russian Federal Bond – OFZ 7.05% 19/01/2028	RUB	166,475,000	1,956	1.05
			2,730	1.47
Saudi Arabia 0.83% (0.00%)				
Saudi Government Bond 4.63% 04/10/2047	USD	2,125,000	1,547	0.83
			1,547	0.83
Senegal 0.75% (0.23%)				
Senegal Government Bond 4.75% 13/03/2028	EUR	1,325,000	1,152	0.62
Senegal Government Bond 6.25% 23/05/2033	USD	325,000	233	0.13
			1,385	0.75
South Africa 0.00% (1.11%)				
Spain 4.13% (2.47%)				
Spain Government Bond 1.50% 30/04/2027	EUR	3,975,000	3,630	1.96
Spain Government Bond 2.90% 31/10/2046	EUR	4,125,000	4,027	2.17
			7,657	4.13
Sri Lanka 0.24% (0.26%)				
Sri Lanka Government Bond 5.75% 18/04/2023	USD	600,000	452	0.24
			452	0.24
Sweden 0.96% (0.85%)				
Sweden Government Bond 5.00% 01/12/2020	SEK	18,060,000	1,772	0.96
			1,772	0.96
Thailand 0.35% (1.39%)				
Thailand Government Bond 2.13% 17/12/2026	THB	29,090,000	642	0.35
			642	0.35
Turkey 0.26% (0.43%)				
Turkey Government Bond 5.75% 11/05/2047	USD	815,000	485	0.26
			485	0.26
Ukraine 0.50% (0.00%)				
Ukraine Government Bond 7.38% 25/09/2032	USD	1,350,000	932	0.50
			932	0.50
United Kingdom 4.21% (2.17%)				
UK Treasury 3.25% 22/01/2044	GBP	2,780,000	3,594	1.94
UK Treasury 1.50% 22/07/2047	GBP	4,495,000	4,207	2.27
			7,801	4.21

PORTFOLIO STATEMENT (CONTINUED)

As at 31 July 2018

Investment	Currency	Holding	Market Value £000	% of Net Assets
United States of America 6.68% (18.14%)				
US Treasury 2.50% 31/03/2023	USD	2,500,000	1,875	1.01
US Treasury Bill 0.00% 02/08/2018	USD	7,080,000	5,387	2.91
US Treasury Bill 0.00% 03/01/2019	USD	4,090,000	3,084	1.66
US Treasury Inflation Indexed 0.88% 15/02/2047	USD	2,600,000	2,034	1.10
			12,380	6.68
Uruguay 0.50% (0.23%)				
Uruguay Government Bond 9.88% 20/06/2022	UYU	16,705,000	408	0.22
Uruguay Government Bond 8.50% 15/03/2028	UYU	23,595,000	509	0.28
			917	0.50
Government Bonds total			88,382	47.69
Corporate Bonds 45.58% (25.21%)				
Australia 1.05% (0.00%)				
Driver Australia Five Trust, FRN, Series 5 'A' 2.92% 21/07/2026	AUD	1,820,641	1,028	0.56
Driver Australia Four Trust, FRN, Series 4 'A' 2.94% 21/08/2025	AUD	122,594	69	0.04
Driver Australia Three Trust, FRN, Series 3 'A' 3.69% 21/05/2024	AUD	302,035	172	0.09
FBG Finance 3.25% 06/09/2022	AUD	1,180,000	669	0.36
			1,938	1.05
Brazil 0.17% (0.00%)				
Natura Cosmeticos 5.38% 01/02/2023	USD	425,000	316	0.17
			316	0.17
Canada 0.66% (0.36%)				
Ford Auto Securitization Trust, Series 2017-R5A 'A3' 2.38% 15/03/2023	CAD	750,000	433	0.23
MBarc Credit Canada, Series 2016-AA 'A2' 1.53% 17/06/2019	CAD	134,886	79	0.04
MBarc Credit Canada, Series 2016-AA 'A3' 1.72% 15/07/2021	CAD	125,000	73	0.04
Teck Resources 6.25% 15/07/2041	USD	175,000	137	0.08
TransCanada PipeLines 4.25% 15/05/2028	USD	650,000	500	0.27
			1,222	0.66
Cayman Islands 0.27% (0.00%)				
Alibaba Group Holding 3.40% 06/12/2027	USD	295,000	211	0.11
Tencent Holdings 3.60% 19/01/2028	USD	405,000	293	0.16
			504	0.27
China 0.64% (0.00%)				
China Development Bank 0.38% 16/11/2021	EUR	1,325,000	1,176	0.64
			1,176	0.64
Colombia 0.56% (0.00%)				
Ecopetrol 5.88% 28/05/2045	USD	1,375,000	1,038	0.56
			1,038	0.56
France 1.71% (0.78%)				
AXA, FRN 5.25% 16/04/2040	EUR	200,000	192	0.11
BNP Paribas 1.13% 10/10/2023	EUR	600,000	538	0.29
Bumper FCT, FRN, Series 10 'A' 0.03% 27/02/2028	EUR	1,600,000	1,428	0.77
Credit Agricole 2.63% 17/03/2027	EUR	600,000	553	0.30
Societe Generale 1.00% 01/04/2022	EUR	500,000	449	0.24
			3,160	1.71
Germany 1.12% (0.60%)				
Allianz, FRN 5.63% 17/10/2042	EUR	400,000	422	0.23
Allianz, FRN 3.38% Perpetual	EUR	300,000	289	0.15
Kreditanstalt fuer Wiederaufbau 4.00% 16/01/2019	AUD	775,000	441	0.24
Red & Black Auto Germany 5 UG haftungsbeschränkt, FRN, Series 5 'A' 0.13% 15/01/2027	EUR	1,038,945	932	0.50
			2,084	1.12

PORTFOLIO STATEMENT (CONTINUED)

