

AVIVA INVESTORS PORTFOLIO FUNDS ICVC

Annual Report and Financial Statements

For the year ended 28 February 2018

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

COMPANY INFORMATION

AUTHORISED CORPORATE DIRECTOR

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

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

DIRECTORS

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

ADMINISTRATOR AND REGISTRAR

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

Changes to Administrator and Registrar name

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

FUND ACCOUNTING AND PRICING AGENT

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

INVESTMENT MANAGER

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

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

DEPOSITARY

Citibank Europe plc, UK Branch
Citigroup Centre
25 Canada Square, Canary Wharf
London, E14 5LB

Citibank Europe plc is authorised and regulated by the Central Bank of Ireland, and the Prudential Regulation Authority in the UK, however, in respect of its services as a depositary in the UK is subject to limited regulation by the Financial Conduct Authority and the Prudential Regulation Authority.

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP
Atria One
144 Morrison St
Edinburgh, EH3 8EB

REPORT OF THE AUTHORISED CORPORATE DIRECTOR

THE COMPANY

Aviva Investors Portfolio Funds ICVC (“the Company”) is an Open-Ended Investment Company (OEIC) with variable capital incorporated in England and Wales on 5 March 2007. The property of the Company is entrusted to Citibank Europe plc (“the Depositary”). The shareholders are not liable for any debts of the Company.

The object of the Company is to invest the Scheme Property in transferable securities, money market instruments, cash and near cash, units in collective investment schemes, deposits, derivatives and forward transactions, immovable property and gold in accordance with the COLL Sourcebook (which may include stock lending, borrowing, cash holdings, hedging and using other investment techniques permitted in the COLL Sourcebook) with the aim of spreading investment risk and giving its Shareholders the benefit of the results of the management of that property.

The Company has an umbrella structure which means that it contains many sub-funds (“Funds”), each with a different investment objective. In the financial statements you will find an investment review for each Fund which includes details of the investment objectives. There are currently eight launched Funds in the Aviva Investors Portfolio Funds ICVC.

AUTHORISED STATUS

From 5 March 2007 the Company was authorised as an Open-Ended Investment Company under Regulation 12 of the Open-Ended Investment Companies Regulations 2001 (“Regulations”).

The Company is authorised to operate as a “Non-UCITS Retail Scheme” for the purposes of the COLL Sourcebook and as an Alternative Investment Fund (“AIF”) for the purposes of the FUND Sourcebook. These sourcebooks form part of the regulatory handbook issued by the Financial Conduct Authority (“FCA”).

THE FINANCIAL STATEMENTS

We are pleased to present the annual financial statements of the Company for the year ended 28 February 2018. As required by the Regulations, information for each of the Funds has also been included in these financial statements. On the following pages we review the performance of each of those Funds during the year. We hope that you find our review useful and informative.

ANNUAL GENERAL MEETINGS

The Company will not be holding any Annual General Meetings.

SIGNIFICANT INFORMATION

On 18 March 2017, Aviva Investors UK Fund Services Limited replaced Aviva Investors UK Funds Limited as the ISA Manager of all Aviva Investors ISA accounts. Other than the identity of the registered ISA Manager, no changes were made to the ISAs or the way they are run as a result of this change.

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

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

Remuneration

In line with the requirements of the Alternative Investment Fund Managers Directive (“AIFMD”), the ACD is subject to a remuneration policy which is consistent with the principles outlined in the European Securities and Markets Authority guidelines on sound remuneration policies under AIFMD.

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

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

- The financial considerations includes the following comparisons:
 - Actual results vs. prior period results
 - Actual results vs. agreed plans
 - Actual results relative to competitors
 - Actual results vs., and progress towards, our long-term target ambition.

REPORT OF THE AUTHORISED CORPORATE DIRECTOR (CONTINUED)

Remuneration (continued)

- The non-financial considerations include risk, conduct, culture, customer and employee engagement metrics, with Aviva values clearly underpinning all our decisions. In certain roles, adherence to Responsible Investment and ESG principles will also be a consideration.
- The Performance assessment does not encourage risk taking outside the Aviva Investors stated risk appetite, and includes mechanisms by which performance against risk and conduct related measures has a significant impact on the availability and size of business and individual variable awards.

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

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

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

STATEMENT OF CROSS HOLDINGS

There are no cross holdings as at 28 February 2018.

POLICIES AND RISKS

ACCOUNTING POLICIES

a Basis of accounting

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

All of the Funds have been prepared on a going concern basis.

b Share classes

The Funds have three types of share classes; retail shares (classes 1 and 4), institutional shares (class 2 and R3) and shares held by associated undertakings of Aviva Plc (classes 3 and 9). Each class bears different charges and consequently the level of revenue allocated to each share class will differ. Some share classes consist of either accumulation or income shares, whilst others consist of both accumulation and income shares.

For the five Multi-Asset Funds, for all share classes excluding share class 9, the total direct charges, over and above the ACD's periodic charge, borne by each share class is currently capped at 0.25%. For share class 9 of the five Multi-Asset Funds, the total of all charges (direct and synthetic) is capped at the ACD's periodic charge (0.35%).

c Recognition of revenue

Revenue received and accumulated from Collective Investment Schemes (CIS) is recognised when the CIS is quoted ex-dividend. Revenue received from offshore CIS is recognised when the CIS is quoted ex-dividend. Any excess reportable income notified after the accounting year end date of the offshore CIS is recognised when the notification is received.

Management fee rebates from CIS are accrued daily and are recognised as revenue or capital according to the treatment of the expense in the underlying CIS.

Deposit interest and other revenue are recognised on an accruals basis.

d Treatment of derivatives

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

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

e Dilution Levy Policy

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

f Underwriting commission

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

g Basis of valuation of investments

Quoted investments

The quoted investments of the Company have been valued at bid value at 9am on the last working day of the accounting period for the three Multi-Manager Funds and at 2pm for the five Multi-Asset Funds.

Unquoted and unapproved investments

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

Suspended securities

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

Delisted securities

Delisted securities have been valued by the Investment Manager using available information to arrive at an estimated fair value.

Forward foreign currency contracts

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

Over the counter (OTC) derivatives

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

Exchange traded derivatives (ETDs)

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

CIS investments

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

h Exchange rates

Assets and liabilities held in foreign currencies are translated at the rate ruling at 9am on the last working day of the accounting period for the three Multi-Manager Funds and at 2pm for the five Multi-Asset Funds. Revenue and expenditure items are translated at the rate ruling at the date of transaction.

POLICIES AND RISKS (CONTINUED)

ACCOUNTING POLICIES (CONTINUED)

i Taxation and deferred taxation

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

j Cash equivalents

In accordance with the AIFMD requirements, the Fund has treated some investments in the Portfolio Statement as Cash equivalents for the purposes of the Balance Sheet disclosure. Investments are regarded as Cash equivalents if they meet all of the following criteria:

- highly liquid investments held in sterling that are readily convertible to a known amount of cash;
- are subject to an insignificant risk of change in value; and
- provide a return no greater than the rate of a three month high quality government bond.

k Unclaimed distributions

Any distribution remaining unclaimed after a period of six years is paid back to the relevant Fund and forms part of the capital property of the Fund.

DISTRIBUTION POLICIES

a Distribution policy

Where appropriate the Company will pay any surplus revenue as a revenue distribution or accumulation to capital. None of the Funds were more than 60% invested in qualifying investments and so have proposed dividend distributions. Full details are set out in the distribution tables.

b Treatment of management expenses

All expenses, except those relating to the purchase and sale of investments and transaction charges are charged to the revenue property of the respective Funds, on an accruals basis.

c Treatment of equalisation from underlying CIS

Equalisation received as part of the revenue from CIS is deducted from the cost of the investment.

FINANCIAL INSTRUMENTS

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

Whilst certain Funds of the Company have the investment powers to invest in derivatives for investment, efficient portfolio management and hedging purposes, currently all Funds only use derivatives for hedging and efficient portfolio management. The Company enters into derivative transactions in the form of forward foreign currency contracts and stock index futures. Forward foreign currency contracts are used to manage currency risk arising from holdings of overseas securities. Stock index futures are used to manage market risk arising from the time lag between funds being receivable or payable by the Company and investment or disinvestment in underlying securities.

In accordance with requirements set out in the Collective Investment Schemes Sourcebook (COLL) of the Financial Conduct Authority, such scheme transactions must be economically appropriate, any exposure must be fully covered and the transactions must be entered into with the aim of reducing risk and/or costs and/or generating additional capital or revenue for the scheme with no, or an acceptably low level of risk. The derivatives transactions the Company enters into are not permitted if their purpose could reasonably be regarded as speculative. The Company's use of financial instruments satisfies these requirements and no trading for investment purposes in derivatives is undertaken.

There have been no changes to the Risk Management systems during the period. There have been no breaches to the relevant risk.

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

a Foreign currency risk

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

POLICIES AND RISKS (CONTINUED)

FINANCIAL INSTRUMENTS (CONTINUED)

b Interest rate risk

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

c Market risk

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

d Credit risk

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

e Liquidity risk

This is the risk that there is insufficient liquidity which restricts a Fund's investment opportunities or ability to pay liabilities at short notice. This risk is managed by ensuring that overdrafts are monitored and maintained within investment limits and exposure to unquoted or illiquid securities is limited. The majority of each Fund's liabilities relate to liabilities to shareholders and, as such, liquidity risk is not considered significant.

f Counterparty Risk

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

The Funds' current and potential risks are assessed through a quantitative and qualitative process known as IMMMR (Identify Measure Manage Monitor and Report). This process incorporates the following measures: Tracking Error, Volatility, VaR, leverage (Gross/Netted), Geographic Concentration, Covenant Scores (Cove Lite), Duration, Spread Duration, Number of Days to Liquidate (Aviva Proprietary Model), Monthly Trading as % of NAV, % NAV Cash, Curve Positions (Steepener/Flattener/ Butterfly).

The Policy covers all the measurements which are available to monitor the risks to the Funds

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

AVIVA INVESTORS MULTI-MANAGER FLEXIBLE FUND

INVESTMENT OBJECTIVE

The Fund aims to provide long term capital growth by investing in other eligible Collective Investment Schemes (the Target Funds).

INVESTMENT POLICY

Investment will be made in shares or units of the Target Funds, which invest in any geographical area or industry sector. Investments may also be made in derivatives for hedging purposes. The Fund will normally be invested in Target Funds whose objectives are equity investment. The Target Funds may however also invest in bonds, property securities, and money market instruments.

FUND MANAGER'S REPORT

Performance

Over the period ended 28 February 2018, the Fund (share class 1) returned 6.16%*. The Fund's Investment Association peer group generated a net return of 6.96%.

Review

Growth assets performed well for most of the year under review, supported by an acceleration in economic growth rates globally. There was an unusually low level of volatility during 2017, enabling several equity markets to achieve all-time highs. Inflation also appeared to remain under control in key regions, helping to support investor sentiment. Volatility picked up and growth assets sold off in early 2018, however, as inflationary pressures finally started to emerge. These moves modestly diluted equity performance, but returns were nonetheless positive for the year as a whole.

Defensive and uncorrelated assets had a more modest influence on performance, with valuations little changed in the year as a whole. Bond markets edged higher until January, when yields increased in response to upwardly revised expectations for inflation. Towards the end of the review period, investors appeared to become increasingly concerned about the impact of central banks winding down supportive monetary policies that have underpinned bond markets over the past few years. Corporate bonds made steady positive progress, as improving economic conditions supported corporate profitability and made debt servicing costs more comfortable for most issuers. With government bond yields remaining close to historic lows for most of the year, the higher yields available in the corporate bond market appealed to many investors.

Outlook

We believe the economic outlook is strong, with global growth likely to approach four per cent in 2018. We expect this positive macroeconomic backdrop to be supportive of risk assets, translating into strong performance in selected equity markets. Meanwhile, we expect bond yields to grind higher as inflation expectations continue to creep up.

March 2018

* Fund performance figures – share class 1, source Lipper, net of fees, net income reinvested in GBP, as at 28 February 2018.

As noted above, the performance figures in this commentary have been sourced from an external party and are based on published prices. The performance figures quoted in the comparative tables on page 10 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 buy or sell any securities. Past performance is not a guide to the future. The value of a fund and the income from it may go down as well as up, and the investor may not get back the original amount invested.

Material Portfolio Changes

Purchases	Sales
Aviva Investors Sterling Liquidity Fund Class 3, Income shares, GBP	Aviva Investors Sterling Liquidity Fund Class 3, Income shares, GBP
iShares Core S&P 500 Fund USD (Acc) Share Class	Aviva Investors US Equity MoM 1 Fund Class 2, Income shares, GBP
iShares Pacific Index Fund (IE) Class Institutional Accumulating EUR	Hermes US SMID Equity Fund Class F Stg£ Acc. Shares
Man GLG Japan CoreAlpha Fund Professional Accumulation Shares (Class C)	Hermes Global High Yield Credit Fund Class F Stg£ Acc. Hedged Shares
Invesco Perpetual European Equity Income Fund Accumulation (No Trail) share class	BlackRock Emerging Markets Local Currency Bond Fund Class A2 USD
Baillie Gifford Japanese Fund Class B Shares	Aviva Investors EM Equity MoM 1 Fund Class 2, Income shares, GBP
BlackRock European Dynamic Fund Class FD Accumulating GBP	Artemis Income Fund Class R distribution units, GBP
PineBridge Asia ex Japan Small Cap Equity Fund Unit Class Y2	Baillie Gifford Japanese Fund Class B Shares
Wellington US Research Equity Fund USD Class S Accumulating Unhedged	Man GLG Japan CoreAlpha Fund Professional Accumulation Shares (Class C)
Aviva Investors EM Equity MoM 1 Fund Class 2, Income shares, GBP	Wellington US Research Equity Fund USD Class S Accumulating Unhedged

Synthetic Risk and Reward Indicator



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

- This indicator is based on historical data, calculated using European Union rules, and may not be a reliable indication of the future risk profile of the Fund.
- The risk and reward category shown is not guaranteed to remain unchanged and may change over time. The lowest category does not mean 'risk free'.
- Further information on the risks applicable to the Fund is detailed in the Fund's Key Investor Information Document, and a full description is set out in the Prospectus, both of which are available on the internet at www.avivainvestors.com or from the ACD on request.

COMPARATIVE TABLES

	2018	2017	2016
	p per share	p per share	p per share
Class 1 Accumulation			
Change in net assets per share			
Opening net asset value per share	86.92	68.63	72.66
Return before operating charges [†]	7.78	20.10	(2.32)
Operating charges	(2.02)	(1.81)	(1.71)
Return after operating charges [†]	5.76	18.29	(4.03)
Distributions	(0.01)	–	–
Retained distributions on accumulation shares	0.01	–	–
Closing net asset value per share	92.68	86.92	68.63
[†] after direct transaction costs of	–	(0.02)	(0.04)
Performance			
Return after charges	6.63%	26.65%	(5.55)%
Other information			
Closing net asset value (£000)	2,707	3,167	3,097
Closing number of shares	2,920,888	3,643,452	4,511,392
Operating charges (%) [†]	2.23%	2.33%	2.39%
Direct transaction costs (%) [#]	–	0.03%	0.05%
Prices[®]			
Highest share price	95.64	87.00	77.45
Lowest share price	85.25	69.13	64.13

	2018	2017	2016
	p per share	p per share	p per share
Class 2 Accumulation			
Change in net assets per share			
Opening net asset value per share	140.25	109.91	115.48
Return before operating charges [†]	12.59	32.33	(3.72)
Operating charges	(2.17)	(1.99)	(1.85)
Return after operating charges [†]	10.42	30.34	(5.57)
Distributions	(0.58)	(0.29)	(0.52)
Retained distributions on accumulation shares	0.58	0.29	0.52
Closing net asset value per share	150.67	140.25	109.91
[†] after direct transaction costs of	–	(0.04)	(0.06)
Performance			
Return after charges	7.43%	27.60%	(4.82)%
Other information			
Closing net asset value (£000)	8,848	7,822	4,931
Closing number of shares	5,872,712	5,577,017	4,486,506
Operating charges (%) [†]	1.48%	1.58%	1.64%
Direct transaction costs (%) [#]	–	0.03%	0.05%
Prices[®]			
Highest share price	155.32	140.35	123.21
Lowest share price	137.69	110.72	102.67

	2018	2017	2016
	p per share	p per share	p per share
Class 3 Income			
Change in net assets per share			
Opening net asset value per share	180.31	141.59	149.49
Return before operating charges [†]	16.16	41.64	(4.81)
Operating charges	(2.31)	(2.14)	(2.05)
Return after operating charges [†]	13.85	39.50	(6.86)
Distributions	(1.03)	(0.78)	(1.04)
Closing net asset value per share	193.13	180.31	141.59
[†] after direct transaction costs of	–	(0.05)	(0.07)
Performance			
Return after charges	7.68%	27.90%	(4.59)%
Other information			
Closing net asset value (£000)	67,878	65,175	51,699
Closing number of shares	35,145,495	36,147,195	36,514,426
Operating charges (%) [†]	1.23%	1.33%	1.39%
Direct transaction costs (%) [#]	–	0.03%	0.05%
Prices[®]			
Highest share price	199.09	180.75	159.58
Lowest share price	177.07	142.65	132.55

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

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

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

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

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

Ongoing Charges Figure*

Share class	28.02.18	28.02.17
Class 1	2.23%	2.33%
Class 2	1.48%	1.58%
Class 3	1.23%	1.33%

* 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). The OCF includes a synthetic element of 0.58% (2017: 0.68%) in respect of the underlying investments.

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

PORTFOLIO STATEMENT

As at 28 February 2018

Investment	Currency	Holding	Market Value £000	% of Net Assets
Collective Investment Schemes 87.64% (96.67%)				
Artemis Income Fund Class R distribution units, GBP	GBP	1,095,621	2,442	3.07
Aviva Investors EM Equity MoM 1 Fund Class 2, Income shares, GBP [†]	GBP	1,290,284	6,825	8.59
Aviva Investors Multi-Strategy Target Return Fund Class 8, Accumulation shares, GBP [†]	GBP	2,755,488	3,079	3.88
Aviva Investors US Equity MoM 1 Fund Class 2, Income shares, GBP [†]	GBP	1,370,342	4,628	5.83
Baillie Gifford Japanese Fund Class B Shares	GBP	197,683	3,325	4.19
BlackRock Emerging Markets Local Currency Bond Fund Class A2 USD	USD	180,207	3,446	4.34
BlackRock European Dynamic Fund Class FD Accumulating GBP	GBP	4,103,420	6,919	8.71
BlackRock Pacific Index Fund (IE) Class Institutional Accumulating EUR	EUR	221,192	3,077	3.87
Hermes Global High Yield Credit Fund Class F Stg£ Acc. Hedged Shares	GBP	1,812,146	2,213	2.78
Invesco Perpetual European Equity Income Fund Accumulation (No Trail) share class	GBP	3,372,992	6,990	8.80
iShares \$ TIPS UCITS Fund USD (Acc) Share Class	GBP	7,453	1,078	1.36
iShares Core S&P 500 Fund USD (Acc) Share Class	GBP	31,204	5,959	7.50
Man GLG Japan CoreAlpha Fund Professional Accumulation Shares (Class C)	GBP	1,782,482	3,408	4.29
PineBridge Asia ex Japan Small Cap Equity Fund Unit Class Y2	GBP	23,398	2,849	3.59
Wellington US Research Equity Fund USD Class S Accumulating Unhedged	USD	195,377	13,374	16.84
Collective Investment Schemes total			69,612	87.64
Forward Currency Contracts 0.05% ((0.01)%)				
Buy GBP 1,326,616 sell AUD 2,353,373 dated 20/03/2018			6	–
Buy GBP 1,068,369 sell USD 1,433,082 dated 20/03/2018			38	0.05
Forward Currency Contracts total			44	0.05
Futures 0.29% (0.01%)				
Australia 10 Year Bond 15/03/2018	AUD	19	(26)	(0.03)
EURO STOXX Bank Index 16/03/2018	EUR	403	15	0.02
MSCI Emerging Markets Index 16/03/2018	USD	101	336	0.42
S&P 500 Emini Index 16/03/2018	USD	(17)	(64)	(0.08)
TOPIX Index 08/03/2018	JPY	20	(28)	(0.04)
US 10 Year Note 20/06/2018	USD	16	(3)	–
Futures total			230	0.29
Liquidity Funds 11.33% (2.63%)¹				
Aviva Investors Sterling Liquidity Fund Class 3, Income shares, GBP [†]	GBP	9,000,000	9,000	11.33
Liquidity Funds total			9,000	11.33
Investment assets (including investment liabilities) ²			78,886	99.31
Net other assets			547	0.69
Net assets			79,433	100.00

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

The comparative percentage figures in brackets are as at 28 February 2017.

[†] A related party to the Fund.

¹ Cash Equivalents.

² Includes Cash Equivalents.

STATEMENT OF TOTAL RETURN

For the year ended 28 February 2018

	Notes	£000	Year ended 28.02.18 £000	£000	Year ended 28.02.17 £000
Income					
Net capital gains	2		5,359		16,261
Revenue	3	945		765	
Expenses					
Net revenue before taxation	4	(560)		(485)	
Taxation	5	–		(1)	
Net revenue after taxation					
			385		279
Total return before distributions					
			5,744		16,540
Distributions	6		(406)		(295)
Change in net assets attributable to shareholders from investment activities					
			5,338		16,245

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

For the year ended 28 February 2018

	£000	Year ended 28.02.18 £000	£000	Year ended 28.02.17 £000
Opening net assets attributable to shareholders		76,164		59,727
Movement due to issue and cancellation of shares:				
Amounts receivable on issue of shares	7,203		7,162	
Amounts payable on cancellation of shares	(9,307)		(6,986)	
		(2,104)		176
Change in net assets attributable to shareholders from investment activities (see above)				
		5,338		16,245
Retained distribution on accumulation shares		35		16
Closing net assets attributable to shareholders				
		79,433		76,164

BALANCE SHEET

As at 28 February 2018

	Notes	As at 28.02.18 £000	As at 28.02.17 £000
Assets:			
Investments		70,007	73,638
Current assets:			
Debtors	8	6,116	1,064
Cash and bank balances	9	609	167
Cash equivalents	10	9,000	2,000
Total assets		85,732	76,869
Liabilities:			
Investment liabilities		(121)	(10)
Creditors:			
Distribution payable		(20)	(115)
Other creditors	11	(6,158)	(580)
Total liabilities		(6,299)	(705)
Net assets attributable to shareholders		79,433	76,164

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting basis and policies

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

2 Net capital gains

	Year ended 28.02.18 £000	Year ended 28.02.17 £000
Net capital gains on investments during the year comprise:		
Currency losses	(11)	(41)
Derivative contracts gains	439	6
Expenses relating to the purchase and sale of investments	(4)	(4)
Forward currency contracts gains/(losses)	106	(231)
Investment manager capital rebates*	24	34
Non-derivative securities gains	4,805	16,497
Net capital gains**	5,359	16,261

* Represents rebates received in respect of expenses incurred in underlying CIS investments.

** Total realised gains for the year were £4,976,000 (2017: £3,013,000) and the movement in unrealised gains was £383,000 (2017: £13,248,000). Included in realised gains for the year were unrealised gains/(losses) recognised in previous periods.

3 Revenue

	Year ended 28.02.18 £000	Year ended 28.02.17 £000
Bank and deposit interest	1	1
Franked components of dividend distributions	437	515
Interest on debt securities	17	5
Income from derivatives	28	14
Investment manager rebates*	139	171
Revenue from offshore funds	299	36
Unfranked components of dividend distributions	24	23
Total revenue	945	765

* Represents rebates received in respect of expenses incurred in underlying CIS investments.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4 Expenses

	Year ended 28.02.18 £000	Year ended 28.02.17 £000
Payable to the Authorised Corporate Director ("ACD"), associates of the ACD or agents of either of them:		
ACD's periodic charge	509	445
Registration fees	11	10
	520	455
Payable to the Depositary, associates of the Depositary or agents of either of them:		
Depositary's fee	11	9
Interest payable	7	–
Safe custody fee	8	7
	26	16
Other expenses:		
Audit fee*	11	11
Printing & postage expenses	1	1
Statement fees	2	2
	14	14
Total expenses	560	485

* The audit fee was £9,098 (2017: £8,855) net of VAT.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5 Taxation**a Analysis of tax charge**

	Year ended 28.02.18 £000	Year ended 28.02.17 £000
Overseas tax suffered	–	1
Total tax for the year (see note 5b)	–	1

b Factors affecting current tax charge

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

The differences are explained below:

	Year ended 28.02.18 £000	Year ended 28.02.17 £000
Net revenue before taxation	385	280
Corporation tax at 20%	77	56
Effects of:		
Franked distributions not subject to corporation tax	(88)	(103)
Movement in excess expenses	(227)	40
Overseas dividends not subject to corporation tax	(9)	–
Overseas tax suffered	–	1
Tax relief on realised gain on offshore funds	87	–
Tax relief on unrealised gain on offshore funds	155	–
Tax relief on investment manager fee rebates	5	7
	(77)	(55)
Total tax for the year (see note 5a)	–	1

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

c Deferred tax

There was no material unprovided deferred tax (2017: £nil).

After claiming relief against accrued income taxable on receipt, the Fund has unrelieved excess expenses of £341,000 (2017: £1,477,000) creating a potential deferred tax asset of £68,000 (2017: £295,000). It is unlikely that the Fund will generate taxable profits in the future to utilise these amounts and therefore no deferred tax asset has been recognised in the current or prior year.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6 Distributions

	Year ended 28.02.18 £000	Year ended 28.02.17 £000
The distributions take account of revenue received on the issue of shares and revenue deducted on the cancellation of shares, and comprise:		
Interim distribution	382	178
Final distribution	20	120
	402	298
Add: Revenue deducted on cancellation of shares	12	10
Deduct: Revenue received on issue of shares	(8)	(13)
Total distributions	406	295
Reconciliation of distributions for the year to net revenue after taxation		
Distributions for the year	406	295
Revenue deficit transferred to capital	(21)	(16)
Net revenue after taxation	385	279

Details of the distributions per share are set out in the distribution tables on page 22.

7 Fair value hierarchy

Valuation technique	As at 28.02.18		As at 28.02.17	
	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Level 1: Quoted prices	351	(121)	10	–
Level 2: Observable market data	78,656	–	75,628	(10)
Total	79,007	(121)	75,638	(10)

The purpose of the fair value hierarchy is to prioritise the inputs that should be used to measure the fair value of assets and liabilities.

The highest priority is given to quoted prices at which a transaction can be entered into and the lowest priority is given to unobservable inputs. Disclosure is required of the value in each category in order to give an insight into the extent to which fair value measurements are subjective.

The disclosure is split into the following categories:

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

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

Level 3: Valuation techniques using unobservable inputs.

8 Debtors

	As at 28.02.18 £000	As at 28.02.17 £000
Accrued revenue	15	39
Accrued management fee rebates	127	110
Amounts receivable on issue of shares	12	911
Income tax recoverable	5	4
Sales awaiting settlement	5,957	–
Total debtors	6,116	1,064

9 Cash and bank balances

	As at 28.02.18 £000	As at 28.02.17 £000
Amounts held at futures clearing houses and brokers	415	14
Cash and bank balances	194	153
Total cash and bank balances	609	167

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 Cash equivalents

	As at 28.02.18 £000	As at 28.02.17 £000
Aviva Investors Sterling Liquidity Fund	9,000	2,000
Total cash equivalents	9,000	2,000

11 Other creditors

	As at 28.02.18 £000	As at 28.02.17 £000
Accrued expenses	63	54
Amounts payable for cancellation of shares	102	25
Overseas tax provision	–	1
Purchases awaiting settlement	5,993	500
Total creditors	6,158	580

12 Contingent liabilities and commitments

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

13 Related party transactions

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

ACD periodic charges paid to Aviva Investors UK Fund Services Limited ("the ACD") are shown in note 4 and details of shares issued and cancelled by the ACD are shown in the statement of change in net assets attributable to shareholders. The balance due to the ACD at the year end in respect of ACD periodic charges was £39,000 (2017: £37,000). Any balance due from the ACD in respect of issues is shown in note 8. Any balance due to the ACD in respect of cancellations is shown in note 11.

