AVIVA INVESTORS MANAGER OF MANAGER ICVC (ICVC 2)

Short Report

For the year ended 31 July 2016

avivainvestors.com

CONTENTS

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.

RISK PROFILE

The Fund principally invests in the UK equity market and movements in the UK equity markets will affect Fund performance.

FUND MANAGER'S REPORT

Performance

Over the twelve months ended 31 July 2016, the Fund* returned -4.87 per cent (share class 1, net of fees), underperforming both the Investment Association UK All-Companies sector return of 1.02 per cent and the FTSE® All-Share Index return of 3.82 per cent.

Review

After a strong year in 2015, fund performance has deteriorated since the turn of the year predominantly due to the Fund's high emphasis on earnings momentum, which having driven the market since the beginning of 2009, went into reverse during January led by the rally in the oil price. Given the oil & gas sector's high concentration in terms of individual stocks, and investors' consensual underweight exposure to the sector, from the beginning of 2016 there was a sharp rotation away from earnings momentum in favour of value and recovery stocks, which has detracted from performance given the Fund has less emphasis on these stocks. Consequently a number of the Fund's longstanding holdings, that have driven performance in recent years, have underperformed despite continuing to deliver robust earnings momentum, notably Dixons Carphone, Moneysupermarket and Paysafe Group. The Fund Managers' view is that market leadership will revert to earnings momentum in time as low UK economic growth is likely to persist, if anything exacerbated by the EU referendum decision, while earnings forecasts for oil and resources stocks appear overoptimistic.

The Fund's limited exposure to consumer staples and utilities was detrimental, as less cyclical sectors performed well during market turbulence at the start of 2016 and in the aftermath of the UK vote to leave the European Union in June. The Fund's longstanding and largest sector overweight to consumer services, which has driven outperformance over the past three years, has been a negative contributor since the turn of the year. Whilst UK household disposable income has continued to grow in 2016 and consumer exposed stocks have generally continued to deliver strong trading, we underappreciated the extent to which investors would grow nervous of UK consumer-exposed stocks prior to the EU referendum.

Holdings in ITV and Sepura detracted. Shares in media group ITV weakened in the run up to the EU referendum, and in the immediate aftermath on concerns over an impending economic downturn. However, ITV's recent half-year results were ahead of expectations, boosted by revenues from the company's studios unit, leading to a hike in the interim dividend payment. Sepura, the global handset communications provider, issued a profit warning ahead of its annual results due to delayed contracts. Whilst disappointing, the company has now taken action to address concerns over the health of its balance sheet

AVIVA INVESTORS UK OPPORTUNITIES FUND (CONTINUED)

FUND MANAGER'S REPORT (CONTINUED)

Review (continued)

and the Fund Managers believe Sepura's TETRA (terrestrial trunked radio) technology looks well placed to become the dominant standard in digital handsets. One of the biggest disappointments has been the underperformance of the Fund's largest position in London Stock Exchange, which despite announcing a merger with Deutsche Boerse and delivering better than expected financial results has underperformed.

Holdings in Sanne Group, Next Fifteen and Sage performed well. Maiden annual results from outsourcing group Sanne, which provides fund administration services, exceeded forecasts while a recent acquisition provides a foothold in the South African hedge fund market. Accounting and payroll software group Sage reported a sharp rise in software subscriptions, and in recurring revenues, which underpinned interim earnings growth.

The Fund was not positioned for a leave vote in the EU referendum, and consequently an emphasis on mid-cap stocks and a relative lack of exposure to large-cap overseas earnings beneficiaries continued to detract from performance following the vote. Whilst the mid-cap FTSE® 250 index has subsequently rebounded, the Fund's holdings in housing related stocks including McCarthy & Stone, Ibstock, Derwent London and Countryside Group have not recovered in line with the rest of the market. Having reassessed these holdings, our view is that the market is discounting extremely pessimistic scenarios which we believe are unlikely.

As almost every UK economic indicator has materially weakened during the course of July, with the data now implying the economy will be in recession by early 2017, we are reappraising holdings that are solely domestic businesses. This has led us to further cut back our position in Whitbread having reduced the size of the holding steadily this year. While our investment process remains unchanged, given the current economic and political uncertainty in the UK when appraising new investment opportunities we will focus increasingly on perceived defensive stocks, as well as companies with substantial overseas earnings.

August 2016

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

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

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 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.

COMPARATIVE TABLES

Class 1 Accumulation	2016 p per share	2015 p per share	2014 p per share
Change in net assets per share			
Opening net asset value per share	134.90	123.08	117.28
Return before operating charges†	(4.60)	13.81	7.66
Operating charges	(1.98)	(1.99)	(1.86)
Return after operating charges†	(6.58)	11.82	5.80
Distributions on income shares	–	–	–
Closing net asset value per share	128.32	134.90	123.08
Retained distributions on accumulation shares	2.34	2.08	2.09
† after direct transaction costs of	(0.21)	(0.22)	(0.26)
Performance			
Return after operating charges	(4.88)%	9.60%	4.95%
Other information			
Closing net asset value (£000)	1,127	1,512	1,614
Closing number of shares	878,708	1,120,920	1,311,746
Operating charges (%)‡	1.53%	1.53%	1.53%
Direct transaction costs (%)#	0.16%	0.17%	0.21%
Prices≈			
Highest share price	136.85	140.35	128.60
Lowest share price	117.46	113.85	113.65

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

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

(b) The Ongoing Charges Figure 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.

Class 2 Accumulation	2016 p per share	2015 p per share	2014 p per share
Change in net assets per share			
Opening net asset value per share	224.19	202.92	191.81
Return before operating charges†	(7.66)	22.86	12.58
Operating charges	(1.57)	(1.59)	(1.47)
Return after operating charges†	(9.23)	21.27	11.11
Distributions on income shares	–	–	–
Closing net asset value per share	214.96	224.19	202.92
Retained distributions on accumulation shares	5.62	5.17	5.04
† after direct transaction costs of	(0.34)	(0.37)	(0.42)
Performance			
Return after operating charges	(4.12)%	10.48%	5.79%
Other information			
Closing net asset value (£000)	840	821	389
Closing number of shares	390,657	366,317	191,475
Operating charges (%)‡	0.73%	0.73%	0.73%
Direct transaction costs (%)#	0.16%	0.17%	0.21%
Prices≈			
Highest share price	227.47	232.93	211.32
Lowest share price	196.04	188.01	185.98

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

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

(b) The Ongoing Charges Figure 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.

Class 3 Accumulation	2016 p per share	2015 p per share	2014 p per share
Change in net assets per share			
Opening net asset value per share	313.49	282.91	266.63
Return before operating charges†	(10.72)	31.88	17.49
Operating charges	(1.29)	(1.30)	(1.21)
Return after operating charges†	(12.01)	30.58	16.28
Distributions on income shares	–	–	–
Closing net asset value per share	301.48	313.49	282.91
Retained distributions on accumulation shares	8.77	8.12	7.84
† after direct transaction costs of	(0.48)	(0.51)	(0.59)
Performance			
Return after operating charges	(3.83)%	10.81%	6.11%
Other information			
Closing net asset value (£000)	180,522	195,017	167,861
Closing number of shares	59,878,505	62,208,505	59,333,366
Operating charges (%)‡	0.43%	0.43%	0.43%
Direct transaction costs (%)#	0.16%	0.17%	0.21%
Prices≈			
Highest share price	318.10	325.54	294.26
Lowest share price	274.57	262.28	258.59

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

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

(b) The Ongoing Charges Figure 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.

FUND FACTS

Accounting dates	Ex-dividend dates	Distribution dates
31 July	1 August	30 September
31 January	1 February	31 March

Ongoing Charges Figure*

	31.07.16	31.07.15
Share Class 1	1.53%	1.53%
Share Class 2	0.73%	0.73%
Share 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 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).

Total Return – Accumulation Shares

	Fund[1]	FTSE® All Share[2]
Share Class 1	(4.87)%	3.82%
Share Class 2	(4.11)%	3.82%
Share Class 3	(3.82)%	3.82%

[1] Source: Aviva Investors (based on midday values) year ended 31 July 2016.

[2] Source: Lipper (based on close of business values) year ended 31 July 2016.

Synthetic Risk and Reward Indicator

Lower risk						Higher Risk
Typically lower rewards						Typically higher reward
1	2	3	4	**5**	6	7

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

– This indicator is based on historical data, calculated using European Union rules, and may not be a reliable indication of the future risk profile of the Fund.

– Investment may be restricted to a limited number of holdings, industries, or Countries. The Fund share price may be more exposed to specific events and as a result may experience large daily price changes.

– The risk and reward category shown is not guaranteed to remain unchanged and may change over time. The lowest category does not mean 'risk free'.

– Full information on the risks applicable to the Fund is detailed in the Prospectus.

Top Ten Holdings*	
31.07.16	
British American Tobacco plc	6.58%
Royal Dutch Shell plc 'B'	6.36%
London Stock Exchange Group plc	5.53%
Prudential plc	4.24%
DS Smith plc	4.22%
BP plc	4.19%
BT Group plc	3.90%
Rio Tinto plc	3.34%
Compass Group plc	3.26%
BCA Marketplace plc	3.04%

Top Ten Holdings*	
31.07.15	
BT Group plc	5.59%
HSBC Holdings plc	5.35%
Royal Dutch Shell plc 'B'	4.79%
British American Tobacco plc	4.67%
ITV plc	4.58%
Prudential plc	4.39%
London Stock Exchange Group plc	4.35%
Compass Group plc	3.83%
BP plc	3.43%
Rio Tinto plc	3.10%

* Excluding Liquidity Funds

Portfolio Breakdown	31.07.16	31.07.15
Financials	19.76%	23.26%
Consumer Discretionary	18.04%	21.10%
Energy	10.55%	8.22%
Information Technology	10.36%	5.23%
Materials	9.07%	9.12%
Consumer Staples	8.73%	4.67%
Telecommunication Services	8.04%	9.83%
Health Care	5.24%	8.06%
Liquidity Funds	4.22%	4.46%
Industrials	3.82%	4.88%
Total Investments	97.83%	98.83%
Net Other Assets	2.17%	1.17%
Net Assets	100.00%	100.00%

Revenue Record – Accumulation Shares

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

Share class	Financial year	Net revenue per share (p)	Per £1,000 invested (£)
Class 1	2014	2.0904	17.82
	2015	2.0804	17.74
	2016*	2.3425	19.97
Class 2	2014	5.0402	26.28
	2015	5.1723	26.97
	2016*	5.6225	29.31
Class 3	2014	7.8432	29.42
	2015	8.1178	30.45
	2016*	8.7711	32.90

* Up to 30 September 2016 (the final distribution payment date).

Calendar Year Performance

Total Return	Fund[3] %	FTSE® All Share[4] %
2013		
Share Class 1	25.46	20.81
Share Class 2	26.47	20.81
Share Class 3	26.86	20.81
2014		
Share Class 1	1.69	1.18
Share Class 2	2.50	1.18
Share Class 3	2.80	1.18
2015		
Share Class 1	5.66	0.98
Share Class 2	6.51	0.98
Share Class 3	6.83	0.98
2016*		
Share Class 1	(4.08)	8.45
Share Class 2	(3.63)	8.45
Share Class 3	(3.46)	8.45

[3] Source: Aviva Investors (based on midday values).
[4] Source: Lipper (based on close of business values).
* Up to 31 July 2016.

The value of an investment in the Aviva Investors UK Opportunities Fund and any revenue from it can go down as well as up. You may not get back the original amount invested. Past performance is not a guide to future performance.

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.

RISK PROFILE
The Fund will invest primarily in the UK equity markets and movements in the UK equity markets will affect fund performance.

FUND MANAGER’S REPORT
Performance
Over the twelve months ended 31 July 2016, the Fund* returned 8.75 per cent (net of fees), outperforming the FTSE® All-Share Index return of 3.82 per cent.

Review
We think it is important to note that several of the best performers in the strategy over the period were technology companies, or companies doing interesting things with technology. These include RELX, Sage, Hargreaves Lansdown (which we analyse as a technology platform company, rather than an IFA), Halma and eBay. Meanwhile, just as important, technology-related companies feature amongst the poorest too. These include Daily Mail, Pearson and Burberry (which is investing heavily into digital marketing). We would not be at all surprised to discover in another twelve months that this theme has continued, with technology change becoming an increasingly important driver of portfolio performance, both good and bad. It may well also be that some of our weaker performers – those above – could turn out to be the next winners. It is notable, for instance, that as 2016 has progressed one of our best stocks has been Pearson, up 20 per cent since the start of the calendar year. Yet Pearson was an exceptionally disappointing holding for us in 2015. What has changed for Pearson in 2016 is that, at the margin, investors have gained slightly more confidence that the company’s strategy of investing in digital products and software services for the education sector will succeed. Again this key theme of technology change.

AVIVA INVESTORS UK EQUITY MOM 1 FUND (CONTINUED)

FUND MANAGER'S REPORT (CONTINUED)

Review (continued)

We emphasise this point because technology is self-evidently becoming not only more important for the Fund, but for the UK stock market too – creating winners and losers in almost every industry sector. It seems to us to be a credible proposition that getting technology right – in terms of avoiding the industries or companies being crunched by the Internet or identifying those which can use digital to enhance their products or market positions – will be the determining factor for equity investment performance over the next few years.

It is also important here to emphasise that to our minds this technology theme is of far more significance for investment success than responding to the short term macro-economic and political worries associated with Brexit. Of course these political uncertainties will produce volatility in markets, but we will do our best to ignore it, except to the extent it may create opportunities for us to add to existing holdings. The truth is stock market history confirms time and again that what creates wealth for patient investors is not the attempt to trade in and out of stocks in response to changes in interest rates, currencies or shades of government. No, what creates wealth is the development of new technology that helps existing companies do their job better, more usefully or more productively or new technology that brings into being new companies and even new industries. If you think we're being fanciful just consider the huge value built up in Amazon, Facebook, Google, Netflix and others over the last decade. It is no accident, we think, that the US stock market, which is home to these emergent companies, has been the best performer for a number of years as it dominates the propagation of new tech.

This is why we continue to be optimistic for all the companies highlighted in the first paragraph of this report. The UK may not have its own Facebook, but we do have the world's leading digital professional publishing company – RELX, the world's most visited English language newspaper website – MailOnline and the leading educational software developer in Pearson. We expect these and others to be the big contributors to our performance in years to come.

August 2016

* 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 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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COMPARATIVE TABLE

Class 2 Income	2016 p per share	2015 p per share	2014 p per share
Change in net assets per share			
Opening net asset value per share	280.77	240.58	232.00
Return before operating charges†	27.48	46.57	14.64
Operating charges	(2.82)	(2.73)	(2.50)
Return after operating charges†	24.66	43.84	12.14
Distributions on income shares	(4.18)	(3.65)	(3.56)
Closing net asset value per share	301.25	280.77	240.58
Retained distributions on accumulation shares	–	–	–
† after direct transaction costs of	(0.11)	(0.11)	(0.24)
Performance			
Return after operating charges	8.78%	18.22%	5.23%
Other information			
Closing net asset value (£000)	274,503	250,701	263,727
Closing number of shares	91,121,345	89,291,105	109,621,780
Operating charges (%)‡	1.02%	1.03%	1.03%
Direct transaction costs (%)#	0.04%	0.04%	0.10%
Prices≈			
Highest share price	307.64	290.01	256.27
Lowest share price	252.55	229.90	221.98

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

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

(b) The Ongoing Charges Figure 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.

FUND FACTS

Accounting dates	Ex-dividend dates	Distribution dates
31 July	1 August	30 September
31 January	1 February	31 March

Ongoing Charges Figure*

	31.07.16	31.07.15
Share Class 2	1.02%	1.03%

* 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).

Total Return – Income Shares

	Fund[1]	FTSE® All Share[2]
Share Class 2	8.75%	3.82%

[1] Source: Aviva Investors (based on 2pm values) year ended 31 July 2016.

[2] Source: Lipper (based on close of business values) year ended 31 July 2016.