As at 31 July 2018

Investment	Currency	Holding	Market Value £000	% of Net Assets
Ireland 0.24% (0.55%)				
AerCap Ireland Capital 4.50% 15/05/2021	USD	575,000	444	0.24
			444	0.24
Israel 0.33% (0.00%)				
Israel Chemicals 6.38% 31/05/2038	USD	800,000	606	0.33
			606	0.33
Italy 0.90% (0.54%)				
Assicurazioni Generali, FRN 5.50% 27/10/2047	EUR	550,000	532	0.29
Intesa Sanpaolo 3.88% 15/01/2019	USD	1,180,000	899	0.49
SME Grecale, FRN, Series 2017-1 'A' 0.01% 22/03/2056	EUR	254,889	228	0.12
			1,659	0.90
Japan 0.75% (0.00%)				
OSCAR US Funding Trust VII, Series 2017-2A 'A4' 2.76% 10/12/2024	USD	200,000	149	0.08
OSCAR US Funding Trust VII, Series 2017-2X 'A3' 2.45% 10/12/2021	USD	330,000	247	0.13
OSCAR US Funding Trust VII, Series 2017-2X 'A4' 2.76% 10/12/2024	USD	330,000	245	0.13
OSCAR US Funding Trust VIII, Series 2018-1X 'A4' 3.50% 12/05/2025	USD	1,000,000	757	0.41
			1,398	0.75
Luxembourg 0.55% (0.30%)				
Altice Financing 7.50% 15/05/2026	USD	200,000	148	0.08
ARD Finance 7.12% 15/09/2023	USD	200,000	153	0.08
E-Carat SA-Compartment 9, FRN, Series 2016-1 'A' 0.08% 18/10/2024	EUR	182,139	163	0.09
Gazprom 2.50% 21/03/2026	EUR	625,000	548	0.30
			1,012	0.55
Mexico 0.13% (0.31%)				
Petroleos Mexicanos 6.35% 12/02/2048	USD	365,000	249	0.13
			249	0.13
Morocco 0.29% (0.00%)				
OCP 6.88% 25/04/2044	USD	650,000	545	0.29
			545	0.29
Netherlands 3.45% (4.14%)				
ABN AMRO Bank 4.75% 28/07/2025	USD	1,040,000	796	0.43
ABN AMRO Bank, FRN 2.87% 18/01/2028	EUR	200,000	190	0.10
Cooperatieve Rabobank, FRN 2.50% 26/05/2026	EUR	590,000	550	0.30
Equate Petrochemical 3.00% 03/03/2022	USD	200,000	147	0.08
Globaldrive Auto Receivables, FRN, Series 2016-B 'A' 0.13% 20/08/2024	EUR	187,827	168	0.09
ING Groep, FRN 3.00% 11/04/2028	EUR	200,000	190	0.10
Lukoil International Finance 4.56% 24/04/2023	USD	1,100,000	840	0.45
Mylan 2.50% 07/06/2019	USD	291,000	221	0.12
Petrobras Global Finance 7.25% 17/03/2044	USD	1,210,000	905	0.49
Shell International Finance 3.75% 12/09/2046	USD	650,000	468	0.25
Volkswagen International Finance 1.88% 30/03/2027	EUR	1,200,000	1,068	0.58
Vonovia Finance 1.63% 15/12/2020	EUR	300,000	277	0.15
WPC Eurobond, REIT 2.25% 19/07/2024	EUR	625,000	579	0.31
			6,399	3.45
Spain 0.96% (0.55%)				
Banco Bilbao Vizcaya Argentaria, FRN 3.50% 11/04/2024	EUR	800,000	727	0.39
Driver Espana Five FDT, FRN, Series 5 'A' 0.03% 21/12/2028	EUR	768,659	686	0.37
Telefonica Emisiones 1.53% 17/01/2025	EUR	400,000	366	0.20
			1,779	0.96
Switzerland 0.29% (0.28%)				
Credit Suisse Group 4.28% 09/01/2028	USD	725,000	543	0.29
			543	0.29

PORTFOLIO STATEMENT (CONTINUED)

As at 31 July 2018

Investment	Currency	Holding	Market Value £000	% of Net Assets
United Arab Emirates 0.82% (0.00%)				
Abu Dhabi Crude Oil Pipeline 4.60% 02/11/2047	USD	1,345,000	991	0.53
DP World 6.85% 02/07/2037	USD	590,000	528	0.29
			1,519	0.82
United Kingdom 2.82% (2.23%)				
Anglo American Capital 4.50% 15/03/2028	USD	300,000	217	0.12
BAT International Finance 2.25% 16/01/2030	EUR	625,000	553	0.30
Globaldrive Auto Receivables UK, FRN, Series 2018-UKA 'A' 1.01% 20/06/2026	GBP	600,000	600	0.33
HSBC Holdings 4.38% 23/11/2026	USD	525,000	396	0.21
Lloyds Banking Group 3.10% 06/07/2021	USD	400,000	300	0.16
Lloyds Banking Group 3.75% 11/01/2027	USD	700,000	505	0.27
NatWest Markets 3.88% 12/09/2023	USD	1,900,000	1,411	0.76
Rolls-Royce 0.88% 09/05/2024	EUR	900,000	802	0.43
Santander UK Group Holdings 3.57% 10/01/2023	USD	600,000	446	0.24
			5,230	2.82
United States of America 27.50% (14.57%)				
21st Century Fox America 3.70% 15/10/2025	USD	200,000	151	0.08
Abbott Laboratories 3.75% 30/11/2026	USD	150,000	113	0.06
Abbott Laboratories 4.90% 30/11/2046	USD	1,250,000	1,042	0.56
AbbVie 1.38% 17/05/2024	EUR	400,000	360	0.19
Amazon.com 3.15% 22/08/2027	USD	1,200,000	879	0.47
American Homes 4 Rent Trust, Series 2014-SFR3 'A' 3.68% 17/12/2036	USD	350,930	267	0.14
American International Group 4.20% 01/04/2028	USD	525,000	397	0.21
Americredit Automobile Receivables Trust, Series 2016-4 'D' 2.74% 08/12/2022	USD	275,000	205	0.11
Americredit Automobile Receivables Trust, Series 2017-4 'B' 2.36% 19/12/2022	USD	1,050,000	784	0.42
Americredit Automobile Receivables Trust, Series 2018-1 'C' 3.50% 18/01/2024	USD	650,000	495	0.27
Americredit Automobile Receivables Trust, Series 2018-1 'D' 3.82% 18/03/2024	USD	650,000	495	0.27
Amgen 4.40% 01/05/2045	USD	125,000	93	0.05
Anheuser-Busch InBev Worldwide 4.00% 13/04/2028	USD	1,200,000	914	0.49
Apple 3.25% 23/02/2026	USD	1,040,000	775	0.42
Aventura Mall Trust, FRN, Series 2013-AVM 'A' 3.87% 05/12/2032	USD	330,000	255	0.14
BANK, Series 2018-BN13 'A5' 4.22% 15/08/2061	USD	250,000	196	0.11
Bank of America, FRN 3.37% 23/01/2026	USD	1,200,000	879	0.47
Bank of America, FRN 1.66% 25/04/2028	EUR	1,000,000	888	0.48
Bank of America, FRN 3.97% 05/03/2029	USD	800,000	596	0.32
BBCMS Trust, Series 2013-TYSN 'A2' 3.76% 05/09/2032	USD	100,000	77	0.04
Branch Banking & Trust 3.63% 16/09/2025	USD	675,000	504	0.27
Branch Banking & Trust 3.80% 30/10/2026	USD	675,000	509	0.28
Capital One Financial 3.75% 28/07/2026	USD	1,550,000	1,106	0.60
CarMax Auto Owner Trust, Series 2014-4 'D' 3.04% 17/05/2021	USD	450,000	342	0.19
CarMax Auto Owner Trust, Series 2018-1 'D' 3.37% 15/07/2024	USD	125,000	93	0.05
CCUBS Commercial Mortgage Trust, Series 2017-C1 'A4' 3.54% 15/11/2050	USD	625,000	463	0.25
Citigroup 4.40% 10/06/2025	USD	1,085,000	823	0.44
Citigroup 4.65% 30/07/2045	USD	525,000	403	0.22
Citizens Bank 2.25% 02/03/2020	USD	775,000	580	0.31
CNH Equipment Trust, Series 2018-A 'A4' 3.30% 15/04/2025	USD	325,000	247	0.13
Colony Starwood Homes Trust, FRN, Series 2016-2X 'A' 3.32% 17/12/2033	USD	489,297	374	0.20
COMM Mortgage Trust, FRN, Series 2017-DLTX 'A' 2.92% 15/08/2035	USD	1,000,000	762	0.41
Corning 4.38% 15/11/2057	USD	525,000	350	0.19
Cox Communications 3.35% 15/09/2026	USD	150,000	106	0.06
Crown Castle International, REIT 3.15% 15/07/2023	USD	300,000	219	0.12
CVS Health 4.30% 25/03/2028	USD	1,000,000	757	0.41
Daimler Finance North America 1.50% 05/07/2019	USD	450,000	338	0.18
Dell Equipment Finance Trust, Series 2017-2 'B' 2.47% 24/10/2022	USD	225,000	169	0.09
Digital Euro Finco, REIT 2.63% 15/04/2024	EUR	375,000	354	0.19
Drive Auto Receivables Trust, Series 2016-AA 'C' 3.91% 17/05/2021	USD	554,678	424	0.23
Drive Auto Receivables Trust, Series 2016-CX 'C' 3.02% 15/11/2021	USD	400,000	305	0.16
Drive Auto Receivables Trust, Series 2016-CX 'D' 4.18% 15/03/2024	USD	400,000	308	0.17