Distributions payable to the ACD and related parties of the ACD during the year amounted to £367,000 (2017: £288,000). The amount outstanding at the year end was £20,000 (2017: £117,000). Related parties of the ACD are deemed to be all companies under the control of Aviva Plc. This will include companies which hold shares in the Fund on behalf of other external investors.

Any investments managed and advised by Aviva Investors Global Services Limited or associated with the Aviva Group are identified on the portfolio statement. The total purchases and sales on these investments during the year amounted to £24,477,000 (2017: £23,817,000) and £25,036,000 (2017: £22,427,000) respectively. The income received during the year amounted to £94,000 (2017: £105,000). The rebates from ACD during the year amounted to £69,000 (2017: £110,000).

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

	Holdings at 28.02.18 (shares)	Movement (shares)	Holdings at 28.02.17 (shares)
ACD and related parties (share class 2 Accumulation shares)	–	(2,520,167)	2,520,167
ACD and related parties (share class 3 Income shares)	35,145,495	(1,001,700)	36,147,195

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

14 Shareholder funds

The Fund currently has three share classes: Class 1 (Retail), Class 2 (Institutional) and Class 3 (Associated undertakings of Aviva Plc). The annual management charges are as follows:

Class 1: 1.50%
Class 2: 0.75%
Class 3: 0.60%

The net asset value per share class, the net asset value per share and the number of shares in the class are shown on page 10. The distributions per share class are given in the distribution tables on page 22. All the share classes have the same rights on winding up.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

15 Shares in issue reconciliation

	Number of shares in issue at 28.02.17	Number of shares issued	Number of shares cancelled	Number of shares converted	Number of shares in issue at 28.02.18
Share Class 1 Accumulation	3,643,452	–	(635,044)	(87,520)	2,920,888
Share Class 2 Accumulation	5,577,017	1,685,714	(1,444,054)	54,035	5,872,712
Share Class 3 Income	36,147,195	2,538,247	(3,539,947)	–	35,145,495

16 Counterparty exposure

Financial derivative exposure

The types of derivatives held at the year end date were forward currency contracts and futures contracts. Details of individual contracts are disclosed in the Portfolio Statement and the total position by counterparty at the year end date was as follows:

	Forward currency contracts £000	Futures contracts £000	Total £000
28.02.18			
Royal Bank of Canada	6	–	6
Royal Bank of Scotland	38	–	38
UBS	–	351	351
Total	44	351	395

	Forward currency contracts £000	Futures contracts £000	Total £000
28.02.17			
Citibank	(10)	–	(10)
JPMorgan	–	10	10
Total	(10)	10	–

The counterparty exposure on forward currency contracts is reported at their mark to market values but for futures contracts it is only the positive mark to market values that are reported.

Collateral

At the year end date no collateral was held or pledged by the company or on behalf of the counterparties in respect of the above (2017: £nil).

17 Derivatives and other financial instruments

The policies applied in the management of financial instruments are set out on pages 7 and 8.

Fair value of financial assets and financial liabilities

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

Currency risk

At the year end date, 22.11% (2017: 23.84%) of the net assets of the Fund were denominated in currencies other than sterling with the effect that the balance sheet and total return can be significantly affected by currency movements. If currency rates were to change by 10.00%, the value of the Fund would change by 2.21% (2017: 2.38%).

Currency	Net foreign currency assets					
	Monetary exposure £000		Non-monetary exposure £000		Total £000	
	28.02.18	28.02.17	28.02.18	28.02.17	28.02.18	28.02.17
Australian Dollar	36	13	(1,347)	8	(1,311)	21
Euro	(11)	–	3,092	–	3,081	–
Japanese Yen	35	–	(28)	–	7	–
US Dollar	(273)	13	16,059	18,121	15,786	18,134

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

17 Derivatives and other financial instruments (continued)**Interest rate risk**

At the year end date 12.10% (2017: 2.85%) of the net assets of the Fund were interest bearing. If interest rates were to change by 1.00%, the value of the Fund would change by 4.50% (2017: 3.11%).

The interest rate profile of the Fund's financial assets and liabilities at 28 February 2018 was:

Currency 28.02.18	Floating Rate £000	Fixed Rate £000	None £000	Total £000
Financial Assets				
Sterling	9,821	–	58,226	68,047
Australian Dollar	37	–	–	37
Euro	(11)	–	3,092	3,081
Japanese Yen	35	–	–	35
US Dollar	(273)	–	17,156	16,883
Financial Liabilities				
Sterling	–	–	(6,177)	(6,177)
Australian Dollar	–	–	(1,348)	(1,348)
Japanese Yen	–	–	(28)	(28)
US Dollar	–	–	(1,097)	(1,097)
Total	9,609	–	69,824	79,433

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

The Fund invests in some collective investment schemes (CIS) which predominantly invest in debt securities. The revenue of the Fund and the value of debt securities may be significantly affected by interest rate movements in the future. At the year end date 7.12% (2017: 15.42%) of the assets of the Fund were invested in CIS which predominantly invest in debt securities.

Market price risk

At the year end date, 87.64% (2017: 96.67%) of the net assets of the Fund were invested in CIS which primarily invest in stocks admitted to an official stock exchange. If the market value were to change by 10%, the value of the Fund would change by 8.76% (2017: 9.67%).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

18 Direct transaction costs

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

28.02.18	Principal before costs £000	Commissions £000	Taxes £000	Total after costs £000	Commissions as % of principal	Taxes as % of principal
Purchases (excluding in-specie transfers and corporate actions)						
Equities	(6,495)	(2)	–	(6,497)	0.03%	0.00%
Bonds	(23,400)	–	–	(23,400)	0.00%	0.00%
Funds	(12,597)	–	–	(12,597)	0.00%	0.00%
	<u>(42,492)</u>	<u>(2)</u>	<u>–</u>	<u>(42,494)</u>		
Sales (excluding in-specie transfers and corporate actions)						
Bonds	16,400	–	–	16,400	0.00%	0.00%
Funds	27,950	–	–	27,950	0.00%	0.00%
	<u>44,350</u>	<u>–</u>	<u>–</u>	<u>44,350</u>		
Total		<u>(2)</u>	<u>–</u>			
Percentage of fund average net assets		<u>0.00%</u>	<u>0.00%</u>			

28.02.17	Principal before costs £000	Commissions £000	Taxes £000	Total after costs £000	Commissions as % of principal	Taxes as % of principal
Purchases (excluding in-specie transfers and corporate actions)						
Equities	(640)	–	–	(640)	0.00%	0.00%
Bonds	(15,200)	–	–	(15,200)	0.00%	0.00%
Funds	(30,973)	–	(7)	(30,980)	0.00%	0.02%
	<u>(46,813)</u>	<u>–</u>	<u>(7)</u>	<u>(46,820)</u>		
Sales (excluding in-specie transfers and corporate actions)						
Bonds	13,900	–	–	13,900	0.00%	0.00%
Funds	33,513	–	(13)	33,500	0.00%	0.04%
	<u>47,413</u>	<u>–</u>	<u>(13)</u>	<u>47,400</u>		
Total		<u>–</u>	<u>(20)</u>			
Percentage of fund average net assets		<u>0.00%</u>	<u>0.03%</u>			

Dealing spread

As at 28 February 2018, the average portfolio dealing spread was 0.04% (2017: 0.06%). This spread represents the difference between the values determined retrospectively by reference to the bid and offer prices of investments expressed as a percentage of the value determined by reference to the offer price.

19 Post balance sheet events

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

DISTRIBUTION TABLES

Final distribution payable in pence per share for the six months ended 28 February 2018

Income Shares		Net revenue	Equalisation	Final distribution payable 30 April 2018	Final distribution paid 30 April 2017
Share Class 3	Group 1	0.0558	–	0.0558	0.3182
	Group 2	0.0124	0.0434	0.0558	0.3182

Accumulation Shares		Net revenue	Equalisation	Final distribution payable 30 April 2018	Final distribution paid 30 April 2017
Share Class 1	Group 1	0.0000	–	0.0000	0.0000
	Group 2	0.0000	0.0000	0.0000	0.0000
Share Class 2	Group 1	0.0000	–	0.0000	0.0843
	Group 2	0.0000	0.0000	0.0000	0.0843

Final distribution

Group 1 shares are those shares purchased at or before 9am on 31 August 2017.

Group 2 shares are those shares purchased after 9am on 31 August 2017.

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

Income Shares		Net revenue	Equalisation	Interim distribution paid 31 October 2017	Interim distribution paid 31 October 2016
Share Class 3	Group 1	0.9781	–	0.9781	0.4645
	Group 2	0.5617	0.4164	0.9781	0.4645

Accumulation Shares		Net revenue	Equalisation	Interim distribution paid 31 October 2017	Interim distribution paid 31 October 2016
Share Class 1	Group 1	0.0147	–	0.0147	0.0000
	Group 2	0.0067	0.0080	0.0147	0.0000
Share Class 2	Group 1	0.5800	–	0.5800	0.2100
	Group 2	0.3962	0.1838	0.5800	0.2100

Interim distribution

Group 1 shares are those shares purchased at or before 9am on 28 February 2017.

Group 2 shares are those shares purchased after 9am on 28 February 2017.

Equalisation

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

AVIVA INVESTORS MULTI-MANAGER 40-85% SHARES FUND

INVESTMENT OBJECTIVE

The Fund aims to provide long-term capital growth together with income by investing in other eligible Collective Investment Schemes (the Target Funds).

INVESTMENT POLICY

Investment will be made in shares or units of the Target Funds, which invest in any geographical area or industry sector. Investments may also be made in derivatives for hedging purposes. Although the Target Funds may invest in equities, bonds, property securities, or money market instruments, it is anticipated that up to 85% of the Fund will be invested in Target Funds whose objectives are equity investment.

FUND MANAGER'S REPORT

Performance

Over the period ended 28 February 2018, the Fund (share class 1) returned 5.19%*. The Fund's Investment Association peer group generated a net return of 5.38%.

Review

Growth assets performed well for most of the year under review, supported by an acceleration in economic growth rates globally. There was an unusually low level of volatility during 2017, enabling several equity markets to achieve all-time highs. Inflation also appeared to remain under control in key regions, helping to support investor sentiment. Volatility picked up and growth assets sold off in early 2018, however, as inflationary pressures finally started to emerge. These moves modestly diluted equity performance, but returns were nonetheless positive for the year as a whole.

Defensive and uncorrelated assets had a more modest influence on performance, with valuations little changed in the year as a whole. Bond markets edged higher until January, when yields increased in response to upwardly revised expectations for inflation. Towards the end of the review period, investors appeared to become increasingly concerned about the impact of central banks winding down supportive monetary policies that have underpinned bond markets over the past few years. Corporate bonds made steady positive progress, as improving economic conditions supported corporate profitability and made debt servicing costs more comfortable for most issuers. With government bond yields remaining close to historic lows for most of the year, the higher yields available in the corporate bond market appealed to many investors.

Outlook

We believe the economic outlook is strong, with global growth likely to approach four per cent in 2018. We expect this positive macroeconomic backdrop to be supportive of risk assets, translating into strong performance in selected equity markets. Meanwhile, we expect bond yields to grind higher as inflation expectations continue to creep up.

March 2018

* Fund performance figures – share class 1, source Lipper, net of fees, net income reinvested in GBP, as at 28 February 2018.

As noted above, the performance figures in this commentary have been sourced from an external party and are based on published prices. The performance figures quoted in the comparative tables on pages 25 and 26 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 buy or sell any securities. Past performance is not a guide to the future. The value of a fund and the income from it may go down as well as up, and the investor may not get back the original amount invested.

Material Portfolio Changes

Purchases	Sales
Aviva Investors Sterling Liquidity Fund Class 3, Income shares, GBP	Aviva Investors Sterling Liquidity Fund Class 3, Income shares, GBP
iShares Core S&P 500 Fund USD (Acc) Share Class	Hermes US SMID Equity Fund Class F Stg£ Acc. Shares
iShares \$ TIPS UCITS Fund USD (Acc) Share Class	Aviva Investors US Equity MoM 1 Fund Class 2, Income shares, GBP
BlackRock Pacific Index Fund (IE) Class Institutional Accumulating EUR	Hermes Global High Yield Credit Fund Class F Stg£ Acc. Hedged Shares
Invesco Perpetual European Equity Income Fund Accumulation (No Trail) share class	Aviva Investors Multi-Strategy Target Return Fund Class 8, Accumulation shares, GBP
Man GLG Japan CoreAlpha Fund Professional Accumulation Shares (Class C)	JPM Global Corporate Bond Fund C (dist) – GBP (hedged)
Baillie Gifford Japanese Fund Class B Shares	Aviva Investors EM Equity MoM 1 Fund Class 2, Income shares, GBP
BlackRock European Dynamic Fund Class FD Accumulating GBP	Artemis Income Fund Class R distribution units, GBP
Aviva Investors EM Equity MoM 1 Fund Class 2, Income shares, GBP	BlackRock Emerging Markets Local Currency Bond Fund Class A2 USD
PineBridge Asia ex Japan Small Cap Equity Fund Unit Class Y2	Baillie Gifford Japanese Fund Class B Shares

COMPARATIVE TABLES

Class 1 Income	2018 p per share	2017 p per share	2016 p per share
Change in net assets per share			
Opening net asset value per share	81.68	67.06	70.39
Return before operating charges [†]	6.19	16.31	(1.71)
Operating charges	(1.82)	(1.69)	(1.57)
Return after operating charges [†]	4.37	14.62	(3.28)
Distributions	(0.44)	–	(0.05)
Closing net asset value per share	85.61	81.68	67.06
[†] after direct transaction costs of	(0.01)	(0.02)	(0.05)
Performance			
Return after charges	5.35%	21.80%	(4.66)%
Other information			
Closing net asset value (£000)	3,240	3,585	4,215
Closing number of shares	3,784,654	4,388,530	6,285,644
Operating charges (%) [†]	2.16%	2.25%	2.26%
Direct transaction costs (%) [#]	0.01%	0.03%	0.07%
Prices[®]			
Highest share price	88.15	81.97	74.39
Lowest share price	80.63	67.51	63.16

Class 2 Income	2018 p per share	2017 p per share	2016 p per share
Change in net assets per share			
Opening net asset value per share	149.36	122.10	128.03
Return before operating charges [†]	11.17	29.82	(3.17)
Operating charges	(2.18)	(2.07)	(1.89)
Return after operating charges [†]	8.99	27.75	(5.06)
Distributions	(0.70)	(0.49)	(0.87)
Closing net asset value per share	157.65	149.36	122.10
[†] after direct transaction costs of	(0.02)	(0.04)	(0.09)
Performance			
Return after charges	6.02%	22.73%	(3.95)%
Other information			
Closing net asset value (£000)	15,763	13,649	5,624
Closing number of shares	9,998,719	9,138,640	4,606,166
Operating charges (%) [†]	1.41%	1.49%	1.50%
Direct transaction costs (%) [#]	0.01%	0.03%	0.07%
Prices[®]			
Highest share price	162.21	150.10	135.43
Lowest share price	147.59	122.93	115.25

Class 2 Accumulation	2018 p per share	2017 p per share	2016 p per share
Change in net assets per share			
Opening net asset value per share	132.71	108.13	112.58
Return before operating charges [†]	9.95	26.41	(2.79)
Operating charges	(1.94)	(1.83)	(1.66)
Return after operating charges [†]	8.01	24.58	(4.45)
Distributions	(0.63)	(0.43)	(0.77)
Retained distributions on accumulation shares	0.63	0.43	0.77
Closing net asset value per share	140.72	132.71	108.13
[†] after direct transaction costs of	(0.01)	(0.04)	(0.08)
Performance			
Return after charges	6.04%	22.73%	(3.95)%
Other information			
Closing net asset value (£000)	25,620	19,661	8,568
Closing number of shares	18,206,968	14,814,546	7,923,903
Operating charges (%) [†]	1.41%	1.49%	1.50%
Direct transaction costs (%) [#]	0.01%	0.03%	0.07%
Prices[®]			
Highest share price	144.79	133.17	119.08
Lowest share price	131.14	108.87	101.82

COMPARATIVE TABLES (CONTINUED)

	2018	2017	2016
Class 3 Income	p per share	p per share	p per share
Change in net assets per share			
Opening net asset value per share	165.58	135.34	141.93
Return before operating charges [†]	12.32	33.05	(3.52)
Operating charges	(1.99)	(1.89)	(1.76)
Return after operating charges [†]	10.33	31.16	(5.28)
Distributions	(1.12)	(0.92)	(1.31)
Closing net asset value per share	174.79	165.58	135.34
[†] after direct transaction costs of	(0.02)	(0.05)	(0.10)
Performance			
Return after charges	6.24%	23.02%	(3.72)%
Other information			
Closing net asset value (£000)	152,343	144,619	124,586
Closing number of shares	87,159,606	87,341,363	92,053,380
Operating charges (%) [‡]	1.16%	1.24%	1.26%
Direct transaction costs (%) [#]	0.01%	0.03%	0.07%
Prices[≈]			
Highest share price	180.00	166.59	150.17
Lowest share price	163.68	136.27	127.91

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

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

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

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

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

Ongoing Charges Figure*

Share class	28.02.18	28.02.17
Class 1	2.16%	2.25%
Class 2	1.41%	1.49%
Class 3	1.16%	1.24%

* 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). The OCF includes a synthetic element of 0.52% (2017: 0.61%) in respect of the underlying investments.

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

PORTFOLIO STATEMENT

As at 28 February 2018

Investment	Currency	Holding	Market Value £000	% of Net Assets
Collective Investment Schemes 81.97% (91.94%)				
Artemis Income Fund Class R distribution units, GBP	GBP	1,628,912	3,630	1.84
Aviva Investors EM Equity MoM 1 Fund Class 2, Income shares, GBP [†]	GBP	2,483,084	13,135	6.67
Aviva Investors Multi-Strategy Target Income Fund Class 8, Income shares, GBP [†]	GBP	981	1	–
Aviva Investors Multi-Strategy Target Return Fund Class 8, Accumulation shares, GBP [†]	GBP	13,911,545	15,546	7.89
Aviva Investors US Equity MoM 1 Fund Class 2, Income shares, GBP [†]	GBP	2,855,895	9,646	4.90
Baillie Gifford Japanese Fund Class B Shares	GBP	388,082	6,528	3.32
BlackRock Emerging Markets Local Currency Bond Fund Class A2 USD	USD	383,493	7,333	3.72
BlackRock European Dynamic Fund Class FD Accumulating GBP	GBP	8,364,992	14,103	7.16
BlackRock Pacific Index Fund (IE) Class Institutional Accumulating EUR	EUR	420,146	5,844	2.97
Hermes Global High Yield Credit Fund Class F Stg£ Acc. Hedged Shares	GBP	3,061,428	3,739	1.90
Invesco Perpetual European Equity Income Fund Accumulation (No Trail) share class	GBP	6,825,736	14,145	7.18
iShares \$ TIPS UCITS Fund USD (Acc) Share Class	GBP	88,645	12,825	6.51
iShares Core S&P 500 Fund USD (Acc) Share Class	GBP	64,649	12,345	6.27
JPM Global Corporate Bond Fund C (dist) – GBP (hedged)	GBP	41,379	2,719	1.38
Man GLG Japan CoreAlpha Fund Professional Accumulation Shares (Class C)	GBP	3,541,682	6,772	3.44
PineBridge Asia ex Japan Small Cap Equity Fund Unit Class Y2	GBP	49,432	6,019	3.05
Wellington US Research Equity Fund USD Class S Accumulating Unhedged	USD	396,070	27,113	13.77
Collective Investment Schemes total			161,443	81.97
Forward Currency Contracts 0.24% ((0.04)%)				
Buy GBP 2,827,120 sell AUD 5,015,217 dated 20/03/2018			12	0.01
Buy GBP 12,801,582 sell USD 17,171,696 dated 20/03/2018			455	0.23
Forward Currency Contracts total			467	0.24
Futures 0.24% (0.04%)				
Australia 10 Year Bond 15/03/2018	AUD	118	(155)	(0.08)
EURO STOXX Bank Index 16/03/2018	EUR	1,003	42	0.02
MSCI Emerging Markets Index 16/03/2018	USD	249	828	0.42
S&P 500 Emini Index 16/03/2018	USD	(40)	(151)	(0.08)
TOPIX Index 08/03/2018	JPY	49	(67)	(0.03)
US 10 Year Note 20/06/2018	USD	102	(16)	(0.01)
Futures total			481	0.24
Liquidity Funds 16.80% (9.26%)¹				
Aviva Investors Sterling Liquidity Fund Class 3, Income shares, GBP [†]	GBP	33,100,000	33,100	16.80
Liquidity Funds total			33,100	16.80
Investment assets (including investment liabilities) ²			195,491	99.25
Net other assets			1,475	0.75
Net assets			196,966	100.00

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

The comparative percentage figures in brackets are as at 28 February 2017.

[†] A related party to the Fund.

¹ Cash Equivalents.

² Includes Cash Equivalents.

STATEMENT OF TOTAL RETURN

For the year ended 28 February 2018

	Notes	£000	Year ended 28.02.18 £000	£000	Year ended 28.02.17 £000
Income					
Net capital gains	2		10,276		32,662
Revenue	3	2,553		1,982	
Expenses					
Net revenue before taxation	4	(1,368)		(1,119)	
Taxation	5	(67)		(555)	
Net revenue after taxation					
			1,118		308
Total return before distributions			11,394		32,970
Distributions	6		(1,167)		(893)
Change in net assets attributable to shareholders from investment activities			10,227		32,077

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

For the year ended 28 February 2018

	£000	Year ended 28.02.18 £000	£000	Year ended 28.02.17 £000
Opening net assets attributable to shareholders		181,514		142,993
Movement due to issue and cancellation of shares:				
Amounts receivable on issue of shares	21,263		26,380	
Amounts payable on cancellation of shares	(16,140)		(19,992)	
		5,123		6,388
Change in net assets attributable to shareholders from investment activities (see above)				
		10,227		32,077
Retained distribution on accumulation shares		102		56
Closing net assets attributable to shareholders		196,966		181,514

BALANCE SHEET

As at 28 February 2018

	Notes	As at 28.02.18 £000	As at 28.02.17 £000
Assets:			
Investments		162,780	166,959
Current assets:			
Debtors	8	13,482	1,110
Cash and bank balances	9	1,428	291
Cash equivalents	10	33,100	16,800
Total assets		210,790	185,160
Liabilities:			
Investment liabilities		(389)	(69)
Provision for liabilities	11	(327)	(486)
Creditors:			
Distribution payable		(172)	(413)
Other creditors	12	(12,936)	(2,678)
Total liabilities		(13,824)	(3,646)
Net assets attributable to shareholders		196,966	181,514

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting basis and policies

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

2 Net capital gains

	Year ended 28.02.18 £000	Year ended 28.02.17 £000
Net capital gains on investments during the year comprise:		
Currency losses	(10)	(136)
Derivative contracts gains/(losses)	835	(172)
Expenses relating to the purchase and sale of investments	(5)	(5)
Forward currency contracts gains/(losses)	1,073	(674)
Investment manager capital rebates*	40	67
Non-derivative securities gains	8,343	33,582
Net capital gains**	10,276	32,662

* Represents rebates received in respect of expenses incurred in underlying CIS investments.

** Total realised gains for the year were £10,266,000 (2017: £7,207,000) and the movement in unrealised gains was £10,000 (2017: £25,455,000). Included in realised gains for the year were unrealised gains/(losses) recognised in previous periods.

3 Revenue

	Year ended 28.02.18 £000	Year ended 28.02.17 £000
Bank and deposit interest	1	7
Franked components of dividend distributions	873	1,086
Interest on debt securities	66	32
Income from derivatives	183	99
Investment manager rebates*	280	351
Revenue from offshore funds	1,034	272
Unfranked components of dividend distributions	116	135
Total revenue	2,553	1,982

* Represents rebates received in respect of expenses incurred in underlying CIS investments.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4 Expenses

	Year ended 28.02.18 £000	Year ended 28.02.17 £000
Payable to the Authorised Corporate Director ("ACD"), associates of the ACD or agents of either of them:		
ACD's periodic charge	1,243	1,037
Registration fees	42	26
	1,285	1,063
Payable to the Depositary, associates of the Depositary or agents of either of them:		
Depositary's fee	26	22
Interest payable	21	–
Safe custody fee	18	16
	65	38
Other expenses:		
Audit fee*	11	11
Printing & postage expenses	2	2
Statement fees	5	5
	18	18
Total expenses	1,368	1,119

* The audit fee was £9,098 (2017: £8,855) net of VAT.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5 Taxation**a Analysis of tax charge**

	Year ended 28.02.18 £000	Year ended 28.02.17 £000
Corporation tax	229	85
Overseas tax suffered	(2)	(16)
Adjustments in respect of prior periods	(1)	–
Total current tax	226	69
Deferred tax	(159)	486
Total deferred tax (see note 5c)	(159)	486
Total tax for the year (see note 5b)	67	555

b Factors affecting current tax charge

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

The differences are explained below:

	Year ended 28.02.18 £000	Year ended 28.02.17 £000
Net revenue before taxation	1,185	863
Corporation tax at 20%	237	173
Effects of:		
Deferred tax	(159)	486
Franked distributions not subject to corporation tax	(172)	(217)
Movement in excess expenses	–	(137)
Overseas tax suffered	(2)	(16)
Revenue from offshore investments not subject to corporation tax	(19)	–
Tax relief on realised gain on offshore funds	177	253
Tax relief on investment manager fee rebates	6	13
Adjustments in respect of prior periods	(1)	–
	(170)	382
Total tax for the year (see note 5a)	67	555

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

c Deferred tax

	Year ended 28.02.18 £000	Year ended 28.02.17 £000
The deferred tax provision is made up as follows:		
Provision at start of year	486	–
(Credit)/charge for the year	(159)	486
Provision at end of year	327	486

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6 Distributions

	Year ended 28.02.18 £000	Year ended 28.02.17 £000
The distributions take account of revenue received on the issue of shares and revenue deducted on the cancellation of shares, and comprise:		
Interim distribution	994	454
Final distribution	172	443
	1,166	897
Add: Revenue deducted on cancellation of shares	28	50
Deduct: Revenue received on issue of shares	(27)	(54)
Total distributions	1,167	893
Reconciliation of distributions for the year to net revenue after taxation		
Distributions for the year	1,167	893
Revenue deficit transferred to capital	(26)	(14)
Tax relief on offshore gain	(18)	(571)
Tax relief on investment manager fee rebates	(6)	–
Adjustments in respect of prior periods	1	–
Net revenue after taxation	1,118	308

Details of the distributions per share are set out in the distribution tables on page 39.

7 Fair value hierarchy

Valuation technique	As at 28.02.18		As at 28.02.17	
	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Level 1: Quoted prices	870	(389)	69	–
Level 2: Observable market data	195,010	–	183,690	(69)
Total value	195,880	(389)	183,759	(69)

The purpose of the fair value hierarchy is to prioritise the inputs that should be used to measure the fair value of assets and liabilities.

The highest priority is given to quoted prices at which a transaction can be entered into and the lowest priority is given to unobservable inputs. Disclosure is required of the value in each category in order to give an insight into the extent to which fair value measurements are subjective.