Synthetic Risk and Reward Indicator

Lower risk						Higher Risk
Typically lower rewards						Typically higher reward
1	2	3	4	**5**	6	7

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

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

Top Ten Holdings

31.07.16	
RELX plc	9.52%
Unilever plc	8.86%
London Stock Exchange Group plc	8.31%
Diageo plc	7.14%
Sage Group plc (The)	5.32%
Burberry Group plc	4.93%
Heineken Holding NV	4.86%
Hargreaves Lansdown plc	4.79%
Mondelez International, Inc. 'A'	4.62%
Schroders plc	4.57%

Top Ten Holdings

31.07.15	
RELX plc	8.68%
London Stock Exchange Group plc	8.61%
Unilever plc	7.91%
Pearson plc	6.32%
Diageo plc	6.07%
Rathbone Brothers plc	5.08%
Hargreaves Lansdown plc	4.92%
Burberry Group plc	4.84%
Schroders plc	4.73%
Sage Group plc (The)	4.71%

Portfolio Breakdown

	31.07.16	31.07.15
Consumer Discretionary	30.34%	33.73%
Consumer Staples	28.55%	26.30%
Financials	21.28%	23.34%
Information Technology	17.12%	16.60%
Collective Investment Schemes	2.65%	0.00%
Total Investments	99.94%	99.97%
Net Other Assets	0.06%	0.03%
Net Assets	100.00%	100.00%

Revenue Record – Income Shares

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

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

* Up to 30 September 2016 (the final distribution payment date).

Calendar Year Performance

Total Return	Fund[3] %	FTSE® All Share[4] %
2013		
Share Class 2	38.28	20.81
2014		
Share Class 2	6.62	1.18
2015		
Share Class 2	8.86	0.98
2016*		
Share Class 2	8.92	8.45

[3] Source: Aviva Investors (based on 2pm values).
[4] Source: Lipper (based on close of business values).
* Up to 31 July 2016.

The value of an investment in the Aviva Investors UK Equity MoM 1 Fund and any revenue from it can go down as well as up. You may not get back the original amount invested. Past performance is not a guide to future performance.

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.

RISK PROFILE

The Fund will invest primarily in the UK equity markets and movements in the UK equity markets will affect Fund performance.

FUND MANAGER'S REPORT

Performance

Over the twelve months ended 31 July 2016, the Fund* returned 4.01 per cent (net of fees), outperforming the FTSE® All-Share Index return of 3.82 per cent.

Review

The biggest contributions to returns over the period came from two of the Fund's international holdings: Lockheed Martin and General Electric. With sterling slumping in the wake of the unexpected outcome of the Brexit vote, both companies were rewarded for having dollar-denominated earnings. But even before the vote, their performance had been good, helping to cement our belief that, when carefully selected, such holdings can broaden the portfolio where the UK market is too concentrated.

Among our UK stocks, Imperial Tobacco's performance stood out. A recent acquisition won it a near-10 per cent share of the US market. Sales of tobacco have plenty of room to grow in the US: excise taxes are low compared to other jurisdictions and rising taxes are actually good for profits. Excise duties make up a large part of the retail price so, concurrent with an increase, tobacco companies can raise their prices. Markets are increasingly recognising this, so we have taken some money out of the company (which is now called Imperial Brands) and re-invested it elsewhere. But it remains an important holding.

AVIVA INVESTORS UK EQUITY MOM 2 FUND (CONTINUED)

FUND MANAGER'S REPORT (CONTINUED)

Review (continued)

Among mid caps, we continued to see useful rises in the value of RELX (the company formerly known as Reed Elsevier) and Informa both of which provide valuable data and analytics to businesses. These companies are not particularly capital-intensive and both have long duration cashflows and high barriers to entry.

On the negative side, Lloyds Banking Group fell sharply following the referendum result; it is foursquare exposed to the fortunes of the UK's economy. However unlike in 2008, loan-to-value multiples in its mortgage book are fairly low, its commercial property lending is modest and Lloyds has been fairly passive in the mortgage market, preferring a 'value over volume' strategy. So we think the market has overreacted, though we acknowledge that given the uncertainty any dividends from Lloyds might be less than we had previously hoped.

Pearson also disappointed. Its transition from print to digital content has not been a smooth one. But to those who say it is structurally threatened, we point out that education is a cautious sector and deals with change only gradually. Witness the furore from parents, pupils, teachers and politicians when things go wrong. So being a trusted provider whose materials are similarly trusted remains an advantage.

The vote for 'Brexit' in late June has had a material effect on markets, currencies and trends within equity markets. Yet if the impact of the vote has been understandable, it has been more extreme than we would have anticipated. Within UK equities, domestically orientated mid-sized companies, which had perhaps become too popular and expensive before the vote, were cast aside and fell heavily. By contrast, the dollar profits of the likes of oil, pharmaceutical and multinational companies have been in demand, so their shares have risen strongly. These moves were reflected in the performance of the UK indices in June: the 'multinational' FTSE® 100 Index rose by 4.7 per cent while the domestically dominated FTSE® 250 Index fell by 5.1 per cent.

Given that the outcome of Brexit was always uncertain, we had not positioned the portfolio for a particular outcome, aside from retaining 7 per cent cash. That, though, said more about a global economy low on growth than it did about Brexit. Despite that precaution, our short-term performance suffered after the referendum. And while we avoided the full force of the plummet in mid-caps, it didn't take much deviation in exposure to dollar earners to lag the benchmark.

AVIVA INVESTORS UK EQUITY MOM 2 FUND (CONTINUED)

FUND MANAGER'S REPORT (CONTINUED)

Review (continued)

It would be brave or foolish to forecast the progress of the UK in the coming months and years. But we suspect that some of the more bearish predictions of recession are overdone: the Bank of England has the freedom to do 'whatever it takes' to avoid such an outcome. As for the performance of UK equities, it will be interesting to see how our market is perceived versus other opportunities worldwide. The UK is going through a process of reappraising and re-pricing its risks; and with international investors having benefited from the depreciation of sterling and having stayed on the sidelines ahead of the referendum, we think that the market has the scope to do relatively well. Added to that, we expect some acquisitive interest from foreign companies and sovereign wealth funds.

At the stock level, we are inclined to think that certain differentials in performance are excessive. Our instinct is to begin to oppose the market's momentum. The euphoria of currency-driven upgrades is not a good enough reason to reappraise a stock fundamentally. In essence while it is held up as a positive in a world short of good news, the benefits of a lower pound could yet prove ephemeral. So from here we are looking at switching from expensive defensives and international stocks into companies that have been swept along in the domestic negativity yet which actually have characteristics and options at their disposal to get through difficult conditions. In time, the market will focus on where risk is discounted versus areas where money has flown unthinkingly. For example, pharmaceuticals will soon find themselves subject to uncertainty surrounding the outcome of the US election.

August 2016

* 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 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	2016 p per share	2015 p per share	2014 p per share
Change in net assets per share			
Opening net asset value per share	93.94	92.16	97.15
Return before operating charges†	4.61	4.69	(2.90)
Operating charges	(0.94)	(0.97)	(1.03)
Return after operating charges†	3.67	3.72	(3.93)
Distributions on income shares	(2.79)	(1.94)	(1.06)
Closing net asset value per share	94.82	93.94	92.16
Retained distributions on accumulation shares	–	–	–
† after direct transaction costs of	(0.26)	(0.56)	(0.06)
Performance			
Return after operating charges	3.91%	4.04%	(4.05)%
Other information			
Closing net asset value (£000)	139,552	94,786	90,980
Closing number of shares	147,173,681	100,905,434	98,723,937
Operating charges (%)‡	1.04%	1.04%	1.03%
Direct transaction costs (%)#	0.29%	0.60%	0.06%
Prices≈			
Highest share price	97.37	98.67	107.09
Lowest share price	82.18	81.42	92.83

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

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

(b) The Ongoing Charges Figure 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.

Accounting dates	Ex-dividend dates	Distribution dates
31 July	1 August	30 September
31 January	1 February	31 March

Ongoing Charges Figure*

	31.07.16	31.07.15
Share 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 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).

Total Return – Income Shares

	Fund[1]	FTSE® All Share[2]
Share Class 2	4.01%	3.82%

[1] Source: Aviva Investors (based on 2pm values) year ended 31 July 2016.

[2] Source: Lipper (based on close of business values) year ended 31 July 2016.

Synthetic Risk and Reward Indicator

Lower risk						Higher Risk
Typically lower rewards						Typically higher reward
1	2	3	4	5	**6**	7

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

– This indicator is based on historical data, calculated using European Union rules, and may not be a reliable indication of the future risk profile of the Fund.

– The risk and reward category shown is not guaranteed to remain unchanged and may change over time. The lowest category does not mean 'risk free'.

– Full information on the risks applicable to the Fund is detailed in the Prospectus.

Top Ten Holdings

31.07.16	
3i Group plc	4.25%
RELX plc	3.69%
AstraZeneca plc	3.61%
GlaxoSmithKline plc	3.58%
Imperial Brands plc	3.52%
BT Group plc	3.52%
Royal Dutch Shell plc 'B'	3.43%
Lloyds Banking Group plc	3.05%
BP plc	2.98%
Informa plc	2.69%

Top Ten Holdings

31.07.15	
GlaxoSmithKline plc	4.14%
Imperial Tobacco Group plc	4.14%
HSBC Holdings plc	3.74%
Lloyds Banking Group plc	3.67%
AstraZeneca plc	3.06%
BT Group plc	2.99%
Barclays plc	2.98%
Royal Dutch Shell plc 'B'	2.93%
Vodafone Group plc	2.90%
RELX plc	2.79%

Portfolio Breakdown

	31.07.16	31.07.15
Financials	29.02%	28.95%
Consumer Discretionary	17.13%	16.78%
Industrials	11.95%	11.45%
Health Care	11.68%	13.70%
Telecommunication Services	7.56%	7.06%
Energy	6.41%	5.66%
Consumer Staples	4.73%	7.13%
Materials	3.37%	3.08%
Utilities	3.28%	3.75%
Information Technology	1.64%	1.39%
Collective Investment Schemes	0.54%	0.54%
Total Investments	97.31%	99.49%
Net Other Assets	2.69%	0.51%
Net Assets	100.00%	100.00%

Revenue Record – Income Shares

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

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

* Up to 30 September 2016 (the final distribution payment date).

Calendar Year Performance

Total Return	Fund[3] %	FTSE® All Share[4] %
2013		
Share Class 2	27.01	20.81
2014		
Share Class 2	(12.12)	1.18
2015		
Share Class 2	3.54	0.98
2016*		
Share Class 2	5.73	8.45

[3] Source: Aviva Investors (based on 2pm values).
[4] Source: Lipper (based on close of business values).
* Up to 31 July 2016.

The value of an investment in the Aviva Investors UK Equity MoM 2 Fund and any revenue from it can go down as well as up. You may not get back the original amount invested. Past performance is not a guide to future performance.

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.

RISK PROFILE

The Fund will invest primarily in the UK equity markets and movements in the UK equity markets will affect Fund performance.

FUND MANAGER'S REPORT

Performance

Over the twelve months ended 31 July 2016, the Fund* returned -1.62 per cent (net of fees), underperforming the FTSE® All-Share Index return of 3.82 per cent.

Review

Whilst much of the initial stock market reaction to Brexit has been rational and understandable, markets do not seem to have reacted quite so violently to the wave of populism and anti-establishment fervour behind the vote. Will this breed similar behaviour around Europe and in the US? Will the man in the street be happy to accept further austerity if the UK and many European governments try to rein in their budget deficits? Will corporates be allowed to continue playing fast and easy with tax regimes? Can wage rates remain low as a percentage of GDP? Has the long-term trend of globalisation found its match? Is quantitative easing for the people – printing money to fund government-financed schemes – becoming ever more likely?

All of this together with concerns over China, debt levels around the world, euro sclerosis and US political issues suggest that the multi-decade period of equities being valued expensively relative to history may be coming to an end. If so, the most expensive and in-favour equities could be the most vulnerable to vicious re-ratings.

But opportunities remain. As governments and central banks realise that continually lower interest rates have not generated reflation, then the introduction of more new-fangled policies becomes more likely. To protect against the unintended consequences of these policies, investors may well be tempted to add precious metals to their portfolios. Meanwhile, those parts of the equity market already priced for very negative outcomes may paradoxically offer the best protection to investors positioning their portfolios for a very different future. Our strategy is to stick with the most misunderstood stocks – the banks, construction-related stocks (Travis Perkins, SIG and Grafton) and a few retailers. We are keeping our eyes on other beaten-up areas, but some sectors have significant structural issues. For example, we believe the mining sector is very sensitive to the highly indebted Chinese economy and the life assurance sector may run into issues if interest rates remain too low for too long. Meanwhile, whilst our overweight in oil stocks performed well during the post Brexit turmoil, we have reduced our exposure to this area as the longer-term outlook for oil also looks pressured.

AVIVA INVESTORS UK EQUITY MOM 3 FUND (CONTINUED)

FUND MANAGER'S REPORT (CONTINUED)

Review (continued)

During the twelve month period we initiated a number of new positions. As a sample we selected the following two:

We initiated a position in Barclays at a price significantly below its net asset value. Barclays has been through an extremely turbulent decade, but after some significant management changes, there appears to be greater focus on necessary restructuring. The core franchise of UK retail and business banking remains attractive in our view, while the Barclaycard business remains strong. Although there is much to do in terms of shrinking the investment bank and reducing exposure to Africa, the new management gives us sufficient confidence it fully understands the necessary steps to generate value for shareholders. We also continue to believe investors' assumptions regarding further regulation and lower/negative interest rates are too negative. The governor of the Bank of England has been quite explicit in articulating that we are around the peak of regulation intensity and it is wrong to assume interest rates will remain low for a long time.

We also repurchased Signet Jewelers, a dominant market-leading business that has remorselessly taken market share in a growing category, and with no obvious structural threats. However, as always with out-of-favour shares, the story is not quite that simple, as there are concerns over the quality of its loan book, a weakening US consumer and a much-publicised case of diamond-swapping in its repair business. However, following significant weakness the shares are very attractively valued in our view.

Two significant sales are as follows:
We sold our position in Rio Tinto, which reached our target price rather sooner than expected. There is obviously a great deal of noise about commodity prices but some recent research suggests Chinese commodity usage has been greatly in excess of that justified by its general economic development. This (and the risks of recycling) suggests the ongoing Chinese demand for various commodities could fall significantly over the next ten to fifteen years. Given China accounts for a very significant percentage of global demand for many commodities, this could have an important long-term effect on sector valuations.

US mining equipment manufacturer Joy Global received a bid approach from Japanese company Komatsu, and we took advantage of the ensuing share price strength to exit the position.

We remain bullish about the silver price given what we see as a deteriorating balance between supply and more buoyant demand. Some large silver mines are now very mature and therefore in decline. Furthermore, a decent proportion of silver production comes as a result of mining for other commodities. These are areas where we also expect to see supply declines. Silver miner Fresnillo's share price has participated in the mining rally but already discounts a higher silver price. With this in mind, we have been reducing our holding.

After some years of disappointing earnings releases, GlaxoSmithKline's operational performance has now started to improve, providing investors with confidence that the large dividend can be justified. Additionally, post the referendum result, European healthcare stocks benefitted from the flight into global defensive sectors, as did BP and Royal Dutch Shell. Kuoni and TNT Express both performed strongly after receiving bid approaches.

AVIVA INVESTORS UK EQUITY MOM 3 FUND (CONTINUED)

FUND MANAGER'S REPORT (CONTINUED)

Review (continued)

In terms of negative contributors to performance, the stocks most exposed to the cyclical elements of the UK economy – banks (Royal Bank of Scotland, Lloyds Banking), retailers (Marks & Spencer), property (Helical), and construction related stocks (Grafton, SIG) – have performed especially poorly since the EU referendum in June.

Vallourec also performed poorly as weak trading led to a deteriorating balance sheet, and we have now exited the position.

August 2016

* 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 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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COMPARATIVE TABLE

Class 2 Income	2016 p per share	2015 p per share	2014 p per share
Change in net assets per share			
Opening net asset value per share	141.86	137.69	135.30
Return before operating charges†	(1.05)	9.07	6.88
Operating charges	(1.39)	(1.48)	(1.45)
Return after operating charges†	(2.44)	7.59	5.43
Distributions on income shares	(3.69)	(3.42)	(3.04)
Closing net asset value per share	135.73	141.86	137.69
Retained distributions on accumulation shares	–	–	–
† after direct transaction costs of	(0.29)	(0.10)	(0.27)
Performance			
Return after operating charges	(1.72)%	5.51%	4.01%
Other information			
Closing net asset value (£000)	82,774	94,612	141,509
Closing number of shares	60,986,162	66,692,243	102,775,890
Operating charges (%)‡	1.05%	1.04%	1.04%
Direct transaction costs (%)#	0.22%	0.07%	0.19%
Prices≈			
Highest share price	143.88	150.62	144.95
Lowest share price	118.45	127.48	131.81

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

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

(b) The Ongoing Charges Figure 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.