PORTFOLIO STATEMENT (CONTINUED)

As at 31 July 2018

Investment	Currency	Holding	Market Value £000	% of Net Assets
United States of America 27.50% (14.57%) (continued)				
Drive Auto Receivables Trust, Series 2017-3 'C' 2.80% 15/07/2022	USD	575,000	436	0.24
Drive Auto Receivables Trust, Series 2018-2 'C' 3.63% 15/08/2024	USD	675,000	515	0.28
DT Auto Owner Trust, Series 2016-1A 'C' 3.54% 15/10/2021	USD	180,619	138	0.07
Duke Energy 2.65% 01/09/2026	USD	125,000	86	0.05
Duke Energy 3.75% 01/09/2046	USD	525,000	358	0.19
Energy Transfer Partners 4.75% 15/01/2026	USD	195,000	150	0.08
Energy Transfer Partners 4.20% 15/04/2027	USD	125,000	92	0.05
Enterprise Fleet Financing, Series 2017-3 'A2' 2.13% 22/05/2023	USD	650,000	487	0.26
EQT 3.00% 01/10/2022	USD	210,000	154	0.08
EQT 3.90% 01/10/2027	USD	1,275,000	913	0.49
Exeter Automobile Receivables Trust, Series 2018-3A 'B' 3.46% 17/10/2022	USD	700,000	533	0.29
Ford Credit Auto Owner Trust, Series 2018-A 'A3' 3.03% 15/11/2022	USD	550,000	419	0.23
General Electric, FRN 5.00% Perpetual	USD	2,823,000	2,109	1.14
General Motors Financial 2.35% 04/10/2019	USD	1,275,000	961	0.52
Genesis Energy 6.75% 01/08/2022	USD	70,000	54	0.03
Glencore Funding 3.00% 27/10/2022	USD	350,000	253	0.14
GM Financial Automobile Leasing Trust, Series 2015-3 'C' 2.98% 20/11/2019	USD	220,000	167	0.09
GM Financial Automobile Leasing Trust, Series 2015-3 'D' 3.48% 20/08/2020	USD	300,000	228	0.12
GM Financial Automobile Leasing Trust, Series 2018-2 'C' 3.50% 20/04/2022	USD	425,000	323	0.17
GM Financial Consumer Automobile Receivables Trust, Series 2018-1 'B' 2.57% 17/07/2023	USD	775,000	577	0.31
Goldman Sachs Group 4.25% 21/10/2025	USD	550,000	414	0.22
Goldman Sachs Group 3.50% 16/11/2026	USD	705,000	509	0.27
Goldman Sachs Group, FRN 3.69% 05/06/2028	USD	375,000	272	0.15
Goldman Sachs Group, FRN 3.81% 23/04/2029	USD	375,000	273	0.15
HCA 5.50% 15/06/2047	USD	345,000	247	0.13
InTown Hotel Portfolio Trust, FRN, Series 2018-STYX 'A' 2.77% 15/01/2033	USD	375,000	282	0.15
InTown Hotel Portfolio Trust, FRN, Series 2018-STYX 'B' 3.12% 15/01/2033	USD	250,000	190	0.10
Invitation Homes Trust, FRN, Series 2017-SF2X 'A' 2.94% 17/12/2036	USD	497,480	378	0.20
Invitation Homes Trust, FRN, Series 2018-SF3X 'A' 3.00% 17/07/2037	USD	499,788	381	0.21
JPMorgan Chase 3.30% 01/04/2026	USD	875,000	637	0.34
Keurig Dr Pepper 4.06% 25/05/2023	USD	200,000	153	0.08
Keurig Dr Pepper 4.60% 25/05/2028	USD	425,000	328	0.18
Kinder Morgan 4.30% 01/06/2025	USD	125,000	96	0.05
Kinder Morgan 5.55% 01/06/2045	USD	200,000	160	0.09
Kraft Heinz Foods 2.00% 30/06/2023	EUR	625,000	587	0.32
Kraft Heinz Foods 2.25% 25/05/2028	EUR	1,525,000	1,378	0.74
Kubota Credit Owner Trust, Series 2016-1X 'A3' 1.50% 15/07/2020	USD	199,541	150	0.08
Kubota Credit Owner Trust, Series 2018-1X 'A4' 3.21% 15/01/2025	USD	1,400,000	1,064	0.57
Metropolitan Life Global Funding I 3.00% 19/09/2027	USD	1,275,000	903	0.49
Morgan Stanley 4.00% 23/07/2025	USD	330,000	250	0.14
Newell Brands 2.60% 29/03/2019	USD	42,000	32	0.02
Occidental Petroleum 3.00% 15/02/2027	USD	575,000	415	0.22
OneMain Financial Issuance Trust, Series 2015-1A 'B' 3.85% 18/03/2026	USD	580,000	444	0.24
OneMain Financial Issuance Trust, Series 2015-2A 'A' 2.57% 18/07/2025	USD	59,844	46	0.03
Oracle 4.00% 15/07/2046	USD	1,325,000	977	0.53
Oscar US Funding Trust, Series 2017-1X 'A2A' 2.30% 11/05/2020	USD	77,889	59	0.03
Oscar US Funding Trust, Series 2017-1X 'A4' 3.30% 10/05/2024	USD	230,000	174	0.09
Prime Security Services Borrower 9.25% 15/05/2023	USD	122,000	99	0.05
Progress Residential Trust, Series 2017-SF1X 'A' 2.77% 17/08/2034	USD	946,958	695	0.38
Prudential Financial 5.38% 21/06/2020	USD	280,000	221	0.12
Prudential Financial, FRN 4.50% 15/09/2047	USD	1,225,000	857	0.46
Reynolds Group Issuer 7.00% 15/07/2024	USD	175,000	135	0.07
Santander Drive Auto Receivables Trust, Series 2016-3 'D' 2.80% 15/08/2022	USD	275,000	206	0.11
Santander Drive Auto Receivables Trust, Series 2018-1 'C' 2.96% 15/03/2024	USD	775,000	583	0.32
Santander Drive Auto Receivables Trust, Series 2018-2 'C' 3.35% 17/07/2023	USD	475,000	360	0.19
Santander Drive Auto Receivables Trust, Series 2018-3 'C' 3.51% 15/08/2023	USD	625,000	475	0.26

PORTFOLIO STATEMENT (CONTINUED)