The disclosure is split into the following categories:

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

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

Level 3: Valuation techniques using unobservable inputs.

8 Debtors

	As at 28.02.18 £000	As at 28.02.17 £000
Accrued revenue	35	73
Accrued management fee rebates	265	232
Amounts receivable on issue of shares	179	778
Income tax recoverable	23	27
Sales awaiting settlement	12,980	–
Total debtors	13,482	1,110

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9 Cash and bank balances

	As at 28.02.18 £000	As at 28.02.17 £000
Amounts held at futures clearing houses and brokers	1,237	109
Cash and bank balances	191	182
Total cash and bank balances	1,428	291

10 Cash equivalents

	As at 28.02.18 £000	As at 28.02.17 £000
Aviva Investors Sterling Liquidity Fund	33,100	16,800
Total cash equivalents	33,100	16,800

11 Provisions

	As at 28.02.18 £000	As at 28.02.17 £000
Deferred tax provision	327	486
Total provisions	327	486

12 Other creditors

	As at 28.02.18 £000	As at 28.02.17 £000
Accrued expenses	138	114
Amounts payable for cancellation of shares	151	1,225
Corporation tax payable	229	85
Overseas tax provision	2	4
Purchases awaiting settlement	12,416	1,250
Total creditors	12,936	2,678

13 Contingent liabilities and commitments

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14 Related party transactions

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

ACD periodic charges paid to Aviva Investors UK Fund Services Limited ("the ACD") are shown in note 4 and details of shares issued and cancelled by the ACD are shown in the statement of change in net assets attributable to shareholders. The balance due to the ACD at the year end in respect of ACD periodic charges was £97,000 (2017: £89,000). Any balance due from the ACD in respect of issues is shown in note 8. Any balance due to the ACD in respect of cancellations is shown in note 12.

Distributions payable to the ACD and related parties of the ACD during the year amounted to £971,000 (2017: £858,000). The amount outstanding at the year end was £172,000 (2017: £419,000). Related parties of the ACD are deemed to be all companies under the control of Aviva Plc. This will include companies which hold shares in the Fund on behalf of other external investors.

Any investments managed and advised by Aviva Investors Global Services Limited or associated with the Aviva Group are identified on the portfolio statement. The total purchases and sales on these investments during the year amounted to £61,801,000 (2017: £74,264,000) and £63,188,000 (2017: £56,216,000) respectively. The income received during the year amounted to £317,000 (2017: £320,000). The rebates from ACD during the year amounted to £137,000 (2017: £204,000)

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

	Holdings at 28.02.18 (shares)	Movement (shares)	Holdings at 28.02.17 (shares)
ACD and related parties (Class 2 Income shares)	–	(1,457,114)	1,457,114
ACD and related parties (Class 2 Accumulation shares)	–	(11,814,460)	11,814,460
ACD and related parties (Class 3 Income shares)	87,159,606	(181,757)	87,341,363

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

15 Shareholder funds

The Fund currently has three share classes: Class 1 (Retail), Class 2 (Institutional) and Class 3 (Associated undertakings of Aviva plc). The annual management charges are as follows:

Class 1: 1.50%
Class 2: 0.75%
Class 3: 0.60%

The net asset value per share class, the net asset value per share and the number of shares in the class are shown on pages 25 and 26. The distributions per share class are given in the distribution tables on page 39. All the share classes have the same rights on winding up.

16 Shares in issue reconciliation

	Number of shares in issue at 28.02.17	Number of shares issued	Number of shares cancelled	Number of shares converted	Number of shares in issue at 28.02.18
Share Class 1 Income	4,388,530	277,909	(881,785)	–	3,784,654
Share Class 2 Income	9,138,640	2,314,694	(1,454,615)	–	9,998,719
Share Class 2 Accumulation	14,814,546	4,776,165	(1,383,743)	–	18,206,968
Share Class 3 Income	87,341,363	6,344,251	(6,526,008)	–	87,159,606

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

17 Counterparty exposure**Financial derivative exposure**

The types of derivatives held at the year end date were forward currency contracts and futures contracts. Details of individual contracts are disclosed in the Portfolio Statement and the total position by counterparty at the year end date was as follows:

	Forward currency contracts £000	Futures contracts £000	Total £000
28.02.18			
Royal Bank of Canada	12	–	12
Royal Bank of Scotland	455	–	455
UBS	–	870	870
Total	467	870	1,337

	Forward currency contracts £000	Futures contracts £000	Total £000
28.02.17			
Citibank	(68)	–	(68)
JPMorgan	–	69	69
UBS	(1)	–	(1)
Total	(69)	69	–

The counterparty exposure on forward currency contracts is reported at their mark to market values but for futures contracts it is only the positive mark to market values that are reported.

Collateral

At the year end date no collateral was held or pledged by the company or on behalf of the counterparties in respect of the above (2017: £nil).

18 Derivatives and other financial instruments

The policies applied in the management of financial instruments are set out on pages 7 and 8.

Fair value of financial assets and financial liabilities

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

Currency risk

At the year end date, 12.80% (2017: 17.70%) of the net assets of the Fund were denominated in currencies other than sterling with the effect that the balance sheet and total return can be significantly affected by currency movements. If currency rates were to change by 10.00%, the value of the Fund would change by 1.28% (2017: 1.77%).

Currency	Net foreign currency assets					
	Monetary exposure £000		Non-monetary exposure £000		Total £000	
	28.02.18	28.02.17	28.02.18	28.02.17	28.02.18	28.02.17
Australian Dollar	219	99	(2,970)	57	(2,751)	156
Euro	(31)	–	5,886	–	5,855	–
Japanese Yen	84	–	(67)	–	17	–
US Dollar	(678)	99	22,761	31,872	22,083	31,971

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

18 Derivatives and other financial instruments (continued)**Interest rate risk**

At the year end date 17.53% (2017: 9.42%) of the net assets of the Fund were interest bearing. If interest rates were to change by 1.00%, the value of the Fund would change by 3.88% (2017: 2.80%).

The interest rate profile of the Fund's financial assets and liabilities at 28 February 2018 was:

Currency 28.02.18	Floating Rate £000	Fixed Rate £000	None £000	Total £000
Financial Assets				
Sterling	34,932	–	150,263	185,195
Australian Dollar	221	–	–	221
Euro	(31)	–	5,886	5,855
Japanese Yen	84	–	–	84
US Dollar	(678)	–	35,274	34,596
Financial Liabilities				
Sterling	–	–	(13,433)	(13,433)
Australian Dollar	–	–	(2,972)	(2,972)
Japanese Yen	–	–	(67)	(67)
US Dollar	–	–	(12,513)	(12,513)
Total	34,528	–	162,438	196,966

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

The Fund invests in some collective investment schemes (CIS) which predominantly invest in debt securities. The revenue of the Fund and the value of debt securities may be significantly affected by interest rate movements in the future. At the year end date 13.51% (2017: 18.22%) of the assets of the Fund were invested in CIS which predominantly invest in debt securities.

Market price risk

At the year end date, 81.97% (2017: 91.94%) of the net assets of the Fund were invested in CIS which primarily invest in stocks admitted to an official stock exchange. If the market value were to change by 10%, the value of the Fund would change by 8.20% (2017: 9.19%).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

19 Direct transaction costs

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

28.02.18	Principal before costs £000	Commissions £000	Taxes £000	Total after costs £000	Commissions as % of principal	Taxes as % of principal
Purchases (excluding in-specie transfers and corporate actions)						
Equities	(21,368)	(6)	–	(21,374)	0.03%	0.00%
Bonds	(55,800)	–	–	(55,800)	0.00%	0.00%
Funds	(33,483)	–	–	(33,483)	0.00%	0.00%
	<u>(110,651)</u>	<u>(6)</u>	<u>–</u>	<u>(110,657)</u>		
Sales (excluding in-specie transfers and corporate actions)						
Bonds	39,500	–	–	39,500	0.00%	0.00%
Funds	68,725	–	(9)	68,716	0.00%	0.01%
	<u>108,225</u>	<u>–</u>	<u>(9)</u>	<u>108,216</u>		
Total		<u>(6)</u>	<u>(9)</u>			
Percentage of fund average net assets		<u>0.00%</u>	<u>0.01%</u>			

28.02.17	Principal before costs £000	Commissions £000	Taxes £000	Total after costs £000	Commissions as % of principal	Taxes as % of principal
Purchases (excluding in-specie transfers and corporate actions)						
Equities	(3,266)	(2)	–	(3,268)	0.06%	0.00%
Bonds	(51,200)	–	–	(51,200)	0.00%	0.00%
Funds	(70,754)	–	(13)	(70,767)	0.00%	0.02%
	<u>(125,220)</u>	<u>(2)</u>	<u>(13)</u>	<u>(125,235)</u>		
Sales (excluding in-specie transfers and corporate actions)						
Bonds	40,500	–	–	40,500	0.00%	0.00%
Funds	78,287	–	(27)	78,260	0.00%	0.03%
	<u>118,787</u>	<u>–</u>	<u>(27)</u>	<u>118,760</u>		
Total		<u>(2)</u>	<u>(40)</u>			
Percentage of fund average net assets		<u>0.00%</u>	<u>0.03%</u>			

Dealing spread

As at 28 February 2018, the average portfolio dealing spread was 0.04% (2017: 0.05%). This spread represents the difference between the values determined retrospectively by reference to the bid and offer prices of investments expressed as a percentage of the value determined by reference to the offer price.

20 Post balance sheet events

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

DISTRIBUTION TABLES

Final distribution payable in pence per share for the six months ended 28 February 2018

Income shares		Net revenue	Equalisation	Final distribution payable 30 April 2018	Final distribution paid 30 April 2017
Share Class 1	Group 1	0.0000	–	0.0000	0.0000
	Group 2	0.0000	0.0000	0.0000	0.0000
Share Class 2	Group 1	0.0000	–	0.0000	0.2302
	Group 2	0.0000	0.0000	0.0000	0.2302
Share Class 3	Group 1	0.1970	–	0.1970	0.4487
	Group 2	0.1263	0.0707	0.1970	0.4487

Accumulation shares		Net revenue	Equalisation	Final distribution payable 30 April 2018	Final distribution paid 30 April 2017
Share Class 2	Group 1	0.0000	–	0.0000	0.2024
	Group 2	0.0000	0.0000	0.0000	0.2024

Final distribution

Group 1 shares are those shares purchased at or before 9am on 31 August 2017.

Group 2 shares are those shares purchased after 9am on 31 August 2017.

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

Income shares		Net revenue	Equalisation	Interim distribution paid 31 October 2017	Interim distribution paid 31 October 2016
Share Class 1	Group 1	0.4403	–	0.4403	0.0000
	Group 2	0.3681	0.0722	0.4403	0.0000
Share Class 2	Group 1	0.7046	–	0.7046	0.2554
	Group 2	0.4337	0.2709	0.7046	0.2554
Share Class 3	Group 1	0.9204	–	0.9204	0.4671
	Group 2	0.5120	0.4084	0.9204	0.4671

Accumulation shares		Net revenue	Equalisation	Interim distribution paid 31 October 2017	Interim distribution paid 31 October 2016
Share Class 2	Group 1	0.6263	–	0.6263	0.2282
	Group 2	0.2919	0.3344	0.6263	0.2282

Interim distribution

Group 1 shares are those shares purchased at or before 9am on 28 February 2017.

Group 2 shares are those shares purchased after 9am on 28 February 2017.

Equalisation

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

AVIVA INVESTORS MULTI-MANAGER 20-60% SHARES FUND

INVESTMENT OBJECTIVE

The Fund aims to provide long-term capital growth and income by investing in other eligible Collective Investment Schemes (the Target Funds).

INVESTMENT POLICY

Investment will be made in shares or units of the Target Funds, which invest in any geographical area or industry sector. Investments may also be made in derivatives for hedging purposes. Although the Target Funds may invest in equities, bonds, property securities, or money market instruments, it is anticipated that up to 60% of the Fund will be invested in Target Funds whose objectives are equity investment.

FUND MANAGER'S REPORT

Performance

Over the period ended 28 February 2018, the Fund (share class 1) returned 2.98%*. The Fund's Investment Association peer group generated a net return of 3.36%.

Review

Growth assets performed well for most of the year under review, supported by an acceleration in economic growth rates globally. There was an unusually low level of volatility during 2017, enabling several equity markets to achieve all-time highs. Inflation also appeared to remain under control in key regions, helping to support investor sentiment. Volatility picked up and growth assets sold off in early 2018, however, as inflationary pressures finally started to emerge. These moves modestly diluted equity performance, but returns were nonetheless positive for the year as a whole.

Defensive and uncorrelated assets had a more modest influence on performance, with valuations little changed in the year as a whole. Bond markets edged higher until January, when yields increased in response to upwardly revised expectations for inflation. Towards the end of the review period, investors appeared to become increasingly concerned about the impact of central banks winding down supportive monetary policies that have underpinned bond markets over the past few years. Corporate bonds made steady positive progress, as improving economic conditions supported corporate profitability and made debt servicing costs more comfortable for most issuers. With government bond yields remaining close to historic lows for most of the year, the higher yields available in the corporate bond market appealed to many investors.

Outlook

We believe the economic outlook is strong, with global growth likely to approach four per cent in 2018. We expect this positive macroeconomic backdrop to be supportive of risk assets, translating into strong performance in selected equity markets. Meanwhile, we expect bond yields to grind higher as inflation expectations continue to creep up.

March 2018

* Fund performance figures – share class 1, source Lipper, net of fees, net income reinvested in GBP, as at 28 February 2018.

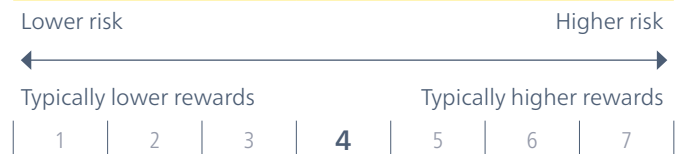
As noted above, the performance figures in this commentary have been sourced from an external party and are based on published prices. The performance figures quoted in the comparative tables on pages 41 and 42 are based on the net asset value per the published accounts and may be different due to post 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 buy or sell any securities. Past performance is not a guide to the future. The value of a fund and the income from it may go down as well as up, and the investor may not get back the original amount invested.

Material Portfolio Changes

Purchases	Sales
iShares \$ TIPS UCITS Fund USD (Acc) Share Class	Aviva Investors Multi-Strategy Target Return Fund Class 8, Accumulation shares, GBP
Aviva Investors Sterling Liquidity Fund Class 3, Income shares, GBP	Aviva Investors US Equity MoM 1 Fund Class 2, Income shares, GBP
iShares Core S&P 500 Fund USD (Acc) Share Class	Hermes US SMID Equity Fund Class F Stg£ Acc. Shares
BlackRock Pacific Index Fund (IE) Class Institutional Accumulating EUR	Hermes Global High Yield Credit Fund Class F Stg£ Acc. Hedged Shares
Man GLG Japan CoreAlpha Fund Professional Accumulation Shares (Class C)	Aviva Investors UK Property Fund Class 1, Accumulation shares, GBP
Baillie Gifford Japanese Fund Class B Shares	Artemis Income Fund Class R distribution units, GBP
Invesco Perpetual European Equity Income Fund Accumulation (No Trail) share class	JPM Global Corporate Bond Fund C (dist) – GBP (hedged)
BlackRock European Dynamic Fund Class FD Accumulating GBP	BlackRock Emerging Markets Local Currency Bond Fund Class A2 USD
Wellington US Research Equity Fund USD Class S Accumulating Unhedged	Man GLG Japan CoreAlpha Fund Professional Accumulation Shares (Class C)
PineBridge Asia ex Japan Small Cap Equity Fund Unit Class Y2	Baillie Gifford Japanese Fund Class B Shares

Synthetic Risk and Reward Indicator



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

- This indicator is based on historical data, calculated using European Union rules, and may not be a reliable indication of the future risk profile of the Fund.
- The risk and reward category shown is not guaranteed to remain unchanged and may change over time. The lowest category does not mean 'risk free'.
- Further information on the risks applicable to the Fund is detailed in the Fund's Key Investor Information Document, and a full description is set out in the Prospectus, both of which are available on the internet at www.avivainvestors.com or from the ACD on request.

COMPARATIVE TABLES

Class 1 Income	2018 p per share	2017 p per share	2016 p per share
Change in net assets per share			
Opening net asset value per share	78.86	68.55	71.44
Return before operating charges [†]	4.31	11.95	(1.01)
Operating charges	(1.68)	(1.62)	(1.63)
Return after operating charges [†]	2.63	10.33	(2.64)
Distributions	(0.36)	(0.02)	(0.25)
Closing net asset value per share	81.13	78.86	68.55
[†] after direct transaction costs of	–	(0.01)	(0.06)
Performance			
Return after charges	3.34%	15.07%	(3.70)%
Other information			
Closing net asset value (£000)	3,546	4,326	4,914
Closing number of shares	4,371,298	5,485,781	7,168,267
Operating charges (%) [†]	2.08%	2.17%	2.31%
Direct transaction costs (%) [#]	–	0.02%	0.08%
Prices[®]			
Highest share price	83.18	79.28	74.59
Lowest share price	78.32	68.95	65.84

Class 2 Income	2018 p per share	2017 p per share	2016 p per share
Change in net assets per share			
Opening net asset value per share	133.61	116.12	121.05
Return before operating charges [†]	7.11	20.09	(1.94)
Operating charges	(1.82)	(1.79)	(1.85)
Return after operating charges [†]	5.29	18.30	(3.79)
Distributions	(1.17)	(0.81)	(1.14)
Closing net asset value per share	137.73	133.61	116.12
[†] after direct transaction costs of	–	(0.03)	(0.10)
Performance			
Return after charges	3.96%	15.76%	(3.13)%
Other information			
Closing net asset value (£000)	7,019	6,988	7,497
Closing number of shares	5,095,781	5,229,806	6,455,964
Operating charges (%) [†]	1.33%	1.42%	1.55%
Direct transaction costs (%) [#]	–	0.02%	0.08%
Prices[®]			
Highest share price	141.24	134.79	126.45
Lowest share price	132.81	116.81	111.85

Class 2 Accumulation	2018 p per share	2017 p per share	2016 p per share
Change in net assets per share			
Opening net asset value per share	130.59	112.81	116.44
Return before operating charges [†]	6.96	19.54	(1.85)
Operating charges	(1.79)	(1.76)	(1.78)
Return after operating charges [†]	5.17	17.78	(3.63)
Distributions	(1.14)	(0.79)	(1.10)
Retained distributions on accumulation shares	1.14	0.79	1.10
Closing net asset value per share	135.76	130.59	112.81
[†] after direct transaction costs of	–	(0.02)	(0.09)
Performance			
Return after charges	3.96%	15.76%	(3.12)%
Other information			
Closing net asset value (£000)	17,154	15,395	8,327
Closing number of shares	12,636,128	11,788,804	7,381,519
Operating charges (%) [†]	1.33%	1.42%	1.55%
Direct transaction costs (%) [#]	–	0.02%	0.08%
Prices[®]			
Highest share price	139.06	131.25	121.62
Lowest share price	129.80	113.46	108.08

COMPARATIVE TABLES (CONTINUED)

	2018	2017	2016
Class 3 Income	p per share	p per share	p per share
Change in net assets per share			
Opening net asset value per share	157.78	137.12	142.94
Return before operating charges [†]	8.32	23.66	(2.34)
Operating charges	(1.75)	(1.75)	(1.85)
Return after operating charges [†]	6.57	21.91	(4.19)
Distributions	(1.70)	(1.25)	(1.63)
Closing net asset value per share	162.65	157.78	137.12
[†] after direct transaction costs of	–	(0.03)	(0.11)
Performance			
Return after charges	4.16%	15.98%	(2.93)%
Other information			
Closing net asset value (£000)	149,049	147,469	135,495
Closing number of shares	91,637,605	93,463,823	98,816,496
Operating charges (%) [‡]	1.08%	1.17%	1.31%
Direct transaction costs (%) [#]	–	0.02%	0.08%
Prices[≈]			
Highest share price	166.92	159.28	149.34
Lowest share price	156.87	137.92	132.20

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

- (a) Changes to fee rates were made during the year and the Ongoing Charge Figure has been amended to be future proofed for this change.
 (b) The Ongoing Charge 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. The net asset value per share is based on the net asset value in the published accounts and may be different due to post year end accounting adjustments.

Ongoing Charges Figure*

Share class	28.02.18	28.02.17
Class 1	2.08%	2.17%
Class 2	1.33%	1.42%
Class 3	1.08%	1.17%

* 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). The OCF includes a synthetic element of 0.44% (2017: 0.53%) in respect of the underlying investments.

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

PORTFOLIO STATEMENT

As at 28 February 2018

Investment	Currency	Holding	Market Value £000	% of Net Assets
Collective Investment Schemes 73.07% (86.13%)				
Artemis Income Fund Class R distribution units, GBP	GBP	288,347	643	0.36
Aviva Investors EM Equity MoM 1 Fund Class 2, Income shares, GBP [†]	GBP	1,633,468	8,641	4.89
Aviva Investors Multi-Strategy Target Income Fund Class 8, Income shares, GBP [†]	GBP	10,360,115	9,720	5.50
Aviva Investors Multi-Strategy Target Return Fund Class 8, Accumulation shares, GBP [†]	GBP	12,714,450	14,208	8.04
Aviva Investors US Equity MoM 1 Fund Class 2, Income shares, GBP [†]	GBP	1,654,937	5,589	3.16
Baillie Gifford Japanese Fund Class B Shares	GBP	247,867	4,169	2.36
BlackRock Emerging Markets Local Currency Bond Fund Class A2 USD	USD	219,776	4,202	2.38
BlackRock European Dynamic Fund Class FD Accumulating GBP	GBP	5,397,201	9,100	5.15
BlackRock Pacific Index Fund (IE) Class Institutional Accumulating EUR	EUR	230,394	3,205	1.81
Hermes Global High Yield Credit Fund Class F Stg£ Acc. Hedged Shares	GBP	1,068,200	1,304	0.74
Invesco Perpetual European Equity Income Fund Accumulation (No Trail) share class	GBP	4,437,114	9,195	5.20
iShares \$ TIPS UCITS Fund USD (Acc) Share Class	GBP	123,198	17,824	10.08
iShares Core S&P 500 Fund USD (Acc) Share Class	GBP	39,967	7,632	4.32
JPM Global Corporate Bond Fund C (dist) – GBP (hedged)	GBP	122,335	8,040	4.55
Man GLG Japan CoreAlpha Fund Professional Accumulation Shares (Class C)	GBP	2,079,452	3,976	2.25
PineBridge Asia ex Japan Small Cap Equity Fund Unit Class Y2	GBP	30,485	3,712	2.10
Wellington US Research Equity Fund USD Class S Accumulating Unhedged	USD	262,972	18,002	10.18
Collective Investment Schemes total			129,162	73.07
Forward Currency Contracts 0.36% ((0.07)%)				
Buy GBP 1,617,907 sell AUD 2,870,114 dated 20/03/2018			7	–
Buy GBP 17,791,520 sell USD 23,865,064 dated 20/03/2018			632	0.36
Forward Currency Contracts total			639	0.36
Futures 0.18% (0.07%)				
Australia 10 Year Bond 15/03/2018	AUD	186	(246)	(0.14)
EURO STOXX Bank Index 16/03/2018	EUR	866	32	0.02
MSCI Emerging Markets Index 16/03/2018	USD	227	756	0.43
S&P 500 Emini Index 16/03/2018	USD	(38)	(143)	(0.08)
TOPIX Index 08/03/2018	JPY	45	(62)	(0.04)
US 10 Year Note 20/06/2018	USD	156	(25)	(0.01)
Futures total			312	0.18
Liquidity Funds 16.01% (11.02%)¹				
Aviva Investors Sterling Liquidity Fund Class 3, Income shares, GBP [†]	GBP	28,300,000	28,300	16.01
Liquidity Funds total			28,300	16.01
Investment assets (including investment liabilities) ²			158,413	89.62
Net other assets			18,355	10.38
Net assets			176,768	100.00

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

The comparative percentage figures in brackets are as at 28 February 2017.

[†] A related party to the Fund.¹ Cash Equivalents.² Includes Cash Equivalents.

STATEMENT OF TOTAL RETURN

For the year ended 28 February 2018

	Notes	£000	Year ended 28.02.18 £000	£000	Year ended 28.02.17 £000
Income					
Net capital gains	2		5,399		23,722
Revenue	3	3,289		2,492	
Expenses					
Net revenue before taxation	4	(1,242)		(1,143)	
Taxation	5	(276)		(885)	
Net revenue after taxation			1,771		464
Total return before distributions			7,170		24,186
Distributions	6		(1,792)		(1,319)
Change in net assets attributable to shareholders from investment activities			5,378		22,867

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

For the year ended 28 February 2018

	£000	Year ended 28.02.18 £000	£000	Year ended 28.02.17 £000
Opening net assets attributable to shareholders		174,178		156,233
Movement due to issue and cancellation of shares:				
Amounts receivable on issue of shares	17,849		16,358	
Amounts payable on cancellation of shares	(20,778)		(21,364)	
		(2,929)		(5,006)
Change in net assets attributable to shareholders from investment activities (see above)		5,378		22,867
Retained distribution on accumulation shares		141		84
Closing net assets attributable to shareholders		176,768		174,178

BALANCE SHEET

As at 28 February 2018

	Notes	As at 28.02.18 £000	As at 28.02.17 £000
Assets:			
Investments		130,589	150,137
Current assets:			
Debtors	8	8,489	745
Cash and bank balances	9	19,829	6,203
Cash equivalents	10	28,300	19,200
Total assets		187,207	176,285
Liabilities:			
Investment liabilities		(476)	(125)
Provision for liabilities	11	(214)	(352)
Creditors:			
Distribution payable		(320)	(689)
Other creditors	12	(9,429)	(941)
Total liabilities		(10,439)	(2,107)
Net assets attributable to shareholders		176,768	174,178

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting basis and policies

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

2 Net capital gains

	Year ended 28.02.18 £000	Year ended 28.02.17 £000
Net capital gains on investments during the year comprise:		
Currency losses	(14)	(152)
Derivative contracts gains/(losses)	479	(379)
Expenses relating to the purchase and sale of investments	(3)	(5)
Forward currency contracts gains/(losses)	1,515	(934)
Investment manager capital rebates*	14	49
Non-derivative securities gains	3,408	25,143
Net capital gains**	5,399	23,722

* Represents rebates received in respect of expenses incurred in underlying CIS investments.

** Total realised gains for the year were £8,147,000 (2017: £7,165,000) and the movement in unrealised (losses)/gains was £(2,748,000) (2017: £16,557,000). Included in realised gains for the year were unrealised gains/(losses) recognised in previous periods.