FUND FACTS

Accounting dates	Ex-dividend dates	Distribution dates
31 July	1 August	30 September
31 January	1 February	31 March

Ongoing Charges Figure*

	31.07.16	31.07.15
Share 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 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).

Total Return – Income Shares

	Fund[1]	FTSE® All Share[2]
Share Class 2	(1.62)%	3.82%

[1] Source: Aviva Investors (based on 2pm values) year ended 31 July 2016.

[2] Source: Lipper (based on close of business values) year ended 31 July 2016.

Synthetic Risk and Reward Indicator

Lower risk	Higher Risk
Typically lower rewards	Typically higher reward

1	2	3	4	**5**	6	7

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

– This indicator is based on historical data, calculated using European Union rules, and may not be a reliable indication of the future risk profile of the Fund.

– The risk and reward category shown is not guaranteed to remain unchanged and may change over time. The lowest category does not mean 'risk free'.

– Full information on the risks applicable to the Fund is detailed in the Prospectus.

Top Ten Holdings

31.07.16	
GlaxoSmithKline plc	8.73%
HSBC Holdings plc	7.74%
Royal Dutch Shell plc 'B'	5.67%
Grafton Group plc	4.78%
Barclays plc	4.78%
Lloyds Banking Group plc	4.42%
Royal Bank of Scotland Group plc	4.34%
Wm Morrison Supermarkets plc	3.63%
CRH plc	3.59%
BP plc	3.38%

Top Ten Holdings

31.07.15	
HSBC Holdings plc	8.81%
GlaxoSmithKline plc	7.12%
Royal Dutch Shell plc 'B'	7.02%
BP plc	6.05%
Grafton Group plc	5.19%
Lloyds Banking Group plc	4.90%
Royal Bank of Scotland Group plc	4.30%
British American Tobacco plc	3.41%
Carnival plc	3.13%
SIG plc	3.00%

Portfolio Breakdown

	31.07.16	31.07.15
Financials	28.76%	27.30%
Industrials	15.47%	17.32%
Consumer Discretionary	10.90%	6.93%
Consumer Staples	9.59%	8.59%
Energy	9.05%	15.24%
Health Care	8.73%	7.12%
Materials	6.68%	4.42%
Utilities	6.05%	4.96%
Telecommunication Services	1.92%	2.89%
Information Technology	1.01%	1.40%
Total Investments	98.16%	96.17%
Net Other Assets	1.84%	3.83%
Net Assets	100.00%	100.00%

Revenue Record – Income Shares

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

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

* Up to 30 September 2016 (the final distribution payment date).

Calendar Year Performance

Total Return	Fund[3] %	FTSE® All Share[4] %
2013		
Share Class 2	31.21	20.81
2014		
Share Class 2	(0.48)	1.18
2015		
Share Class 2	(1.33)	0.98
2016*		
Share Class 2	4.78	8.45

[3] Source: Aviva Investors (based on 2pm values).
[4] Source: Lipper (based on close of business values).
* Up to 31 July 2016.

The value of an investment in the Aviva Investors UK Equity MoM 3 Fund and any revenue from it can go down as well as up. You may not get back the original amount invested. Past performance is not a guide to future performance.

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.

RISK PROFILE

The Fund will invest primarily in the US equity markets, and movements in the US equity markets and currency will affect fund performance.

FUND MANAGER'S REPORT

Performance

Over the twelve months ended 31 July 2016, the Fund* returned 22.04 per cent (net of fees), outperforming the S&P 500 Index return of 5.61 per cent.

Review

The Fund's active sector positioning tends to vary over time and is a function of the volatility and correlation characteristics of the underlying stocks. Over the past twelve months, the Fund's average active sector positioning moderately detracted from the strategy's relative return. Specifically, an underweight allocation to the telecommunication services sector, which was the strongest performing sector during the period, detracted from relative performance. The Fund was also negatively impacted by adverse security selection during the period, particularly within the health care, energy, and information technology sectors.

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

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

An overall negative selection effect also detracted from the Fund's relative performance during the period.

An average underweight allocation to telecommunication services, which was the strongest performing sector during the period, detracted from the Fund's relative performance.

AVIVA INVESTORS US EQUITY MOM 1 FUND (CONTINUED)

FUND MANAGER'S REPORT (CONTINUED)

Review (continued)

Selection effect, which is a residual of the investment process, also detracted from the Fund's relative performance during the period, especially within the health care, energy, and information technology sectors.

Three of the Fund's ten largest detractors during the period were positions in the health care sector (an underweight to Johnson & Johnson, as well as overweights to Mallinckrodt and AmerisourceBergen). Another three of the strategy's ten largest detractors during the period were positions in the information technology sector (an overweight to Western Digital, as well as underweights in Alphabet Inc. Class C and Microsoft).

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

The portfolio positioning is a function of the optimisation 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 overweighted 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.

August 2016

* 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 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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COMPARATIVE TABLE

Class 2 Income	2016 p per share	2015 p per share	2014 p per share
Change in net assets per share			
Opening net asset value per share	227.64	190.57	179.87
Return before operating charges†	52.52	40.59	13.48
Operating charges	(2.46)	(2.27)	(1.88)
Return after operating charges†	50.06	38.32	11.60
Distributions on income shares	(1.34)	(1.25)	(0.90)
Closing net asset value per share	276.36	227.64	190.57
Retained distributions on accumulation shares	–	–	–
† after direct transaction costs of	(0.12)	(0.15)	(0.13)
Performance			
Return after operating charges	21.99%	20.11%	6.45%
Other information			
Closing net asset value (£000)	246,769	187,751	187,632
Closing number of shares	89,291,279	82,476,830	98,456,588
Operating charges (%)‡	1.04%	1.04%	1.04%
Direct transaction costs (%)#	0.05%	0.07%	0.07%
Prices≈			
Highest share price	280.62	243.90	191.46
Lowest share price	205.76	185.21	167.86

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

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

(b) The Ongoing Charges Figure 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.

FUND FACTS

Accounting dates	Ex-dividend dates	Distribution dates
31 July	1 August	30 September
31 January	1 February	31 March

Ongoing Charges Figure*

	31.07.16	31.07.15
Share 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 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).

Total Return – Income Shares

	Fund[1]	S&P 500[2]
Share Class 2	22.04%	5.61%

[1] Source: Aviva Investors (based on 2pm values) year ended 31 July 2016.

[2] Source: Lipper (based on close of business values) year ended 31 July 2016.

Synthetic Risk and Reward Indicator

Lower risk	Higher Risk
Typically lower rewards	Typically higher reward

1	2	3	4	**5**	6	7

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

– This indicator is based on historical data, calculated using European Union rules, and may not be a reliable indication of the future risk profile of the Fund.

– The risk and reward category shown is not guaranteed to remain unchanged and may change over time. The lowest category does not mean ‘risk free’.

– The value of investments will be affected by changes in exchange rates.

– Full information on the risks applicable to the Fund is detailed in the Prospectus.

Top Ten Holdings	
31.07.16	
Apple, Inc.	2.22%
Microsoft Corp.	1.59%
Facebook, Inc. 'A'	1.28%
Altria Group, Inc.	1.26%
Reynolds American, Inc.	1.24%
Lockheed Martin Corp.	1.23%
Home Depot, Inc. (The)	1.23%
Constellation Brands, Inc. 'A'	1.16%
Comcast Corp. 'A'	1.05%
Northrop Grumman Corp.	1.04%

Top Ten Holdings	
31.07.15	
Apple, Inc.	2.89%
Actavis plc	1.38%
CVS Health Corp	1.26%
Microsoft Corp.	1.24%
Exxon Mobil Corp.	1.23%
Altria Group, Inc.	1.19%
Southwest Airlines Co.	1.19%
Kroger Co. (The)	1.17%
Lockheed Martin Corp.	1.07%
Union Pacific Corp.	1.06%

Portfolio Breakdown	31.07.16	31.07.15
Information Technology	16.94%	16.57%
Financials	15.57%	16.35%
Consumer Discretionary	15.11%	11.76%
Consumer Staples	14.45%	11.00%
Industrials	11.42%	11.88%
Health Care	11.09%	16.25%
Utilities	5.91%	7.30%
Energy	4.11%	3.12%
Materials	3.76%	3.99%
Telecommunication Services	0.97%	1.14%
Total Investments	99.33%	99.36%
Net Other Assets	0.67%	0.64%
Net Assets	100.00%	100.00%

Revenue Record – Income Shares

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

Share class	Financial year	Net revenue per share (p)	Per £1,000 invested (£)
Class 2	2014	0.9009	6.93
	2015	1.2488	9.61
	2016*	1.3428	10.33

* Up to 30 September 2016 (the final distribution payment date).

Calendar Year Performance

Total Return	Fund[3] %	FTSE® All Share[4] %
2013		
Share Class 2	30.23	29.93
2014		
Share Class 2	22.77	20.76
2015		
Share Class 2	7.43	7.25
2016*		
Share Class 2	16.93	7.66

[3] Source: Aviva Investors (based on 2pm values).
[4] Source: Lipper (based on close of business values).
* Up to 31 July 2016.

The value of an investment in the Aviva Investors US Equity MoM 1 Fund and any revenue from it can go down as well as up. You may not get back the original amount invested. Past performance is not a guide to future performance.

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.

RISK PROFILE

The Fund will invest primarily in the European equity markets and movements in the European equity markets and currency fluctuations will affect fund performance.

FUND MANAGER'S REPORT

Performance

Over the twelve months ended 31 July 2016, the Fund* returned 4.71 per cent (net of fees), underperforming the FTSE® World Europe ex UK Index return of 7.06 per cent.

Review

Bouts of market volatility characterised much of the period under review. Themes dominating European markets over the year included the European Central Bank's (ECB) activities to stimulate investment and boost sentiment across the Eurozone, US monetary policy and the related concerns about slowing economic growth in China, the demand and the outlook for oil and other commodities and most recently the drama resulting from the UK referendum decision in June to leave the EU.

At odds with the December 2015 decision by the US Federal Reserve (the Fed) to raise rates for the first time in eight years, the ECB has been moving in the opposite direction. Though its year end level of monetary stimulus was viewed as disappointing by observers, a more aggressive policy package (increasing monthly asset purchases from €60 billion to €80 billion and cutting the deposit rate further) in March helped firm up markets after dramatic falls across European markets in January and February. During the first half of 2016 the Eurozone showed signs of an economic uplift; unemployment across the region fell to 10.2 per cent, a level not seen since August 2011 and in its June economic outlook, the Organisation for Economic Cooperation and Development (OECD) increased its growth forecast to 1.6 per cent from the 1.4 per cent forecast in February.

AVIVA INVESTORS EURO EQUITY MOM 1 FUND (CONTINUED)

FUND MANAGER'S REPORT (CONTINUED)

Review (continued)

After its move on rates in December, the Fed's decision to postpone any further increase so far in 2016 was a major influence on markets. The OECD cut its 2016 US growth forecast from 2 per cent to 1.8 per cent, leaving US policy makers unconvinced of the economy's appetite for a further rate hike. The Fed also highlighted the impact of weaker Chinese growth. The knock on weakness in the oil price supported the recovery across the Eurozone and as it is a net importer of oil, this has been beneficial for consumers. On the downside, weak commodity prices impacted the European materials sector.

The referendum decision by the UK electorate in late June to leave the EU has provided a dramatic conclusion to the period under review. Considerable constitutional, economic and social uncertainty has been created as a result, not just in the UK but across the other 27 members as well.
Up to this event the underlying signs for Europe had been improving: having seen its economy post better-than-expected Q1 GDP data, German think tank ZEW's sentiment survey of current economic conditions increased to 54.5 points in June from 53.1 points in May. In Greece, policymakers agreed to undertake fiscal reform, receiving backing from several Eurozone finance ministers and secured the second tranche of its €86 billion bailout package that had been agreed in August 2015. Spain and Ireland, which are both going through periods of political transition, also provided cause for economic optimism. Despite political deadlock in Spain, consumer spending drove a 0.8 per cent quarter-on-quarter GDP expansion in Q1. The European Commission, meanwhile, forecast that Ireland would maintain its position as Europe's fastest-growing economy, predicting GDP growth of 4.9 per cent for 2016.

Over the year, defensives in the form of consumer staples and utilities were the strongest contributors to the Fund, especially those with non-European sources of earnings. An overweight in Anheuser-Busch InBev was a major positive contributor to the Fund's performance; the stock continued to enjoy a favourable market reaction to its successful bid for SABMiller. A holding in Carlsberg A/S has also enhanced the Fund's performance and Italian spirits producer Davide Campari-Milano was also a significant positive contributor. Underlying sales trends for its brands continue to be very strong, thanks to the resurgence in the popularity of older style cocktails, and its lower exposure to emerging markets was also supportive from a sentiment perspective.

Dutch information services business Wolters Kluwer was a very strong performer thanks to delivering strong results and reiterating guidance for the remainder of the year. Organic revenue growth and margin expansion are supportive of our investment thesis, and growth in America and Asia Pacific more than offset the weaker environment across Europe

AVIVA INVESTORS EURO EQUITY MOM 1 FUND (CONTINUED)

FUND MANAGER'S REPORT (CONTINUED)

Review (continued)

By contrast, financials which make up almost a quarter of the index were severely impacted by the surprise result of the Brexit referendum; in spite of not holding significant underperformers such a Banco Santander and Deutsche Bank, the sector contributed five of the ten bottom detractors for the Fund over the period. Credit Suisse was the largest single detractor to the Fund, with the main reason a poor performance from its investment bank. Following a meeting with company management, we believe our investment rationale remains intact, but have trimmed our holding to take account of the heightened risk environment. Two other overweight positions in financials, Permanent TSB and Bank of Ireland also detracted from performance. In spite of the difficulties in the sector, German real estate business Vonovia was one of the Fund's strongest positive contributors. In March the company reported full year profits strong compared to those in 2014, with revenue growth resulting from both additional properties and its "extensions" strategy of offering additional services to both tenants and landlords.

French broadcaster Television Francaise (TF1) exhibited some weakness due to a loss of momentum in the French advertising market over the year, and the short term earnings impact of moving its news from pay-TV to a free-to-air channel.

Good stock selection and an overweight position helped the contribution from the health care equipment and services sector. German health care facility Fresenius contributed positively as management announced the company would deliver its mid-term earnings target two years ahead of expectations, implying a significant upgrade to earnings per share. By contrast Novartis detracted from Fund performance. The company's third quarter results disappointed, resulting from earnings lagging expectations and a negative currency impact. Its problems stem from its eye treatment business, Alcon, where revenues have been weak as surgical equipment sales have slowed in emerging markets. Yet the company has a strong pipeline and an attractive valuation, attractive relative to its peers.

Despite the prospect of continued volatility, we believe European equities represent good value. Compared to the rest of the world, Europe represents the greatest area of potential recovery in terms of margins and profitability.

Across Europe we feel that the near term impact of Brexit is unlikely to be pronounced and we expect no more than a modest hit to Eurozone GDP in the second half of 2016 resulting from Brexit related uncertainties. Eurozone trade with the UK comprises a far smaller share of EU GDP than it does the other way around. In addition, the increased post Brexit liquidity supplied by central banks may translate into a bounce for European equities and some evidence of this can be seen as bond yields in Europe periphery head lower after the vote.

AVIVA INVESTORS EURO EQUITY MOM 1 FUND (CONTINUED)

FUND MANAGER'S REPORT (CONTINUED)

Review (continued)

Yet it should be noted that the ECB still sees strong regional disinflationary pressures, regards the banking system as fragile, and believes that politicians have been slow to implement economic reforms. Any additional monetary easing should be interpreted as a kind of insurance policy against a possible setback in times of high political uncertainty and given the possibility of rising interest rates in the US.

We believe that bottom-up stock selection is the best means for investors to differentiate between the two, given the context of the markets today. This approach evaluates companies on their individual merits, reconciling their operating models with the business environment and drawing the complex connections needed for strong, deep investment theses. As Europe continues to work through its recovery and as global markets find their equilibrium, we believe stock selection continues to be a patient investor's sharpest tool.

August 2016

* 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 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.