As at 31 July 2018

Investment	Currency	Holding	Market Value £000	% of Net Assets
United States of America 27.50% (14.57%) (continued)				
Santander Retail Auto Lease Trust, Series 2017-A 'A4' 2.37% 20/01/2022	USD	500,000	375	0.20
Southern 3.25% 01/07/2026	USD	1,125,000	811	0.44
Springleaf Funding Trust, Series 2015-AA 'A' 3.16% 15/11/2024	USD	556,992	424	0.23
Springleaf Funding Trust, Series 2016-AX 'A' 2.90% 15/11/2029	USD	650,000	493	0.27
Sprint Spectrum 4.74% 20/09/2029	USD	825,000	624	0.34
Sprint Spectrum 3.36% 20/03/2023	USD	231,563	175	0.10
Starwood Waypoint Homes Trust, FRN, Series 2017-1X 'A' 3.04% 17/01/2035	USD	1,416,505	1,080	0.58
Tricon American Homes Trust, Series 2016-SFR1 'A' 2.59% 17/11/2033	USD	573,702	422	0.23
Tricon American Homes Trust, Series 2017-SF2X 'A' 2.93% 17/01/2036	USD	700,000	511	0.28
United Technologies 2.15% 18/05/2030	EUR	250,000	228	0.12
Visa 2.20% 14/12/2020	USD	1,100,000	822	0.44
Wells Fargo 3.00% 22/04/2026	USD	390,000	277	0.15
Wells Fargo 4.30% 22/07/2027	USD	420,000	317	0.17
Western Gas Partners 5.30% 01/03/2048	USD	450,000	325	0.18
Westlake Automobile Receivables Trust, Series 2018-1X 'C' 2.92% 15/05/2023	USD	675,000	510	0.28
Westlake Automobile Receivables Trust, Series 2018-2X 'B' 3.20% 16/01/2024	USD	350,000	266	0.14
Westlake Automobile Receivables Trust, Series 2018-2X 'C' 3.50% 16/01/2024	USD	700,000	533	0.29
			50,973	27.50
Virgin Islands, British 0.37% (0.00%)				
Sinopac Group Overseas Development 2017 2.50% 13/09/2022	USD	950,000	687	0.37
			687	0.37
Corporate Bonds total			84,481	45.58
Supranational 2.82% (2.10%)				
Asian Development Bank 3.50% 30/05/2024	NZD	1,175,000	622	0.33
Banque Ouest Africaine de Developpement 5.00% 27/07/2027	USD	850,000	626	0.34
European Investment Bank 1.25% 05/11/2020	CAD	1,702,000	973	0.52
European Investment Bank 2.70% 12/01/2023	AUD	1,600,000	904	0.49
International Bank for Reconstruction & Development 3.50% 22/01/2021	NZD	3,550,000	1,887	1.02
International Finance 6.30% 25/11/2024	INR	20,970,000	220	0.12
			5,232	2.82
Supranationals total			5,232	2.82
Swaps 0.14% (0.00%)				
Interest Rate Swap Goldman Sachs Pay fixed 1.08% Receive floating LIBOR 6 month 12/12/2022	GBP	9,950,000	362	0.20
Interest Rate Swap Goldman Sachs Pay fixed 3.21% Receive floating BBR 3 month 19/03/2028	NZD	5,190,000	(47)	(0.03)
Interest Rate Swap Goldman Sachs Pay fixed 3.21% Receive floating BBR 3 month 20/03/2028	NZD	6,930,000	(62)	(0.03)
Swaps total			253	0.14
Options 0.10% (0.00%)				
Foreign Exchange KRW/USD, Call, 1,150, 20/09/2018	USD	(1,250,000)	(3)	–
Foreign Exchange KRW/USD, Put, 1,085, 20/09/2018	USD	1,250,000	3	–
Foreign Exchange MXN/USD, Put, 20, 04/12/2018	USD	1,300,000	69	0.04
Foreign Exchange NOK/EUR, Call, 9.8, 26/10/2018	EUR	(1,050,000)	(4)	–
Foreign Exchange NOK/EUR, Put, 9.4, 26/10/2018	EUR	1,050,000	5	–
Foreign Exchange NZD/AUD, Call, 1.1, 07/08/2018	AUD	1,950,000	–	–
Foreign Exchange NZD/AUD, Put, 1.06, 07/08/2018	AUD	(1,950,000)	–	–
Foreign Exchange PLN/USD, Put, 3.648, 20/08/2018	USD	2,650,000	19	0.01
Foreign Exchange PLN/USD, Put, 3.71, 15/10/2018	USD	2,500,000	56	0.03
Foreign Exchange RUB/USD, Put, 62, 16/08/2018	USD	2,650,000	13	0.01
Foreign Exchange TRY/USD, Put, 4.6, 13/09/2018	USD	2,600,000	4	–
Foreign Exchange TRY/USD, Put, 4.5, 30/11/2018	USD	2,600,000	5	–
Foreign Exchange USD/GBP, Call, 1.35, 05/12/2018	GBP	1,000,000	10	0.01
Foreign Exchange ZAR/USD, Put, 12.49, 06/12/2018	USD	1,350,000	9	–
Options total			186	0.10

PORTFOLIO STATEMENT (CONTINUED)

As at 31 July 2018

Investment	Currency	Holding	Market Value £000	% of Net Assets
Forward Currency Contracts (0.08)% (0.16%)				
Buy ARS 58,985,000 sell USD 2,189,455 dated 31/08/2018			(70)	(0.04)
Buy BRL 7,080,000 sell USD 1,848,081 dated 02/08/2018			32	0.02
Buy COP 3,885,000,000 sell USD 1,341,617 dated 12/09/2018			6	–
Buy CZK 114,110,000 sell GBP 3,880,138 dated 12/09/2018			101	0.06
Buy EUR 530,000 sell GBP 471,903 dated 31/08/2018			1	–
Buy EUR 330,000 sell GBP 294,804 dated 31/08/2018			–	–
Buy GBP 4,695,140 sell AUD 8,325,000 dated 31/08/2018			(4)	–
Buy GBP 3,337,211 sell CAD 5,760,000 dated 31/08/2018			(29)	(0.02)
Buy GBP 42,383,889 sell EUR 47,415,000 dated 31/08/2018			29	0.02
Buy GBP 936,678 sell EUR 1,050,000 dated 31/08/2018			(1)	–
Buy GBP 18,954,584 sell JPY 2,779,135,000 dated 31/08/2018			(24)	(0.01)
Buy GBP 3,769,735 sell MXN 105,490,000 dated 12/09/2018			(501)	(0.27)
Buy GBP 9,464,206 sell NZD 18,325,000 dated 31/08/2018			(27)	(0.01)
Buy GBP 109,585,101 sell USD 143,755,000 dated 31/08/2018			342	0.18
Buy GBP 197,433 sell USD 260,000 dated 31/08/2018			–	–
Buy HUF 767,230,000 sell USD 2,754,717 dated 12/09/2018			43	0.02
Buy IDR 42,672,310,000 sell USD 2,969,996 dated 13/09/2018			(19)	(0.01)
Buy INR 30,980,000 sell USD 449,598 dated 12/09/2018			–	–
Buy MXN 25,000,000 sell GBP 924,897 dated 12/09/2018			87	0.05
Buy MXN 51,100,000 sell GBP 2,080,428 dated 12/09/2018			(12)	(0.01)
Buy NOK 39,655,000 sell GBP 3,701,590 dated 31/08/2018			9	–
Buy PLN 4,800,000 sell USD 1,291,138 dated 12/09/2018			19	0.01
Buy RON 1,600,000 sell USD 397,543 dated 12/09/2018			5	–
Buy RUB 92,250,000 sell USD 1,433,405 dated 12/09/2018			29	0.02
Buy RUB 35,000,000 sell USD 558,378 dated 12/09/2018			–	–
Buy SEK 22,490,000 sell GBP 1,939,094 dated 31/08/2018			18	0.01
Buy SEK 11,000,000 sell GBP 958,232 dated 31/08/2018			(1)	–
Buy SGD 3,900,000 sell GBP 2,162,661 dated 12/09/2018			14	0.01
Buy USD 535,053 sell ARS 16,180,000 dated 31/08/2018			(31)	(0.02)
Buy USD 646,987 sell BRL 2,400,000 dated 02/08/2018			5	–
Buy USD 1,239,884 sell BRL 4,680,000 dated 02/08/2018			(7)	–
Buy USD 1,836,909 sell BRL 7,080,000 dated 02/10/2018			(30)	(0.02)
Buy USD 1,313,004 sell CLP 831,460,000 dated 12/09/2018			9	–
Buy USD 1,290,985 sell EUR 1,100,000 dated 31/08/2018			(2)	–
Buy USD 257,517 sell GBP 195,776 dated 02/08/2018			–	–
Buy USD 1,110,000 sell GBP 840,857 dated 31/08/2018			3	–
Buy USD 1,980,000 sell GBP 1,507,572 dated 31/08/2018			(3)	–
Buy USD 2,887,060 sell HKD 22,500,000 dated 10/04/2019			5	–
Buy USD 5,509,434 sell HUF 1,534,460,000 dated 12/09/2018			(85)	(0.05)
Buy USD 1,415,302 sell KRW 1,572,400,000 dated 12/09/2018			7	–
Buy USD 4,097,986 sell PHP 220,570,000 dated 12/09/2018			(37)	(0.02)
Buy USD 3,200,727 sell RON 12,870,000 dated 12/09/2018			(42)	(0.02)
Buy USD 3,238,488 sell RUB 208,000,000 dated 12/09/2018			(59)	(0.03)
Buy USD 1,013,552 sell THB 33,100,000 dated 12/09/2018			13	0.01
Buy USD 5,289,170 sell TWD 159,030,000 dated 12/09/2018			66	0.04
Forward Currency Contracts total			(141)	(0.08)