3 Revenue

	Year ended 28.02.18 £000	Year ended 28.02.17 £000
Bank and deposit interest	2	5
Franked components of dividend distributions	681	940
Interest on debt securities	57	74
Income from derivatives	311	201
Investment manager rebates*	179	295
Revenue from offshore funds	1,558	537
Unfranked components of dividend distributions	501	440
Total revenue	3,289	2,492

* Represents rebates received in respect of expenses incurred in underlying CIS investments.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4 Expenses

	Year ended 28.02.18 £000	Year ended 28.02.17 £000
Payable to the Authorised Corporate Director ("ACD"), associates of the ACD or agents of either of them:		
ACD's periodic charge	1,141	1,062
Registration fees	28	23
	1,169	1,085
Payable to the Depositary, associates of the Depositary or agents of either of them:		
Depositary's fee	25	23
Interest payable	15	–
Safe custody fee	14	16
	54	39
Other expenses:		
Audit fee*	11	11
Printing & postage expenses	3	3
Statement fees	5	5
	19	19
Total expenses	1,242	1,143

* The audit fee was £9,098 (2017: £8,855) net of VAT.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5 Taxation**a Analysis of tax charge**

	Year ended 28.02.18 £000	Year ended 28.02.17 £000
Corporation tax	410	585
Overseas tax suffered	(4)	(52)
Adjustments in respect of prior periods	8	–
Total current tax	414	533
Deferred tax	(138)	352
Total deferred tax (see note 5c)	(138)	352
Total tax for the year (see note 5b)	276	885

b Factors affecting current tax charge

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

The differences are explained below:

	Year ended 28.02.18 £000	Year ended 28.02.17 £000
Net revenue before taxation	2,047	1,349
Corporation tax at 20%	409	270
Effects of:		
Deferred tax	(138)	352
Overseas dividends not subject to corporation tax	(13)	–
Overseas tax suffered	(4)	(52)
Tax relief on realised gain on offshore funds	147	493
Tax relief on investment manager fee rebates	3	10
Adjustments in respect of prior periods	8	–
UK dividends not subject to corporation tax	(136)	(188)
	(133)	615
Total tax for the year (see note 5a)	276	885

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

c Deferred tax

	Year ended 28.02.18 £000	Year ended 28.02.17 £000
The deferred tax provision is made up as follows:		
Provision at start of year	352	–
(Credit)/charge for the year	(138)	352
Provision at end of year	214	352

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6 Distributions

	Year ended 28.02.18 £000	Year ended 28.02.17 £000
The distributions take account of revenue received on the issue of shares and revenue deducted on the cancellation of shares, and comprise:		
Interim distribution	1,439	561
Final distribution	339	746
	1,778	1,307
Add: Revenue deducted on cancellation of shares	67	63
Deduct: Revenue received on issue of shares	(53)	(51)
Total distributions	1,792	1,319
Reconciliation of distributions for the year to net revenue after taxation		
Distributions for the year	1,792	1,319
Revenue deficit transferred to capital	(9)	–
Tax relief on offshore gain	(9)	(845)
Tax relief on investment manager fee rebates	(3)	(10)
Net revenue after taxation	1,771	464

Details of the distributions per share are set out in the distribution tables on page 55.

7 Fair value hierarchy

Valuation technique	As at 28.02.18		As at 28.02.17	
	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Level 1: Quoted prices	788	(476)	124	–
Level 2: Observable market data	158,101	–	169,213	(125)
Total	158,889	(476)	169,337	(125)

The purpose of the fair value hierarchy is to prioritise the inputs that should be used to measure the fair value of assets and liabilities.

The highest priority is given to quoted prices at which a transaction can be entered into and the lowest priority is given to unobservable inputs. Disclosure is required of the value in each category in order to give an insight into the extent to which fair value measurements are subjective.

The disclosure is split into the following categories:

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

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

Level 3: Valuation techniques using unobservable inputs.

8 Debtors

	As at 28.02.18 £000	As at 28.02.17 £000
Accrued revenue	58	82
Accrued management fee rebates	184	181
Amounts receivable on issue of shares	523	400
Income tax recoverable	93	82
Sales awaiting settlement	7,631	–
Total debtors	8,489	745

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9 Cash and bank balances

	As at 28.02.18 £000	As at 28.02.17 £000
Amounts held at futures clearing houses and brokers	1,358	178
Cash and bank balances	18,471	6,025
Total cash and bank balances	19,829	6,203

10 Cash equivalents

	As at 28.02.18 £000	As at 28.02.17 £000
Aviva Investors Sterling Liquidity Fund	28,300	19,200
Total cash equivalents	28,300	19,200

11 Provisions

	As at 28.02.18 £000	As at 28.02.17 £000
Deferred tax provision	214	352
Total provisions	214	352

12 Other creditors

	As at 28.02.18 £000	As at 28.02.17 £000
Accrued expenses	125	110
Amounts payable for cancellation of shares	1,214	239
Corporation tax payable	410	585
Overseas tax provision	4	7
Purchases awaiting settlement	7,676	–
Total creditors	9,429	941

13 Contingent liabilities and commitments

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14 Related party transactions

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

ACD periodic charges paid to Aviva Investors UK Fund Services Limited ("the ACD") are shown in note 4 and details of shares issued and cancelled by the ACD are shown in the statement of change in net assets attributable to shareholders. The balance due to the ACD at the year end in respect of ACD periodic charges was £87,000 (2017: £85,000). Any balance due from the ACD in respect of issues is shown in note 8. Any balance due to the ACD in respect of cancellations is shown in note 12.

Distributions payable to the ACD and related parties of the ACD during the year amounted to £1,556,000 (2017: £1,247,000). The amount outstanding at the year end was £312,000 (2017: £709,000). Related parties of the ACD are deemed to be all companies under the control of Aviva Plc. This will include companies which hold shares in the Fund on behalf of other external investors.

Any investments managed and advised by Aviva Investors Global Services Limited or associated with the Aviva Group are identified on the portfolio statement. The total purchases and sales on these investments during the year amounted to £11,353,000 (2017: £90,157,000) and £26,083,000 (2017: £69,735,000) respectively. The income received during the year amounted to £797,000 (2017: £749,000). The rebates from ACD during the year amounted to £99,000 (2017: £202,000).

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

	Holdings at 28.02.18 (shares)	Movement (shares)	Holdings at 28.02.17 (shares)
ACD and related parties (Class 2 Income shares)	–	(1,160,257)	1,160,257
ACD and related parties (Class 2 Accumulation shares)	–	(8,559,222)	8,559,222
ACD and related parties (Class 3 Income shares)	91,637,605	(1,826,218)	93,463,823

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

15 Shareholder funds

The Fund currently has three share classes: Class 1 (Retail), Class 2 (Institutional) and Class 3 (Associated undertakings of Aviva plc). The annual management charges are as follows:

Class 1: 1.50%
Class 2: 0.75%
Class 3: 0.60%

The net asset value per share class, the net asset value per share and the number of shares in the class are shown on pages 41 and 42. The distributions per share class are given in the distribution tables on page 55. All the share classes have the same rights on winding up.

16 Shares in issue reconciliation

	Number of shares in issue at 28.02.17	Number of shares issued	Number of shares cancelled	Number of shares converted	Number of shares in issue at 28.02.18
Share Class 1 Income	5,485,781	373,504	(1,478,960)	(9,027)	4,371,298
Share Class 2 Income	5,229,806	657,932	(797,279)	5,322	5,095,781
Share Class 2 Accumulation	11,788,804	2,500,665	(1,653,341)	–	12,636,128
Share Class 3 Income	93,463,823	8,238,250	(10,064,468)	–	91,637,605

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

17 Counterparty exposure**Financial derivative exposure**

The types of derivatives held at the year end date were forward currency contracts and futures contracts. Details of individual contracts are disclosed in the Portfolio Statement and the total position by counterparty at the year end date was as follows:

	Forward currency contracts £000	Futures contracts £000	Total £000
28.02.18			
Royal Bank of Canada	7	–	7
Royal Bank of Scotland	632	–	632
UBS	–	788	788
Total	639	788	1,427

	Forward currency contracts £000	Futures contracts £000	Total £000
28.02.17			
Citibank	(124)	–	(124)
JPMorgan	–	124	124
UBS	(1)	–	(1)
Total	(125)	124	(1)

The counterparty exposure on forward currency contracts is reported at their mark to market values but for futures contracts it is only the positive mark to market values that are reported.

Collateral

At the year end date no collateral was held or pledged by the company or on behalf of the counterparties in respect of the above (2017: £nil).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

18 Derivatives and other financial instruments

The policies applied in the management of financial instruments are set out on pages 7 and 8.

Fair value of financial assets and financial liabilities

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

Currency risk

At the year end date, 3.83% (2017: 9.75%) of the net assets of the Fund were denominated in currencies other than sterling and as such the currency risk is not considered significant.

Interest rate risk

At the year end date 27.23% (2017: 14.58%) of the net assets of the Fund were interest bearing. If interest rates were to change by 1.00%, the value of the Fund would change by 3.15% (2017: 2.61%).

The interest rate profile of the Fund's financial assets and liabilities at 28 February was:

Currency 28.02.18	Floating Rate £000	Fixed Rate £000	None £000	Total £000
Financial Assets				
Sterling	48,301	–	131,650	179,951
Australian Dollar	387	–	–	387
Euro	(23)	–	3,237	3,214
Japanese Yen	77	–	–	77
US Dollar	(613)	–	22,960	22,347
Financial Liabilities				
Sterling	–	–	(9,958)	(9,958)
Australian Dollar	–	–	(1,861)	(1,861)
Japanese Yen	–	–	(62)	(62)
US Dollar	–	–	(17,327)	(17,327)
Total	48,129	–	128,639	176,768

The interest rate profile of the Fund's financial assets and liabilities at 28 February 2017 was:

Currency 28.02.17	Floating Rate £000	Fixed Rate £000	None £000	Total £000
Financial Assets				
Sterling	25,066	–	134,099	159,165
Australian Dollar	168	–	103	271
US Dollar	169	–	25,168	25,337
Financial Liabilities				
Sterling	–	–	(1,974)	(1,974)
Australian Dollar	–	–	(7)	(7)
US Dollar	–	–	(8,614)	(8,614)
Total	25,403	–	148,775	174,178

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

The Fund invests in some collective investment schemes (CIS) which predominantly invest in debt securities. The revenue of the Fund and the value of debt securities may be significantly affected by interest rate movements in the future. At the year end date 17.75% (2017: 20.46%) of the assets of the Fund were invested in CIS which predominantly invest in debt securities.

Market price risk

At the year end date, 73.07% (2017: 86.13%) of the net assets of the Fund were invested in CIS which primarily invest in stocks admitted to an official stock exchange. If the market value were to change by 10%, the value of the Fund would change by 7.31% (2017: 8.61%).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

19 Direct transaction costs

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

28.02.18	Principal before costs £000	Commissions £000	Taxes £000	Total after costs £000	Commissions as % of principal	Taxes as % of principal
Purchases (excluding in-specie transfers and corporate actions)						
Equities	(18,046)	(5)	–	(18,051)	0.03%	0.00%
Bonds	(9,100)	–	–	(9,100)	0.00%	0.00%
Funds	(20,500)	–	–	(20,500)	0.00%	0.00%
	<u>(47,646)</u>	<u>(5)</u>	<u>–</u>	<u>(47,651)</u>		
Sales (excluding in-specie transfers and corporate actions)						
Funds	62,863	–	–	62,863	0.00%	0.00%
	<u>62,863</u>	<u>–</u>	<u>–</u>	<u>62,863</u>		
Total		<u>(5)</u>	<u>–</u>			
Percentage of fund average net assets		<u>0.00%</u>	<u>0.00%</u>			

28.02.17	Principal before costs £000	Commissions £000	Taxes £000	Total after costs £000	Commissions as % of principal	Taxes as % of principal
Purchases (excluding in-specie transfers and corporate actions)						
Equities	(4,079)	(2)	–	(4,081)	0.05%	0.00%
Bonds	(51,100)	–	–	(51,100)	0.00%	0.00%
Funds	(72,269)	–	(9)	(72,278)	0.00%	0.01%
	<u>(127,448)</u>	<u>(2)</u>	<u>(9)</u>	<u>(127,459)</u>		
Sales (excluding in-specie transfers and corporate actions)						
Equities	255	–	–	255	0.00%	0.00%
Bonds	46,900	–	–	46,900	0.00%	0.00%
Funds	92,630	–	(19)	92,611	0.00%	0.02%
	<u>139,785</u>	<u>–</u>	<u>(19)</u>	<u>139,766</u>		
Total		<u>(2)</u>	<u>(28)</u>			
Percentage of fund average net assets		<u>0.00%</u>	<u>0.02%</u>			

Dealing spread

As at 28 February 2018, the average portfolio dealing spread was 0.04% (2017: 0.04%). This spread represents the difference between the values determined retrospectively by reference to the bid and offer prices of investments expressed as a percentage of the value determined by reference to the offer price.

20 Post balance sheet events

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

DISTRIBUTION TABLES

Final distribution payable in pence per share for the six months ended 28 February 2018

Income shares		Net revenue	Equalisation	Final distribution payable 30 April 2018	Final distribution paid 30 April 2017
Share Class 1	Group 1	0.0000	–	0.0000	0.0226
	Group 2	0.0000	0.0000	0.0000	0.0226
Share Class 2	Group 1	0.1519	–	0.1519	0.5005
	Group 2	0.0790	0.0729	0.1519	0.5005
Share Class 3	Group 1	0.3409	–	0.3409	0.7077
	Group 2	0.1755	0.1654	0.3409	0.7077
Accumulation shares		Net revenue	Equalisation	Final distribution payable 30 April 2018	Final distribution paid 30 April 2017
Share Class 2	Group 1	0.1490	–	0.1490	0.4825
	Group 2	0.0587	0.0903	0.1490	0.4825

Final distribution

Group 1 shares are those shares purchased at or before 9am on 31 August 2017.

Group 2 shares are those shares purchased after 9am on 31 August 2017.

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

Income shares		Net revenue	Equalisation	Interim distribution paid 31 October 2017	Interim distribution paid 31 October 2016
Share Class 1	Group 1	0.3562	–	0.3562	0.0000
	Group 2	0.0824	0.2738	0.3562	0.0000
Share Class 2	Group 1	1.0159	–	1.0159	0.3124
	Group 2	0.4365	0.5794	1.0159	0.3124
Share Class 3	Group 1	1.3620	–	1.3620	0.5468
	Group 2	0.4728	0.8892	1.3620	0.5468
Accumulation shares		Net revenue	Equalisation	Interim distribution paid 31 October 2017	Interim distribution paid 31 October 2016
Share Class 2	Group 1	0.9928	–	0.9928	0.3043
	Group 2	0.3684	0.6244	0.9928	0.3043

Interim distribution

Group 1 shares are those shares purchased at or before 9am on 28 February 2017.

Group 2 shares are those shares purchased after 9am on 28 February 2017.

Equalisation

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

AVIVA INVESTORS MULTI-ASSET FUND I

INVESTMENT OBJECTIVE

The Fund aims to provide returns through a combination of capital growth and income.

INVESTMENT POLICY

The Fund aims to achieve the investment objective by employing a blend of both strategic and tactical asset allocation across a diversified range of global asset classes.

The Fund may invest in securities, fixed income assets, Exchange Traded Funds, collective investment schemes, warrants, money market instruments, deposits, cash, near cash, property and commodities. Exposure to property and commodities will be via collective investment schemes and Exchange Traded Funds. The Fund may also invest directly in derivative instruments (including commodity futures) for the purposes of investment and efficient portfolio management.

By combining diversified and relatively uncorrelated assets, investment risk is controlled and kept in line with the Fund's 'defensive' risk profile.

Details about the Fund's 'defensive' risk profile are available in the Prospectus.

FUND MANAGER'S REPORT

On 4 June 2018, share class 4 of this Fund was closed and merged into share class 1 and share class R3 of this Fund was renamed as share class 2.

Performance

Over the period ended 28 February 2018, the Fund (share class 1) returned 1.04%*.

Review

Growth assets performed well for most of the year under review, supported by an acceleration in economic growth rates globally. There was an unusually low level of volatility during 2017, enabling several equity markets to achieve new all-time highs. Inflation also appeared to remain under control in key regions, helping to support investor sentiment. Volatility picked up and growth assets sold off in early 2018, however, as inflationary pressures finally started to emerge. These moves modestly diluted equity performance, but returns were nonetheless positive in the year as a whole.

Rising equity markets enabled the Fund to rise in value during the year. The Fund benefited from overweight exposure to growth assets, capturing the pickup in global growth and 'risk-on' sentiment. Specifically, tactical overweight positions in European, emerging market and Japanese equities were rewarded, as these were among the strongest performing equity regions.

The Fund was underweight defensive assets over the course of the review period. This had a slightly negative impact on returns until the end of 2017 as both government and corporate bond markets made gains. However, this positioning added value at the start of 2018 as government bonds sold off in January, on worries about rising inflation and tighter monetary policy, and corporate bonds were hit by heightened volatility in February.

Uncorrelated assets detracted slightly in 2017 as the AIMS fund range's performance was hindered by the unanticipated strength of developed bond markets. However, increases in inflation expectations and rising bond yields in the first two months of 2018 boosted performance as traditional asset classes suffered.

Outlook

We believe the economic outlook is strong, with global growth likely to approach four per cent in 2018. We expect this positive macroeconomic backdrop to be supportive of risk assets, translating into strong performance in selected equity markets. Meanwhile, we expect bond yields to grind higher as inflation expectations continue to creep up.

March 2018

* Fund performance figures – share class 1, source Lipper, net of fees, net income reinvested in GBP, as at 28 February 2018.

As noted above, the performance figures in this commentary have been sourced from an external party and are based on published prices. The performance figures quoted in the comparative tables on pages 58 and 59 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 buy or sell any securities. Past performance is not a guide to the future. The value of a fund and the income from it may go down as well as up, and the investor may not get back the original amount invested.

Material Portfolio Changes

Purchases	Sales
Aviva Investors Sterling Liquidity Fund Class 9, Income shares, GBP	Aviva Investors Sterling Liquidity Fund Class 3, Income shares, GBP
US Treasury Inflation Indexed 0.38% 15/07/2027	US Treasury Inflation Linked, FRN 0.13% 15/07/2026
Aviva Investors Global Investment Grade Corporate Bond Fund Class Zyh, Accumulation shares, GBP	Aviva Investors Global Investment Grade Corporate Bond Fund Class Ih, Accumulation shares, GBP
Aviva Investors Sterling Liquidity Fund Class 3, Income shares, GBP	Aviva Investors Global Investment Grade Corporate Bond Fund Class Zyh, Accumulation shares, GBP
US Treasury Inflation Linked, FRN 0.13% 15/07/2026	Aviva Investors Multi-Strategy Target Return Fund Class 8, Accumulation shares, GBP
Aviva Investors Multi-Strategy Fixed Income Fund Class Zh, Accumulation shares, GBP	BlackRock North American Equity Index Fund (UK) Class L Accumulating GBP
Aviva Investors Emerging Markets Local Currency Bond Fund Class Zy, Accumulation shares, GBP	Aviva Investors Property Trust Class 1, Accumulation shares, GBP
Aviva Investors European Equity Income Fund Class Zy, Accumulation shares, GBP	Aviva Investors Multi-Strategy Target Income Fund Class 8, Income shares, GBP
BlackRock Japan Equity Index Fund (UK) Class L Accumulating GBP	Aviva Investors Emerging Markets Local Currency Bond Fund Class Ia, Income shares, GBP
Aviva Investors Global High Yield Bond Fund Class Zh, Accumulation shares, GBP	Aviva Investors Global High Yield Bond Fund Class Ih, Accumulation shares, GBP

AVIVA INVESTORS MULTI-ASSET FUND I (CONTINUED)

Synthetic Risk and Reward Indicator



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

- This indicator is based on historical data, calculated using European Union rules, and may not be a reliable indication of the future risk profile of the Fund.
- The risk and reward category shown is not guaranteed to remain unchanged and may change over time. The lowest category does not mean ‘risk free’.
- Further information on the risks applicable to the Fund is detailed in the Fund’s Key Investor Information Document, and a full description is set out in the Prospectus, both of which are available on the internet at www.avivainvestors.com or from the ACD on request.

COMPARATIVE TABLES

Class 1 Accumulation	2018 p per share	2017 p per share	2016 p per share
Change in net assets per share			
Opening net asset value per share	120.84	113.67	115.30
Return before operating charges [†]	2.06	8.93	0.02
Operating charges	(1.62)	(1.76)	(1.65)
Return after operating charges [†]	0.44	7.17	(1.63)
Distributions	(0.21)	(0.03)	(0.01)
Retained distributions on accumulation shares	0.21	0.03	0.01
Closing net asset value per share	121.28	120.84	113.67
† after direct transaction costs of	–	–	–
Performance			
Return after charges	0.36%	6.31%	(1.41)%
Other information			
Closing net asset value (£000)	1,881	2,213	1,795
Closing number of shares	1,551,065	1,831,638	1,578,943
Operating charges (%) [†]	1.33%	1.49%	1.45%
Direct transaction costs (%) [†]	–	–	–
Prices[™]			
Highest share price	123.02	121.10	117.90
Lowest share price	120.31	112.98	111.09

Class 3 Accumulation	2018 p per share	2017 p per share	2016 p per share
Change in net assets per share			
Opening net asset value per share	124.98	116.90	117.91
Return before operating charges [†]	1.97	9.05	(0.14)
Operating charges	(0.79)	(0.97)	(0.87)
Return after operating charges [†]	1.18	8.08	(1.01)
Distributions	(0.87)	(0.72)	(0.64)
Retained distributions on accumulation shares	0.87	0.72	0.64
Closing net asset value per share	126.16	124.98	116.90
† after direct transaction costs of	–	–	–
Performance			
Return after charges	0.94%	6.91%	(0.86)%
Other information			
Closing net asset value (£000)	66,692	48,069	27,293
Closing number of shares	52,862,401	38,461,958	23,346,360
Operating charges (%) [†]	0.63%	0.79%	0.74%
Direct transaction costs (%) [†]	–	–	–
Prices[™]			
Highest share price	127.85	125.06	120.69
Lowest share price	124.70	116.43	114.01

Class 4 Accumulation	2018 p per share	2017 p per share	2016 p per share
Change in net assets per share			
Opening net asset value per share	123.35	115.57	116.78
Return before operating charges [†]	1.99	8.97	(0.13)
Operating charges	(1.03)	(1.19)	(1.08)
Return after operating charges [†]	0.96	7.78	(1.21)
Distributions	(0.65)	(0.52)	(0.41)
Retained distributions on accumulation shares	0.65	0.52	0.41
Closing net asset value per share	124.31	123.35	115.57
† after direct transaction costs of	–	–	–
Performance			
Return after charges	0.78%	6.73%	(1.04)%
Other information			
Closing net asset value (£000)	9,670	10,425	10,316
Closing number of shares	7,778,697	8,451,180	8,926,276
Operating charges (%) [†]	0.83%	0.99%	0.94%
Direct transaction costs (%) [†]	–	–	–
Prices[™]			
Highest share price	126.02	123.45	119.49
Lowest share price	123.08	115.04	112.80

Class R3 Accumulation	2018 p per share	2017 p per share	2016 p per share
Change in net assets per share			
Opening net asset value per share	122.63	114.66	115.62
Return before operating charges [†]	1.93	8.86	(0.16)
Operating charges	(0.70)	(0.89)	(0.80)
Return after operating charges [†]	1.23	7.97	(0.96)
Distributions	(0.92)	(0.76)	(0.66)
Retained distributions on accumulation shares	0.92	0.76	0.66
Closing net asset value per share	123.86	122.63	114.66
† after direct transaction costs of	–	–	–
Performance			
Return after charges	1.00%	6.95%	(0.83)%
Other information			
Closing net asset value (£000)	58,075	45,779	26,944
Closing number of shares	46,889,733	37,330,310	23,498,243
Operating charges (%) [†]	0.58%	0.74%	0.70%
Direct transaction costs (%) [†]	–	–	–
Prices[™]			
Highest share price	125.51	122.72	118.34
Lowest share price	122.36	114.22	111.80

COMPARATIVE TABLES (CONTINUED)

	2018	2017	2016
Class 9 Accumulation	p per share	p per share	p per share
Change in net assets per share			
Opening net asset value per share	107.63	100.32	100.85
Return before operating charges [‡]	1.66	7.65	(0.18)
Operating charges	(0.34)	(0.34)	(0.35)
Return after operating charges [‡]	1.32	7.31	(0.53)
Distributions	(1.04)	(0.99)	(0.86)
Retained distributions on accumulation shares	1.04	0.99	0.86
Closing net asset value per share	108.95	107.63	100.32
[†] after direct transaction costs of	–	–	–
Performance			
Return after charges	1.23%	7.29%	(0.53)%
Other information			
Closing net asset value (£000)	16,408	2,527	76
Closing number of shares	15,060,037	2,347,129	76,000
Operating charges (%) [‡]	0.35%	0.35%	0.35%
Direct transaction costs (%) [‡]	–	–	–
Prices[≈]			
Highest share price	110.37	107.71	103.28
Lowest share price	107.41	100.02	97.68

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

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

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

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

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

Ongoing Charges Figure*

Share class	28.02.18	28.02.17
Class 1	1.33%	1.49%
Class 3	0.63%	0.79%
Class 4	0.83%	0.99%
Class R3	0.58%	0.74%
Class 9	0.35%	0.35%

* 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). The OCF on share class 9 is restricted to the Annual Management Charge. The OCF on all other share classes includes a synthetic element of 0.09% (2017: 0.24%) in respect of the underlying investments. There is a cap on all other operating expenses of 0.25%, however in the current year, all other operating expenses were less than this capped amount.

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

PORTFOLIO STATEMENT

As at 28 February 2018

Investment	Currency	Holding	Market Value £000	% of Net Assets
Collective Investment Schemes 43.18% (56.80%)				
Aviva Investors Emerging Markets Equity Income Fund Class Zy, Accumulation shares, GBP [†]	GBP	1,285	1,872	1.22
Aviva Investors Emerging Markets Equity Small Cap Fund Class Zy, Accumulation shares, USD [†]	USD	955	781	0.51
Aviva Investors Emerging Markets Local Currency Bond Fund Class Zy, Accumulation shares, GBP [†]	GBP	2,107	3,049	2.00
Aviva Investors European Equity Income Fund Class Zy, Accumulation shares, GBP [†]	GBP	4,003	5,653	3.70
Aviva Investors Global Equity Endurance Fund Class Zy, Accumulation shares, GBP [†]	GBP	1,928	2,208	1.45
Aviva Investors Global Investment Grade Corporate Bond Fund Class Zyh, Accumulation shares, GBP [†]	GBP	14,981	16,403	10.74
Aviva Investors Multi-Strategy Fixed Income Fund Class Zh, Accumulation shares, GBP [†]	GBP	10,721	11,017	7.21
Aviva Investors Multi-Strategy Target Return Fund Class 8, Accumulation shares, GBP [†]	GBP	15,609,682	17,453	11.43
BlackRock Japan Equity Index Fund (UK) Class L Accumulating GBP	GBP	967,774	2,170	1.42
BlackRock North American Equity Index Fund (UK) Class L Accumulating GBP	GBP	1,595,184	5,346	3.50
Collective Investment Schemes total			65,952	43.18
Government Bonds 15.11% (11.47%)				
United States of America 15.11% (11.47%)				
US Treasury Inflation Indexed 0.38% 15/07/2027	USD	\$32,681,000	23,068	15.11
Government Bonds total			23,068	15.11
Forward Currency Contracts 0.44% ((0.15)%)				
Buy GBP 22,555,193 sell USD 30,267,454 dated 20/03/2018			677	0.44
Forward Currency Contracts total			677	0.44
Futures 0.06% (0.14%)				
Australia 10 Year Bond 15/03/2018	AUD	276	(365)	(0.24)
EURO STOXX Bank Index 16/03/2018	EUR	517	23	0.02
MSCI Emerging Markets Index 16/03/2018	USD	162	496	0.33
NASDAQ 100 Emini Index 16/03/2018	USD	7	64	0.04
S&P 500 Emini Index 16/03/2018	USD	(23)	(88)	(0.06)
TOPIX Index 08/03/2018	JPY	8	(11)	(0.01)
TPX Banks Index 08/03/2018	JPY	35	(9)	(0.01)
US 10 Year Note 20/06/2018	USD	232	(16)	(0.01)
Futures total			94	0.06
Liquidity Funds 34.90% (30.09%)¹				
Aviva Investors Sterling Liquidity Fund Class 9, Income shares, GBP [†]	GBP	53,300,403	53,300	34.90
Liquidity Funds total			53,300	34.90
Investment assets (including investment liabilities) ²			143,091	93.69
Net other assets			9,635	6.31
Net assets			152,726	100.00

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

The comparative percentage figures in brackets are as at 28 February 2017.