COMPARATIVE TABLE

Class 2 Income	2016 p per share	2015 p per share	2014 p per share
Change in net assets per share			
Opening net asset value per share	189.75	169.10	167.84
Return before operating charges†	10.94	24.89	5.42
Operating charges	(1.98)	(1.95)	(1.86)
Return after operating charges†	8.96	22.94	3.56
Distributions on income shares	(2.72)	(2.29)	(2.30)
Closing net asset value per share	195.99	189.75	169.10
Retained distributions on accumulation shares	–	–	–
† after direct transaction costs of	(0.44)	(0.57)	(0.28)
Performance			
Return after operating charges	4.72%	13.57%	2.12%
Other information			
Closing net asset value (£000)	138,928	154,186	90,386
Closing number of shares	70,887,198	81,256,281	53,451,969
Operating charges (%)‡	1.07%	1.07%	1.07%
Direct transaction costs (%)#	0.24%	0.31%	0.16%
Prices≈			
Highest share price	199.54	199.67	183.03
Lowest share price	167.14	156.23	158.96

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

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

(b) The Ongoing Charges Figure 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.

FUND FACTS

Accounting dates	Ex-dividend dates	Distribution dates
31 July	1 August	30 September
31 January	1 February	31 March

Ongoing Charges Figure*

	31.07.16	31.07.15
Share Class 2	1.07%	1.07%

* The Ongoing Charges Figure (OCF) is calculated as the ratio of the total ongoing charges to the average net asset value of the Fund over the 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).

Total Return – Income Shares

	Fund[1]	FTSE® World Europe (ex UK)[2]
Share Class 2	4.71%	7.06%

[1] Source: Aviva Investors (based on 2pm values) year ended 31 July 2016.

[2] Source: Lipper (based on close of business values) year ended 31 July 2016.

Synthetic Risk and Reward Indicator

Lower risk ← → Higher Risk

Typically lower rewards — Typically higher reward

1	2	3	4	5	**6**	7

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

– This indicator is based on historical data, calculated using European Union rules, and may not be a reliable indication of the future risk profile of the Fund.

– The risk and reward category shown is not guaranteed to remain unchanged and may change over time. The lowest category does not mean 'risk free'.

– The value of investments will be affected by changes in exchange rates.

– Full information on the risks applicable to the Fund is detailed in the Prospectus.

Top Ten Holdings

31.07.16	
Novartis AG	6.02%
Anheuser-Busch InBev SA	4.46%
AXA SA	3.83%
SAP SE	3.68%
Novo Nordisk A/S 'B'	3.12%
Unilever NV, CVA	3.02%
Carlsberg A/S 'B'	2.96%
Fresenius SE & Co. KGaA	2.85%
Actelion Ltd.	2.65%
Wolters Kluwer NV	2.47%

Top Ten Holdings

31.07.15	
Novartis AG	7.84%
Bayer AG	4.03%
Fresenius SE & Co. KGaA	3.62%
BNP Paribas SA	3.51%
Novo Nordisk A/S 'B'	3.03%
Wolters Kluwer NV	2.62%
Anheuser-Busch InBev NV	2.58%
Swedbank AB 'A'	2.57%
Sampo OYJ 'A'	2.54%
AXA SA	2.40%

Portfolio Breakdown

	31.07.16	31.07.15
France	20.17%	16.65%
Switzerland	15.23%	13.28%
Netherlands	10.68%	9.83%
Italy	10.29%	7.45%
Germany	10.02%	13.75%
Ireland	6.47%	8.88%
Belgium	6.47%	4.72%
Denmark	6.08%	3.74%
Norway	4.18%	4.24%
Finland	2.43%	4.07%
Other Countries	6.30%	14.29%
Total Investments	98.32%	100.90%
Net Other Assets/(Liabilities)	1.68%	(0.90)%
Net Assets	100.00%	100.00%

Revenue Record – Income Shares

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

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

* Up to 30 September 2016 (the final distribution payment date).

Calendar Year Performance

Total Return	Fund[3] %	FTSE® World Europe (ex UK)[4] %
2013		
Share Class 2	26.03	25.18
2014		
Share Class 2	0.26	0.16
2015		
Share Class 2	10.07	5.35
2016*		
Share Class 2	5.00	10.49

[3] Source: Aviva Investors (based on 2pm values) year ended 31 July 2016.

[4] Source: Lipper (based on close of business values).

* Up to 31 July 2016.

The value of an investment in the Aviva Investors Euro Equity MoM 1 Fund and any revenue from it can go down as well as up. You may not get back the original amount invested. Past performance is not a guide to future performance.

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.

RISK PROFILE

The Fund will invest primarily in the European equity markets and movements in the European equity markets and currency fluctuations will affect fund performance.

FUND MANAGER'S REPORT

Performance

Over the twelve months ended 31 July 2016, the Fund* returned 19.17 per cent (net of fees), outperforming the FTSE® World Europe ex UK Index return of 7.06 per cent.

Review

At the start of the review period, growing worries over the Chinese stockmarket and economy were transmitted globally, resulting in a sell-off whose epicentre on 24 August 2015 was labelled 'Black Monday'. The global importance of China's economic strength raised question marks about the timing of impending rate rises in the US. The US Federal Reserve (the Fed) subsequently chose not to enact interest rate 'lift-off' at its September meeting, instead waiting for December to raise rates.

In December 2015, a revival of Chinese concerns took equity markets into a downtrend which worsened in the first weeks of 2016 and persisted until anticipation of European Central Bank (ECB) stimulus measures at its March meeting boosted sentiment. The ECB's President, Mario Draghi, did indeed deliver new policy measures, but markets reacted with increased volatility and failed to establish a strong trajectory, with a positive impact on sentiment being tempered by rising concerns that QE is doing little to stimulate real economic activity.

The rally faded as the outlook for US monetary policy became more uncertain and as political risk (particularly relating to the US election, Brexit vote and Spanish elections) generated market volatility. Expectations regarding the likely outcome of the UK's EU referendum oscillated in May and June, before markets strongly priced in a Remain vote in the days immediately before the referendum. Equity markets rallied and sterling appreciated. However, this confidence was shown to be misplaced when a Leave vote was returned, resulting in UK and European markets moving sharply lower on the day.

Markets then rallied strongly, led by large-caps, to recover their referendum losses before the end of July. There was an increasing emphasis on the increased central bank stimulus that might be forthcoming as a result of the vote. The vote for Brexit weighed heavily on sterling, which depreciated 17 per cent against the euro over the year.

From a sector perspective, concerns towards financials escalated rapidly and reflected investors' anxieties regarding banks' profitability in a world of low and negative policy rates. The sector fell 12.4 per cent in sterling terms over the year. The best performing sector was consumer staples, up more than 28 per cent.

AVIVA INVESTORS EURO EQUITY MOM 2 FUND (CONTINUED)

FUND MANAGER'S REPORT (CONTINUED)

Review (continued)

We have seen increasing signs that we are now in a 'show me' phase where investors are beginning to differentiate more between stocks as they focus on company fundamentals. With a gloomier global macroeconomic picture taking hold, the dominant investment regime has been one of low but widening valuation dispersion in Europe albeit, punctuated by bouts of sharp value-led gains (such as in October 2015 and March 2016).

The Fund's strongest contributors included Paddy Power, Software AG and Straumann Holding.

The main event for Paddy Power shareholders was the announcement of a merger with Betfair, which completed in February 2016. Paddy Power shareholders received a €1.2 dividend per share for 2015, which was paid alongside a special dividend and 'closing dividend' of c. €1.8 and c. €0.2 per share respectively. The bookmaker experienced strong trading during the year.

Straumann, the Swiss-based dental implant manufacturer company, reported better than expected Q1 2016 results including 12 per cent growth in organic revenues, the strongest rate of growth seen since 2008, with higher than forecast sales in Asia-Pacific and North America. Management upgraded its full year organic growth forecast to high-single-digit range compared to mid-single-digit range previously.

Software AG, a German software infrastructure solutions business, gave evidence of strong trading through the year and in July 2016 upgraded its full year 2016 guidance within interim results. It lifted its forecast for operating profit margins from 30-31 per cent to 30.5-31.5 per cent. The company grew revenues by 5 per cent in the first half of 2016 and stated it has a strong project pipeline for the second half.

The biggest detractors from performance included Fred Olsen Energy, Banco Popolare and Hugo Boss.

Hugo Boss shares fell as it became clear that a weak retail outlook for the US and China was affecting profitability. The company stated that it expected a low double-digit fall in operating profit in 2016. The departure of the company's CEO was also announced.

Shares in Banco Popolare were caught up in widespread weakness in the financials sector. The company also completed a rights issue to raise €1bn as part of its merger with Banca Popolare di Milano.

Fred Olsen's share price fall is a result of the decline in the oil price (down 11 per cent over the period), which is having a clear impact on the company's activity levels. It also issued Q2 2016 results which a US$159m impairment charge, which the company booked to reflect further weakening of the offshore drilling market.

A number of portfolio changes were made over the year, primarily representing changes resulting from this year's review of company report and accounts, but also the need to create liquidity to satisfy April's withdrawal of funds. The annual portfolio restructuring was largely completed during May and June. Following the changes, the Fund's style bias remains tilted towards growth and quality. However, mindful of some now attractive value opportunities in a few specific sectors, the value element of the Fund has increased slightly compared with last year.

European markets remain in a downtrend with no significant signs of investor stress that would signal the potential for sharp recovery. Aggressive corporate investment continues to wane in Europe which is usually constructive for equity markets and long term valuation measures are not especially troubling for European markets.

AVIVA INVESTORS EURO EQUITY MOM 2 FUND (CONTINUED)

FUND MANAGER'S REPORT (CONTINUED)

Review (continued)

However, in the shorter term, trend is a better guide to the next six months and the continuation of a downtrend in Europe along with low levels of investor recession anxiety (implied by narrow valuation spreads) suggests the possibility of continued volatility in European markets which could be subject to further weakness.

Whilst valuation measures in Europe are not of particular concern the same could not be said of the US market which resides on through the cycle valuations that imply de minimis returns from equities over the next ten years. Yet in the past few months the US has seen a recovery in the stock market sufficient to push our technical indicator back into an uptrend, albeit thinly supported as the breadth of the market is narrow.

August 2016

* 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 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 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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COMPARATIVE TABLE

Class 2 Income	2016 p per share	2015 p per share	2014 p per share
Change in net assets per share			
Opening net asset value per share	172.00	162.20	158.98
Return before operating charges†	34.90	13.74	8.06
Operating charges	(1.87)	(1.79)	(1.74)
Return after operating charges†	33.03	11.95	6.32
Distributions on income shares	(2.83)	(2.15)	(3.10)
Closing net asset value per share	202.20	172.00	162.20
Retained distributions on accumulation shares	–	–	–
† after direct transaction costs of	(0.66)	(0.57)	(0.57)
Performance			
Return after operating charges	19.20%	7.37%	3.98%
Other information			
Closing net asset value (£000)	47,015	83,266	48,635
Closing number of shares	23,251,716	48,409,590	29,985,174
Operating charges (%)‡	1.05%	1.06%	1.06%
Direct transaction costs (%)#	0.37%	0.34%	0.35%
Prices≈			
Highest share price	205.29	182.14	173.96
Lowest share price	158.47	146.66	153.43

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

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

(b) The Ongoing Charges Figure 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.

FUND FACTS

Accounting dates	Ex-dividend dates	Distribution dates
31 July	1 August	30 September
31 January	1 February	31 March

Ongoing Charges Figure*

	31.07.16	31.07.15
Share Class 2	1.05%	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 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).

Total Return – Income Shares

	Fund[1]	FTSE® World Europe (ex UK)[2]
Share Class 2	19.17%	7.06%

[1] Source: Aviva Investors (based on 2pm values) year ended 31 July 2016.

[2] Source: Lipper (based on close of business values) year ended 31 July 2016.

Synthetic Risk and Reward Indicator

Lower risk	Higher Risk
Typically lower rewards	Typically higher reward

1	2	3	4	5	**6**	7

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

– This indicator is based on historical data, calculated using European Union rules, and may not be a reliable indication of the future risk profile of the Fund.

– The risk and reward category shown is not guaranteed to remain unchanged and may change over time. The lowest category does not mean 'risk free'.

– The value of investments will be affected by changes in exchange rates.

– Full information on the risks applicable to the Fund is detailed in the Prospectus.

Top Ten Holdings

31.07.16	
Actelion Ltd.	3.79%
NKT Holding A/S	3.55%
Dfds A/S	3.48%
CIE Automotive SA	3.45%
Partners Group Holding AG	3.44%
Cembra Money Bank AG	3.34%
Schindler Holding AG	3.33%
Forbo Holding AG	3.30%
Software AG	3.25%
Nexans SA	3.25%

Top Ten Holdings

31.07.15	
Pandora A/S	4.09%
Axfood AB	3.79%
Gamesa Corp. Tecnologica SA	3.47%
Novozymes A/S B	3.44%
Ipsen SA	3.39%
Actelion Ltd.	3.24%
Caverion Corp.	3.20%
Euronext NV	3.15%
Inditex SA	3.15%
Vivendi SA	3.10%

Portfolio Breakdown

	31.07.16	31.07.15
Switzerland	21.15%	9.31%
Denmark	18.89%	13.19%
Spain	15.35%	9.47%
Sweden	12.17%	17.85%
Netherlands	8.66%	6.15%
Germany	7.95%	12.40%
France	7.54%	15.00%
Italy	3.54%	–
Austria	1.78%	–
Norway	1.25%	1.47%
Other Sectors/Countries	–	11.66%
Total Investments	98.28%	96.50%
Net Other Assets	1.72%	3.50%
Net Assets	100.00%	100.00%

Revenue Record – Income Shares

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

Share class	Financial year	Net revenue per share (p)	Per £1,000 invested (£)
Class 2	2014	3.0972	20.68
	2015	2.1503	14.36
	2016*	2.8284	17.43

* Up to 30 September 2016 (the final distribution payment date).

Calendar Year Performance

Total Return	Fund[3] %	FTSE® World Europe (ex UK)[4] %
2013		
Share Class 2	16.87	25.18
2014		
Share Class 2	4.68	0.16
2015		
Share Class 2	9.45	5.35
2016*		
Share Class 2	14.64	10.49

[3] Source: Aviva Investors (based on 2pm values) year ended 31 July 2016.

[4] Source: Lipper (based on close of business values).

* Up to 31 July 2016.

The value of an investment in the Aviva Investors Euro Equity MoM 2 Fund and any revenue from it can go down as well as up. You may not get back the original amount invested. Past performance is not a guide to future performance.

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.

RISK PROFILE

The Fund will invest primarily in the Asia Pacific Basin (ex Japan) equity markets, and movements in these equity markets and currency will affect fund performance.

FUND MANAGER'S REPORT

Performance

Over the twelve months ended 31 July 2016, the Fund* returned 15.39 per cent (net of fees), underperforming the FTSE® Asia Pacific ex Japan Index return of 22.12 per cent.

Review

Country allocation contributed to most of the underperformance, given the overweight in Hong Kong (affected by the slowdown in Chinese growth) and the underweight in Korea (which benefitted from foreign investor inflows on the back of higher earnings).

Investors started the period cautious on Asian equities. This was driven by concerns on China's slowing economy, liberal use of credit across the region and the possibility of US interest rate rises. A collapse in China A-shares that started in June, triggered by the unwinding of margin financing, led to a sell-off across regional markets. The Chinese currency devaluation in August led to further capital outflows and selling across the region.

Towards the middle of the period, when it became clear that Chinese policy was again easing, regional markets stabilised. China news flow continued to dominate, but there was also a realisation that US interest rate hikes were likely to be delayed. This allows greater flexibility across the region for further interest rate cuts, fiscal easing and infrastructure investments. As a result, regional markets recovered strongly in the second half of the period, while returns for UK investors were increased by the fall in sterling after the EU referendum. ASEAN markets, other than Malaysia, has been the strongest so far this year.

Hong Kong, Australian and Korean stock selection were detractors to performance, offsetting gains in Taiwan, Singapore and China. Hong Kong financials (HSBC, BOC and AIA) fell on worries over slower economic growth and the Chinese currency's depreciation. Property stocks Hong Kong Land, Kerry and Cheung Kong were impacted by similar worries, in addition to fears on US interest rates. We continue to see them as well-managed companies offering value and attractive dividend yields during a period of elevated uncertainty.