PORTFOLIO STATEMENT (CONTINUED)

As at 31 July 2018

Investment	Currency	Holding	Market Value £000	% of Net Assets
Futures 0.01% (0.08%)				
Australia 3 Year Bond 17/09/2018	AUD	260	50	0.03
Australia 10 Year Bond 17/09/2018	AUD	(8)	(8)	–
Canada 10 Year Bond 19/09/2018	CAD	(154)	(46)	(0.03)
Euro-Bobl 06/09/2018	EUR	90	(5)	–
Euro-BTP 06/09/2018	EUR	82	81	0.04
Euro-Bund 06/09/2018	EUR	(101)	(75)	(0.04)
Euro-Buxl 30 Year Bond 06/09/2018	EUR	13	8	–
Euro-OAT 06/09/2018	EUR	25	23	0.01
Euro-Schatz 06/09/2018	EUR	(190)	12	0.01
Japan 10 Year Bond 12/09/2018	JPY	12	7	–
Long Gilt 26/09/2018	GBP	(121)	(42)	(0.02)
US 2 Year Note 28/09/2018	USD	(10)	2	–
US 5 Year Note 28/09/2018	USD	168	–	–
US 10 Year Note 19/09/2018	USD	(64)	(1)	–
US 10 Year Ultra Bond 19/09/2018	USD	(10)	(2)	–
US Long Bond 19/09/2018	USD	(40)	11	0.01
US Ultra Bond 19/09/2018	USD	3	1	–
Futures total			16	0.01
Investment assets (including investment liabilities)			178,409	96.26
Net other assets			6,932	3.74
Net assets			185,341	100.00

All holdings are debt securities and admitted to an official stock exchange unless otherwise stated.

The comparative percentage figures in brackets are as at 31 July 2017.

STATEMENT OF TOTAL RETURN

For the year ended 31 July 2018

	Notes	£000	Year ended 31.07.18 £000	£000	Year ended 31.07.17 £000
Income					
Net capital losses	2		(4,724)		(2,032)
Revenue	3	5,466		3,190	
Expenses	4	(1,666)		(1,096)	
Net revenue before taxation		3,800		2,094	
Taxation	5	–		–	
Net revenue after taxation			3,800		2,094
Total (deficit)/return before distributions			(924)		62
Distributions	6		(5,370)		(3,138)
Change in net assets attributable to shareholders from investment activities			(6,294)		(3,076)

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

For the year ended 31 July 2018

	£000	Year ended 31.07.18 £000	£000	Year ended 31.07.17 £000
Opening net assets attributable to shareholders		202,514		98,397
Movement due to issue and cancellation of shares:				
Amounts receivable on issue of shares	20,473		107,097	
Amounts payable on cancellation of shares	(31,407)		(20)	
		(10,934)		107,077
Dilution adjustment		55		116
Change in net assets attributable to shareholders from investment activities (see above)		(6,294)		(3,076)
Closing net assets attributable to shareholders		185,341		202,514

BALANCE SHEET

As at 31 July 2018

	Notes	As at 31.07.18 £000	As at 31.07.17 £000
Assets:			
Investments		179,688	198,365
Current assets:			
Debtors	8	4,806	1,196
Cash and bank balances	9	5,191	5,845
Total assets		189,685	205,406
Liabilities:			
Investment liabilities		(1,279)	(551)
Creditors:			
Bank overdrafts		(1,086)	(144)
Distribution payable		(1,452)	(1,260)
Other creditors	10	(527)	(937)
Total liabilities		(4,344)	(2,892)
Net assets attributable to shareholders		185,341	202,514

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting basis and policies

Please see pages 6 to 8 for accounting basis and policies.

2 Net capital losses

	Year ended 31.07.18 £000	Year ended 31.07.17 £000
Net capital losses on investments during the year comprise:		
Currency (losses)/gains	(1,191)	1,572
Derivative contracts gains/(losses)	609	(321)
Expenses relating to the purchase and sale of investments	(19)	(24)
Forward currency contracts gains/(losses)	2,741	(2,202)
Non-derivative securities losses	(6,864)	(1,057)
Net capital losses	(4,724)	(2,032)

3 Revenue

	Year ended 31.07.18 £000	Year ended 31.07.17 £000
Bank and deposit interest	106	10
Interest on debt securities	5,419	2,886
Interest on derivatives	(59)	294
Total revenue	5,466	3,190

4 Expenses

	Year ended 31.07.18 £000	Year ended 31.07.17 £000
Payable to the Authorised Corporate Director ("ACD"), associates of the ACD or agents of either of them:		
ACD's periodic charge/Fund Management Fee*	1,570	1,044
	1,570	1,044
Payable to the Depositary, associates of the Depositary or agents of either of them:		
Depositary's fee	22	19
Interest payable	51	5
Safe custody fee	9	13
	82	37
Other expenses:		
Audit fee**	9	11
Printing & postage expenses	3	2
Statement fees	2	2
	14	15
Total expenses	1,666	1,096

* From 4 June 2018 the Fund changed to a single fixed charge known as the Fund Management Fee (FMF). The FMF covers fees and expenses in relation to the operation and administration of the Company and the Fund.

** The audit fee was £8,562 (2017: £8,333) net of VAT.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5 Taxation**a Analysis of tax charge**

	Year ended 31.07.18 £000	Year ended 31.07.17 £000
Overseas tax suffered	–	–
Total current tax for the year (see note 5b)	–	–

b Factors affecting current tax charge

The tax assessed for the year is lower (2017: lower) than the standard rate of corporation tax in the UK for an Authorised Investment Fund (20%) (2017: 20%).