[†] A related party to the Fund.

¹ Cash Equivalents.

² Includes Cash Equivalents.

STATEMENT OF TOTAL RETURN

For the year ended 28 February 2018

	Notes	£000	Year ended 28.02.18 £000	£000	Year ended 28.02.17 £000
Income					
Net capital gains	2		86		4,886
Revenue	3	1,797		1,031	
Expenses					
	4	(701)		(485)	
Net revenue before taxation		1,096		546	
Taxation	5	(174)		(57)	
Net revenue after taxation			922		489
Total return before distributions			1,008		5,375
Distributions	6		(940)		(489)
Change in net assets attributable to shareholders from investment activities			68		4,886

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

For the year ended 28 February 2018

	£000	Year ended 28.02.18 £000	£000	Year ended 28.02.17 £000
Opening net assets attributable to shareholders		109,013		66,424
Movement due to issue and cancellation of shares:				
Amounts receivable on issue of shares	57,877		42,045	
Amounts payable on cancellation of shares	(15,271)		(4,924)	
		42,606		37,121
Change in net assets attributable to shareholders from investment activities (see above)		68		4,886
Retained distribution on accumulation shares		1,039		582
Closing net assets attributable to shareholders		152,726		109,013

BALANCE SHEET

As at 28 February 2018

	Notes	As at 28.02.18 £000	As at 28.02.17 £000
Assets:			
Investments		90,280	74,582
Current assets:			
Debtors	8	2,715	968
Cash and bank balances	9	8,483	982
Cash equivalents	10	53,300	32,800
Total assets		154,778	109,332
Liabilities:			
Investment liabilities		(489)	(167)
Provisions for liabilities	11	(15)	-
Creditors:			
Other creditors	12	(1,548)	(152)
Total liabilities		(2,052)	(319)
Net assets attributable to shareholders		152,726	109,013

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting basis and policies

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

2 Net capital gains

	Year ended 28.02.18 £000	Year ended 28.02.17 £000
Net capital gains on investments during the year comprise:		
Currency gains	4	23
Derivative contracts losses	(116)	(486)
Expenses relating to the purchase and sale of investments	(4)	(5)
Forward currency contracts gains/(losses)	1,693	(845)
Non-derivative securities (losses)/gains	(1,491)	6,199
Net capital gains*	86	4,886

* Total realised gains for the year were £1,500,000 (2017: £1,544,000) and the movement in unrealised (losses)/gains was £(1,414,000) (2017: £3,342,000). Included in realised gains for the year were unrealised gains/(losses) recognised in previous periods.

3 Revenue

	Year ended 28.02.18 £000	Year ended 28.02.17 £000
Bank and deposit interest	2	–
Franked components of dividend distributions	229	262
Interest on debt securities	580	180
Income from derivatives	407	219
Investment manager rebates*	23	65
Revenue from offshore funds	327	81
Unfranked components of dividend distributions	229	224
Total revenue	1,797	1,031

* Represents rebates received in respect of expenses incurred in underlying CIS investments.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4 Expenses

	Year ended 28.02.18 £000	Year ended 28.02.17 £000
Payable to the Authorised Corporate Director ("ACD"), associates of the ACD or agents of either of them:		
ACD's periodic charge	609	400
Registration fees	65	49
	674	449
Payable to the Depositary, associates of the Depositary or agents of either of them:		
Depositary's fee	19	12
Interest payable	9	–
Safe custody fee	12	9
	40	21
Other expenses:		
Audit fee*	11	12
Printing & postage expenses	1	1
Statement fees	2	3
	14	16
Total expenses	728	486
Less those expenses rebated by the ACD	(27)	(1)
Net expenses	701	485

* The audit fee was £9,420 (2017: £9,168) net of VAT.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5 Taxation**a Analysis of tax charge**

	Year ended 28.02.18 £000	Year ended 28.02.17 £000
Corporation tax	151	51
Adjustments in respect of prior periods	12	–
Overseas tax suffered	(4)	6
Total current tax	159	57
Deferred tax	15	–
Total deferred tax (see note 5c)	15	–
Total tax for the year (see note 5b)	174	57

b Factors affecting current tax charge

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

The differences are explained below:

	Year ended 28.02.18 £000	Year ended 28.02.17 £000
Net revenue before taxation	1,096	546
Corporation tax at 20%	219	109
Effects of:		
Adjustments in respect of prior periods	12	–
Tax relief on realised gain on offshore funds	2	–
Deferred tax	15	–
Double taxation relief	–	(6)
Franked distributions not subject to corporation tax	(45)	(52)
Overseas dividends not subject to corporation tax	(25)	–
Overseas tax suffered	(4)	6
	(45)	(52)
Total tax for the year (see note 5a)	174	57

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

c Deferred tax

	Year ended 28.02.18 £000	Year ended 28.02.17 £000
The deferred tax provision is made up as follows:		
Provision at start of year	–	–
Charge for the year	15	–
Provision at end of year	15	–

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6 Distributions

	Year ended 28.02.18 £000	Year ended 28.02.17 £000
The distributions take account of revenue received on the issue of shares and revenue deducted on the cancellation of shares, and comprise:		
Interim distribution	662	148
Final distribution	377	434
	1,039	582
Add: Revenue deducted on cancellation of shares	32	12
Deduct: Revenue received on issue of shares	(131)	(105)
Total distributions	940	489
Reconciliation of distributions for the year to net revenue after taxation		
Distributions for the year	940	489
Revenue deficit transferred to capital	(1)	–
Tax relief on offshore gains	(17)	–
Net revenue after taxation	922	489

Details of the distributions per share are set out in the distribution tables on page 72.

7 Fair value hierarchy

Valuation technique	As at 28.02.18		As at 28.02.17	
	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Level 1: Quoted prices	23,650	(489)	12,662	–
Level 2: Observable market data	119,930	–	94,720	(167)
Total	143,580	(489)	107,382	(167)

The purpose of the fair value hierarchy is to prioritise the inputs that should be used to measure the fair value of assets and liabilities.

The highest priority is given to quoted prices at which a transaction can be entered into and the lowest priority is given to unobservable inputs. Disclosure is required of the value in each category in order to give an insight into the extent to which fair value measurements are subjective.

The disclosure is split into the following categories:

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

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

Level 3: Valuation techniques using unobservable inputs.

8 Debtors

	As at 28.02.18 £000	As at 28.02.17 £000
Accrued revenue	11	15
Accrued management fee rebates	13	–
Amounts receivable on issue of shares	203	900
Income tax recoverable	44	53
Sales awaiting settlement	2,444	–
Total debtors	2,715	968

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9 Cash and bank balances

	As at 28.02.18 £000	As at 28.02.17 £000
Amounts held at futures clearing houses and brokers	1,201	251
Cash and bank balances	7,282	731
Total cash and bank balances	8,483	982

10 Cash equivalents

	As at 28.02.18 £000	As at 28.02.17 £000
Aviva Investors Sterling Liquidity Fund	53,300	32,800
Total cash equivalents	53,300	32,800

11 Provisions

	As at 28.02.18 £000	As at 28.02.17 £000
Deferred tax provision	15	–
Total provisions	15	–

12 Other creditors

	As at 28.02.18 £000	As at 28.02.17 £000
Accrued expenses	84	59
Amounts payable for cancellation of shares	1,309	33
Corporation tax payable	150	51
Overseas tax provision	5	9
Total creditors	1,548	152

13 Contingent liabilities and commitments

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14 Related party transactions

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

ACD periodic charges paid to Aviva Investors UK Fund Services Limited ("the ACD") are shown in note 4 and details of shares issued and cancelled by the ACD are shown in the statement of change in net assets attributable to shareholders. The balance due to the ACD at the year end in respect of ACD periodic charges was £52,000 (2017: £37,000). Any balance due from the ACD in respect of issues is shown in note 8. Any balance due to the ACD in respect of cancellations is shown in note 12.

Distributions payable to the ACD and related parties of the ACD during the year amounted to £579,000 (2017: £404,000). The amount outstanding at the year end was £211,000 (2017: £303,000). Related parties of the ACD are deemed to be all companies under the control of Aviva Plc. This will include companies which hold shares in the Fund on behalf of other external investors.

Any investments managed and advised by Aviva Investors Global Services Limited or associated with the Aviva Group are identified on the portfolio statement. The total purchases and sales on these investments during the year amounted to £106,364,000 (2017: £100,942,000) and £81,347,000 (2017: £64,647,000) respectively. The income received during the year amounted to £803,000 (2017: £446,000). The rebates from ACD during the year amounted to £12,000 (2017: £48,000).

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

	Holdings at 28.02.18 (shares)	Movement (shares)	Holdings at 28.02.17 (shares)
ACD and related parties (share class 1 Accumulation shares)	104,522	93,442	11,080
ACD and related parties (share class 3 Accumulation shares)	52,862,401	14,400,443	38,461,958
ACD and related parties (share class R3 Accumulation shares)	–	(18,500,166)	18,500,166
ACD and related parties (share class 9 Accumulation shares)	15,060,037	12,712,908	2,347,129

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

15 Shareholder funds

The Fund currently has five share classes: Classes 1 and 4 (Retail), Class R3 (Institutional) and Classes 3 and 9 (Associated undertakings of Aviva Plc). The annual management charges are as follows:

Class 1:	1.10%
Class 3:	0.50%
Class 4:	0.60%
Class R3:	0.35%
Class 9:	0.35%

The net asset value per share class, the net asset value per share and the number of shares in the class are shown on pages 58 and 59. The distributions per share class are given in the distribution tables on page 72. All the share classes have the same rights on winding up.

16 Shares in issue reconciliation

	Number of shares in issue at 28.02.17	Number of shares issued	Number of shares cancelled	Number of shares converted	Number of shares in issue at 28.02.18
Share Class 1 Accumulation	1,831,638	170,612	(451,185)	–	1,551,065
Share Class 3 Accumulation	38,461,958	19,462,597	(5,062,154)	–	52,862,401
Share Class 4 Accumulation	8,451,180	67,947	(740,430)	–	7,778,697
Share Class R3 Accumulation	37,330,310	13,634,709	(4,075,286)	–	46,889,733
Share Class 9 Accumulation	2,347,129	14,881,736	(2,168,828)	–	15,060,037

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

17 Counterparty exposure**Financial derivative exposure**

The types of derivatives held at the year end date were forward currency contracts and futures contracts. Details of individual contracts are disclosed in the Portfolio Statement and the total position by counterparty at the year end date was as follows:

	Forward currency contracts £000	Futures contracts £000	Total £000
28.02.18			
JPMorgan	18	–	18
Royal Bank of Canada	9	–	9
Royal Bank of Scotland	650	–	650
UBS	–	583	583
Total	677	583	1,260

	Forward currency contracts £000	Futures contracts £000	Total £000
28.02.17			
Citibank	(156)	–	(156)
JPMorgan	–	151	151
Royal Bank of Canada	(10)	–	(10)
UBS	(1)	–	(1)
Total	(167)	151	(16)

The counterparty exposure on forward currency contracts is reported at their mark to market values but for futures contracts it is only the positive mark to market values that are reported.

Collateral

At the year end date no collateral was held or pledged by the company or on behalf of the counterparties in respect of the above (2017: £nil).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

18 Derivatives and other financial instruments

The policies applied in the management of financial instruments are set out on pages 7 and 8.

Fair value of financial assets and financial liabilities

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

Currency risk

At the year end date, 1.38% (2017: 0.98%) of the net assets of the Fund were denominated in currencies other than sterling and as such the currency risk is not considered significant.

Interest rate risk

At the year end date 55.56% (2017: 42.47%) of the net assets of the Fund were interest bearing. If interest rates were to change by 1.00%, the value of the Fund would change by 2.15% (2017: 2.69%).

The interest rate profile of the Fund's financial assets and liabilities at 28 February 2018 was:

Currency 28.02.18	Floating Rate £000	Fixed Rate £000	None £000	Total £000
Financial Assets				
Sterling	61,741	–	90,428	152,169
Australian Dollar	520	–	–	520
Euro	(8)	–	23	15
Japanese Yen	(2)	–	–	(2)
US Dollar	(468)	23,068	1,352	23,952
Financial Liabilities				
Sterling	–	–	(1,556)	(1,556)
Australian Dollar	–	–	(370)	(370)
Japanese Yen	–	–	(20)	(20)
US Dollar	–	–	(21,982)	(21,982)
Total	61,783	23,068	67,875	152,726

The interest rate profile of the Fund's financial assets and liabilities at 28 February 2017 was:

Currency 28.02.17	Floating Rate £000	Fixed Rate £000	None £000	Total £000
Financial Assets				
Sterling	33,435	–	74,650	108,085
Australian Dollar	230	–	122	352
US Dollar	12,627	–	32	12,659
Financial Liabilities				
Sterling	–	–	(142)	(142)
Australian Dollar	–	–	(8)	(8)
US Dollar	–	–	(11,933)	(11,933)
Total	46,292	–	62,721	109,013

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

The Fund invests in some collective investment schemes (CIS) which predominantly invest in debt securities. The revenue of the Fund and the value of debt securities may be affected by interest rate movements in the future. At the year end date 19.95% (2017: 16.70%) of the assets of the Fund were invested in CIS which predominantly invest in debt securities.

Market price risk

At the year end date, 58.29% (2017: 68.27%) of the net assets of the Fund were invested in CIS (which primarily invest in stocks admitted to an official stock exchange) and debt securities. If the market value were to change by 10%, the value of the Fund would change by 5.83% (2017: 6.83%).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

19 Direct transaction costs

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

28.02.18	Principal before costs £000	Commissions £000	Taxes £000	Total after costs £000	Commissions as % of principal	Taxes as % of principal
Purchases (excluding in-specie transfers and corporate actions)						
Bonds	(48,719)	–	–	(48,719)	0.00%	0.00%
Funds	(95,645)	–	–	(95,645)	0.00%	0.00%
	(144,364)	–	–	(144,364)		
Sales (excluding in-specie transfers and corporate actions)						
Bonds	68,658	–	–	68,658	0.00%	0.00%
Funds	39,549	–	–	39,549	0.00%	0.00%
	108,207	–	–	108,207		
Total		–	–			
Percentage of fund average net assets		0.00%	0.00%			

28.02.17	Principal before costs £000	Commissions £000	Taxes £000	Total after costs £000	Commissions as % of principal	Taxes as % of principal
Purchases (excluding in-specie transfers and corporate actions)						
Equities	(2,676)	(1)	–	(2,677)	0.04%	0.00%
Bonds	(72,653)	–	–	(72,653)	0.00%	0.00%
Funds	(48,636)	–	–	(48,636)	0.00%	0.00%
	(123,965)	(1)	–	(123,966)		
Sales (excluding in-specie transfers and corporate actions)						
Equities	2,673	(1)	–	2,672	0.04%	0.00%
Bonds	46,694	–	–	46,694	0.00%	0.00%
Funds	38,177	–	–	38,177	0.00%	0.00%
	87,544	(1)	–	87,543		
Total		(2)	–			
Percentage of fund average net assets		0.00%	0.00%			

Dealing spread

As at 28 February 2018, the average portfolio dealing spread was 0.01% (2017: 0.01%). This spread represents the difference between the values determined retrospectively by reference to the bid and offer prices of investments expressed as a percentage of the value determined by reference to the offer price.

20 Post balance sheet events

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

DISTRIBUTION TABLES

Final distribution payable in pence per share for the six months ended 28 February 2018

Accumulation shares		Net revenue	Equalisation	Final distribution payable 30 April 2018	Final distribution paid 30 April 2017
Share Class 1	Group 1	0.0000	–	0.0000	0.0327
	Group 2	0.0000	0.0000	0.0000	0.0327
Share Class 3	Group 1	0.2886	–	0.2886	0.5003
	Group 2	0.1732	0.1154	0.2886	0.5003
Share Class 4	Group 1	0.1824	–	0.1824	0.3977
	Group 2	0.1169	0.0655	0.1824	0.3977
Share Class R3	Group 1	0.3236	–	0.3236	0.5147
	Group 2	0.1495	0.1741	0.3236	0.5147
Share Class 9	Group 1	0.3880	–	0.3880	0.6367
	Group 2	0.1604	0.2276	0.3880	0.6367

Final distribution

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

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

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

Accumulation shares		Net revenue	Equalisation	Interim distribution paid 31 October 2017	Interim distribution paid 31 October 2016
Share Class 1	Group 1	0.2120	–	0.2120	0.0000
	Group 2	0.1082	0.1038	0.2120	0.0000
Share Class 3	Group 1	0.5836	–	0.5836	0.2215
	Group 2	0.1796	0.4040	0.5836	0.2215
Share Class 4	Group 1	0.4686	–	0.4686	0.1218
	Group 2	0.1199	0.3487	0.4686	0.1218
Share Class R3	Group 1	0.5937	–	0.5937	0.2418
	Group 2	0.2751	0.3186	0.5937	0.2418
Share Class 9	Group 1	0.6567	–	0.6567	0.3544
	Group 2	0.3514	0.3053	0.6567	0.3544

Interim distribution

Group 1 shares are those shares purchased at or before 2pm on 28 February 2017.

Group 2 shares are those shares purchased after 2pm on 28 February 2017.

Equalisation

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

AVIVA INVESTORS MULTI-ASSET FUND II

INVESTMENT OBJECTIVE

The Fund aims to provide returns through a combination of capital growth and income.

INVESTMENT POLICY

The Fund aims to achieve the investment objective by employing a blend of both strategic and tactical asset allocation across a diversified range of global asset classes.

The Fund may invest in securities, fixed income assets, Exchange Traded Funds, collective investment schemes, warrants, money market instruments, deposits, cash, near cash, property and commodities. Exposure to property and commodities will be via collective investment schemes and Exchange Traded Funds. The Fund may also invest directly in derivative instruments (including commodity futures) for the purposes of investment and efficient portfolio management.

By combining diversified and relatively uncorrelated assets, investment risk is controlled and kept in line with the Fund's 'cautious' risk profile.

Details about the Fund's 'cautious' risk profile are available in the Prospectus.

FUND MANAGER'S REPORT

On 4 June 2018, share class 4 of this Fund was closed and merged into share class 1 and share class R3 of this Fund was renamed as share class 2.

Performance

Over the period ended 28 February 2018, the Fund (share class 1) returned 3.92%*.

Review

Growth assets performed well for most of the year under review, supported by an acceleration in economic growth rates globally. There was an unusually low level of volatility during 2017, enabling several equity markets to achieve new all-time highs. Inflation also appeared to remain under control in key regions, helping to support investor sentiment. Volatility picked up and growth assets sold off in early 2018, however, as inflationary pressures finally started to emerge. These moves modestly diluted equity performance, but returns were nonetheless positive in the year as a whole.

Rising equity markets enabled the Fund to rise in value during the year. The Fund benefited from overweight exposure to growth assets, capturing the pickup in global growth and 'risk-on' sentiment. Specifically, tactical overweight positions in emerging market and Japanese equities were rewarded, as these were among the strongest performing equity regions.

The Fund was underweight defensive assets over the course of the review period. This had a slightly negative impact on returns until the end of 2017 as both government and corporate bond markets made gains. However, this positioning added value at the start of 2018 as government bonds sold off in January, on worries about rising inflation and tighter monetary policy, and corporate bonds were hit by heightened volatility in February.

Uncorrelated assets detracted slightly in 2017 as the AIMS fund range's performance was hindered by the unanticipated strength of developed bond markets. However, increases in inflation expectations and rising bond yields in the first two months of 2018 boosted performance as traditional asset classes suffered.

Outlook

We believe the economic outlook is strong, with global growth likely to approach four per cent in 2018. We expect this positive macroeconomic backdrop to be supportive of risk assets, translating into strong performance in selected equity markets. Meanwhile, we expect bond yields to grind higher as inflation expectations continue to creep up.

March 2018

* Fund performance figures – share class 1, source Lipper, net of fees, net income reinvested in GBP, as at 28 February 2018.

As noted above, the performance figures in this commentary have been sourced from an external party and are based on published prices. The performance figures quoted in the comparative tables on pages 75 and 76 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 buy or sell any securities. Past performance is not a guide to the future. The value of a fund and the income from it may go down as well as up, and the investor may not get back the original amount invested.

Material Portfolio Changes

Purchases	Sales
Aviva Investors Sterling Liquidity Fund Class 9, Income shares, GBP	Aviva Investors Sterling Liquidity Fund Class 3, Income shares, GBP
Aviva Investors Sterling Liquidity Fund Class 3, Income shares, GBP	Aviva Investors Sterling Liquidity Fund Class 9, Income shares, GBP
US Treasury Inflation Indexed 0.38% 15/07/2027	US Treasury Inflation Indexed 0.13% 15/07/2026
Aviva Investors Global Investment Grade Corporate Bond Fund Class Zyh, Accumulation shares, GBP	Aviva Investors Global Investment Grade Corporate Bond Fund Class Ih, Accumulation shares, GBP
Aviva Investors European Equity Income Fund Class Zy, Accumulation shares, GBP	Aviva Investors Multi-Strategy Target Return Fund Class 8, Accumulation shares, GBP
Aviva Investors Multi-Strategy Fixed Income Fund Class Zh, Accumulation shares, GBP	Aviva Investors Emerging Markets Local Currency Bond Fund, Class Ia, Income shares, GBP
US Treasury Inflation Indexed 0.13% 15/07/2026	Aviva Investors Global High Yield Bond Fund, Class Ih, Accumulation shares, GBP
BlackRock North American Equity Index Fund (UK) Class L Accumulating GBP	Aviva Investors Global Investment Grade Corporate Bond Fund Class Zyh, Accumulation shares, GBP
BlackRock Japan Equity Index Fund (UK) Class L Accumulating GBP	Aviva Investors Emerging Markets Equity Income Fund Class Zy, Accumulation shares, GBP
Aviva Investors Emerging Markets Equity Income Fund Class Zy, Accumulation shares, GBP	Aviva Investors Global High Yield Bond Fund Class Zh, Accumulation shares, GBP

COMPARATIVE TABLES

Class 1 Accumulation	2018 p per share	2017 p per share	2016 p per share
Change in net assets per share			
Opening net asset value per share	142.57	127.20	129.86
Return before operating charges [†]	6.56	17.33	(0.85)
Operating charges	(1.92)	(1.96)	(1.81)
Return after operating charges [†]	4.64	15.37	(2.66)
Distributions	(0.28)	(0.71)	(0.65)
Retained distributions on accumulation shares	0.28	0.71	0.65
Closing net asset value per share	147.21	142.57	127.20
[†] after direct transaction costs of	–	–	(0.03)
Performance			
Return after charges	3.25%	12.08%	(2.05)%
Other information			
Closing net asset value (£000)	40,284	41,094	38,891
Closing number of shares	27,364,363	28,824,708	30,575,370
Operating charges (%) [†]	1.32%	1.44%	1.41%
Direct transaction costs (%) [†]	–	–	0.02%
Prices[™]			
Highest share price	150.00	142.59	134.71
Lowest share price	141.62	126.48	122.51

Class 3 Accumulation	2018 p per share	2017 p per share	2016 p per share
Change in net assets per share			
Opening net asset value per share	149.28	132.81	135.05
Return before operating charges [†]	6.67	17.52	(1.31)
Operating charges	(0.94)	(1.05)	(0.93)
Return after operating charges [†]	5.73	16.47	(2.24)
Distributions	(1.00)	(1.13)	(1.21)
Retained distributions on accumulation shares	1.00	1.13	1.21
Closing net asset value per share	155.01	149.28	132.81
[†] after direct transaction costs of	–	–	(0.03)
Performance			
Return after charges	3.84%	12.40%	(1.66)%
Other information			
Closing net asset value (£000)	276,762	196,948	129,835
Closing number of shares	178,544,912	131,932,795	97,760,055
Operating charges (%) [†]	0.62%	0.74%	0.70%
Direct transaction costs (%) [†]	–	–	0.02%
Prices[™]			
Highest share price	157.86	149.30	140.24
Lowest share price	148.40	132.36	127.95

Class 4 Accumulation	2018 p per share	2017 p per share	2016 p per share
Change in net assets per share			
Opening net asset value per share	149.45	133.11	135.52
Return before operating charges [†]	6.74	17.68	(1.19)
Operating charges	(1.25)	(1.34)	(1.22)
Return after operating charges [†]	5.49	16.34	(2.41)
Distributions	(0.76)	(0.97)	(1.06)
Retained distributions on accumulation shares	0.76	0.97	1.06
Closing net asset value per share	154.94	149.45	133.11
[†] after direct transaction costs of	–	–	(0.03)
Performance			
Return after charges	3.67%	12.28%	(1.78)%
Other information			
Closing net asset value (£000)	966	851	765
Closing number of shares	623,361	569,716	574,685
Operating charges (%) [†]	0.82%	0.94%	0.91%
Direct transaction costs (%) [†]	–	–	0.02%
Prices[™]			
Highest share price	157.82	149.48	140.67
Lowest share price	148.54	132.58	128.24

Class R3 Accumulation	2018 p per share	2017 p per share	2016 p per share
Change in net assets per share			
Opening net asset value per share	137.97	122.70	124.73
Return before operating charges [†]	6.16	16.18	(1.22)
Operating charges	(0.80)	(0.91)	(0.81)
Return after operating charges [†]	5.36	15.27	(2.03)
Distributions	(0.99)	(1.09)	(1.16)
Retained distributions on accumulation shares	0.99	1.09	1.16
Closing net asset value per share	143.33	137.97	122.70
[†] after direct transaction costs of	–	–	(0.02)
Performance			
Return after charges	3.88%	12.44%	(1.63)%
Other information			
Closing net asset value (£000)	293,792	197,648	110,296
Closing number of shares	204,977,433	143,249,460	89,889,074
Operating charges (%) [†]	0.57%	0.69%	0.66%
Direct transaction costs (%) [†]	–	–	0.02%
Prices[™]			
Highest share price	145.96	137.99	129.52
Lowest share price	137.17	122.31	118.21

COMPARATIVE TABLES (CONTINUED)

	2018	2017	2016
Class 9 Accumulation	p per share	p per share	p per share
Change in net assets per share			
Opening net asset value per share (at launch)	112.81	100.05	101.45
Return before operating charges [‡]	4.88	13.12	(1.05)
Operating charges	(0.27)	(0.36)	(0.35)
Return after operating charges [‡]	4.61	12.76	(1.40)
Distributions	(1.03)	(1.18)	(1.20)
Retained distributions on accumulation shares	1.03	1.18	1.20
Closing net asset value per share	117.42	112.81	100.05
[†] after direct transaction costs of	–	–	(0.02)
Performance			
Return after charges	4.09%	12.75%	(1.38)%
Other information			
Closing net asset value (£000)	82,935	31,946	2,394
Closing number of shares	70,632,530	28,319,180	2,392,987
Operating charges (%) [‡]	0.35%	0.35%	0.35%
Direct transaction costs (%) [‡]	–	–	0.02%
Prices[≈]			
Highest share price	119.55	112.82	105.39
Lowest share price	112.19	99.81	96.37

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

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

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

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

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

Ongoing Charges Figure*

Share class	28.02.18	28.02.17
Class 1	1.32%	1.44%
Class 3	0.62%	0.74%
Class 4	0.82%	0.94%
Class R3	0.57%	0.69%
Class 9	0.35%	0.35%

* 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). The OCF on share class R3 is capped at 0.60%, though the actual figure may be lower. The OCF on share class 9 is restricted to the Annual Management Charge. The OCF on all other share classes includes a synthetic element of 0.09% (28.02.17: 0.21%) in respect of the underlying investments. There is a cap on all other operating expenses of 0.25%, however in the current year, all other operating expenses were less than this capped amount.