Whilst we were largely cautious on China and focused on stronger private enterprises, the weaker China environment nevertheless impacted our holdings. Belle International, a traditional footwear/apparel company, struggled against online discounting. Whilst we strive to hold the better quality state-owned enterprises (SOEs) businesses, two holdings hurt performance. Zhuzhou CRRC Times Electric was down on slower growth in overseas orders, while China Resources Land continues to be affected by property affordability and tightening property policies.

AVIVA INVESTORS APAC EQUITY MOM 1 FUND (CONTINUED)

FUND MANAGER'S REPORT (CONTINUED)

Review (continued)

In Australia, not holding gold miner Newcrest Mining was a drag on performance. This was somewhat offset by holding James Hardie (a building material supplier.) Other positive contributors included holdings in the healthcare sector (CSL, Resmed and Medibank) and in Brambles.

Jardine Matheson and Jardine Cycle & Carriage boosted performance on the back of recent strength in subsidiary Astra International.

Among portfolio activities, we trimmed the holding in Emperador as a result of risks in a recent acquisition. In Korea, we initiated positions in Yuhan Corp (our analyst's top pick within the healthcare sector) and several mid-cap names. We also increased our weighting in Samsung Electronic given their technology leadership and recovering handset margins. We have initiated a position in Chinese internet company Sina Corporation and topped up the holding in Alibaba, a new-economy play on Chinese consumption which continues to deliver 20 per cent-plus growth. At the same time, we trimmed exposure to another internet play, Baidu, given increased concerns on monetisation risks and its weaker strategic positioning. We increased the holding in Tencent and reduced the holding in China Mengniu.

Whilst there is heightened uncertainty after the Brexit vote, we did not see a need for the Fund to re-position its holdings. Market expectations for corporate profits had already adjusted significantly lower to reflect lower global growth and a challenging operating environment, but it remains to be seen to what extent the Brexit vote compounds this view.

Post Brexit, there is a growing view that the next US interest rate hike has been further delayed. This provides a window for more accommodative monetary policy in Asia. As a result we have seen strong inflows into ASEAN markets. Share valuations are now running slightly ahead of companies' fundamentals. It is important that governments deliver on announced infrastructure projects and reforms to sustain recent momentum.

The Fund remains focused on companies that have strong balance sheets and offer sustainable value or attractive dividend yields (for example telecoms and HK property investment companies.) The Fund is also invested in companies where we see pockets of growth at defensible valuation premiums. These include Chinese new-economy stocks and niche sectors such as Taiwan/Korean technology companies, Australian healthcare and Australian resource stocks.

August 2016

* 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 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.

COMPARATIVE TABLE

Class 2 Income	2016 p per share	2015 p per share	2014 p per share
Change in net assets per share			
Opening net asset value per share	189.20	198.14	185.87
Return before operating charges†	31.27	(2.80)	17.30
Operating charges	(2.49)	(2.75)	(2.55)
Return after operating charges†	28.78	(5.55)	14.75
Distributions on income shares	(3.67)	(3.39)	(2.48)
Closing net asset value per share	214.31	189.20	198.14
Retained distributions on accumulation shares	–	–	–
† after direct transaction costs of	(0.16)	(0.14)	(0.39)
Performance			
Return after operating charges	15.21%	(2.80)%	7.93%
Other information			
Closing net asset value (£000)	43,444	47,473	46,854
Closing number of shares	20,271,338	25,091,209	23,647,402
Operating charges (%)‡	1.36%	1.34%	1.36%
Direct transaction costs (%)#	0.09%	0.07%	0.21%
Prices≈			
Highest share price	218.46	228.05	200.50
Lowest share price	162.38	190.45	175.66

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

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

(b) The Ongoing Charges Figure 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.

FUND FACTS

Accounting dates	Ex-dividend dates	Distribution dates
31 July	1 August	30 September
31 January	1 February	31 March

Ongoing Charges Figure*

	31.07.16	31.07.15
Share 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 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).

Total Return – Income Shares

	Fund[1]	FTSE® World Asia Pacific (ex Japan)[2]
Share Class 2	15.39%	22.12%

[1] Source: Aviva Investors (based on 2pm values) year ended 31 July 2015.

[2] Source: Lipper (based on close of business values) year ended 31 July 2016.

Synthetic Risk and Reward Indicator

Lower risk	Higher Risk
Typically lower rewards	Typically higher reward

1	2	3	4	5	**6**	7

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

– This indicator is based on historical data, calculated using European Union rules, and may not be a reliable indication of the future risk profile of the Fund.

– The risk and reward category shown is not guaranteed to remain unchanged and may change over time. The lowest category does not mean 'risk free'.

– Developing market investments can be less easy to buy and sell, and their values may be influenced by the economic and political risks of the countries of issue.

– The value of investments will be affected by changes in exchange rates.

– Full information on the risks applicable to the Fund is detailed in the Prospectus.

Top Ten Holdings

31.07.16	
Taiwan Semiconductor Manufacturing Co. Ltd.	5.66%
Samsung Electronics Co. Ltd.	4.28%
AIA Group Ltd.	3.89%
Tencent Holdings Ltd.	3.40%
Jardine Matheson Holdings Ltd.	3.02%
Hon Hai Precision Industry Co. Ltd.	2.82%
China Mobile Ltd.	2.65%
National Australia Bank Ltd.	2.51%
Hongkong Land Holdings Ltd.	2.35%
Brambles Ltd.	1.89%

Top Ten Holdings

31.07.15	
Taiwan Semiconductor Manufacturing Co. Ltd.	4.47%
AIA Group Ltd.	3.30%
National Australia Bank Ltd.	3.03%
Hon Hai Precision Industry Co. Ltd.	2.82%
China Mobile Ltd.	2.59%
Jardine Matheson Holdings Ltd.	2.59%
CSL Ltd.	2.50%
Hongkong Land Holdings Ltd.	2.35%
SK Telecom Co. Ltd.	2.29%
Zhuzhou CSR Times Electric Co. Ltd. 'H'	2.25%

Portfolio Breakdown

	31.07.16	31.07.15
Australia	21.22%	21.35%
Cayman Islands	13.17%	12.51%
Hong Kong	10.80%	11.22%
Taiwan	12.11%	9.40%
South Korea	11.78%	9.09%
China	7.52%	9.37%
Singapore	5.00%	6.32%
Bermuda	6.29%	6.11%
Thailand	3.99%	3.79%
Indonesia	1.44%	1.74%
Other Countries	5.54%	6.08%
Total Investments	98.86%	96.98%
Net Other Assets	1.14%	3.02%
Net Assets	100.00%	100.00%

Revenue Record – Income Shares

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

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

* Up to 30 September 2016 (the final distribution payment date).

Calendar Year Performance

Total Return	Fund[3] %	FTSE® World Asia Pacific (ex Japan)[4] %
2013		
Share Class 2	(0.34)	2.72
2014		
Share Class 2	10.56	5.01
2015		
Share Class 2	(6.33)	(4.40)
2016*		
Share Class 2	18.02	23.58

[3] Source: Aviva Investors (based on 2pm values) year ended 31 July 2015 .

[4] Source: Lipper (based on close of business values).

* Up to 31 July 2016.

The value of an investment in the Aviva Investors Apac Equity MoM 1 Fund and any revenue from it can go down as well as up. You may not get back the original amount invested. Past performance is not a guide to future performance.

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.

RISK PROFILE
The Fund will invest primarily in the Japanese equity markets and movements in the Japanese equity markets will affect fund performance.

FUND MANAGER'S REPORT
Performance
Over the twelve months ended 31 July 2016, the Fund* returned 14.79 per cent (net of fees), outperforming the FTSE® Japan Index return of 14.08 per cent.

Review
The Index recorded a significant fall of -19.71 per cent* in yen terms during the one-year review period. Japanese equity markets weakened as investors responded to deepening concerns about specific political developments and economic conditions worldwide. The pace of growth in the Chinese economy has been slowing and natural resource prices have levelled off during the period. The pace of recovery in the Japanese economy also became more gradual. Production activity has flattened out along with slow global growth and the bottoming out of the yen exchange rate relative to other major currencies. Domestic demand also seems to be levelling off as wage growth slows and inflation sank into negative territory in the latter half of the review period. The Bank of Japan has made additional monetary easing measures to deal with the price conditions, but the efforts have yet to be reflected in the consumer prices index. In the meantime, Japanese companies have improved their profit margins and ROE (return on equity) for the last three years, but amid the flattening economic conditions the earnings momentum appears to have weakened for the fiscal year 2016.

AVIVA INVESTORS JAPAN EQUITY MOM 1 FUND (CONTINUED)

FUND MANAGER'S REPORT (CONTINUED)

Review (continued)

Our sector allocation strategy detracted from the relative return by 5bp*. Cyclical sectors led the market downturn on the back of an increase in the value of the yen against other major currencies and flattening global demand. Therefore, our small overweight position in the export oriented cyclical sectors, including the Automobiles and Electronics sectors, and an underweight position in the defensive Medical sector detracted from the relative performance.

On the other hand, our stock selection efforts were able to generate a positive relative performance of 160bp over the period. Our favoured retail holding in the Consumption sector, Nitori, posted a strong return against the overall weak market trend, driven by robust same-store sales growth. The largest furniture and household goods store chain in Japan is also expected to improve its profit margin as the rising yen exchange rate should help to reduce the cost of goods sold. In addition, our favoured stock among the discount apparel retailers, Shimamura, appreciated on the back of improved profit margins and stable sales growth. In the same sector, our preferred holding in the food industry, Morinaga Milk, also advanced as it offered robust earnings prospects for the fiscal year 2016. We therefore saw a large positive stock selection effect in the Consumption sector. We also saw positive stock selection results in the Infrastructure sector. Our medium sized construction company holding, Penta-Ocean Construction, outperformed its peers due to a strong order book. Within the same sector, Kandenko, a leading electrical construction company, posted a robust performance along with its improved profit margin during the period. On the other hand, stock selection in the Capital Goods sector detracted from the relative return. We held underweight exposures to companies with stable earnings prospects that are trading at unattractive valuations, including Keyence and Daikin Industries, and these stocks outperformed within the sector during the market downturn.

August 2016

* 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 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.

COMPARATIVE TABLE

Class 2 Income	2016 p per share	2015 p per share	2014 p per share
Change in net assets per share			
Opening net asset value per share	150.25	130.54	129.80
Return before operating charges†	24.13	22.31	3.20
Operating charges	(1.94)	(1.95)	(1.76)
Return after operating charges†	22.19	20.36	1.44
Distributions on income shares	(1.26)	(0.65)	(0.70)
Closing net asset value per share	171.18	150.25	130.54
Retained distributions on accumulation shares	–	–	–
† after direct transaction costs of	(0.18)	(0.10)	(0.11)
Performance			
Return after operating charges	14.77%	15.60%	1.11%
Other information			
Closing net asset value (£000)	214,330	276,694	54,629
Closing number of shares	125,210,846	184,152,820	41,849,356
Operating charges (%)‡	1.31%	1.31%	1.39%
Direct transaction costs (%)#	0.12%	0.07%	0.09%
Prices≈			
Highest share price	172.42	160.10	134.81
Lowest share price	126.69	122.60	116.53

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

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

(b) The Ongoing Charges Figure 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.

FUND FACTS

Accounting dates	Ex-dividend dates	Distribution dates
31 July	1 August	30 September
31 January	1 February	31 March

Ongoing Charges Figure*

	31.07.16	31.07.15
Share Class 2	1.31%	1.31%

* The Ongoing Charges Figure (OCF) is calculated as the ratio of the total ongoing charges to the average net asset value of the Fund over the 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).

Total Return – Income Shares

	Fund[1]	FTSE® Japan[2]
Share Class 2	14.79%	14.08%

[1] Source: Aviva Investors (based on 2pm values) year ended 31 July 2016.

[2] Source: Lipper (based on close of business values) year ended 31 July 2016.

Synthetic Risk and Reward Indicator

Lower risk						Higher Risk
Typically lower rewards						Typically higher reward
1	2	3	4	5	**6**	7

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

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

Top Ten Holdings

31.07.16	
Nippon Telegraph & Telephone Corp.	2.75%
NTT DOCOMO, Inc.	2.60%
Nitori Holdings Co. Ltd.	2.29%
Mitsubishi UFJ Financial Group, Inc.	2.28%
Sumitomo Mitsui Financial Group, Inc.	2.24%
Fuji Heavy Industries Ltd.	2.04%
Toyota Motor Corp.	1.96%
Isuzu Motors Ltd.	1.52%
Otsuka Holdings Co. Ltd.	1.44%
Tokio Marine Holdings, Inc.	1.42%

Top Ten Holdings

31.07.15	
Toyota Motor Corp.	4.31%
Mizuho Financial Group, Inc.	2.85%
Nippon Telegraph & Telephone Corp.	2.11%
Nitori Holdings Co. Ltd.	1.99%
Sumitomo Mitsui Financial Group, Inc.	1.92%
Mitsubishi UFJ Financial Group, Inc.	1.91%
Honda Motor Co. Ltd.	1.86%
Nissan Motor Co. Ltd.	1.51%
NTT DOCOMO, Inc.	1.47%
Mitsubishi Corp.	1.38%

Portfolio Breakdown

	31.07.16	31.07.15
Consumer Discretionary	23.62%	25.06%
Industrials	21.17%	18.44%
Financials	17.46%	18.89%
Information Technology	10.26%	12.44%
Materials	7.30%	8.92%
Telecommunication Services	6.88%	5.41%
Health Care	6.41%	4.54%
Consumer Staples	4.40%	4.29%
Energy	1.01%	0.89%
Utilities	0.66%	0.74%
Total Investments	99.17%	99.62%
Net Other Assets	0.83%	0.38%
Net Assets	100.00%	100.00%

Revenue Record – Income Shares

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

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

* Up to 30 September 2016 (the final distribution payment date).

Calendar Year Performance

Total Return	Fund[3] %	FTSE® Japan[4] %
2013		
Share Class 2	22.66	24.95
2014		
Share Class 2	4.55	2.73
2015		
Share Class 2	14.19	17.58
2016*		
Share Class 2	12.91	11.68

[3] Source: Aviva Investors (based on 2pm values).
[4] Source: Lipper (based on close of business values).
* Up to 31 July 2016.

The value of an investment in the Aviva Investors Japan Equity MoM 1 Fund and any revenue from it can go down as well as up. You may not get back the original amount invested. Past performance is not a guide to future performance.

AVIVA INVESTORS EM EQUITY MOM 1 FUND

INVESTMENT OBJECTIVE

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

INVESTMENT POLICY

The Fund will invest primarily in equity 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.

RISK PROFILE

The Fund will invest primarily in emerging market equities, and movements in these instruments and currencies will affect fund performance.

FUND MANAGER'S REPORT

Performance

Over the twelve months ended 31 July 2016, the Fund* returned 24.98 per cent (net of fees), outperforming the MSCI Emerging Market Index return of 17.09 per cent.

Review

At the country level, stock selection was the dominant positive while country allocation also added value.

Stock selection in China had a positive impact as did our underweight to this market. Our holding in the China-based dominant social platform Tencent was helpful for relative performance. Investors were enthused by the company's quarterly results, which demonstrated good momentum across all main business lines and stronger-than-expected revenues.

Our choice of stocks in Brazil added value, as did our overweight stance. In the second half of the period in particular, a large position in apparel retailer Lojas Renner helped performance as the stock rallied strongly. While the company announced somewhat weak quarterly results, the shares rebounded from a spell of subdued performance as investors became more confident that the Brazilian economy may be bottoming.

Security selection in Mexico was beneficial. Our off-benchmark position in gold and silver producer Fresnillo (the stock is UK-listed, but all operating mines and development projects are located in Mexico) added value, particularly toward the end of the period. A spike in the price of gold saw the stock rally, while earlier in the period the share price was lifted by the release of better-than-expected production numbers.

AVIVA INVESTORS EM EQUITY MOM 1 FUND (CONTINUED)

FUND MANAGER'S REPORT (CONTINUED)

Review (continued)

Stock selection in South Africa had a negative effect. In what was a challenging period for the South African market, our holdings in retailers Woolworths and Mr Price suffered. However, despite the difficult environment, we believe their strong management teams will be able to return the companies back to their growth runway.

At the sector level, stock selection was the key positive and group allocation was also beneficial. Our choice of securities in the financials sector added value. Stock selection within — and our overweight to — the information technology and consumer discretionary sectors was beneficial. On the negative side, our choice of securities among utilities and health care names weighed on relative returns.