The differences are explained below:

	Year ended 31.07.18 £000	Year ended 31.07.17 £000
Net revenue before taxation	3,800	2,094
Corporation tax at 20%	760	419
Effects of:		
Tax deductible on interest distributions	(760)	(419)
	(760)	(419)
Current tax charge (see note 5a)	–	–

Authorised Investment Funds are exempt from tax on capital gains. Therefore, any capital return is not included in the above reconciliation.

c Deferred tax

There was no provision for deferred tax at the year end (2017: £nil).

6 Distributions

	Year ended 31.07.18 £000	Year ended 31.07.17 £000
The distributions take account of revenue received on the issue of shares and revenue deducted on the cancellation of shares, and comprise:		
Gross interest distribution for the three months ended 31 October	1,152	540
Gross interest distribution for the three months ended 31 January	1,391	693
Gross interest distribution for the three months ended 30 April	1,275	1,047
Gross interest distribution for the three months ended 31 July	1,452	1,260
	5,270	3,540
Add: Revenue deducted on cancellation of shares	157	–
Deduct: Revenue received on issue of shares	(57)	(402)
Total distributions	5,370	3,138
Reconciliation of distributions for the year to net revenue after taxation		
Distributions for the year	5,370	3,138
ACD's periodic charge borne by the capital account	(1,570)	(1,044)
Net revenue after taxation	3,800	2,094

Details of the distributions per share are set out in the distribution tables on page 227.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7 Fair value hierarchy

Basis of valuation	As at 31.07.18		As at 31.07.17	
	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Level 1: Quoted prices	195	(179)	235	(75)
Level 2: Observable market data	179,493	(1,100)	198,130	(476)
Total value	179,688	(1,279)	198,365	(551)

Financial instruments have been measured at their fair value and have been classified below using a hierarchy that reflects the significance of the inputs used in measuring their fair value:

Level 1: Unadjusted quoted price in an active market for an identical instrument;

Level 2: Valuation techniques using observable inputs other than quoted prices within level 1;

Level 3: Valuation techniques using unobservable inputs.

8 Debtors

	As at 31.07.18 £000	As at 31.07.17 £000
Accrued revenue	1,173	1,196
Sales awaiting settlement	3,633	–
Total debtors	4,806	1,196

9 Cash and bank balances

	As at 31.07.18 £000	As at 31.07.17 £000
Amounts held at futures clearing house and brokers	81	–
Cash and bank balances	5,110	5,845
Total cash and bank balances	5,191	5,845

10 Other creditors

	As at 31.07.18 £000	As at 31.07.17 £000
Accrued expenses	128	159
Derivative income payable	56	–
Purchases awaiting settlement	343	778
Total creditors	527	937

11 Contingent liabilities and commitments

There were no contingent liabilities or commitments at the year end (2017: £nil).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12 Related party transactions

Aviva Investors UK Fund Services Limited, Aviva Investors Global Services Limited and the Aviva group are deemed to be related parties per section 33.10 of FRS 102 as they are entities with control, joint control or significant influence over the entity.

ACD periodic charges/Fund Management Fee paid to Aviva Investors UK Fund Services Limited ("the ACD") are shown in note 4 and details of shares issued and cancelled by the ACD are shown in the statement of change in net assets attributable to shareholders. The balance due to the ACD at the year end in respect of ACD periodic charges/Fund Management Fee was £127,834 (2017: £128,533). Any balance due from the ACD in respect of issues is shown in note 8. Any balance due to the ACD in respect of cancellations is shown in note 10.

Distributions payable to the ACD and related parties of the ACD during the year amounted to £5,269,609 (2017: £3,320,878). The amount outstanding at the year end was £1,452,105 (2017: £1,259,527). Related parties of the ACD are deemed to be all companies under the control of Aviva Plc. This will include companies which hold shares in the Fund on behalf of other external investors.

Any investments managed and advised by Aviva Investors Global Services Limited or associated with the Aviva Group are marked on the portfolio statement.

Holdings at the year end and movements during the year are as follows:

	Holdings at 31.07.18 (shares)	Movement (shares)	Holdings at 31.07.17 (shares)
ACD and related parties	180,880,055	(10,828,760)	191,708,815

The ACD and related parties of the ACD are ineligible to vote at any general meeting.

13 Shareholder funds

The Fund currently has one share class: Class 2 (Institutional). The Fund Management Fee is as follows:

Class 2: 0.82%

The net asset value of the share class, the net asset value per share and the number of shares in the class are shown on page 207. The distributions per share class are given in the distribution tables on page 227.

14 Shares in issue reconciliation

	Number of shares in issue at 31.07.17	Number of shares issued	Number of shares cancelled	Number of shares converted	Number of shares in issue at 31.07.18
Share Class 2 Income	191,708,815	19,367,525	(30,196,285)	–	180,880,055

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

15 Counterparty Exposure**Financial derivative exposure**

The types of derivatives held at the year end date were forward currency contracts, futures contracts, interest rate swaps and option contracts. Details of individual contracts are disclosed in the Portfolio Statement and the total position by counterparty at the year end date was as follows:

	Forward currency contracts £000	Futures contracts £000	Interest rate swaps £000	Options contracts £000	Total £000
31.07.18					
Barclays	80	–	–	3	83
Citigroup	(28)	–	–	93	65
Goldman Sachs	162	–	362	5	529
HSBC	(245)	–	–	–	(245)
JPMorgan	(149)	195	–	73	119
Merrill Lynch	10	–	–	–	10
UBS	29	–	–	19	48
Total	(141)	195	362	193	609

	Forward currency contracts £000	Futures contracts £000	Interest rate swaps £000	Options contracts £000	Total £000
31.07.17					
Barclays	190	–	–	–	190
Citigroup	(31)	–	–	–	(31)
Goldman Sachs	18	–	–	–	18
HSBC	(62)	–	–	–	(62)
JPMorgan	96	235	–	–	331
Merrill Lynch	(57)	–	–	–	(57)
UBS	164	–	–	–	164
Total	318	235	–	–	553

The counterparty exposure on forward currency contracts is reported at their mark to market values but for futures contracts, interest rate swaps and option contracts it is only the positive mark to market values that are reported.

Collateral

There is £1,729,914 (2017: £838,662) of collateral held on the above derivatives in the form of Investment.

16 Derivatives and other financial instruments

The policies applied in the management of financial instruments are set out on pages 6 to 8.

Fair value of financial assets and financial liabilities

There is no significant difference between the carrying values of the financial assets and liabilities and their fair values (2017: £nil).

Currency risk

At the year end date, (0.76)% (2017: (0.21%)) of the net assets of the Fund were denominated in currencies other than sterling and as such the currency risk is not considered significant.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16 Derivatives and other financial instruments (continued)**Interest rate risk**

At the year end date 98.31% (2017: 100.26%) of the net assets of the Fund were interest bearing. If interest rates were to change by 1.00%, the value of the Fund would change by 1.69% (2017: 0.36%).