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

PORTFOLIO STATEMENT

As at 28 February 2018

Investment	Currency	Holding	Market Value £000	% of Net Assets
Collective Investment Schemes 61.73% (69.96%)				
Aviva Investors Emerging Markets Equity Income Fund Class Zy, Accumulation shares, GBP [†]	GBP	21,446	31,232	4.50
Aviva Investors Emerging Markets Equity Small Cap Fund Class Zy, Accumulation shares, USD [†]	USD	17,233	14,101	2.03
Aviva Investors Emerging Markets Local Currency Bond Fund Class Zy, Accumulation shares, GBP [†]	GBP	11,253	16,280	2.34
Aviva Investors European Equity Income Fund Class Zy, Accumulation shares, GBP [†]	GBP	50,152	70,824	10.19
Aviva Investors Global Equity Endurance Fund Class Zy, Accumulation shares, GBP [†]	GBP	16,776	19,210	2.76
Aviva Investors Global High Yield Bond Fund Class Zh, Accumulation shares, GBP [†]	GBP	2,785	4,362	0.63
Aviva Investors Global Investment Grade Corporate Bond Fund Class Zyh, Accumulation shares, GBP [†]	GBP	37,267	40,804	5.87
Aviva Investors Multi-Strategy Fixed Income Fund Class Zh, Accumulation shares, GBP [†]	GBP	30,937	31,791	4.58
Aviva Investors Multi-Strategy Target Return Fund Class 8, Accumulation shares, GBP [†]	GBP	46,645,460	52,154	7.51
Aviva Investors UK Index Tracking Fund Class 3, Accumulation shares, GBP [†]	GBP	978,425	2,359	0.34
BlackRock Japan Equity Index Fund (UK) Class L Accumulating GBP	GBP	14,121,470	31,661	4.56
BlackRock North American Equity Index Fund (UK) Class L Accumulating GBP	GBP	30,643,070	102,700	14.78
BlackRock Pacific Index Fund (IE) Class Institutional Accumulating EUR	EUR	810,737	11,379	1.64
Collective Investment Schemes total			428,857	61.73
Government Bonds 8.84% (7.37%)				
United States of America 8.84% (7.37%)				
US Treasury Inflation Indexed 0.38% 15/07/2027	USD	\$87,007,200	61,413	8.84
Government Bonds total			61,413	8.84
Forward Currency Contracts 0.28% ((0.10)%)				
Buy GBP 6,159,144 sell AUD 10,926,118 dated 20/03/2018			(5)	–
Buy GBP 5,144,608 sell CAD 8,885,773 dated 20/03/2018			119	0.02
Buy GBP 60,141,520 sell USD 80,712,515 dated 20/03/2018			1,801	0.26
Forward Currency Contracts total			1,915	0.28
Futures 0.26% (0.09%)				
Australia 10 Year Bond 15/03/2018	AUD	709	(924)	(0.14)
EURO STOXX Bank Index 16/03/2018	EUR	3,373	192	0.03
MSCI Emerging Markets Index 16/03/2018	USD	879	2,852	0.41
NASDAQ 100 Emini Index 16/03/2018	USD	105	953	0.14
S&P 500 Emini Index 16/03/2018	USD	(236)	(902)	(0.13)
TOPIX Index 08/03/2018	JPY	137	(194)	(0.03)
TPX Banks Index 08/03/2018	JPY	334	(89)	(0.01)
US 10 Year Note 20/06/2018	USD	600	(42)	(0.01)
Futures total			1,846	0.26
Liquidity Funds 26.43% (20.62%)¹				
Aviva Investors Sterling Liquidity Fund Class 9, Income shares, GBP [†]	GBP	183,601,146	183,601	26.43
Liquidity Funds total			183,601	26.43
Investment assets (including investment liabilities) ²			677,632	97.54
Net other assets			17,107	2.46
Net assets			694,739	100.00

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

The comparative percentage figures in brackets are as at 28 February 2017.

[†] A related party to the Fund.

1 Cash Equivalents.

2 Includes Cash Equivalents.

STATEMENT OF TOTAL RETURN

For the year ended 28 February 2018

	Notes	£000	Year ended 28.02.18 £000	£000	Year ended 28.02.17 £000
Income					
Net capital gains	2		17,359		38,413
Revenue	3	7,053		4,989	
Expenses					
Net revenue before taxation	4	(3,144)		(2,100)	
Taxation	5	(294)		(71)	
Net revenue after taxation			3,615		2,818
Total return before distributions			20,974		41,231
Distributions	6		(3,745)		(2,818)
Change in net assets attributable to shareholders from investment activities			17,229		38,413

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

For the year ended 28 February 2018

	£000	Year ended 28.02.18 £000	£000	Year ended 28.02.17 £000
Opening net assets attributable to shareholders		468,487		282,181
Movement due to issue and cancellation of shares:				
Amounts receivable on issue of shares	217,312		151,639	
Amounts payable on cancellation of shares	(12,462)		(7,100)	
		204,850		144,539
Change in net assets attributable to shareholders from investment activities (see above)		17,229		38,413
Retained distribution on accumulation shares		4,173		3,354
Closing net assets attributable to shareholders		694,739		468,487

BALANCE SHEET

As at 28 February 2018

	Notes	As at 28.02.18 £000	As at 28.02.17 £000
Assets:			
Investments		496,187	362,729
Current assets:			
Debtors	8	11,224	3,605
Cash and bank balances	9	6,677	6,611
Cash equivalents	10	183,601	96,600
Total assets		697,689	469,545
Liabilities:			
Investment liabilities		(2,156)	(477)
Provisions for liabilities	11	(54)	–
Creditors:			
Other creditors	12	(740)	(581)
Total liabilities		(2,950)	(1,058)
Net assets attributable to shareholders		694,739	468,487

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting basis and policies

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

2 Net capital gains

	Year ended 28.02.18 £000	Year ended 28.02.17 £000
Net capital gains on investments during the year comprise:		
Currency gains	54	92
Derivative contracts gains/(losses)	2,330	(1,327)
Expenses relating to the purchase and sale of investments	(7)	(6)
Forward currency contracts gains/(losses)	4,292	(3,264)
Non-derivative securities gains	10,690	42,918
Net capital gains*	17,359	38,413

* Total realised gains for the year were £8,347,000 (2017: £5,738,000) and the movement in unrealised gains was £9,012,000 (2017: £32,675,000). Included in realised gains for the year were unrealised gains/(losses) recognised in previous periods.

3 Revenue

	Year ended 28.02.18 £000	Year ended 28.02.17 £000
Bank and deposit interest	8	7
Franked components of dividend distributions	1,855	1,944
Interest on debt securities	1,570	512
Income from derivatives	1,052	634
Investment manager rebates*	245	392
Revenue from offshore funds	1,633	704
Unfranked components of dividend distributions	690	796
Total revenue	7,053	4,989

* Represents rebates received in respect of expenses incurred in underlying CIS investments.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4 Expenses

	Year ended 28.02.18 £000	Year ended 28.02.17 £000
Payable to the Authorised Corporate Director ("ACD"), associates of the ACD or agents of either of them:		
ACD's periodic charge	2,746	1,830
Registration fees	293	191
	3,039	2,021
Payable to the Depositary, associates of the Depositary or agents of either of them:		
Depositary's fee	64	47
Interest payable	46	1
Safe custody fee	54	36
	164	84
Other expenses:		
Audit fee*	11	12
Printing & postage expenses	4	5
Statement fees	9	11
	24	28
Total expenses	3,227	2,133
Less those expenses rebated by the ACD	(83)	(33)
Net expenses	3,144	2,100

* The audit fee was £9,420 (2017: £9,168) net of VAT.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5 Taxation**a Analysis of tax charge**

	Year ended 28.02.18 £000	Year ended 28.02.17 £000
Corporation tax	233	53
Adjustments in respect of prior periods	18	–
Overseas tax suffered	(11)	18
Total current tax	240	71
Deferred tax	54	–
Total deferred tax (see note 5c)	54	–
Total tax for the year (see note 5b)	294	71

b Factors affecting current tax charge

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

The differences are explained below:

	Year ended 28.02.18 £000	Year ended 28.02.17 £000
Net revenue before taxation	3,909	2,889
Corporation tax at 20%	782	578
Effects of:		
Adjustments in respect of prior periods	18	–
Deferred tax	54	–
Double taxation relief	–	(18)
Franked distributions not subject to corporation tax	(371)	(389)
Movement in excess expenses	–	(118)
Overseas dividends not subject to corporation tax	(215)	–
Overseas tax suffered	(11)	18
Tax relief on realised gain on offshore funds	37	–
	(488)	(507)
Total tax for the year (see note 5a)	294	71

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

c Deferred tax

	Year ended 28.02.18 £000	Year ended 28.02.17 £000
The deferred tax provision is made up as follows:		
Provision at start of year	–	–
Charge for the year	54	–
Provision at end of year	54	–

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6 Distributions

	Year ended 28.02.18 £000	Year ended 28.02.17 £000
The distributions take account of revenue received on the issue of shares and revenue deducted on the cancellation of shares, and comprise:		
Interim distribution	2,867	844
Final distribution	1,307	2,510
	4,174	3,354
Add: Revenue deducted on cancellation of shares	15	22
Deduct: Revenue received on issue of shares	(444)	(558)
Total distributions	3,745	2,818
Reconciliation of distributions for the year to net revenue after taxation		
Distributions for the year	3,745	2,818
Revenue deficit transferred to capital	(39)	–
Tax relief on offshore gain	(91)	–
Net revenue after taxation	3,615	2,818

Details of the distributions per share are set out in the distribution tables on page 89.

7 Fair value hierarchy

Valuation technique	As at 28.02.18		As at 28.02.17	
	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Level 1: Quoted prices	65,410	(2,151)	34,960	–
Level 2: Observable market data	614,378	(5)	424,369	(477)
Total	679,788	(2,156)	459,329	(477)

The purpose of the fair value hierarchy is to prioritise the inputs that should be used to measure the fair value of assets and liabilities.

The highest priority is given to quoted prices at which a transaction can be entered into and the lowest priority is given to unobservable inputs. Disclosure is required of the value in each category in order to give an insight into the extent to which fair value measurements are subjective.

The disclosure is split into the following categories:

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

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

Level 3: Valuation techniques using unobservable inputs.

8 Debtors

	As at 28.02.18 £000	As at 28.02.17 £000
Accrued revenue	29	44
Accrued management fee rebates	108	120
Amounts receivable on issue of shares	3,810	3,274
Income tax recoverable	132	167
Sales awaiting settlement	7,145	–
Total debtors	11,224	3,605

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9 Cash and bank balances

	As at 28.02.18 £000	As at 28.02.17 £000
Amounts held at futures clearing houses and brokers	4,859	713
Cash and bank balances	1,818	5,898
Total cash and bank balances	6,677	6,611

10 Cash equivalents

	As at 28.02.18 £000	As at 28.02.17 £000
Aviva Investors Sterling Liquidity Fund	183,601	96,600
Total cash equivalents	183,601	96,600

11 Provisions

	As at 28.02.18 £000	As at 28.02.17 £000
Deferred tax provision	54	–
Total provisions	54	–

12 Other creditors

	As at 28.02.18 £000	As at 28.02.17 £000
Accrued expenses	328	216
Amounts payable for cancellation of shares	166	287
Corporation tax payable	232	53
Overseas tax provision	14	25
Total creditors	740	581

13 Contingent liabilities and commitments

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14 Related party transactions

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

ACD periodic charges paid to Aviva Investors UK Fund Services Limited ("the ACD") are shown in note 4 and details of shares issued and cancelled by the ACD are shown in the statement of change in net assets attributable to shareholders. The balance due to the ACD at the year end in respect of ACD periodic charges was £238,000 (2017: £168,000). Any balance due from the ACD in respect of issues is shown in note 8. Any balance due to the ACD in respect of cancellations is shown in note 12.

Distributions payable to the ACD and related parties of the ACD during the year amounted to £2,250,000 (2017: £2,366,000). The amount outstanding at the year end was £724,000 (2017: £1,726,000). Related parties of the ACD are deemed to be all companies under the control of Aviva Plc. This will include companies which hold shares in the Fund on behalf of other external investors.

Any investments managed and advised by Aviva Investors Global Services Limited or associated with the Aviva Group are identified on the portfolio statement. The total purchases and sales on these investments during the year amounted to £550,318,000 (2017: £388,932,000) and £430,052,000 (2017: £239,263,000) respectively. The income received during the year amounted to £3,262,000 (2017: £2,117,000). The rebates from ACD during the year amounted to £69,000 (2017: £249,000).

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

	Holdings at 28.02.18 (shares)	Movement (shares)	Holdings at 28.02.17 (shares)
ACD and related parties (share class 1 Accumulation shares)	48,108	48,108	–
ACD and related parties (share class 3 Accumulation shares)	178,544,912	46,612,117	131,932,795
ACD and related parties (share class R3 Accumulation shares)	54,133	(65,725,924)	65,780,057
ACD and related parties (share class 9 Accumulation shares)	70,632,530	42,313,350	28,319,180

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

15 Shareholder funds

The Fund currently has five share classes: Classes 1 and 4 (Retail), Class R3 (Institutional) and Classes 3 and 9 (Associated undertakings of Aviva Plc). The annual management charges are as follows:

Class 1:	1.10%
Class 3:	0.50%
Class 4:	0.60%
Class R3:	0.35%
Class 9:	0.35%

The net asset value per share class, the net asset value per share and the number of shares in the class are shown on pages 75 and 76. The distributions per share class are given in the distribution tables on page 89. All the share classes have the same rights on winding up.

16 Shares in issue reconciliation

	Number of shares in issue at 28.02.17	Number of shares issued	Number of shares cancelled	Number of shares converted	Number of shares in issue at 28.02.18
Share Class 1 Accumulation	28,824,708	1,332,259	(2,615,485)	(177,119)	27,364,363
Share Class 3 Accumulation	131,932,795	50,357,418	(3,745,301)	–	178,544,912
Share Class 4 Accumulation	569,716	94,405	(40,760)	–	623,361
Share Class R3 Accumulation	143,249,460	63,019,233	(1,473,864)	182,604	204,977,433
Share Class 9 Accumulation	28,319,180	42,973,387	(660,037)	–	70,632,530

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

17 Counterparty exposure**Financial derivative exposure**

The types of derivatives held at the year end date were forward currency contracts and futures contracts. Details of individual contracts are disclosed in the Portfolio Statement and the total position by counterparty at the year end date was as follows:

	Forward currency contracts £000	Futures contracts £000	Total £000
28.02.18			
Citibank	3	–	3
JPMorgan	64	–	64
Royal Bank of Canada	197	–	197
Royal Bank of Scotland	1,651	3,997	5,648
UBS	–	–	–
Total	1,915	3,997	5,912

	Forward currency contracts £000	Futures contracts £000	Total £000
28.02.17			
Citibank	(430)	–	(430)
JPMorgan	–	434	434
Royal Bank of Canada	(45)	–	(45)
UBS	(2)	–	(2)
Total	(477)	434	(43)

The counterparty exposure on forward currency contracts is reported at their mark to market values but for futures contracts it is only the positive mark to market values that are reported.

Collateral

At the year end date no collateral was held or pledged by the company or on behalf of the counterparties in respect of the above (2017: £nil).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

18 Derivatives and other financial instruments

The policies applied in the management of financial instruments are set out on pages 7 and 8.

Fair value of financial assets and financial liabilities

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

Currency risk

At the year end date, 2.54% (2017: 0.64%) of the net assets of the Fund were denominated in currencies other than sterling and as such, the currency risk is not considered significant.

Interest rate risk

At the year end date 36.23% (2017: 29.40%) of the net assets of the Fund were interest bearing. If interest rates were to change by 1.00%, the value of the Fund would change by 3.11% (2017: 3.04%).

The interest rate profile of the Fund's financial assets and liabilities at 28 February 2018 was:

Currency 28.02.18	Floating Rate £000	Fixed Rate £000	None £000	Total £000
Financial Assets				
Sterling	191,861	–	486,024	677,885
Australian Dollar	1,324	–	–	1,324
Euro	(95)	–	11,571	11,476
Japanese Yen	90	–	–	90
US Dollar	(2,902)	61,413	17,934	76,445
Financial Liabilities				
Sterling	–	–	(787)	(787)
Australian Dollar	–	–	(7,100)	(7,100)
Canadian Dollar	–	–	(5,026)	(5,026)
Japanese Yen	–	–	(283)	(283)
US Dollar	–	–	(59,285)	(59,285)
Total	190,278	61,413	443,048	694,739

The interest rate profile of the Fund's financial assets and liabilities at 28 February 2017 was:

Currency 28.02.17	Floating Rate £000	Fixed Rate £000	None £000	Total £000
Financial Assets				
Sterling	102,221	–	363,822	466,043
Australian Dollar	661	–	348	1,009
US Dollar	34,855	–	91	34,946
Financial Liabilities				
Sterling	–	–	(557)	(557)
Australian Dollar	–	–	(23)	(23)
US Dollar	–	–	(32,931)	(32,931)
Total	137,737	–	330,750	468,487

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

The Fund invests in some collective investment schemes (CIS) which predominantly invest in debt securities. The revenue of the Fund and the value of debt securities may be significantly affected by interest rate movements in the future. At the year end date 13.42% (2017: 15.72%) of the assets of the Fund were invested in CIS which predominantly invest in debt securities.

Market price risk

At the year end date, 70.57% (2017: 77.33%) of the net assets of the Fund were invested in CIS (which primarily invest in stocks admitted to an official stock exchange) and debt securities. If the market value were to change by 10%, the value of the Fund would change by 7.06% (2017: 7.73%).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

19 Direct transaction costs

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

28.02.18	Principal before costs £000	Commissions £000	Taxes £000	Total after costs £000	Commissions as % of principal	Taxes as % of principal
Purchases (excluding in-specie transfers and corporate actions)						
Bonds	(201,289)	–	–	(201,289)	0.00%	0.00%
Funds	(503,551)	–	–	(503,551)	0.00%	0.00%
	(704,840)	–	–	(704,840)		
Sales (excluding in-specie transfers and corporate actions)						
Bonds	264,821	–	–	264,821	0.00%	0.00%
Funds	236,807	–	–	236,807	0.00%	0.00%
	501,628	–	–	501,628		
Total		–	–			
Percentage of fund average net assets		0.00%	0.00%			

28.02.17	Principal before costs £000	Commissions £000	Taxes £000	Total after costs £000	Commissions as % of principal	Taxes as % of principal
Purchases (excluding in-specie transfers and corporate actions)						
Equities	(22,628)	(7)	–	(22,635)	0.00%	0.00%
Bonds	(240,398)	–	–	(240,398)	0.00%	0.00%
Funds	(221,550)	–	–	(221,550)	0.00%	0.00%
	(484,576)	(7)	–	(484,583)		
Sales (excluding in-specie transfers and corporate actions)						
Equities	22,597	(7)	–	22,590	0.00%	0.00%
Bonds	169,008	–	–	169,008	0.00%	0.00%
Funds	154,498	–	–	154,498	0.00%	0.00%
	346,103	(7)	–	346,096		
Total		(14)	–			
Percentage of fund average net assets		0.00%	0.00%			

Dealing spread

As at 28 February 2018, the average portfolio dealing spread was 0.01% (2017: nil%). This spread represents the difference between the values determined retrospectively by reference to the bid and offer prices of investments expressed as a percentage of the value determined by reference to the offer price.

20 Post balance sheet events

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

DISTRIBUTION TABLES

Final distribution payable in pence per share for the six months ended 28 February 2018

Accumulation shares		Net revenue	Equalisation	Final distribution payable 30 April 2018	Final distribution paid 30 April 2017
Share Class 1	Group 1	0.0000	–	0.0000	0.7128
	Group 2	0.0000	0.0000	0.0000	0.7128
Share Class 3	Group 1	0.2754	–	0.2754	0.7746
	Group 2	0.1914	0.0840	0.2754	0.7746
Share Class 4	Group 1	0.1536	–	0.1536	0.7598
	Group 2	0.0000	0.1536	0.1536	0.7598
Share Class R3	Group 1	0.2838	-	0.2838	0.7412
	Group 2	0.1441	0.1397	0.2838	0.7412
Share Class 9	Group 1	0.3287	-	0.3287	0.7662
	Group 2	0.1603	0.1684	0.3287	0.7662

Final distribution

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

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

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

Accumulation shares		Net revenue	Equalisation	Interim distribution paid 31 October 2017	Interim distribution paid 31 October 2016
Share Class 1	Group 1	0.2830	–	0.2830	0.0000
	Group 2	0.0850	0.1980	0.2830	0.0000
Share Class 3	Group 1	0.7285	–	0.7285	0.3512
	Group 2	0.2654	0.4631	0.7285	0.3512
Share Class 4	Group 1	0.6062	–	0.6062	0.2137
	Group 2	0.1535	0.4527	0.6062	0.2137
Share Class R3	Group 1	0.7013	-	0.7013	0.3517
	Group 2	0.3214	0.3799	0.7013	0.3517
Share Class 9	Group 1	0.7059	-	0.7059	0.4155
	Group 2	0.3415	0.3644	0.7059	0.4155

Interim distribution

Group 1 shares are those shares purchased at or before 2pm on 28 February 2017.

Group 2 shares are those shares purchased after 2pm on 28 February 2017.

Equalisation

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

AVIVA INVESTORS MULTI-ASSET FUND III

INVESTMENT OBJECTIVE

The Fund aims to provide returns through a combination of capital growth and income.

INVESTMENT POLICY

The Fund aims to achieve the investment objective by employing a blend of both strategic and tactical asset allocation across a diversified range of global asset classes.

The Fund may invest in securities, fixed income assets, Exchange Traded Funds, collective investment schemes, warrants, money market instruments, deposits, cash, near cash, property and commodities. Exposure to property and commodities will be via collective investment schemes and Exchange Traded Funds. The Fund may also invest directly in derivative instruments (including commodity futures) for the purposes of investment and efficient portfolio management.

By combining diversified and relatively uncorrelated assets, investment risk is controlled and kept in line with the Fund's 'moderately cautious' risk profile.

Details about the Fund's 'moderately cautious' risk profile are available in the Prospectus.

FUND MANAGER'S REPORT

On 4 June 2018, share class 4 of this Fund was closed and merged into share class 1 and share class R3 of this Fund was renamed as share class 2.

Performance

Over the period ended 28 February 2018, the Fund (share class 1) returned 5.07%*.

Review

Growth assets performed well for most of the year under review, supported by an acceleration in economic growth rates globally. There was an unusually low level of volatility during 2017, enabling several equity markets to achieve new all-time highs. Inflation also appeared to remain under control in key regions, helping to support investor sentiment. Volatility picked up and growth assets sold off in early 2018, however, as inflationary pressures finally started to emerge. These moves modestly diluted equity performance, but returns were nonetheless positive in the year as a whole.

Rising equity markets enabled the Fund to rise in value during the year. The Fund benefited from overweight exposure to growth assets, capturing the pickup in global growth and 'risk-on' sentiment. Specifically, tactical overweight positions in emerging market and Japanese equities were rewarded, as these were among the strongest performing equity regions.

The Fund was underweight defensive assets over the course of the review period. This had a slightly negative impact on returns until the end of 2017 as both government and corporate bond markets made gains. However, this positioning added value at the start of 2018 as government bonds sold off in January, on worries about rising inflation and tighter monetary policy, and corporate bonds were hit by heightened volatility in February.

Uncorrelated assets detracted slightly in 2017 as the AIMS fund range's performance was hindered by the unanticipated strength of developed bond markets. However, increases in inflation expectations and rising bond yields in the first two months of 2018 boosted performance as traditional asset classes suffered.

Outlook

We believe the economic outlook is strong, with global growth likely to approach four per cent in 2018. We expect this positive macroeconomic backdrop to be supportive of risk assets, translating into strong performance in selected equity markets. Meanwhile, we expect bond yields to grind higher as inflation expectations continue to creep up.

March 2018

* Fund performance figures – share class 1, source Lipper, net of fees, net income reinvested in GBP, as at 28 February 2018.

As noted above, the performance figures in this commentary have been sourced from an external party and are based on published prices. The performance figures quoted in the comparative tables on pages 92 and 93 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 buy or sell any securities. Past performance is not a guide to the future. The value of a fund and the income from it may go down as well as up, and the investor may not get back the original amount invested.

Material Portfolio Changes

Purchases	Sales
Aviva Investors Sterling Liquidity Fund Class 9, Income shares, GBP	Aviva Investors Sterling Liquidity Fund Class 3, Income shares, GBP
Aviva Investors Sterling Liquidity Fund Class 3, Income shares, GBP	Aviva Investors Sterling Liquidity Fund Class 9, Income shares, GBP
US Treasury Inflation Indexed 0.38% 15/07/2027	US Treasury Inflation Linked, FRN 0.13% 15/07/2026
Aviva Investors Global Investment Grade Corporate Bond Fund Class Zyh, Accumulation shares, GBP	Aviva Investors Global Investment Grade Corporate Bond Fund Class Ih, Accumulation shares, GBP
Aviva Investors European Equity Income Fund Class Zy, Accumulation shares, GBP	Aviva Investors Emerging Markets Local Currency Bond Fund Class Ia, Income shares, GBP
BlackRock Japan Equity Index Fund (UK) Class L Accumulating GBP	Aviva Investors Global High Yield Bond Fund Class Ih, Accumulation shares, GBP
BlackRock North American Equity Index Fund (UK) Class L Accumulating GBP	BlackRock North American Equity Index Fund (UK) Class L Accumulating GBP
US Treasury Inflation Linked, FRN 0.13% 15/07/2026	Aviva Investors Global Investment Grade Corporate Bond Fund Class Zyh, Accumulation shares, GBP
Aviva Investors Multi-Strategy Fixed Income Fund Class Zh, Accumulation shares, GBP	Aviva Investors Multi-Strategy Target Return Fund Class 8, Accumulation shares, GBP
Aviva Investors Emerging Markets Local Currency Bond Fund Class Zy, Accumulation shares, GBP	Aviva Investors Emerging Markets Equity Income Fund Class Zy, Accumulation shares, GBP

AVIVA INVESTORS MULTI-ASSET FUND III (CONTINUED)

Synthetic Risk and Reward Indicator



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

- This indicator is based on historical data, calculated using European Union rules, and may not be a reliable indication of the future risk profile of the Fund.
- The risk and reward category shown is not guaranteed to remain unchanged and may change over time. The lowest category does not mean ‘risk free’.
- Further information on the risks applicable to the Fund is detailed in the Fund’s Key Investor Information Document, and a full description is set out in the Prospectus, both of which are available on the internet at www.avivainvestors.com or from the ACD on request.