Emerging markets delivered strong returns over the period. In the first half of the period, these markets trended downward, largely as a result of investor concerns related to China — in particular, the health of its economy and the devaluation of its currency. However, from mid-February investor sentiment turned and commodity prices rallied with the oil price breaching USD $50 per barrel for the first time in several months. This was a favorable trend for emerging markets, as several of these countries are major exporters of natural resources. Gold saw a particularly sharp move at the end of June on heavy buying following the surprise "leave" result in the UK's referendum on EU membership. While this hit investor sentiment initially, emerging markets generally shrugged off the Brexit concerns and performed well through to the end of the period. The vote result raised expectations that the US Federal Reserve would pause its monetary tightening cycle (having raised short-term interest rates in December for the first time in almost a decade), spurring demand for riskier assets. Assurances from the Bank of England and the European Central Bank that they would loosen monetary policy to cushion markets also supported risk appetite.

Peru was among the best-performing emerging markets, helped by higher gold and copper prices. Brazil was a strong outperformer. Performance was weak in the first half, as concerns over its deteriorating economy and domestic political uncertainties weighed on sentiment. However, the market rebounded later in the period, boosted by the commodities rally and an improvement in the political environment. Indonesia outperformed, with the country's central bank reducing interest rates in a bid to boost economic growth.

Chinese equities underperformed, falling sharply at the beginning of the period on the unexpected announcement of a devaluation of the country's currency. The Chinese market also had a torrid start to 2016 on renewed worries about devaluation and a slowing domestic economy. Turkey was among the weakest-performing emerging markets, particularly toward the end of the period. The market sold off as investor concerns about the domestic political situation reached a crescendo on a failed military coup in mid-July.

AVIVA INVESTORS EM EQUITY MOM 1 FUND (CONTINUED)

FUND MANAGER'S REPORT (CONTINUED)

Review (continued)

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

Near-term risks include a worse-than-expected slowdown in China or a breakdown in its financial system, a sharper-than-anticipated rise in US interest rates, or an unexpected bout of risk aversion due to geopolitical events. However, we believe that investor concerns may be overdone. The extent of the Chinese growth slowdown remains a key question, but policymakers are now focused on structural reforms that will lead to higher-quality and more sustainable growth. In our opinion, the actual impact of US interest rate increases on emerging markets will prove less significant than investors fear. Indeed, the impact of Brexit will likely act as a dampening effect on any rate increases.

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

August 2016

* 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 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 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.

COMPARATIVE TABLE

Class 2 Income	2016 p per share	2015 p per share	2014 p per share
Change in net assets per share			
Opening net asset value per share	310.22	320.22	312.00
Return before operating charges†	82.16	(4.22)	13.88
Operating charges	(4.55)	(4.87)	(4.36)
Return after operating charges†	77.61	(9.09)	9.52
Distributions on income shares	(1.16)	(0.91)	(1.30)
Closing net asset value per share	386.67	310.22	320.22
Retained distributions on accumulation shares	–	–	–
† after direct transaction costs of	(0.50)	(0.67)	(0.88)
Performance			
Return after operating charges	25.02%	(2.84)%	3.05%
Other information			
Closing net asset value (£000)	87,881	39,873	65,749
Closing number of shares	22,727,468	12,853,103	20,532,115
Operating charges (%)‡	1.45%	1.45%	1.44%
Direct transaction costs (%)#	0.16%	0.20%	0.29%
Prices≈			
Highest share price	391.24	377.86	324.98
Lowest share price	268.73	307.65	274.89

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

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

(b) The Ongoing Charges Figure 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.

FUND FACTS

Accounting dates	Ex-dividend dates	Distribution dates
31 July	1 August	30 September
31 January	1 February	31 March

Ongoing Charges Figure*

	31.07.16	31.07.15
Share Class 2	1.46%	1.45%

* 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).

Total Return – Income Shares

	Fund[1]	MSCI Emerging Markets Index[2]
Share Class 2	24.98%	17.09%

[1] Source: Aviva Investors (based on 2pm values) year ended 31 July 2016.

[2] Source: Lipper (based on close of business values) year ended 31 July 2016.

Synthetic Risk and Reward Indicator

Lower risk						Higher Risk
Typically lower rewards						Typically higher reward
1	2	3	4	5	**6**	7

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

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

Top Ten Holdings

31.07.16	
Tencent Holdings Ltd.	5.79%
Taiwan Semiconductor Manufacturing Co. Ltd.	3.96%
Lojas Renner SA	3.95%
Itau Unibanco Holding SA Preference	3.92%
Samsung Electronics Co. Ltd.	3.90%
Infosys Ltd., ADR	3.82%
Magnit PJSC, GDR	2.51%
Sberbank of Russia PJSC, ADR	2.44%
LG Household & Health Care Ltd.	2.38%
Baidu, Inc., ADR	2.26%

Top Ten Holdings

31.07.15	
Taiwan Semiconductor Manufacturing Co. Ltd.	4.63%
Tencent Holdings Ltd.	4.11%
Lojas Renner SA	3.16%
Samsung Electronics Co. Ltd.	2.77%
Ping An Insurance Group Co. of China Ltd. 'H'	2.76%
Itau Unibanco Holding SA Preference	2.72%
Magnit PJSC, GDR	2.62%
Infosys Ltd., ADR	2.57%
SABMiller plc	2.27%
Baidu, Inc., ADR	2.21%

Portfolio Breakdown

	31.07.16	31.07.15
Cayman Islands	14.26%	10.67%
India	12.25%	13.29%
Brazil	12.14%	9.85%
South Korea	10.49%	8.38%
Taiwan	9.82%	10.49%
South Africa	8.46%	8.88%
Russia	4.95%	4.00%
China	4.24%	8.57%
Phillipines	4.08%	4.00%
Indonesia	3.15%	3.02%
Other Countries	13.33%	16.65%
Total Investments	97.17%	97.80%
Net Other Assets	2.83%	2.20%
Net Assets	100.00%	100.00%

Revenue Record – Income Shares

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

Share class	Financial year	Net revenue per share (p)	Per £1,000 invested (£)
Class 2	2014	1.3039	4.18
	2015	0.9087	2.91
	2016*	1.1557	3.71

* Up to 30 September 2016 (the final distribution payment date).

Calendar Year Performance

Total Return	Fund[3] %	MSCI Emerging Markets Index[4] %
2013		
Share Class 2	(5.64)	(4.08)
2014		
Share Class 2	8.95	4.29
2015		
Share Class 2	(8.51)	(9.65)
2016*		
Share Class 2	30.26	24.36

[3] Source: Aviva Investors (based on 2pm values) year ended 31 July 2016.

[4] Source: Lipper (based on close of business values).

* Up to 31 July 2016.

The value of an investment in the Aviva Investors EM Equity MoM 1 Fund and any revenue from it can go down as well as up. You may not get back the original amount invested. Past performance is not a guide to future performance.

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 per cent of the value of the scheme property, the Fund may invest in credit which is deemed to be below investment grade.

RISK PROFILE

The Fund will invest primarily in fixed interest securities, and interest rate fluctuations, spread risk and downgrade risk may affect fund performance.

FUND MANAGER'S REPORT

Performance

Over the twelve months ended 31 July 2016, the Fund* returned 12.11 per cent (net of fees), underperforming the FTSE® British Government All Stocks Index return of 13.97 per cent.

Review

At the start of the period, our preference for longer-dated bonds hurt relative performance as speculation that the US Federal Reserve was poised to start cutting interest rates more aggressively than anticipated helped shorter-dated bonds outperform. In early 2016, being cautiously positioned was unhelpful when the market rallied in response to a surprise rate cut by the Bank of Japan. Returns were boosted, however, by our holdings in ultra-long-dated gilts in the run up to, and immediately following, the EU referendum. The exposure to short-dated index-linked gilts also boosted returns.

UK gilts posted strong total returns in the twelve months under review as the market rallied on expectations that interest rates would remain historically low for an extended period. Demand for gilts was supported by general concerns about the health of the global economy and, from February 2016, uncertainty in the lead-up to June's European Union membership referendum. Despite the desire of the Bank of England (BoE) to start to normalise monetary policy, there was little room for manoeuvre as inflation remained well below the government's two per cent target. This had been exacerbated by a sharp correction

AVIVA INVESTORS UK GILTS MOM 1 FUND (CONTINUED)

FUND MANAGER'S REPORT (CONTINUED)

Review (continued)

in the commodities markets, starting in November 2015. In the weeks leading up to the UK referendum vote, the gilt market was volatile as investors assessed mixed signals on rate policy from the US central bank, the Federal Reserve, and ever tighter referendum opinion polls. In the immediate aftermath of the UK's shock decision to leave the EU, gilts rallied sharply. The gains continued in July as the BoE hinted strongly that it was ready to expand its monetary support policies in a bid to avert a UK recession.

At the start of the period we held a preference for longer-dated bonds as we believed that that area of the market offered the best value. In our view, yields on longer-dated bonds had further to fall, which meant that prices had further to rise. We also felt that there would continue to be structural demand for longer-maturity bonds from institutions and pension funds with liability-hedging needs. We began 2016 with a more aggressive stance as concerns about the faltering Chinese economy were bullish for bonds. However, we pared this back as the market rallied more sharply than anticipated. Indeed, with market conditions being exceptionally volatile we became more cautious in our positioning. As the uncertainty over Brexit increased, we moved into ultra-long dated bonds as there was little value to be found elsewhere in the market. As a hedge against the inflationary impact of a potential 'Leave' vote we also held a position in index-linked bonds for much of the period.

Whilst gilts appear unattractively valued after an extended run of strong performance, we still believe there is potential for further gains. In the short to medium term, support will come from the BoE's commitment to do all in its power to support the economy. This could mean cutting interest rates to zero, or even below. Some years may pass before the rules governing the new relationship between the EU and the UK are in place. This suggests that gilts will find support from various political flashpoints this year and next.

August 2016

* 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 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 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..

COMPARATIVE TABLE

Class 2 Income	2016 p per share	2015 p per share	2014 p per share
Change in net assets per share			
Opening net asset value per share	115.31	108.28	108.50
Return before operating charges†	15.15	9.79	2.82
Operating charges	(0.92)	(0.91)	(0.84)
Return after operating charges†	14.23	8.88	1.98
Distributions on income shares	(1.90)	(1.85)	(2.20)
Closing net asset value per share	127.64	115.31	108.28
Retained distributions on accumulation shares	–	–	–
† after direct transaction costs of	–	–	–
Performance			
Return after operating charges	12.34%	8.20%	1.82%
Other information			
Closing net asset value (£000)	91,970	74,945	81,601
Closing number of shares	72,055,485	64,992,280	75,360,065
Operating charges (%)‡	0.78%	0.79%	0.78%
Direct transaction costs (%)#	–	–	–
Prices≈			
Highest share price	128.62	122.34	109.35
Lowest share price	113.65	108.76	105.65

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

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

(b) The Ongoing Charges Figure 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.

FUND FACTS

Accounting dates	Ex-dividend dates	Distribution dates
31 July	1 August	30 September
	1 November	31 December
31 January	1 February	31 March
	1 May	30 June

Ongoing Charges Figure*

	31.07.16	31.07.15
Share 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 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).

Total Return – Income Shares

	Fund[1]	FTSE® Gov't All Stocks[2]
Share Class 2	12.11%	13.97%

[1] Source: Aviva Investors (based on 2pm values) year ended 31 July 2016.

[2] Source: Lipper (based on close of business values) year ended 31 July 2016.

Synthetic Risk and Reward Indicator

Lower risk						Higher Risk
Typically lower rewards						Typically higher reward
1	2	3	**4**	5	6	7

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

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

Top Ten Holdings

31.07.16	
UK Treasury 1.50% 22/07/2026	18.82%
UK Treasury 2.50% 22/07/2065	11.63%
UK Treasury 2.00% 22/07/2020	8.22%
UK Treasury 4.00% 07/09/2016	6.15%
UK Treasury 1.75% 07/09/2022	5.94%
UK Treasury 3.50% 22/01/2045	5.89%
UK Treasury 1.50% 22/01/2021	5.72%
UK Treasury 3.75% 07/09/2020	5.55%
UK Treasury 4.25% 07/12/2040	5.46%
UK Treasury 3.75% 22/07/2052	4.93%

Top Ten Holdings

31.07.15	
UK Treasury 3.75% 07/09/2020	15.37%
UK Treasury 4.50% 07/09/2034	13.15%
UK Treasury 2.00% 22/07/2020	9.63%
UK Treasury 2.75% 07/09/2024	7.84%
UK Treasury 4.50% 07/03/2019	7.75%
UK Treasury 4.75% 07/09/2015	6.65%
UK Treasury 5.00% 07/03/2025	6.19%
UK Treasury 3.50% 22/01/2045	5.27%
UK Treasury 3.50% 22/07/2068	4.75%
UK Treasury 3.75% 22/07/2052	4.43%

Portfolio Breakdown

	31.07.16	31.07.15
United Kingdom	98.48%	97.52%
Total Investments	98.48%	97.52%
Net Other Assets	1.52%	2.48%
Net Assets	100.00%	100.00%

Revenue Record – Income Shares

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

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

* Up to 30 September 2016 (the final distribution payment date).

Calendar Year Performance

Total Return	Fund[3] %	FTSE® Gov't All Stocks[4] %
2013		
Share Class 2	(4.77)	(3.94)
2014		
Share Class 2	12.41	13.86
2015		
Share Class 2	(0.73)	0.57
2016*		
Share Class 2	12.37	13.66

[3] Source: Aviva Investors (based on 2pm values).
[4] Source: Lipper (based on close of business values).
* Up to 31 July 2016.

The value of an investment in the Aviva Investors UK Gilts MoM 1 Fund and any revenue from it can go down as well as up. You may not get back the original amount invested. Past performance is not a guide to future performance.

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.

RISK PROFILE

Due to a larger proportion of the assets being held in Fixed Income Investments, the risk is based on the broader economic and interest rate environment, and includes interest rate risk and inflation risk. These risks will affect all fixed income investments. However, credit risk, which includes the risk that the issuer will default or be unable to make payments, is specific to issuers and relates to bonds issued by companies.

FUND MANAGER'S REPORT

Performance

Over the twelve months ended 31 July 2016, the Fund* returned 9.20 per cent (net of fees), underperforming the iBoxx Sterling Non-Gilts Index return of 11.85 per cent.

Review

Both corporate and government bonds endured a turbulent year. Investors focused on the key themes of the strength of economic recovery, central bank policy activity (real or inferred) and the search for yield in a low interest rate/low inflation environment. Growth in the US continued but slowed in the UK.

In June 2016, the UK referendum vote to leave the European Union (EU) resulted in considerable economic and (short-term) political uncertainty. Sterling fell dramatically against the US dollar and the euro. Domestically focused UK issuers, especially those in the financial sector, were the hardest hit. Gilt yields fell heavily in the aftermath of the vote as investors moved to price in a combination of slower domestic economic growth, interest rate cuts from the Bank of England and the potential restarting of quantitative easing (QE) in the UK.

Over the year, markets were dominated by the timing and scope of central bank intervention. The US Federal Reserve (the Fed) raised rates only once, in December 2015. Meanwhile, the European Central Bank (ECB) lowered rates in December 2015 and March 2016, extended the length of their asset purchase programme, and expanded it to €80 billion per month. In the UK, the Bank of England promised supportive measures in the wake of the Brexit vote, and the much anticipated interest rate cut and asset purchase programme were eventually announced on 4 August.

The Fund began the period with a small underweight position in interest rate risk relative to its benchmark. We closed this position in the latter half of the third quarter of 2015 as we had become more cautious about the macroeconomic outlook, and believed (correctly) that potential interest rate rises could extend into the future. We ran a broadly neutral duration position

AVIVA INVESTORS UK CREDIT MOM 1 FUND (CONTINUED)

FUND MANAGER'S REPORT (CONTINUED)

Review (continued)

thereafter, preferring to use our risk budget in areas where we had greater conviction. We then lowered the Fund's duration at the start of February 2016, following the large downward move in yields experienced in the opening weeks of 2016. Our opinion was that the extent of the move was unjustified given the only mild deterioration in the global economic outlook. Our underweight duration stance was again closed in the run-up to the UK vote on EU membership, as we believed the balance of risk to reward no longer favoured being short duration. This protected performance to an extent as yields fell heavily after the referendum result. However, over the period as a whole, the Fund's duration positioning was a drag on performance.

We maintained a small overweight position in aggregate credit risk, adjusting the position to suit market conditions. Although credit spreads moved wider in the first eight months of the period, the ECB's inclusion of corporate bonds as part of their QE programme sparked a significant rally.