The interest rate profile of the Fund's financial assets and liabilities at 31 July 2018 was:

Currency 31.07.18	Floating Rate £000	Fixed Rate £000	None £000	Total £000
Financial Assets				
Sterling	5,240	8,401	193,699	207,340
Argentine Peso	–	1,398	1,594	2,992
Australian Dollar	1,661	4,128	70	5,859
Brazilian Real	–	–	1,438	1,438
Canadian Dollar	116	3,148	8	3,272
Chilean Peso	–	927	–	927
Colombian Peso	–	–	1,025	1,025
Czech Koruna	–	–	3,982	3,982
Euro	1,927	33,768	1,381	37,076
Hungarian Forint	100	–	2,135	2,235
Indian Rupee	–	–	342	342
Indonesian Rupiah	–	–	2,236	2,236
Japanese Yen	53	22,768	21	22,842
Mexican Peso	–	1,966	5,186	7,152
New Zealand Dollar	31	8,577	18	8,626
Norwegian Krone	1	–	3,710	3,711
Polish Zloty	2	–	1,000	1,002
Romanian Leu	–	–	307	307
Russian Rouble	–	2,730	1,636	4,366
Singapore Dollar	–	–	2,177	2,177
Swedish Krona	1,086	1,771	2,966	5,823
Thailand Baht	–	642	3	645
US Dollar	4,896	81,973	30,178	117,047
Financial Liabilities				
Sterling	–	–	(20,577)	(20,577)
Argentine Peso	–	–	(437)	(437)
Australian Dollar	–	–	(4,706)	(4,706)
Brazilian Real	–	–	(2,862)	(2,862)
Canadian Dollar	–	–	(3,413)	(3,413)
Chilean Peso	–	–	(989)	(989)
Euro	(1,301)	–	(44,359)	(45,660)
Hong Kong Dollar	–	–	(2,166)	(2,166)
Hungarian Forint	–	–	(4,270)	(4,270)
Japanese Yen	–	–	(18,979)	(18,979)
Korean Won	–	–	(1,068)	(1,068)
Mexican Peso	(2,086)	–	(4,270)	(6,356)
New Zealand Dollar	–	–	(9,660)	(9,660)
Philippine Peso	–	–	(3,149)	(3,149)
Romanian Leu	–	–	(2,473)	(2,473)
Russian Rouble	–	–	(2,519)	(2,519)
Swedish Krona	(1,086)	–	–	(1,086)
Taiwan Dollar	–	–	(3,952)	(3,952)
Thailand Baht	–	–	(757)	(757)
US Dollar	(637)	–	(121,365)	(122,002)
Total	10,003	172,197	3,141	185,341

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16 Derivatives and other financial instruments (continued)

The interest rate profile of the Fund's financial assets and liabilities at 31 July 2017 was:

Currency 31.07.17	Floating Rate £000	Fixed Rate £000	None £000	Total £000
Financial Assets				
Sterling	4,970	4,390	202,839	212,199
Argentine Peso	–	3,188	–	3,188
Australian Dollar	–	25,933	190	26,123
Canadian Dollar	83	5,458	19	5,560
Chilean Peso	–	921	937	1,858
Colombian Peso	–	–	773	773
Euro	723	24,915	396	26,034
Indian Rupee	–	252	1,062	1,314
Indonesian Rupiah	–	–	2,003	2,003
Japanese Yen	–	28,197	18	28,215
Malaysian Ringgit	–	–	870	870
Mexican Peso	–	3,130	2,486	5,616
New Zealand Dollar	–	7,966	1,214	9,180
Norwegian Krone	–	–	2,087	2,087
Polish Zloty	–	2,788	1	2,789
Russian Rouble	–	1,494	2,012	3,506
South African Rand	–	2,250	82	2,332
Swedish Krona	–	1,730	2,112	3,842
Thailand Baht	–	2,817	7	2,824
Turkish Lira	–	862	142	1,004
Uruguayan Peso	–	475	–	475
US Dollar	7,874	72,767	11,704	92,345
Financial Liabilities				
Sterling	(9)	–	(9,259)	(9,268)
Australian Dollar	(4)	–	(25,999)	(26,003)
Canadian Dollar	–	–	(7,570)	(7,570)
Chilean Peso	–	–	(937)	(937)
Colombian Peso	–	–	(898)	(898)
Euro	(670)	–	(29,709)	(30,379)
Japanese Yen	(98)	–	(24,120)	(24,218)
Korean Won	–	–	(1,888)	(1,888)
Malaysian Ringgit	–	–	(870)	(870)
Mexican Peso	–	–	(5,597)	(5,597)
New Zealand Dollar	–	–	(9,022)	(9,022)
Polish Zloty	–	–	(2,789)	(2,789)
Russian Rouble	–	–	(1,582)	(1,582)
South African Rand	–	–	(2,324)	(2,324)
Taiwan Dollar	–	–	(2,005)	(2,005)
Thailand Baht	–	–	(2,828)	(2,828)
Turkish Lira	–	–	(1,053)	(1,053)
US Dollar	635	–	(103,027)	(102,392)
Total	13,504	189,533	(523)	202,514

The floating rate on bank balances is linked to the Depositary's base rate.

The floating rate financial assets comprise investments in variable interest rate paying corporate debt and bank balances that bear interest on LIBOR or its equivalent.

The interest rate risk is not considered significant.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16 Derivatives and other financial instruments (continued)

Market price risk

At the year end date, 96.26% (2017: 97.68%) of the net assets of the Fund were invested in ordinary shares or stock units or debt securities admitted to an official stock exchange. If the market value were to change by 10%, the value of the Fund would change by 9.63%.(2017: 9.77%).

17 Debt security credit analysis

	Market value £000		Total net assets %	
	31.07.18	31.07.17	31.07.18	31.07.17
Investment grade	166,744	169,090	89.97%	83.46%
Below investment grade	11,351	28,246	6.12%	13.98%
Total debt securities	178,095	197,336	96.09%	97.44%

Credit rating designations BBB or above are considered investment grade whereas credit rating designations BB or lower are considered below investment grade.

18 Direct transaction costs

In the case of shares, broker commissions and transfer taxes, stamp duty is paid by the Fund on each transaction. In addition, there is a dealing spread between buying and selling prices of the underlying investments. Unlike shares, other types of investments (such as bonds, money market instruments, derivatives) have no separately identifiable transaction costs; these costs form part of the dealing spread.

	Principal before costs £000	Commissions £000	Taxes £000	Total after costs £000	Commissions as % of principal	Taxes as % of principal
31.07.18						
Purchases (excluding Inspecie & Corporate Action activity)						
Bonds	(261,254)	–	–	(261,254)	0.00%	0.00%
	(261,254)	–	–	(261,254)		
Sales (excluding Inspecie & Corporate Action activity)						
Bonds	273,560	–	–	273,560	0.00%	0.00%
	273,560	–	–	273,560		
Derivative purchases and sales		(1)	–			
Total		(1)	–			
Percentage of Fund average net assets		0.00%	0.00%			

	Principal before costs £000	Commissions £000	Taxes £000	Total after costs £000	Commissions as % of principal	Taxes as % of principal
31.07.17						
Purchases (excluding Inspecie & Corporate Action activity)						
Bonds	(288,710)	–	–	(288,710)	0.00%	0.00%
	(288,710)	–	–	(288,710)		
Sales (excluding Inspecie & Corporate Action activity)						
Bonds	185,638	–	–	185,638	0.00%	0.00%
	185,638	–	–	185,638		
Total		–	–			
Percentage of Fund average net assets		0.00%	0.00%			

Dealing spread

As at 31 July 2018, the average portfolio dealing spread was 0.33% (2017: 0.23%). This spread represents the difference between the values determined retrospectively by reference to the bid and offer prices of investments expressed as a percentage of the value determined by reference to the offer price.

19 Post balance sheet events

There are no post balance sheet events which require adjustment or disclosure at the year end (2017: £nil).

DISTRIBUTION TABLES

Final distribution payable in pence per share for the three months ended 31 July 2018

Income shares		Gross revenue	Equalisation	Final distribution payable 30 September 2018	Final distribution paid 30 September 2017
Share Class 2	Group 1	0.8028	–	0.8028	0.6570
	Group 2	0.1337	0.6691	0.8028	0.6570

Group 1 shares are those shares purchased at or before 2pm on 30 April 2018.