COMPARATIVE TABLES

Class 1 Accumulation	2018 p per share	2017 p per share	2016 p per share
Change in net assets per share			
Opening net asset value per share	148.71	125.58	130.16
Return before operating charges [†]	8.37	25.08	(2.79)
Operating charges	(2.01)	(1.95)	(1.79)
Return after operating charges [†]	6.36	23.13	(4.58)
Distributions	(0.28)	(1.06)	(0.56)
Retained distributions on accumulation shares	0.28	1.06	0.56
Closing net asset value per share	155.07	148.71	125.58
[†] after direct transaction costs of	–	(0.01)	(0.03)
Performance			
Return after charges	4.28%	18.42%	(3.52)%
Other information			
Closing net asset value (£000)	11,074	10,275	8,341
Closing number of shares	7,141,384	6,909,613	6,642,333
Operating charges (%) [†]	1.31%	1.41%	1.40%
Direct transaction costs (%) [†]	–	0.01%	0.02%
Prices[™]			
Highest share price	158.39	148.80	136.46
Lowest share price	147.08	125.57	118.67

Class 3 Accumulation	2018 p per share	2017 p per share	2016 p per share
Change in net assets per share			
Opening net asset value per share	153.96	129.69	133.51
Return before operating charges [†]	8.69	25.29	(2.92)
Operating charges	(0.97)	(1.02)	(0.90)
Return after operating charges [†]	7.72	24.27	(3.82)
Distributions	(1.01)	(1.42)	(1.48)
Retained distributions on accumulation shares	1.01	1.42	1.48
Closing net asset value per share	161.68	153.96	129.69
[†] after direct transaction costs of	–	(0.01)	(0.03)
Performance			
Return after charges	5.01%	18.71%	(2.86)%
Other information			
Closing net asset value (£000)	472,614	343,971	228,652
Closing number of shares	292,321,711	223,418,660	176,301,108
Operating charges (%) [†]	0.61%	0.71%	0.68%
Direct transaction costs (%) [†]	–	0.01%	0.02%
Prices[™]			
Highest share price	164.99	153.98	140.12
Lowest share price	152.35	129.70	122.52

Class 4 Accumulation	2018 p per share	2017 p per share	2016 p per share
Change in net assets per share			
Opening net asset value per share	151.99	128.14	132.19
Return before operating charges [†]	8.56	25.14	(2.88)
Operating charges	(1.27)	(1.29)	(1.17)
Return after operating charges [†]	7.29	23.85	(4.05)
Distributions	(0.68)	(1.28)	(1.19)
Retained distributions on accumulation shares	0.68	1.28	1.19
Closing net asset value per share	159.28	151.99	128.14
[†] after direct transaction costs of	–	(0.01)	(0.03)
Performance			
Return after charges	4.80%	18.61%	(3.06)%
Other information			
Closing net asset value (£000)	11,180	11,129	10,216
Closing number of shares	7,018,537	7,322,236	7,972,578
Operating charges (%) [†]	0.81%	0.91%	0.90%
Direct transaction costs (%) [†]	–	0.01%	0.02%
Prices[™]			
Highest share price	162.59	152.02	138.68
Lowest share price	150.37	128.15	121.07

Class R3 Accumulation	2018 p per share	2017 p per share	2016 p per share
Change in net assets per share			
Opening net asset value per share	151.63	127.69	131.40
Return before operating charges [†]	8.57	24.87	(2.88)
Operating charges	(0.88)	(0.93)	(0.83)
Return after operating charges [†]	7.69	23.94	(3.71)
Distributions	(1.09)	(1.44)	(1.50)
Retained distributions on accumulation shares	1.09	1.44	1.50
Closing net asset value per share	159.32	151.63	127.69
[†] after direct transaction costs of	–	(0.01)	(0.03)
Performance			
Return after charges	5.07%	18.75%	(2.82)%
Other information			
Closing net asset value (£000)	410,948	286,024	181,701
Closing number of shares	257,934,588	188,636,968	142,301,850
Operating charges (%) [†]	0.56%	0.66%	0.64%
Direct transaction costs (%) [†]	–	0.01%	0.02%
Prices[™]			
Highest share price	162.57	151.64	137.89
Lowest share price	150.04	127.70	120.62

COMPARATIVE TABLES (CONTINUED)

	2018	2017	2016
Class 9 Accumulation	p per share	p per share	p per share
Change in net assets per share			
Opening net asset value per share	118.12	99.22	101.92
Return before operating charges [‡]	6.67	19.28	(2.35)
Operating charges	(0.40)	(0.38)	(0.35)
Return after operating charges [‡]	6.27	18.90	(2.70)
Distributions	(1.12)	(1.39)	(1.34)
Retained distributions on accumulation shares	1.12	1.39	1.34
Closing net asset value per share	124.39	118.12	99.22
[†] after direct transaction costs of	–	(0.01)	(0.02)
Performance			
Return after charges	5.31%	19.05%	(2.65)%
Other information			
Closing net asset value (£000)	2,614	1,086	169
Closing number of shares	2,101,546	919,361	169,930
Operating charges (%) [‡]	0.35%	0.35%	0.35%
Direct transaction costs (%) [‡]	–	0.01%	0.02%
Prices[≈]			
Highest share price	126.89	118.12	107.01
Lowest share price	116.92	99.24	93.73

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

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

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

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

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

Ongoing Charges Figure*

Share class	28.02.18	28.02.17
Class 1	1.31%	1.41%
Class 3	0.61%	0.71%
Class 4	0.81%	0.91%
Class R3	0.56%	0.66%
Class 9	0.35%	0.35%

* 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). The OCF on share class 9 is restricted to the Annual Management Charge. The OCF on all other share classes includes a synthetic element of 0.09% (2017: 0.18%) in respect of the underlying investments. There is a cap on all other operating expenses of 0.25%, however in the current year, all other operating expenses were less than this capped amount.

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

PORTFOLIO STATEMENT

As at 28 February 2018

Investment	Currency	Holding	Market Value £000	% of Net Assets
Collective Investment Schemes 71.23% (82.84%)				
Aviva Investors Emerging Markets Equity Income Fund Class Zy, Accumulation shares, GBP [†]	GBP	37,008	53,897	5.93
Aviva Investors Emerging Markets Equity Small Cap Fund Class Zy, Accumulation shares, USD [†]	USD	27,775	22,727	2.50
Aviva Investors Emerging Markets Local Currency Bond Fund Class Zy, Accumulation shares, GBP [†]	GBP	20,347	29,436	3.24
Aviva Investors European Equity Income Fund Class Zy, Accumulation shares, GBP [†]	GBP	84,366	119,141	13.12
Aviva Investors Global Equity Endurance Fund Class Zy, Accumulation shares, GBP [†]	GBP	34,856	39,915	4.40
Aviva Investors Global High Yield Bond Fund Class Zh, Accumulation shares, GBP [†]	GBP	8,607	13,479	1.48
Aviva Investors Global Investment Grade Corporate Bond Fund Class Zyh, Accumulation shares, GBP [†]	GBP	27,723	30,354	3.34
Aviva Investors Multi-Strategy Fixed Income Fund Class Zh, Accumulation shares, GBP [†]	GBP	28,285	29,066	3.20
Aviva Investors Multi-Strategy Target Return Fund Class 8, Accumulation shares, GBP [†]	GBP	48,210,704	53,904	5.93
Aviva Investors UK Index Tracking Fund Class 3, Accumulation shares, GBP [†]	GBP	5,103,480	12,306	1.35
BlackRock Japan Equity Index Fund (UK) Class L Accumulating GBP	GBP	24,020,134	53,853	5.93
BlackRock North American Equity Index Fund (UK) Class L Accumulating GBP	GBP	49,658,337	166,430	18.32
BlackRock Pacific Index Fund (IE) Class Institutional Accumulating EUR	EUR	1,610,122	22,598	2.49
Collective Investment Schemes total			647,106	71.23
Government Bonds 6.90% (4.52%)				
United States of America 6.90% (4.52%)				
US Treasury Inflation Indexed 0.38% 15/07/2027	USD	\$88,789,000	62,671	6.90
Government Bonds total			62,671	6.90
Forward Currency Contracts 0.22% ((0.06)%)				
Buy GBP 10,598,826 sell AUD 18,801,968 dated 20/03/2018			(8)	–
Buy GBP 8,389,746 sell CAD 14,485,003 dated 20/03/2018			197	0.02
Buy GBP 62,882,431 sell USD 84,422,221 dated 20/03/2018			1,860	0.20
Forward Currency Contracts total			2,049	0.22
Futures 0.34% (0.05%)				
Australia 10 Year Bond 15/03/2018	AUD	648	(837)	(0.09)
EURO STOXX Bank Index 16/03/2018	EUR	4,513	270	0.03
MSCI Emerging Markets Index 16/03/2018	USD	1,153	3,721	0.41
NASDAQ 100 Emini Index 16/03/2018	USD	181	1,643	0.18
S&P 500 Emini Index 16/03/2018	USD	(349)	(1,334)	(0.15)
TOPIX Index 08/03/2018	JPY	175	(239)	(0.03)
TPX Banks Index 08/03/2018	JPY	440	(117)	(0.01)
US 10 Year Note 20/06/2018	USD	539	(38)	–
Futures total			3,069	0.34
Liquidity Funds 19.40% (11.62%)¹				
Aviva Investors Sterling Liquidity Fund Class 9, Income shares, GBP [†]	GBP	176,201,082	176,201	19.40
Liquidity Funds total			176,201	19.40
Investment assets (including investment liabilities) ²			891,096	98.09
Net other assets			17,334	1.91
Net assets			908,430	100.00

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

The comparative percentage figures in brackets are as at 28 February 2017.

[†] A related party to the Fund.

¹ Cash Equivalents.

² Includes Cash Equivalents.

STATEMENT OF TOTAL RETURN

For the year ended 28 February 2018

	Notes	£000	Year ended 28.02.18 £000	£000	Year ended 28.02.17 £000
Income					
Net capital gains	2		32,101		83,452
Revenue	3	8,926		8,037	
Expenses	4	(4,087)		(2,764)	
Net revenue before taxation		4,839		5,273	
Taxation	5	13		(111)	
Net revenue after taxation			4,852		5,162
Total return before distributions			36,953		88,614
Distributions	6		(4,879)		(5,162)
Change in net assets attributable to shareholders from investment activities			32,074		83,452

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

For the year ended 28 February 2018

	£000	Year ended 28.02.18 £000	£000	Year ended 28.02.17 £000
Opening net assets attributable to shareholders		652,482		429,079
Movement due to issue and cancellation of shares:				
Amounts receivable on issue of shares	224,132		151,063	
Amounts payable on cancellation of shares	(5,550)		(16,925)	
		218,582		134,138
Change in net assets attributable to shareholders from investment activities (see above)		32,074		83,452
Retained distribution on accumulation shares		5,292		5,813
Closing net assets attributable to shareholders		908,430		652,482

BALANCE SHEET

As at 28 February 2018

	Notes	As at 28.02.18 £000	As at 28.02.17 £000
Assets:			
Investments		717,468	570,369
Current assets:			
Debtors	8	11,946	5,998
Cash and bank balances	9	5,873	3,375
Cash equivalents	10	176,201	75,800
Total assets		911,488	655,542
Liabilities:			
Investment liabilities		(2,573)	(399)
Creditors:			
Other creditors	11	(485)	(2,661)
Total liabilities		(3,058)	(3,060)
Net assets attributable to shareholders		908,430	652,482

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting basis and policies

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

2 Net capital gains

	Year ended 28.02.18 £000	Year ended 28.02.17 £000
Net capital gains on investments during the year comprise:		
Currency gains	59	86
Derivative contracts gains/(losses)	4,379	(1,134)
Expenses relating to the purchase and sale of investments	(7)	(7)
Forward currency contracts gains/(losses)	4,302	(4,316)
Non-derivative securities gains	23,368	88,823
Net capital gains*	32,101	83,452

* Total realised gains for the year were £23,692,000 (2017: £11,404,000) and the movement in unrealised gains was £8,409,000(2017: £72,048,000). Included in realised gains for the year were unrealised gains/(losses) recognised in previous periods.

3 Revenue

	Year ended 28.02.18 £000	Year ended 28.02.17 £000
Bank and deposit interest	8	5
Franked components of dividend distributions	3,498	4,296
Interest on debt securities	484	224
Income from derivatives	944	482
Investment manager rebates*	454	708
Revenue from offshore funds	2,858	1,520
Unfranked components of dividend distributions	680	802
Total revenue	8,926	8,037

* Represents rebates received in respect of expenses incurred in underlying CIS investments.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4 Expenses

	Year ended 28.02.18 £000	Year ended 28.02.17 £000
Payable to the Authorised Corporate Director ("ACD"), associates of the ACD or agents of either of them:		
ACD's periodic charge	3,480	2,365
Registration fees	374	247
	3,854	2,612
Payable to the Depositary, associates of the Depositary or agents of either of them:		
Depositary's fee	70	61
Interest payable	61	2
Safe custody fee	73	53
	204	116
Other expenses:		
Audit fee*	11	12
Printing & postage expenses	6	8
Statement fees	14	17
	31	37
Total expenses	4,089	2,765
Less those expenses rebated by the ACD	(2)	(1)
Net expenses	4,087	2,764

* The audit fee was £9,420 (2017: £9,168) net of VAT.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5 Taxation**a Analysis of tax charge**

	Year ended 28.02.18 £000	Year ended 28.02.17 £000
Corporation tax	–	90
Overseas tax suffered	(13)	21
Total tax for the year (see note 5b)	(13)	111

b Factors affecting current tax charge

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

The differences are explained below:

	Year ended 28.02.18 £000	Year ended 28.02.17 £000
Net revenue before taxation	4,839	5,273
Corporation tax at 20%	968	1,055
Effects of:		
Movement in excess expenses	71	(106)
Overseas dividends not subject to corporation tax	(463)	–
Overseas tax suffered	(13)	21
Tax relief on realised gain on offshore funds	45	–
Tax relief on unrealised gain on offshore funds	79	–
UK dividends not subject to corporation tax	(700)	(859)
	(981)	(944)
Total tax for the year (see note 5a)	(13)	111

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

c Deferred tax

There was no material unprovided deferred tax (2017: £nil).

After claiming relief against accrued income taxable on receipt, the Fund has unrelieved excess expenses of £356,000 (2017: £nil) creating a potential deferred tax asset of £71,000 (2017: £nil). It is unlikely that the Fund will generate taxable profits in the future to utilise these amounts and therefore no deferred tax asset has been recognised in the current or prior year.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6 Distributions

	Year ended 28.02.18 £000	Year ended 28.02.17 £000
The distributions take account of revenue received on the issue of shares and revenue deducted on the cancellation of shares, and comprise:		
Interim distribution	4,249	1,483
Final distribution	1,044	4,330
	5,293	5,813
Add: Revenue deducted on cancellation of shares	6	75
Deduct: Revenue received on issue of shares	(420)	(726)
Total distributions	4,879	5,162
Reconciliation of distributions for the year to net revenue after taxation		
Distributions for the year	4,879	5,162
Revenue deficit transferred to capital	(27)	–
Net revenue after taxation	4,852	5,162

Details of the distributions per share are set out in the distribution tables on page 105.

7 Fair value hierarchy

Valuation technique	As at 28.02.18		As at 28.02.17	
	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Level 1: Quoted prices	68,305	(2,565)	29,826	–
Level 2: Observable market data	825,364	(8)	616,343	(399)
Total	893,669	(2,573)	646,169	(399)

The purpose of the fair value hierarchy is to prioritise the inputs that should be used to measure the fair value of assets and liabilities.

The highest priority is given to quoted prices at which a transaction can be entered into and the lowest priority is given to unobservable inputs. Disclosure is required of the value in each category in order to give an insight into the extent to which fair value measurements are subjective.

The disclosure is split into the following categories:

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

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

Level 3: Valuation techniques using unobservable inputs.

8 Debtors

	As at 28.02.18 £000	As at 28.02.17 £000
Accrued revenue	29	34
Accrued management fee rebates	206	222
Amounts receivable on issue of shares	4,567	5,574
Income tax recoverable	131	168
Sales awaiting settlement	7,013	–
Total debtors	11,946	5,998

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9 Cash and bank balances

	As at 28.02.18 £000	As at 28.02.17 £000
Amounts held at futures clearing houses and brokers	5,382	611
Cash and bank balances	491	2,764
Total cash and bank balances	5,873	3,375

10 Cash equivalents

	As at 28.02.18 £000	As at 28.02.17 £000
Aviva Investors Sterling Liquidity Fund	176,201	75,800
Total cash equivalents	176,201	75,800

11 Other creditors

	As at 28.02.18 £000	As at 28.02.17 £000
Accrued expenses	430	287
Amounts payable for cancellation of shares	43	14
Corporation tax payable	–	90
Overseas tax provision	12	20
Purchases awaiting settlement	–	2,250
Total creditors	485	2,661

12 Contingent liabilities and commitments

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

13 Related party transactions

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

ACD periodic charges paid to Aviva Investors UK Fund Services Limited ("the ACD") are shown in note 4 and details of shares issued and cancelled by the ACD are shown in the statement of change in net assets attributable to shareholders. The balance due to the ACD at the year end in respect of ACD periodic charges was £301,000 (2017: £216,000). Any balance due from the ACD in respect of issues is shown in note 8. Any balance due to the ACD in respect of cancellations is shown in note 11.

Distributions payable to the ACD and related parties of the ACD during the year amounted to £2,705,000 (2017: £3,946,000). The amount outstanding at the year end was £487,000 (2017: £2,933,000). Related parties of the ACD are deemed to be all companies under the control of Aviva Plc. This will include companies which hold shares in the Fund on behalf of other external investors.

Any investments managed and advised by Aviva Investors Global Services Limited or associated with the Aviva Group are identified on the portfolio statement. The total purchases and sales on these investments during the year amounted to £647,921,000 (2017: £452,645,000) and £517,571,000 (2017: £252,842,000) respectively. The income received during the year amounted to £4,837,000 (2017: £3,274,000). The rebates from ACD during the year amounted to £113,000 (2017: £392,000).

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

	Holdings at 28.02.18 (shares)	Movement (shares)	Holdings at 28.02.17 (shares)
ACD and related parties (share class 3 Accumulation shares)	292,321,711	68,903,051	223,418,660
ACD and related parties (share class 4 Accumulation shares)	–	(21,357)	21,357
ACD and related parties (share class R3 Accumulation shares)	89,030	(67,391,322)	67,480,352
ACD and related parties (share class 9 Accumulation shares)	2,101,546	1,182,185	919,361

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14 Shareholder funds

The Fund currently has five share classes: Classes 1 and 4 (Retail), Class R3 (Institutional) and Classes 3 and 9 (Associated undertakings of Aviva Plc). The annual management charges are as follows:

Class 1:	1.10%
Class 3:	0.50%
Class 4:	0.60%
Class R3:	0.35%
Class 9:	0.35%

The net asset value per share class, the net asset value per share and the number of shares in the class are shown on pages 92 and 93. The distributions per share class are given in the distribution tables on page 105. All the share classes have the same rights on winding up.

15 Shares in issue reconciliation

	Number of shares in issue at 28.02.17	Number of shares issued	Number of shares cancelled	Number of shares converted	Number of shares in issue at 28.02.18
Share Class 1 Accumulation	6,909,613	963,558	(715,596)	(16,191)	7,141,384
Share Class 3 Accumulation	223,418,660	70,690,883	(1,787,832)	–	292,321,711
Share Class 4 Accumulation	7,322,236	262,283	(563,621)	(2,361)	7,018,537
Share Class R3 Accumulation	188,636,968	69,662,605	(383,193)	18,208	257,934,588
Share Class 9 Accumulation	919,361	1,292,758	(110,573)	–	2,101,546

16 Counterparty exposure

Financial derivative exposure

The types of derivatives held at the year end date were forward currency contracts and futures contracts. Details of individual contracts are disclosed in the Portfolio Statement and the total position by counterparty at the year end date was as follows:

	Forward currency contracts £000	Futures contracts £000	Total £000
28.02.18			
Citibank	5	-	5
JPMorgan	112	-	112
Royal Bank of Canada	287	-	287
Royal Bank of Scotland	1,645	-	1,645
UBS	-	5,634	5,634
Total	2,049	5,634	7,683

	Forward currency contracts £000	Futures contracts £000	Total £000
28.02.17			
Citibank	(361)	-	(361)
JPMorgan	-	358	358
Royal Bank of Canada	(36)	-	(36)
UBS	(2)	-	(2)
Total	(399)	358	(41)

The counterparty exposure on forward currency contracts is reported at their mark to market values but for futures contracts it is only the positive mark to market values that are reported.

Collateral

At the year end date no collateral was held or pledged by the company or on behalf of the counterparties in respect of the above (2017: £nil).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

17 Derivatives and other financial instruments

The policies applied in the management of financial instruments are set out on pages 7 and 8.

Fair value of financial assets and financial liabilities

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

Currency risk

At the year end date, 3.13% (2017: 0.39%) of the net assets of the Fund were denominated in currencies other than sterling and as such, the currency risk is not considered significant.

Interest rate risk

At the year end date 26.94% (2017: 16.65%) of the net assets of the Fund were interest bearing. If interest rates were to change by 1.00%, the value of the Fund would change by 3.77% (2017: 3.43%).

The interest rate profile of the Fund's financial assets and liabilities at 28 February 2018 was:

Currency 28.02.18	Floating Rate £000	Fixed Rate £000	None £000	Total £000
Financial Assets				
Sterling	184,915	-	695,568	880,483
Australian Dollar	1,203	-	-	1,203
Euro	(140)	-	22,867	22,727
Japanese Yen	92	-	-	92
US Dollar	(3,996)	62,671	28,121	86,796
Financial Liabilities				
Sterling	-	-	(472)	(472)
Australian Dollar	-	-	(11,456)	(11,456)
Canadian Dollar	-	-	(8,192)	(8,192)
Japanese Yen	-	-	(356)	(356)
US Dollar	-	-	(62,395)	(62,395)
Total	182,074	62,671	663,685	908,430

The interest rate profile of the Fund's financial assets and liabilities at 28 February 2017 was:

Currency 28.02.17	Floating Rate £000	Fixed Rate £000	None £000	Total £000
Financial Assets				
Sterling	78,331	-	574,247	652,578
Australian Dollar	567	-	285	852
US Dollar	29,745	-	73	29,818
Financial Liabilities				
Sterling	-	-	(2,640)	(2,640)
Australian Dollar	-	-	(19)	(19)
US Dollar	-	-	(28,107)	(28,107)
Total	108,643	-	543,839	652,482

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

The Fund invests in some collective investment schemes (CIS) which predominantly invest in debt securities. The revenue of the Fund and the value of debt securities may be affected by interest rate movements in the future. At the year end date 11.26% (2017: 15.88%) of the assets of the Fund were invested in CIS which predominantly invest in debt securities.

Market price risk

At the year end date, 78.13% (2017: 87.36%) of the net assets of the Fund were invested in CIS (which primarily invest in stocks admitted to an official stock exchange) and debt securities. If the market value were to change by 10%, the value of the Fund would change by 7.81% (2017: 8.74%).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

18 Direct transaction costs

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

28.02.18	Principal before costs £000	Commissions £000	Taxes £000	Total after costs £000	Commissions as % of principal	Taxes as % of principal
Purchases (excluding in-specie transfers and corporate actions)						
Bonds	(243,377)	–	–	(243,377)	0.00%	0.00%
Funds	(589,664)	–	–	(589,664)	0.00%	0.00%
	(833,041)	–	–	(833,041)		
Sales (excluding in-specie transfers and corporate actions)						
Bonds	279,642	–	–	279,642	0.00%	0.00%
Funds	336,551	–	–	336,551	0.00%	0.00%
	616,193	–	–	616,193		
Total		–	–			
Percentage of fund average net assets		0.00%	0.00%			

28.02.17	Principal before costs £000	Commissions £000	Taxes £000	Total after costs £000	Commissions as % of principal	Taxes as % of principal
Purchases (excluding in-specie transfers and corporate actions)						
Equities	(48,599)	(15)	–	(48,614)	0.03%	0.00%
Bonds	(248,733)	–	–	(248,733)	0.00%	0.00%
Funds	(289,077)	–	–	(289,077)	0.00%	0.00%
	(586,409)	(15)	–	(586,424)		
Sales (excluding in-specie transfers and corporate actions)						
Equities	48,534	(15)	–	48,519	0.03%	0.00%
Bonds	182,432	–	–	182,432	0.00%	0.00%
Funds	223,585	–	–	223,585	0.00%	0.00%
	454,551	(15)	–	454,536		
Total		(30)	–			
Percentage of fund average net assets		0.01%	0.00%			

Dealing spread

As at 28 February 2018, the average portfolio dealing spread was nil% (2017: nil%). This spread represents the difference between the values determined retrospectively by reference to the bid and offer prices of investments expressed as a percentage of the value determined by reference to the offer price.

19 Post balance sheet events

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

DISTRIBUTION TABLES

Final distribution payable in pence per share for the six months ended 28 February 2018

Accumulation shares		Net revenue	Equalisation	Final distribution payable 30 April 2018	Final distribution paid 30 April 2017
Share Class 1	Group 1	0.0000	–	0.0000	1.0627
	Group 2	0.0000	0.0000	0.0000	1.0627
Share Class 3	Group 1	0.1646	–	0.1646	1.0140
	Group 2	0.0671	0.0975	0.1646	1.0140
Share Class 4	Group 1	0.0000	–	0.0000	1.0243
	Group 2	0.0000	0.0000	0.0000	1.0243
Share Class R3	Group 1	0.2157	–	0.2157	1.0112
	Group 2	0.1102	0.1055	0.2157	1.0112
Share Class 9	Group 1	0.2854	–	0.2854	0.9172
	Group 2	0.0302	0.2552	0.2854	0.9172

Final distribution

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

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

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

Accumulation shares		Net revenue	Equalisation	Interim distribution paid 31 October 2017	Interim distribution paid 31 October 2016
Share Class 1	Group 1	0.2831	–	0.2831	0.0000
	Group 2	0.1108	0.1723	0.2831	0.0000
Share Class 3	Group 1	0.8475	–	0.8475	0.4039
	Group 2	0.3713	0.4762	0.8475	0.4039
Share Class 4	Group 1	0.6798	–	0.6798	0.2581
	Group 2	0.2957	0.3841	0.6798	0.2581
Share Class R3	Group 1	0.8736	–	0.8736	0.4323
	Group 2	0.4136	0.4600	0.8736	0.4323
Share Class 9	Group 1	0.8317	–	0.8317	0.4726
	Group 2	0.4006	0.4311	0.8317	0.4726

Interim distribution

Group 1 shares are those shares purchased at or before 2pm on 28 February 2017.

Group 2 shares are those shares purchased after 2pm on 28 February 2017.

Equalisation

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

AVIVA INVESTORS MULTI-ASSET FUND IV

INVESTMENT OBJECTIVE

The Fund aims to provide capital growth.

INVESTMENT POLICY

The Fund aims to achieve the investment objective by employing a blend of both strategic and tactical asset allocation across a diversified range of global asset classes.

The Fund may invest in securities, fixed income assets, Exchange Traded Funds, collective investment schemes, warrants, money market instruments, deposits, cash, near cash, property and commodities. Exposure to property and commodities will be via collective investment schemes and Exchange Traded Funds. The Fund may also invest directly in derivative instruments (including commodity futures) for the purposes of investment and efficient portfolio management.

By combining diversified and relatively uncorrelated assets, investment risk is controlled and kept in line with the Fund's 'balanced' risk profile.

Details about the Fund's 'balanced' risk profile are available in the Prospectus.

FUND MANAGER'S REPORT

On 4 June 2018, share class 4 of this Fund was closed and merged into share class 1 and share class R3 of this Fund was renamed as share class 2.

Performance

Over the period ended 28 February 2018, the Fund (share class 1) returned 6.07%*.

Review

Growth assets performed well for most of the year under review, supported by an acceleration in economic growth rates globally. There was an unusually low level of volatility during 2017, enabling several equity markets to achieve new all-time highs. Inflation also appeared to remain under control in key regions, helping to support investor sentiment. Volatility picked up and growth assets sold off in early 2018, however, as inflationary pressures finally started to emerge. These moves modestly diluted equity performance, but returns were nonetheless positive in the year as a whole.

Rising equity markets enabled the Fund to rise in value during the year. The Fund benefited from overweight exposure to growth assets, capturing the pickup in global growth and 'risk-on' sentiment. Specifically, tactical overweight positions in emerging market and Japanese equities were rewarded, as these were among the strongest performing equity regions.

The Fund was underweight defensive assets over the course of the review period. This had a slightly negative impact on returns until the end of 2017 as both government and corporate bond markets made gains. However, this positioning added value at the start of 2018 as government bonds sold off in January, on worries about rising inflation and tighter monetary policy, and corporate bonds were hit by heightened volatility in February.