The largest sector position in the Fund remains a preference for collateralised bonds, at the expense of generic industrial and telecom bonds. The inherently defensive nature of the collateralised sector made the Fund less vulnerable to any generic sell-off in corporate bonds during risk-averse periods. However, the sector did struggle in the final months of 2015 under the weight of selling pressure (as insurance companies looked to optimise their portfolios in the run-up to Solvency II). The sector also failed to keep pace with the broader market rally experienced in March and April 2016.

Within issue selection, the poorest performance came from bonds issued by Standard Chartered. Contributions from bonds in the collateralised sector were mixed with White City Property and Annington Finance positive, while Telereal and Tesco Property were negative. Selections within sovereign and sub sovereign were supportive with notable contributions from bonds issued by EIB, Transport for London and Network Rail.

The reaction in corporate bond markets to the EU referendum vote has, perhaps, been more modest than many commentators were expecting. The relaxed response in both investment grade and high yield is driven by the overriding view that any economic damage from the UK's decision will be localised and that central bank action – ECB bond buying and anticipated Bank of England rate cuts – are enough to keep corporate bond markets supported in the medium term.

Relative to their government bond counterparts, corporate bonds continue to offer an attractive option for investors who need to source income, and unlike many other asset classes are nowhere near their relative highs. Our concern, however, is that the current level of uncertainty may not be fully reflected in current corporate bond yield levels. This concern, therefore, has led us to retain a slightly cautious stance in our portfolios to protect against further weakness, which we would likely regard as a buying opportunity.

August 2016

* 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 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.

COMPARATIVE TABLE

Class 2 Income	2016 p per share	2015 p per share	2014 p per share
Change in net assets per share			
Opening net asset value per share	99.10	96.64	95.35
Return before operating charges†	10.39	6.52	6.38
Operating charges	(0.78)	(0.80)	(0.77)
Return after operating charges†	9.61	5.72	5.61
Distributions on income shares	(3.87)	(4.08)	(4.32)
Closing net asset value per share	104.84	99.10	96.64
Retained distributions on accumulation shares	–	–	–
† after direct transaction costs of	–	–	–
Performance			
Return after operating charges	9.70%	5.92%	5.88%
Other information			
Closing net asset value (£000)	97,632	117,868	102,870
Closing number of shares	93,126,919	118,941,868	106,442,516
Operating charges (%)‡	0.79%	0.79%	0.79%
Direct transaction costs (%)#	–	–	–
Prices≈			
Highest share price	106.12	106.07	98.46
Lowest share price	96.37	97.22	93.63

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

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

(b) The Ongoing Charges Figure 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.

FUND FACTS

Accounting dates	Ex-dividend dates	Distribution dates
31 July	1 August	30 September
	1 November	31 December
31 January	1 February	31 March
	1 May	30 June

Ongoing Charges Figure*

	31.07.16	31.07.15
Share 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 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).

Total Return – Income Shares

	Fund[1]	iBoxx Sterling Non-Gilts Index[2]
Share Class 2	9.20%	11.85%

[1] Source: Aviva Investors (based on 2pm values) year ended 31 July 2016.

[2] Source: Lipper (based on close of business values) year ended 31 July 2016.

Synthetic Risk and Reward Indicator

Lower risk	Higher Risk
Typically lower rewards	Typically higher reward

1	2	**3**	4	5	6	7

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

– This indicator is based on historical data, calculated using European Union rules, and may not be a reliable indication of the future risk profile of the Fund.

– The risk and reward category shown is not guaranteed to remain unchanged and may change over time. The lowest category does not mean 'risk free'.

– Bond values are affected by changes in interest rates, inflation and any decline in creditworthiness of the bond issuer. Bonds that produce a higher level of income usually have a greater risk of default.

– Full information on the risks applicable to the Fund is detailed in the Prospectus.

Top Ten Holdings

31.07.16	
Transport for London 3.88% 23/07/2042	2.43%
Transport for London 2.25% 09/08/2022	2.30%
European Investment Bank 5.38% 07/06/2021	2.26%
KFW 2.00% 06/12/2018	2.23%
European Investment Bank 3.88% 08/06/2037	2.05%
European Investment Bank 4.75% 15/10/2018	1.89%
HSBC Bank plc 4.75% 24/03/2046	1.39%
DONG Energy A/S 5.75% 09/04/2040	1.37%
Electricite de France SA 6.00% 23/01/2114	1.35%
Network Rail Infrastructure Finance plc 4.75% 29/11/2035	1.34%

Top Ten Holdings

31.07.15	
Transport for London 2.25% 09/08/2022	2.04%
Transport for London 3.88% 23/07/2042	1.99%
European Investment Bank 3.88% 08/06/2037	1.94%
European Investment Bank 4.75% 15/10/2018	1.58%
Network Rail Infrastructure Finance plc 4.88% 27/11/2015	1.55%
European Investment Bank 8.75% 25/08/2017	1.35%
AA Bond Co. Ltd. 6.27% 02/07/2043	1.29%
APT Pipelines Ltd. 3.50% 22/03/2030	1.29%
KFW 5.50% 07/12/2015	1.21%
Mitchells & Butlers Finance plc 6.47% 15/09/2032	1.12%

Portfolio Breakdown

	31.07.16	31.07.15
United Kingdom	55.71%	49.10%
United States of America	14.05%	14.51%
SNA*	7.50%	6.35%
France	5.98%	6.71%
Netherlands	3.43%	4.18%
Jersey	3.24%	5.47%
Australia	3.15%	3.43%
Germany	2.23%	1.21%
Denmark	1.37%	0.96%
Cayman Islands	1.06%	1.44%
Sweden	0.94%	0.92%
Ireland	–	1.34%
Total Investments	98.66%	95.62%
Net Other Assets	1.34%	4.38%
Net Assets	100.00%	100.00%

* SNA (supra-national agencies) is a sector that does not have a particular national identity such as Development banks and agencies. Such examples are the World Bank and European Investment Bank.

Revenue Record – Income Shares

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

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

* Up to 30 September 2016 (the final distribution payment date).

Calendar Year Performance

Total Return	Fund[3] %	iBoxx Sterling Non-Gilts Index[4] %
2013		
Share Class 2	0.12	0.87
2014		
Share Class 2	10.99	12.20
2015		
Share Class 2	(0.62)	0.49
2016*		
Share Class 2	10.16	12.08

[3] Source: Aviva Investors (based on 2pm values).
[4] Source: Lipper (based on close of business values).
* Up to 31 July 2016.

The value of an investment in the Aviva Investors UK Credit MoM 1 Fund and any revenue from it can go down as well as up. You may not get back the original amount invested. Past performance is not a guide to future performance.

AVIVA INVESTORS STERLING CREDIT MOM 1 FUND

INVESTMENT OBJECTIVE

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

INVESTMENT POLICY

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

RISK PROFILE

Due to a larger proportion of the assets being held in Fixed Income Investments, the risk is based on the broader economic and interest rate environment, and includes interest rate risk and inflation risk. These risks will affect all fixed income investments. However, credit risk, which includes the risk that the issuer will default or be unable to make payments, is specific to issuers and relates to bonds issued by companies.

FUND MANAGER'S REPORT

Performance

Over the twelve months ended 31 July 2016, the Fund* returned -0.34 per cent (net of fees), underperforming its composite benchmark 35 per cent iBoxx EUR HY; 35 per cent iBoxx EUR Overall Corporate; 30 per cent 3m LIBOR return of 3.00 per cent.

Review

From August to year end 2015, the Fund suffered, firstly from the fears around a slowdown in global growth and secondly from the significant fall in commodity prices, which contributed to a significant fall in AT1 (Additional Tier 1) and CLO (collateralised loan obligation) prices in January/February of 2016.

While the markets had sporadic periods of calm, which helped prices, the lead up to the "Brexit" vote, and the actual result to leave the EU, also caused significant distribution and the inability to hedge the portfolio in advance of this vote, had a substantial impact on the NAV during that period.

As we approached the end of the period, July was a much stronger month for risk assets, as the market responded very positively to the European Central Bank (ECB) quantitative easing (QE) policies, while action from the Bank of England (BoE) is also expected.

August is typically a quiet month for market activity but August 2015 proved to be an exception, with participants anxious about higher US interest rates and the effect this would have on a fairly weak global economy. When the People's Bank of China announced an adjustment to the Yuan fixing leading to a 2 per cent reduction in the value against the USD, the markets began a self-led spiral down with the Dow Jones index opening over 1000pts weaker on 24 August. The weak sentiment continued into the end of Q3 2015 with liquidity all but completely evaporating.

AVIVA INVESTORS STERLING CREDIT MOM 1 FUND (CONTINUED)

FUND MANAGER'S REPORT (CONTINUED)

Review (continued)

Midway through October a relatively poor US non-farm payrolls number was interpreted as ending the chance of an October interest rates hike, which in turn helped to turn sentiment. Meanwhile, the Q3 earnings cycle saw US corporates generally beating profit forecasts but falling short on revenues, due to the strong dollar.

In Europe, the ECB talk became markedly more dovish at the start of Q4, while conversely, the Federal Open Market Committee (FOMC) October meeting inferred that a first interest rates hike was on the cards, reversing the relief rally and improved sentiment.

Unusually December turned out to be very challenging for investors to navigate, with the ECB cutting the deposit interest rate to minus 30bp and expanding QE, while the FOMC hiked Federal Reserve Funds to 0.25-0.50 per cent leading to large outflows from US high yield bond funds and the US high yield sector recording only its third negative year in the last two decades, losing 5 per cent. The downward spiral continued to the year-end with commodity prices at the core of the action, with Brent crude down a further 17 per cent in the month, taking 2015 losses to a huge 44 per cent.

The weak sentiment continued into January and 2016 had the most depressed start to a year we can recall. The weakness in oil prices continued resulting in WTI crude testing new lows of $28.50 a barrel, while China released Q4-2015 GDP numbers of 6.8 per cent which, though just 0.1 per cent below consensus, sent the market bears a late Christmas present. At the first FOMC of 2016, Janet Yellen signaled that the Fed was on hold, but the Bank of Japan (BoJ) then shocked the market by moving domestic rates into negative, while the BoE and ECB also became increasingly dovish.

The negative tone that had weighed down the previous nine months reached a low point in early February as the 'rolling bear' sentiment switched its attention to the banking sector with speculation that Deutsche Bank would be the first bank not to pay coupons on their contingent capital bonds, while CLOs, also endured sharp price declines in the month on the news that Credit Suisse was selling its holdings.

At the end of Q1-2016 the market received a welcome boost with the ECB announcing a raft of stimuli that exceeded all expectations. Banks were effectively offered unlimited liquidity support through to March 2021, which led to a significant relief rally in subordinated bank paper across the Euro-region.

On the other side of the Atlantic the FOMC decided to keep Fed-Funds on hold and as we moved into the Q2-2016 the markets became more benign on reduced fears of a hard landing in China, while the "Remain" camp took an early lead in the UK referendum opinion polls. Indeed, "Brexit" became the only story for June, with those advocating a Remain vote enjoying strong early support and, in the build up to the decision, the expectations of a "Brexit" result had all but been discounted by the markets. When the shock result was announced on the morning of 24th June, it was sterling that was hit hardest by early selling pressure; with STG/USD trading down over 11 per cent to 1.32. In credit, the bellwether Xover index widened out 125bps to +450bps and 30yr UST bonds rallied over three points in the classic flight to safety trade.

AVIVA INVESTORS STERLING CREDIT MOM 1 FUND (CONTINUED)

FUND MANAGER'S REPORT (CONTINUED)

Review (continued)

As we approach July month end, the markets have rallied impressively, with the fears of the consequences of Brexit being more than overshadowed by the "technical" impact of ECB QE and the expectation of support from the BoE. Spreads have tightened markedly, helped by changes to the capital regulation, which have offered support to AT1s, in particular, and the EU bank stress tests, where the sector performed very well. The squeeze tighter in spreads seems likely to continue for the time being, although further volatility is expected once the "Brexit" vote feeds into the economic data, while the US election is also on the horizon.

Most of the focus over the summer will be on UK economic data, in order to assess the impact of the UK decision to leave the EU. There will also be considerable interest on the timing and the rhetoric that accompanies the UK decision surrounding the triggering of Article 50.

In the immediate term, the main sentiment driver will likely come from the BoE meeting in early August and the extent of the stimulus (if at all) it announces. A 25bp rate cut is widely expected whereas the addition of any asset purchase program will likely extend the current market rally. That aside, market technicals have softened recently and the fundamental economic factors are becoming more prominent.

Political headwinds are also likely to increase over the second half, with a key constitutional referendum in Italy (expected November) and the all-important US election edging ever closer and the PMs expect these events to be accompanied by an increase in market volatility.

August 2016

* 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.

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 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.

COMPARATIVE TABLE

Class 2 Income	2016 p per share	2015 p per share	2014 p per share
Change in net assets per share			
Opening net asset value per share	105.79	106.07	100.00
Return before operating charges†	1.42	1.79	12.47
Operating charges	(0.81)	(0.85)	(0.85)
Return after operating charges†	0.61	0.94	11.62
Distributions on income shares	(5.68)	(1.22)	(5.55)
Closing net asset value per share	100.72	105.79	106.07
Retained distributions on accumulation shares	–	–	–
† after direct transaction costs of	–	–	–
Performance			
Return after operating charges	0.58%	0.89%	11.62%
Other information			
Closing net asset value (£000)	70,809	89,287	92,082
Closing number of shares	70,306,075	84,396,386	86,813,983
Operating charges (%)‡	0.80%	0.80%	0.80%
Direct transaction costs (%)#	–	–	–
Prices≈			
Highest share price	106.02	108.94	108.76
Lowest share price	96.74	104.84	100.00

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

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

(b) The Ongoing Charges Figure 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.

FUND FACTS

Accounting dates	Ex-dividend dates	Distribution dates
31 July	1 August	30 September
	1 November	31 December
31 January	1 February	31 March
	1 May	30 June

Ongoing Charges Figure*

	31.07.16	31.07.15
Share Class 2	0.80%	0.80%

* The Ongoing Charges Figure (OCF) is calculated as the ratio of the total ongoing charges to the average net asset value of the Fund over the 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).

Total Return – Income Shares

	Fund[1]	Composite Index[2]
Share Class 2	(0.34)%	2.77%

[1] Source: Aviva Investors (based on 2pm values) year ended 31 July 2016.

[2] Source: Lipper (based on close of business values) year ended 31 July 2016.

Synthetic Risk and Reward Indicator

Lower risk						Higher Risk
Typically lower rewards						Typically higher reward
1	2	**3**	4	5	6	7

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

– This indicator is based on historical data, calculated using European Union rules, and may not be a reliable indication of the future risk profile of the Fund.

– The risk and reward category shown is not guaranteed to remain unchanged and may change over time. The lowest category does not mean 'risk free'.

– Bond values are affected by changes in interest rates, inflation and any decline in creditworthiness of the bond issuer. Bonds that produce a higher level of income usually have a greater risk of default.

– For Asset Backed securities, there is no guarantee that the value of the underlying assets or the income from them will be maintained, which could result in losses for the Fund. These types of security may also be more difficult to sell which can adversely affect their value.

– Full information on the risks applicable to the Fund is detailed in the Prospectus.