Group 2 shares are those shares purchased after 2pm on 30 April 2018.

Interim distribution paid in pence per share for the three months ended 30 April 2018

Income shares		Gross revenue	Equalisation	Interim distribution paid 30 June 2018	Interim distribution paid 30 June 2017
Share Class 2	Group 1	0.6719	–	0.6719	0.6280
	Group 2	0.6719	0.0000	0.6719	0.6280

Group 1 shares are those shares purchased at or before 2pm on 31 January 2018.

Group 2 shares are those shares purchased after 2pm on 31 January 2018.

Interim distribution paid in pence per share for the three months ended 31 January 2018

Income shares		Gross revenue	Equalisation	Interim distribution paid 31 March 2018	Interim distribution paid 31 March 2017
Share Class 2	Group 1	0.6620	–	0.6620	0.4333
	Group 2	0.3689	0.2931	0.6620	0.4333

Group 1 shares are those shares purchased at or before 2pm on 31 October 2017.

Group 2 shares are those shares purchased after 2pm on 31 October 2017.

Interim distribution paid in pence per share for the three months ended 31 October 2017

Income shares		Gross revenue	Equalisation	Interim distribution paid 31 December 2017	Interim distribution paid 31 December 2016
Share Class 2	Group 1	0.6039	–	0.6039	0.4289
	Group 2	0.6039	0.0000	0.6039	0.4289

Group 1 shares are those shares purchased at or before 2pm on 31 July 2017.

Group 2 shares are those shares purchased after 2pm on 31 July 2017.

Equalisation

Equalisation applies only to Group 2 shares, in other words shares purchased during the relevant period. It is the average amount of revenue included in the purchase price of all Group 2 shares and is refunded to the holders of these shares as return of capital. Being capital, it is not liable to income tax but must be deducted from the cost of shares for capital gains tax purposes.

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 (ICVC2) for the year ended 31 July 2018 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 November 2018

STATEMENT OF THE DEPOSITARY'S RESPONSIBILITIES

The Depositary is responsible for the safekeeping of all of the property of the Company (other than tangible moveable property) which is entrusted to it and for the collection of revenue that arises from that property.

It is the duty of the Depositary to take reasonable care to ensure that the Company is managed by the Authorised Corporate Director in accordance with the Financial Conduct Authority's Collective Investment Scheme Sourcebook ("the COLL Sourcebook"), the Open-Ended Investment Companies Regulations 2001 (SI 2001/1228) ("the OEIC Regulations") and the Company's Instrument of Incorporation and Prospectus, as appropriate, in relation to the pricing of, and dealings in, shares in the Company; the application of revenue of the Company; and the investment and borrowing powers of the Company.

DEPOSITARY'S REPORT TO THE SHAREHOLDERS

Having carried out such procedures as we consider necessary to discharge our responsibilities as Depositary of the Company, it is our opinion, based on the information available to us and the explanations provided, that in all material respects the Authorised Corporate Director:

- (i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Company's shares and the application of the Company's revenue in accordance with the COLL Sourcebook and, where applicable, the OEIC Regulations and the Company's Instrument of Incorporation and Prospectus; and
- (ii) has observed the investment and borrowing powers and restrictions applicable to the Company. In respect of the Aviva Investors UK Equity MoM 1 fund there were a number of inadvertent breaches, throughout the year, due to market movement; further details of these breaches are contained within the Investment Manager's report.

J.P. Morgan Europe Limited
London
29 November 2018

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF AVIVA INVESTORS MANAGER OF MANAGER ICVC (ICVC2)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

In our opinion, Aviva Investors Manager of Manager ICVC (ICVC2)'s financial statements:

- give a true and fair view of the financial position of the Company and each of the sub-funds as at 31 July 2018 and of the net revenue and the net capital gains/losses on the scheme property of the Company and each of the sub-funds for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law), the Statement of Recommended Practice for UK Authorised Funds, the Collective Investment Schemes sourcebook and the Instrument of Incorporation.

Aviva Investors Manager of Manager ICVC (ICVC2) (the "Company") is an Open Ended Investment Company ('OEIC') with 14 sub-funds. The financial statements of the Company comprise the financial statements of each of the sub-funds. We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the balance sheets as at 31 July 2018; the statements of total return and the statements of change in net assets attributable to shareholders for the year then ended; the distribution tables; and the notes to the financial statements, which include a description of the significant accounting policies.

BASIS FOR OPINION

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

Independence

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

EMPHASIS OF MATTER

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in note 1a to the financial statements concerning the basis of accounting for the Aviva Investors Sterling Credit MoM 1 Fund, for which the Authorised Corporate Director has confirmed their intention to terminate within one year of the date of approval of the financial statements. Accordingly, the financial statements for this sub-fund have been prepared on a basis other than going concern as described in note 1a to the financial statements. No adjustments were necessary in the sub-fund's financial statements to reduce assets to their realisable values, to provide for liabilities arising from the decision to terminate or to reclassify fixed assets and long-term liabilities as current assets and liabilities.

CONCLUSIONS RELATING TO GOING CONCERN

With the exception of the circumstances described in the Emphasis of Matter – Basis of preparation above regarding the Aviva Investors Sterling Credit MoM 1 Fund, we have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the Authorised Corporate Director's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Authorised Corporate Director has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's or any of the sub-funds' ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's or any of the sub-funds' ability to continue as a going concern.

REPORTING ON OTHER INFORMATION

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

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

Report of the Authorised Corporate Director

In our opinion, the information given in the Report of the Authorised Corporate Director for the financial year for which the financial statements are prepared is consistent with the financial statements.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF AVIVA INVESTORS MANAGER OF MANAGER ICVC (ICVC2) (CONTINUED)

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

Responsibilities of the Authorised Corporate Director for the financial statements

As explained more fully in the Statement of the Authorised Corporate Director's Responsibilities set out on page 228, the Authorised Corporate Director is responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Authorised Corporate Director is also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Authorised Corporate Director is responsible for assessing the Company's and each of the sub-funds ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Authorised Corporate Director either intends to wind up or terminate the Company or individual sub-fund, or has no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

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

Use of this report

This report, including the opinions, has been prepared for and only for the Company's shareholders as a body in accordance with paragraph 4.5.12 of the Collective Investment Schemes sourcebook as required by paragraph 67(2) of the Open-Ended Investment Companies Regulations 2001 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

OTHER REQUIRED REPORTING

OPINION ON MATTER REQUIRED BY THE COLLECTIVE INVESTMENT SCHEMES SOURCEBOOK

In our opinion, we have obtained all the information and explanations we consider necessary for the purposes of the audit.

COLLECTIVE INVESTMENT SCHEMES SOURCEBOOK EXCEPTION REPORTING

Under the Collective Investment Schemes sourcebook we are also required to report to you if, in our opinion:

- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records.

We have no exceptions to report arising from this responsibility.

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Edinburgh
29 November 2018

SECURITIES FINANCING TRANSACTIONS REGULATION DISCLOSURE

None of the Funds in the Company currently undertakes securities financing transactions (as defined in Article 3 of Regulation (EU) 2015/2365) or uses total return swaps.

GENERAL INFORMATION

Investments in Aviva Investors Manager of Manager ICVC (ICVC2) 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 Funds and the revenue from it may go down as well as up, and you may not get back the original amount invested.

Where 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 Funds.

Any future returns and opinions expressed should not be relied upon as indicating any guarantee of return from investment in the 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 UK landlines and mobiles.