Top Ten Holdings	
31.07.16	
UK Treasury 2.25% 07/09/2023	5.62%
Hayfin Ruby II Luxembourg SCA, FRN, Series 2X 'D2' 5.25% 28/08/2024	3.61%
UK Treasury 2.00% 07/09/2025	3.57%
Dryden 35 Euro CLO 2014 BV, FRN, Series 2014-35X 'DN' 3.79% 17/05/2027	2.89%
Coventry Building Society, FRN 6.37% Perpetual	2.77%
Nationwide Building Society, FRN 6.87% Perpetual	2.70%
Liverpool Victoria Friendly Society Ltd., FRN 6.50% 22/05/2043	2.41%
Avoca CLO XIII Ltd., FRN, Series 13X 'D' 3.22% 29/12/2027	2.25%
Credit Agricole SA, FRN 8.12% Perpetual	2.15%
esure Group plc 6.75% 19/12/2024	2.07%

Top Ten Holdings	
31.07.15	
Hayfin Ruby II Luxembourg SCA, FRN, Series 2X D2 5.18% 28/08/2024	3.34%
Society of Lloyd's, FRN 7.42% Perpetual	3.22%
RL Finance Bonds plc, FRN 6.12% Perpetual	2.98%
Spain Government Bond 1.95% 30/07/2030	2.97%
RSA Insurance Group plc, FRN 6.70% Perpetual	2.96%
Coventry Building Society, FRN 6.37% Perpetual	2.94%
Nationwide Building Society, FRN 6.88% Perpetual	2.81%
Barclays Bank plc, FRN 14.00% Perpetual	2.65%
Banco Bilbao Vizcaya Argentaria SA, FRN 9.00% Perpetual	2.64%
Credit Suisse AG 6.50% 08/08/2023	2.56%

Portfolio Breakdown		
	31.07.16	**31.07.15**
United Kingdom	43.14%	43.70%
Netherlands	7.64%	11.08%
Luxembourg	7.60%	3.78%
France	5.90%	8.27%
Ireland	5.84%	10.29%
United States of America	5.68%	–
Switzerland	2.97%	3.91%
Germany	2.49%	2.00%
Belgium	2.38%	–
Spain	2.03%	6.94%
Italy	1.90%	0.51%
Austria	1.66%	–
New Zealand	1.66%	–
Bermuda	1.17%	–
Norway	0.67%	–
Cayman Islands	–	1.94%
Portugal	–	2.47%
Other Countries	0.73%	1.74%
Total Investments	93.46%	96.63%
Net Other Assets	6.54%	3.37%
Net Assets	100.00%	100.00%

Revenue Record – Income Shares

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

Share class	Financial year	Net revenue per share (p)	Per £1,000 invested (£)
Class 2	2014	1.0936	10.94
	2015	4.6237	46.24
	2016*	3.3701	33.70

* Up to 30 September 2016 (the final distribution payment date).

Calendar Year Performance

Total Return	Fund[3] %	Composite Index[4] %
2013		
Share Class 2	6.21	1.30
2014		
Share Class 2	6.03	(0.53)
2015		
Share Class 2	1.92	(0.33)
2016*		
Share Class 2	1.43	3.82

[3] Source: Aviva Investors (based on midday values, mid to mid basis, net income reinvested, net of fees) year ending 31 July 2016.
[4] Source: Lipper (based on close of business values).
* From 12 September 2013 (date of launch).

The value of an investment in the Aviva Investors Sterling Credit MoM 1 Fund and any revenue from it can go down as well as up. You may not get back the original amount invested. Past performance is not a guide to future performance.

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.

RISK PROFILE

Due to a larger proportion of the assets being held in Fixed Income Investments, the risk is based on the broader economic and interest rate environment, and includes interest rate risk and inflation risk. These risks will affect all fixed income investments. However, credit risk, which includes the risk that the issuer will default or be unable to make payments, is specific to issuers and relates to bonds issued by companies.

FUND MANAGER'S REPORT

Performance

Over the twelve months ended 31 July 2016, the Fund* returned 3.28 per cent (net of fees), underperforming the Barclays Global Aggregate (hedged to GBP) Index return of 13.87 per cent.

Review

Relative performance was down versus the benchmark during the time period, with underperformance in foreign exchange allocation and security selection being the main drivers. An underweight position in several Asian currencies (such as the Singapore Dollar, Korean Won, and Taiwan Dollar) detracted from performance. Foreign exchange underperformance was also attributed to an underweight across the dollar bloc (Australia, New Zealand, and Canada), which outperformed during the period. Although asset allocation performance was positive, our overweight position in inflation linked securities was a source of underperformance as well. Security selection underperformance was driven predominantly by names held in the corporate credit sector, both in investment grade and high yield and mostly in the commodity-related sectors. Yield curve positioning was a slight positive to performance due to our positioning in Japan, Australia and Canada, which was somewhat offset by our positioning in the US, Europe, and the UK

AVIVA INVESTORS GLOBAL AGG MOM 1 FUND (CONTINUED)

FUND MANAGER'S REPORT (CONTINUED)

Review (continued)

The past twelve months have seen multiple periods of volatility, led by moves in oil and active global central banks. During this time, we saw a large sell off in commodity prices during the second half of 2015, which continued into January and February of 2016. We've also seen the continuation of slow global growth, which has persisted since the global financial crisis and has kept central bank intervention active in markets. This central bank activity has created a very technically driven market, where we see bouts of wide price swings as the market looks to interpret economic signals and comments. Over this period, we've seen an increase in monetary policy through rate cuts, as well as quantitative easing, which continues to expand away from sovereign debt and into areas such as corporate bonds and other securities. This expansion of quantitative easing has driven interest rates lower across developed markets and has generated spread volatility during periods of uncertainty.

In the US, the Federal Reserve increased rates in December 2015, after a major risk rally which started the fourth quarter of 2015. High yield, credit and emerging markets all staged recoveries in October off of their lows in September as commodity prices stabilised and sovereign yields sold off. November and December were decidedly the opposite as multiple events conspired against bond markets globally. In emerging markets, multiple political events, from further negative news in Brazil, to a change in finance minister in South Africa, further impaired that sector. In high yield and credit, oil prices dove to new lows on further concerns of demand. In the second half of December, however, we saw a rally in spread product on the back of the Fed move as the market believed the central bank was seeing some stability in the economy.

The first quarter of 2016 was a tale of two halves. The first half saw a rally in sovereign debt yields and a major selloff in credit spreads as Fed comments were more dovish than the markets expected and growth fears in China exacerbated concerns over commodity prices. This downturn in the markets and commodity prices quickly reversed in mid-February and we saw a massive rally in risk from high yield and investment grade corporates to emerging markets. This rally continued through the end of the first quarter into the second quarter and has been a major theme for returns in global bond markets.

FUND MANAGER'S REPORT (CONTINUED)

Review (continued)

During the second quarter of 2016, global central bank intervention and a political shift towards populism both continued to grow. The quarter was marked by an expansion of European Central Bank (ECB) and Bank of Japan (BoJ) easing policies and was capped off by the vote in the UK to exit the European Union. This expansion of easy monetary policies, continued to be a catalyst for corporate credit spreads to tighten in most major markets, and to keep interest rates near their lows, further expanding the number of regions with negative interest rates. As we headed into July, and the post-UK referendum world, we were met, once again, with further spread volatility, which, as it did in February, quickly reversed course and rally beyond the market prior to the downturn. The vote was also followed by additional central bank accommodation by the Bank of England (BoE), as well as fiscal stimulus in Japan. These moves, in conjunction with a stabilisation in commodity prices and a breakdown in the correlation in risk markets with commodities, continued to be supportive to credit spreads and emerging markets.

We expect world GDP to continue to grow moderately in 2016, with the balance of risk shifted to the downside. US economic growth looks poised to stay above the two per cent trend in 2016, although global volatility may test this level. Broader developed market growth looks mixed, but generally positive. Accommodative monetary policy across developed markets should continue to bolster their economies, however, the impact of the policies has moderated. We still believe that the market is not pricing in the potential for inflation due to the unprecedented global central bank accommodation. Emerging market economic growth remains mixed, varying by region, however a stabilisation in the US dollar and commodity prices should be fundamentally supportive. The balance of risks in China are tilted lower as the authorities face a growing need for making important policy trade-offs as growth continues to slow.

FUND MANAGER'S REPORT (CONTINUED)

Review (continued)

Moderating economic fundamentals in the US combined with recent tightening of financial conditions are likely to cause the Federal Reserve to exercise caution in evaluating the appropriate pace of policy normalisation in the coming quarters. We would expect the Fed to continue to be cautious and utilise commentary to guide the market toward a slow path of interest rate increases. Softer global growth will continue to impact Fed activity, while they monitor the inflation and employment picture in the US. Less than one rate hike is priced into the market, however, we believe the economic conditions in the US could warrant a move by the central bank before the end of the year.

August 2016

* 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 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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COMPARATIVE TABLE

Class 2 Income	2016 p per share	2015 p per share	2014 p per share
Change in net assets per share			
Opening net asset value per share	106.88	104.69	101.92
Return before operating charges†	4.79	5.20	6.13
Operating charges	(0.87)	(0.86)	(0.82)
Return after operating charges†	3.92	4.34	5.31
Distributions on income shares	(2.10)	(2.15)	(2.54)
Closing net asset value per share	108.70	106.88	104.69
Retained distributions on accumulation shares	–	–	–
† after direct transaction costs of	(0.09)	–	–
Performance			
Return after operating charges	3.67%	4.15%	5.21%
Other information			
Closing net asset value (£000)	98,397	90,224	94,558
Closing number of shares	90,517,628	84,417,523	90,325,415
Operating charges (%)‡	0.82%	0.80%	0.80%
Direct transaction costs (%)#	0.08%	–	–
Prices≈			
Highest share price	109.41	110.26	105.69
Lowest share price	105.42	104.78	100.79

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

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

(b) The Ongoing Charges Figure 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.

FUND FACTS

Accounting dates	Ex-dividend dates	Distribution dates
31 July	1 August	30 September
	1 November	31 December
31 January	1 February	31 March
	1 May	30 June

Ongoing Charges Figure*

	31.07.16	31.07.15
Share 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 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).

Total Return – Income Shares

	Fund[1]	Barclays Global Aggregate Share[2]
Share Class 2	3.28%	13.87%

[1] Source: Aviva Investors (based on 2pm values) year ended 31 July 2016.

[2] Source: Lipper (based on close of business values) year ended 31 July 2016.

Synthetic Risk and Reward Indicator

Lower risk						Higher Risk
Typically lower rewards						Typically higher reward
1	2	**3**	4	5	6	7

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.
- Full information on the risks applicable to the Fund is detailed in the Prospectus.

Top Ten Holdings

31.07.16	
Japan Government Inflation Linked 0.10% 10/03/2025	3.93%
France Government Bond 3.25% 25/10/2021	3.70%
US Treasury 2.50% 15/05/2046	3.60%
US Treasury Bill 0.00% 15/09/2016	3.15%
Australia Government Bond 3.25% 21/04/2025	2.68%
Mexico Government Bond 4.75% 14/06/2018	2.65%
Bundesrepublik Deutschland Bond 2.50% 15/08/2046	2.60%
Italy Buoni Poliennali Del Tesoro 3.50% 01/06/2018	2.53%
Bundesrepublik Deutschland Bond 2.25% 04/09/2020	2.31%
Italy Buoni Poliennali Del Tesoro 2.34% 15/09/2024	2.23%

Top Ten Holdings

31.07.15	
Asian Development Bank 2.35% 21/06/2027	2.52%
Italy Buoni Poliennali Del Tesoro 3.75% 01/09/2024	2.28%
UK Treasury 4.25% 07/06/2032	2.23%
Italy Buoni Poliennali Del Tesoro 1.50% 01/06/2025	2.09%
KFW 2.05% 16/02/2026	1.81%
Nordea Bank AB 3.13% 20/03/2017	1.68%
France Government Bond OAT 2.25% 25/05/2024	1.67%
Spain Government Bond 2.75% 31/10/2024	1.60%
US Treasury 2.13% 30/06/2022	1.54%
European Investment Bank 2.15% 18/01/2027	1.42%

Portfolio Breakdown

	31.07.16	31.07.15
United States of America	28.13%	22.58%
France	7.80%	5.76%
Germany	7.48%	3.90%
Japan	7.09%	0.56%
Italy	5.92%	6.54%
United Kingdom	5.10%	10.07%
Netherlands	4.73%	6.56%
Australia	4.29%	3.59%
Spain	3.81%	4.67%
Mexico	3.43%	3.36%
Other Countries	19.07%	24.61%
Total Investments	96.85%	92.20%
Net Other Assets	3.15%	7.80%
Net Assets	100.00%	100.00%

Revenue Record – Income Shares

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

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

* Up to 30 September 2016 (the final distribution payment date).

Calendar Year Performance

Total Return	Fund[3] %	Barclays Global Aggregate Share[4] %
2013		
Share Class 2	(1.75)	(4.41)
2014		
Share Class 2	7.63	6.84
2015		
Share Class 2	(0.80)	0.47
2016*		
Share Class 2	4.32	13.78

[3] Source: Aviva Investors (based on 2pm values).
[4] Source: Lipper (based on close of business values).
* Up to 31 July 2016.

The value of an investment in the Aviva Investors Global Agg MoM 1 Fund and any revenue from it can go down as well as up. You may not get back the original amount invested. Past performance is not a guide to future performance.

OTHER INFORMATION

More information about the activities and performance of the Aviva Investors Manager of Manager ICVC (ICVC 2) for this and previous periods can be obtained from the Authorised Corporate Director.

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

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

Significant Information

Fund Closure

On 3 March 2016, the investors in the Aviva Investors UK Equity MoM 5 Fund switched their holdings into the Aviva Investors UK Equity MoM 1 Fund, Aviva Investors UK Equity MoM 2 Fund and Aviva Investors UK Equity MoM 3 Fund resulting in the disposal of all the investments in the Fund. The Fund commenced termination on 7 July 2016 and completed termination on 30 July 2016.

FATCA and CRS Reporting

Tax regulations require us to collect information about your tax residency and you will have therefore provided this at the time of making your investment with us. The term tax regulations refers to the International Tax Compliance Regulations 2015 which implements the Foreign Account Tax Compliance Act (FATCA) and the OECD Common Reporting Standard (CRS) for Automatic Exchange of Financial Account Information. As a result, in certain circumstances we will be obliged to share information about your account(s) with Her Majesty's Revenue & Customs (HMRC) who may in turn share this information with any or all jurisdictions that have agreed to exchange information under FATCA and CRS. The information previously provided by you at the time of making your investment will be used by us to report to HMRC regarding your account(s), where so required. This does not apply where you have invested with us solely via an ISA.

OTHER INFORMATION (CONTINUED)

Remuneration Policy

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

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

Changes to the Prospectus

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

Regular Savings Mandates set up before 31 December 2012

From 13 April 2016, the ACD has discounted the initial charge in full on all future investment made in each of the Funds through regular investment mandates set up before 31 December 2012.

Change to Aviva Investors Sterling Credit MoM 1 Fund investment policy

The ACD has amended the investment policy of this Fund to relax the requirement that at least 50 per cent of the Fund should be invested in Sterling denominated fixed interest securities, whilst still maintaining the constraint that Sterling exposure will continue to be managed within a range of 98 per cent to 102 per cent.

OTHER INFORMATION (CONTINUED)

Investment Policy clarification 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
The ACD has clarified the investment policy of these Funds by removing the sentence "Investment grade credit is that which has been assigned a credit rating of BBB or higher by Standard & Poor's or an equivalent rating assigned by another recognised rating agency." from the investment policy of each of the following Funds in the Scheme's Prospectus: 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.

Annual General Meetings
The Company will not be holding Annual General Meetings.

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

Report and Financial Statements
Copies of the annual and half yearly long form report and financial statements are available free of charge by calling us on 0800 051 2003, or by writing to us at:

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

Telephone calls may be recorded for training and monitoring purposes.

Paper Information
The paper used to produce this document originates from forests that are managed in accordance with the principles and criteria of the Forest Stewardship Council (FSC). The paper is chlorine free.

COMPANY INFORMATION

Authorised Corporate Director
Aviva Investors UK Fund Services Limited
No.1 Poultry
London, EC2R 8EJ

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 of the Authorised Corporate Director
I Buckle
E Potter (resigned 19 October 2015)
J Misselbrook
D Dahan (resigned 31 March 2016)
S Ebenston
C Abrahams (resigned 31 December 2015)
A Brown (resigned 22 July 2016)
M Craston (appointed 22 March 2016)
G Cass (appointed 16 June 2016)

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

Investment Manager
Aviva Investors Global Services Limited
No. 1 Poultry
London, EC2R 8EJ

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, E14 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
7 More London Riverside
London, SE1 2RT

PricewaterhouseCoopers LLP have been reappointed as auditors of the Company.

Please use the details below to ask for additional information, to buy or sell investments, or if you wish to complain to us.

If you wish to write to us:

Aviva Investors Administration Office
PO Box 10410
Chelmsford CM99 2AY

If you wish to call us:

Customer services: 0800 051 2003
(8.30am – 5.30pm Monday to Friday)

Dealing services: 0800 051 2003
(8.30am – 5.00pm Monday to Friday)

Calls to this number may be recorded for training and monitoring purposes. Calls are free from landlines and mobiles.

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Registered address: No. 1 Poultry, London EC2R 8EJ.
An Aviva company.

Further information about Aviva Investors can be found on our website

avivainvestors.com