Uncorrelated assets detracted slightly in 2017 as the AIMS fund range's performance was hindered by the unanticipated strength of developed bond markets. However, increases in inflation expectations and rising bond yields in the first two months of 2018 boosted performance as traditional asset classes suffered.

Outlook

We believe the economic outlook is strong, with global growth likely to approach four per cent in 2018. We expect this positive macroeconomic backdrop to be supportive of risk assets, translating into strong performance in selected equity markets. Meanwhile, we expect bond yields to grind higher as inflation expectations continue to creep up.

March 2018

* Fund performance figures – share class 1, source Lipper, net of fees, net income reinvested in GBP, as at 28 February 2018.

As noted above, the performance figures in this commentary have been sourced from an external party and are based on published prices. The performance figures quoted in the comparative tables on pages 108 and 109 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 buy or sell any securities. Past performance is not a guide to the future. The value of a fund and the income from it may go down as well as up, and the investor may not get back the original amount invested.

Material Portfolio Changes

Purchases	Sales
Aviva Investors Sterling Liquidity Fund Class 9, Income shares, GBP	Aviva Investors Sterling Liquidity Fund Class 3, Income shares, GBP
Aviva Investors Sterling Liquidity Fund Class 3, Income shares, GBP	Aviva Investors Sterling Liquidity Fund Class 9, Income shares, GBP
Aviva Investors European Equity Income Fund Class Zy, Accumulation shares, GBP	US Treasury Inflation Linked, FRN 0.13% 15/07/2026
BlackRock North American Equity Index Fund (UK) Class L Accumulating GBP	Aviva Investors Emerging Markets Local Currency Bond Fund Class 1a, Income shares, GBP
US Treasury Inflation Indexed 0.38% 15/07/2027	Aviva Investors Global High Yield Bond Fund Class 1h, Accumulation shares, GBP
BlackRock Japan Equity Index Fund (UK) Class L Accumulating GBP	BlackRock North American Equity Index Fund (UK) Class L Accumulating GBP
Aviva Investors Emerging Markets Local Currency Bond Fund Class Zy, Accumulation shares, GBP	Aviva Investors Emerging Markets Equity Income Fund Class Zy, Accumulation shares, GBP
Aviva Investors Global High Yield Bond Fund Class Zh, Accumulation shares, GBP	Aviva Investors Global Investment Grade Corporate Bond Fund Class Zy, Accumulation shares, GBP
Aviva Investors Emerging Markets Equity Income Fund Class Zy, Accumulation shares, GBP	Aviva Investors Global Investment Grade Corporate Bond Fund Class 1h, Accumulation shares, GBP
US Treasury Inflation Linked, FRN 0.13% 15/07/2026	BlackRock Japan Equity Index Fund (UK) Class L Accumulating GBP

AVIVA INVESTORS MULTI-ASSET FUND IV (CONTINUED)

Synthetic Risk and Reward Indicator



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

- This indicator is based on historical data, calculated using European Union rules, and may not be a reliable indication of the future risk profile of the Fund.
- The risk and reward category shown is not guaranteed to remain unchanged and may change over time. The lowest category does not mean ‘risk free’.
- Further information on the risks applicable to the Fund is detailed in the Fund’s Key Investor Information Document, and a full description is set out in the Prospectus, both of which are available on the internet at www.avivainvestors.com or from the ACD on request.

COMPARATIVE TABLES

Class 1 Accumulation	2018 p per share	2017 p per share	2016 p per share
Change in net assets per share			
Opening net asset value per share	163.93	134.44	141.48
Return before operating charges [†]	10.91	31.55	(5.13)
Operating charges	(2.21)	(2.06)	(1.91)
Return after operating charges [†]	8.70	29.49	(7.04)
Distributions	(0.34)	(0.89)	(0.77)
Retained distributions on accumulation shares	0.34	0.89	0.77
Closing net asset value per share	172.63	163.93	134.44
[†] after direct transaction costs of	–	(0.01)	(0.01)
Performance			
Return after charges	5.31%	21.94%	(4.98)%
Other information			
Closing net asset value (£000)	46,148	45,653	56,452
Closing number of shares	26,731,435	27,848,537	41,991,001
Operating charges (%) [†]	1.31%	1.38%	1.37%
Direct transaction costs (%) [†]	–	0.01%	0.01%
Prices[™]			
Highest share price	176.70	163.98	149.66
Lowest share price	161.61	134.19	125.86

Class 3 Accumulation	2018 p per share	2017 p per share	2016 p per share
Change in net assets per share			
Opening net asset value per share	172.12	140.33	146.63
Return before operating charges [†]	11.48	32.86	(5.34)
Operating charges	(1.08)	(1.07)	(0.96)
Return after operating charges [†]	10.40	31.79	(6.30)
Distributions	(1.23)	(1.83)	(1.82)
Retained distributions on accumulation shares	1.23	1.83	1.82
Closing net asset value per share	182.52	172.12	140.33
[†] after direct transaction costs of	–	(0.02)	(0.01)
Performance			
Return after charges	6.04%	22.65%	(4.30)%
Other information			
Closing net asset value (£000)	221,478	160,880	110,601
Closing number of shares	121,345,795	93,469,165	78,814,299
Operating charges (%) [†]	0.61%	0.68%	0.68%
Direct transaction costs (%) [†]	–	0.01%	0.01%
Prices[™]			
Highest share price	186.64	172.17	155.26
Lowest share price	169.84	140.35	131.34

Class 4 Accumulation	2018 p per share	2017 p per share	2016 p per share
Change in net assets per share			
Opening net asset value per share	170.08	138.91	145.45
Return before operating charges [†]	11.33	32.54	(5.27)
Operating charges	(1.42)	(1.37)	(1.27)
Return after operating charges [†]	9.91	31.17	(6.54)
Distributions	(0.86)	(1.55)	(1.50)
Retained distributions on accumulation shares	0.86	1.55	1.50
Closing net asset value per share	179.99	170.08	138.91
[†] after direct transaction costs of	–	(0.02)	(0.01)
Performance			
Return after charges	5.83%	22.44%	(4.50)%
Other information			
Closing net asset value (£000)	2,559	2,380	1,887
Closing number of shares	1,421,617	1,399,544	1,358,539
Operating charges (%) [†]	0.81%	0.88%	0.87%
Direct transaction costs (%) [†]	–	0.01%	0.01%
Prices[™]			
Highest share price	184.11	170.12	153.95
Lowest share price	167.78	138.87	130.02

Class R3 Accumulation	2018 p per share	2017 p per share	2016 p per share
Change in net assets per share			
Opening net asset value per share	161.26	131.46	137.31
Return before operating charges [†]	10.78	30.74	(5.00)
Operating charges	(0.95)	(0.94)	(0.85)
Return after operating charges [†]	9.83	29.80	(5.85)
Distributions	(1.24)	(1.74)	(1.75)
Retained distributions on accumulation shares	1.24	1.74	1.75
Closing net asset value per share	171.09	161.26	131.46
[†] after direct transaction costs of	–	(0.01)	(0.01)
Performance			
Return after charges	6.10%	22.67%	(4.26)%
Other information			
Closing net asset value (£000)	231,065	129,774	65,462
Closing number of shares	135,054,988	80,473,103	49,796,302
Operating charges (%) [†]	0.56%	0.63%	0.62%
Direct transaction costs (%) [†]	–	0.01%	0.01%
Prices[™]			
Highest share price	174.94	161.30	145.38
Lowest share price	159.14	131.48	123.04

COMPARATIVE TABLES (CONTINUED)

	2018	2017	2016
Class 9 Accumulation	p per share	p per share	p per share
Change in net assets per share			
Opening net asset value per share	120.63	98.10	102.28
Return before operating charges [‡]	8.08	22.91	(3.83)
Operating charges	(0.44)	(0.38)	(0.35)
Return after operating charges [‡]	7.64	22.53	(4.18)
Distributions	(1.20)	(1.55)	(1.50)
Retained distributions on accumulation shares	1.20	1.55	1.50
Closing net asset value per share	128.27	120.63	98.10
[†] after direct transaction costs of	–	(0.01)	(0.01)
Performance			
Return after charges	6.33%	22.97%	(4.09)%
Other information			
Closing net asset value (£000)	71,208	29,289	3,215
Closing number of shares	55,514,403	24,279,883	3,276,893
Operating charges (%) [‡]	0.35%	0.35%	0.35%
Direct transaction costs (%) [‡]	–	0.01%	0.01%
Prices[≈]			
Highest share price	131.12	120.66	108.34
Lowest share price	119.08	98.12	91.81

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

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

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

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

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

Ongoing Charges Figure*

Share class	28.02.18	28.02.17
Class 1	1.31%	1.38%
Class 3	0.61%	0.68%
Class 4	0.81%	0.88%
Class R3	0.56%	0.63%
Class 9	0.35%	0.35%

* 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). The OCF on share class R3 is capped at 0.60%, though the actual figure may be lower. The OCF on share class 9 is restricted to the Annual Management Charge. The OCF on all other share classes includes a synthetic element of 0.08% (2017: 0.15%) in respect of the underlying investments. There is a cap on all other operating expenses of 0.25%, however in the current year, all other operating expenses were less than this capped amount.

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

PORTFOLIO STATEMENT

As at 28 February 2018

Investment	Currency	Holding	Market Value £000	% of Net Assets
Collective Investment Schemes 78.64% (90.08%)				
Aviva Investors Emerging Markets Equity Income Fund Class Zy, Accumulation shares, GBP [†]	GBP	28,892	42,076	7.35
Aviva Investors Emerging Markets Equity Small Cap Fund Class Zy, Accumulation shares, USD [†]	USD	20,911	17,111	2.99
Aviva Investors Emerging Markets Local Currency Bond Fund Class Zy, Accumulation shares, GBP [†]	GBP	15,567	22,521	3.93
Aviva Investors European Equity Income Fund Class Zy, Accumulation shares, GBP [†]	GBP	63,750	90,026	15.73
Aviva Investors Global Equity Endurance Fund Class Zy, Accumulation shares, GBP [†]	GBP	26,781	30,668	5.36
Aviva Investors Global High Yield Bond Fund Class Zh, Accumulation shares, GBP [†]	GBP	8,235	12,897	2.25
Aviva Investors Multi-Strategy Fixed Income Fund Class Zh, Accumulation shares, GBP [†]	GBP	12,000	12,331	2.15
Aviva Investors Multi-Strategy Target Return Fund Class 8, Accumulation shares, GBP [†]	GBP	18,940,733	21,178	3.70
Aviva Investors UK Index Tracking Fund Class 3, Accumulation shares, GBP [†]	GBP	5,878,152	14,173	2.48
BlackRock Japan Equity Index Fund (UK) Class L Accumulating GBP	GBP	19,111,966	42,849	7.48
BlackRock North American Equity Index Fund (UK) Class L Accumulating GBP	GBP	37,468,823	125,577	21.94
BlackRock Pacific Index Fund (IE) Class Institutional Accumulating EUR	EUR	1,339,789	18,804	3.28
Collective Investment Schemes total			450,211	78.64
Government Bonds 5.12% (2.36%)				
United States of America 5.12% (2.36%)				
US Treasury Inflation Indexed 0.38% 15/07/2027	USD	\$41,513,700	29,302	5.12
Government Bonds total			29,302	5.12
Forward Currency Contracts 0.18% ((0.03)%)				
Buy GBP 8,564,633 sell AUD 15,193,376 dated 20/03/2018			(7)	–
Buy GBP 6,303,222 sell CAD 10,870,360 dated 20/03/2018			155	0.03
Buy GBP 29,404,288 sell USD 39,471,981 dated 20/03/2018			873	0.15
Forward Currency Contracts total			1,021	0.18
Futures 0.40% (0.03%)				
Australia 10 Year Bond 15/03/2018	AUD	245	(311)	(0.06)
EURO STOXX Bank Index 16/03/2018	EUR	2,779	158	0.03
MSCI Emerging Markets Index 16/03/2018	USD	746	2,394	0.42
NASDAQ 100 Emini Index 16/03/2018	USD	144	1,307	0.23
S&P 500 Emini Index 16/03/2018	USD	(263)	(1,004)	(0.18)
TOPIX Index 08/03/2018	JPY	111	(152)	(0.03)
TPX Banks Index 08/03/2018	JPY	279	(74)	(0.01)
US 10 Year Note 20/06/2018	USD	205	(14)	–
Futures total			2,304	0.40
Liquidity Funds 14.36% (6.60%)¹				
Aviva Investors Sterling Liquidity Fund Class 9, Income shares, GBP [†]	GBP	82,200,426	82,200	14.36
Liquidity Funds total			82,200	14.36
Investment assets (including investment liabilities) ²			565,038	98.70
Net other assets			7,420	1.30
Net assets			572,458	100.00

All holdings are ordinary shares or stock units and admitted to an official stock exchange unless otherwise stated.
The comparative percentage figures in brackets are as at 28 February 2017.

[†] A related party to the Fund.

¹ Cash Equivalents.

² Includes Cash Equivalents.

STATEMENT OF TOTAL RETURN

For the year ended 28 February 2018

	Notes	£000	Year ended 28.02.18 £000	£000	Year ended 28.02.17 £000
Income					
Net capital gains	2		24,339		56,052
Revenue	3	5,803		4,955	
Expenses					
Net revenue before taxation	4	(2,729)		(1,881)	
Taxation	5	1		(5)	
Net revenue after taxation			3,075		3,069
Total return before distributions			27,414		59,121
Distributions	6		(3,170)		(3,098)
Change in net assets attributable to shareholders from investment activities			24,244		56,023

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

For the year ended 28 February 2018

	£000	Year ended 28.02.18 £000	£000	Year ended 28.02.17 £000
Opening net assets attributable to shareholders		367,976		237,617
Movement due to issue and cancellation of shares:				
Amounts receivable on issue of shares	189,527		83,511	
Amounts payable on cancellation of shares	(12,896)		(12,705)	
		176,631		70,806
Dilution adjustment		12		–
Change in net assets attributable to shareholders from investment activities (see above)		24,244		56,023
Retained distribution on accumulation shares		3,595		3,530
Closing net assets attributable to shareholders		572,458		367,976

BALANCE SHEET

As at 28 February 2018

	Notes	As at 28.02.18 £000	As at 28.02.17 £000
Assets:			
Investments		484,400	340,272
Current assets:			
Debtors	8	4,713	2,383
Cash and bank balances	9	3,198	3,661
Cash equivalents	10	82,200	24,300
Total assets		574,511	370,616
Liabilities:			
Investment liabilities		(1,562)	(119)
Creditors:			
Other creditors	11	(491)	(2,521)
Total liabilities		(2,053)	(2,640)
Net assets attributable to shareholders		572,458	367,976

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting basis and policies

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

2 Net capital gains

	Year ended 28.02.18 £000	Year ended 28.02.17 £000
Net capital gains on investments during the year comprise:		
Currency gains	86	31
Derivative contracts gains/(losses)	3,335	(258)
Expenses relating to the purchase and sale of investments	(7)	(5)
Forward currency contracts gains/(losses)	1,883	(2,338)
Non-derivative securities gains	19,042	58,622
Net capital gains*	24,339	56,052

* Total realised gains for the year were £16,157,000 (2017: £5,499,000) and the movement in unrealised gains was £8,182,000 (2017: £50,553,000). Included in realised gains for the year were unrealised gains/(losses) recognised in previous periods.

3 Revenue

	Year ended 28.02.18 £000	Year ended 28.02.17 £000
Bank and deposit interest	6	–
Franked components of dividend distributions	2,514	2,896
Interest on debt securities	692	121
Income from derivatives	324	134
Investment manager rebates*	357	452
Revenue from offshore funds	1,666	1,044
Unfranked components of dividend distributions	244	308
Total revenue	5,803	4,955

* Represents rebates received in respect of expenses incurred in underlying CIS investments.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4 Expenses

	Year ended 28.02.18 £000	Year ended 28.02.17 £000
Payable to the Authorised Corporate Director ("ACD"), associates of the ACD or agents of either of them:		
ACD's periodic charge	2,339	1,661
Registration fees	238	148
	2,577	1,809
Payable to the Depositary, associates of the Depositary or agents of either of them:		
Depositary's fee	59	40
Interest payable	41	1
Safe custody fee	44	29
	144	70
Other expenses:		
Audit fee*	11	11
Printing & postage expenses	3	4
Statement fees	8	10
	22	25
Total expenses	2,743	1,904
Less those expenses rebated by the ACD	(14)	(23)
	2,729	1,881

* The audit fee was £9,420 (2017: £9,168) net of VAT.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5 Taxation**a Analysis of tax charge**

	Year ended 28.02.18 £000	Year ended 28.02.17 £000
Overseas tax suffered	(1)	5
Total tax for the year (see note 5b)	(1)	5

b Factors affecting current tax charge

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

The differences are explained below:

	Year ended 28.02.18 £000	Year ended 28.02.17 £000
Net revenue before taxation	3,074	3,074
Corporation tax at 20%	615	615
Effects of:		
Franked distributions not subject to corporation tax	(503)	(579)
Movement in excess expenses	128	(36)
Overseas dividends not subject to corporation tax	(317)	–
Overseas tax suffered	(1)	5
Tax relief on realised gain on offshore funds	30	–
Tax relief on unrealised gain on offshore funds	47	–
	(616)	(610)
Total tax for the year (see note 5a)	(1)	5

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

c Deferred tax

There was no material unprovided deferred tax (2017: £nil).

After claiming relief against accrued income taxable on receipt, the Fund has unrelieved excess expenses of £2,827,000 (2017: £2,186,000) creating a potential deferred tax asset of £565,000 (2017: £437,000). It is unlikely that the Fund will generate taxable profits in the future to utilise these amounts and therefore no deferred tax asset has been recognised in the current or prior year.

6 Distributions

	Year ended 28.02.18 £000	Year ended 28.02.17 £000
The distributions take account of revenue received on the issue of shares and revenue deducted on the cancellation of shares, and comprise:		
Interim distribution	2,710	791
Final distribution	885	2,738
	3,595	3,529
Add: Revenue deducted on cancellation of shares	26	55
Deduct: Revenue received on issue of shares	(451)	(486)
Total distributions	3,170	3,098
Reconciliation of distributions for the year to net revenue after taxation		
Distributions for the year	3,170	3,098
Equalisation on conversions	–	(29)
Revenue deficit transferred to capital	(95)	–
Net revenue after taxation	3,075	3,069

Details of the distributions per share are set out in the distribution tables on page 121.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7 Fair value hierarchy

Valuation technique	As at 28.02.18		As at 28.02.17	
	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Level 1: Quoted prices	33,161	(1,555)	8,796	–
Level 2: Observable market data	533,439	(7)	355,776	(119)
Total	566,600	(1,562)	364,572	(119)

The purpose of the fair value hierarchy is to prioritise the inputs that should be used to measure the fair value of assets and liabilities.

The highest priority is given to quoted prices at which a transaction can be entered into and the lowest priority is given to unobservable inputs. Disclosure is required of the value in each category in order to give an insight into the extent to which fair value measurements are subjective.

The disclosure is split into the following categories:

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

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

Level 3: Valuation techniques using unobservable inputs.

8 Debtors

	As at 28.02.18 £000	As at 28.02.17 £000
Accrued revenue	14	14
Accrued management fee rebates	147	110
Amounts receivable on issue of shares	1,742	2,194
Income tax recoverable	47	65
Sales awaiting settlement	2,763	–
Total debtors	4,713	2,383

9 Cash and bank balances

	As at 28.02.18 £000	As at 28.02.17 £000
Amounts held at futures clearing houses and brokers	2,804	181
Cash and bank balances	394	3,480
Total cash and bank balances	3,198	3,661

10 Cash equivalents

	As at 28.02.18 £000	As at 28.02.17 £000
Aviva Investors Sterling Liquidity Fund	82,200	24,300
Total cash equivalents	82,200	24,300

11 Other creditors

	As at 28.02.18 £000	As at 28.02.17 £000
Accrued expenses	286	182
Amounts payable for cancellation of shares	201	83
Overseas tax provision	4	6
Purchases awaiting settlement	–	2,250
Total creditors	491	2,521

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12 Contingent liabilities and commitments

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

13 Related party transactions

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

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

ACD periodic charges paid to Aviva Investors UK Fund Services Limited ("the ACD") are shown in note 4 and details of shares issued and cancelled by the ACD are shown in the statement of change in net assets attributable to shareholders. The balance due to the ACD at the year end in respect of ACD periodic charges was £202,000 (2017: £137,000). Any balance due from the ACD in respect of issues is shown in note 8. Any balance due to the ACD in respect of cancellations is shown in note 11.

Distributions payable to the ACD and related parties of the ACD during the year amounted to £1,933,000 (2017: £2,487,000). The amount outstanding at the year end was £502,000 (2017: £1,901,000). Related parties of the ACD are deemed to be all companies under the control of Aviva Plc. This will include companies which hold shares in the Fund on behalf of other external investors.

Any investments managed and advised by Aviva Investors Global Services Limited or associated with the Aviva Group are identified on the portfolio statement. The total purchases and sales on these investments during the year amounted to £412,791,000 (2017: £244,847,000) and £308,728,000 (2017: £130,495,000) respectively. The income received during the year amounted to £2,734,000 (2017: £1,902,000). The rebates from ACD during the year amounted to £77,000 (2017: £238,000).

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

	Holdings at 28.02.18 (shares)	Movement (shares)	Holdings at 28.02.17 (shares)
ACD and related parties (share class 1 Accumulation shares)	–	(4,149)	4,149
ACD and related parties (share class 3 Accumulation shares)	121,345,795	27,876,630	93,469,165
ACD and related parties (share class 4 Accumulation shares)	–	(252,672)	252,672
ACD and related parties (share class R3 Accumulation shares)	146,709	(33,266,998)	33,413,707
ACD and related parties (share class 9 Accumulation shares)	55,514,403	31,234,520	24,279,883

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

14 Shareholder funds

The Fund currently has five share classes: Classes 1 and 4 (Retail), Class R3 (Institutional) and Classes 3 and 9 (Associated undertakings of Aviva Plc). The annual management charges are as follows:

Class 1:	1.10%
Class 3:	0.50%
Class 4:	0.60%
Class R3:	0.35%
Class 9:	0.35%

The net asset value per share class, the net asset value per share and the number of shares in the class are shown on pages 108 and 109. The distributions per share class are given in the distribution tables on page 121. All the share classes have the same rights on winding up.

15 Shares in issue reconciliation

	Number of shares in issue at 28.02.17	Number of shares issued	Number of shares cancelled	Number of shares converted	Number of shares in issue at 28.02.18
Share Class 1 Accumulation	27,848,537	1,467,899	(2,311,190)	(273,811)	26,731,435
Share Class 3 Accumulation	93,469,165	30,133,423	(2,256,793)	–	121,345,795
Share Class 4 Accumulation	1,399,544	68,004	(45,931)	–	1,421,617
Share Class R3 Accumulation	80,473,103	56,525,829	(2,221,121)	277,177	135,054,988
Share Class 9 Accumulation	24,279,883	32,119,367	(884,847)	–	55,514,403

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16 Counterparty exposure**Financial derivative exposure**

The types of derivatives held at the year end date were forward currency contracts and futures contracts. Details of individual contracts are disclosed in the Portfolio Statement and the total position by counterparty at the year end date was as follows:

	Forward currency contracts £000	Futures contracts £000	Total £000
28.02.18			
Citibank	3	–	3
JPMorgan	46	–	46
Royal Bank of Canada	197	–	197
Royal Bank of Scotland	775	–	775
UBS	–	3,859	3,859
Total	1,021	3,859	4,880

	Forward currency contracts £000	Futures contracts £000	Total £000
28.02.17			
Citibank	(106)	–	(106)
JPMorgan	–	104	104
Royal Bank of Canada	(12)	–	(12)
UBS	(1)	–	(1)
Total	(119)	104	(15)

The counterparty exposure on forward currency contracts is reported at their mark to market values but for futures contracts it is only the positive mark to market values that are reported.

Collateral

At the year end date no collateral was held or pledged by the company or on behalf of the counterparties in respect of the above (2017: £nil).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

17 Derivatives and other financial instruments

The policies applied in the management of financial instruments are set out on pages 7 and 8.

Fair value of financial assets and financial liabilities

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

Currency risk

At the year end date, 3.86% (2017: 0.20%) of the net assets of the Fund were denominated in currencies other than sterling and as such, the currency risk is not considered significant.

Interest rate risk

At the year end date 20.04% (2017: 9.96%) of the net assets of the Fund were interest bearing. If interest rates were to change by 1.00%, the value of the Fund would change by 4.39% (2017: 3.73%).

The interest rate profile of the Fund's financial assets and liabilities at 28 February 2018 was:

Currency 28.02.18	Floating Rate £000	Fixed Rate £000	None £000	Total £000
Financial Assets				
Sterling	87,602	–	463,268	550,870
Australian Dollar	450	–	–	450
Euro	(79)	–	18,962	18,883
Japanese Yen	89	–	–	89
US Dollar	(2,664)	29,302	20,825	47,463
Financial Liabilities				
Sterling	–	–	(487)	(487)
Australian Dollar	–	–	(8,887)	(8,887)
Canadian Dollar	–	–	(6,148)	(6,148)
Japanese Yen	–	–	(226)	(226)
US Dollar	–	–	(29,549)	(29,549)
Total	85,398	29,302	457,758	572,458

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

The Fund invests in some collective investment schemes (CIS) which predominantly invest in debt securities. The revenue of the Fund and the value of debt securities may be affected by interest rate movements in the future. At the year end date 8.33% (2017: 15.46%) of the assets of the Fund were invested in CIS which predominantly invest in debt securities.

Market price risk

At the year end date, 83.76% (2017: 92.44%) of the net assets of the Fund were invested in CIS (which primarily invest in stocks admitted to an official stock exchange) and debt securities. If the market value were to change by 10%, the value of the Fund would change by 8.38% (2017: 9.24%).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

18 Direct transaction costs

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

28.02.18	Principal before costs £000	Commissions £000	Taxes £000	Total after costs £000	Commissions as % of principal	Taxes as % of principal
Purchases (excluding in-specie transfers and corporate actions)						
Bonds	(137,615)	–	–	(137,615)	0.00%	0.00%
Funds	(402,143)	–	–	(402,143)	0.00%	0.00%
	(539,758)	–	–	(539,758)		
Sales (excluding in-specie transfers and corporate actions)						
Bonds	138,509	–	–	138,509	0.00%	0.00%
Funds	223,537	–	–	223,537	0.00%	0.00%
	362,046	–	–	362,046		
Total		–	–			
Percentage of fund average net assets		0.00%	0.00%			

28.02.17	Principal before costs £000	Commissions £000	Taxes £000	Total after costs £000	Commissions as % of principal	Taxes as % of principal
Purchases (excluding in-specie transfers and corporate actions)						
Equities	(33,951)	(10)	–	(33,961)	0.03%	0.00%
Bonds	(121,655)	–	–	(121,655)	0.00%	0.00%
Funds	(164,587)	–	–	(164,587)	0.00%	0.00%
	(320,193)	(10)	–	(320,203)		
Sales (excluding in-specie transfers and corporate actions)						
Equities	33,905	(10)	–	33,895	0.03%	0.00%
Bonds	99,727	–	–	99,727	0.00%	0.00%
Funds	114,809	–	–	114,809	0.00%	0.00%
	248,441	(10)	–	248,431		
Total		(20)	–			
Percentage of fund average net assets		0.01%	0.00%			

Dealing spread

As at 28 February 2018, the average portfolio dealing spread was nil% (2017: 0.03%). This spread represents the difference between the values determined retrospectively by reference to the bid and offer prices of investments expressed as a percentage of the value determined by reference to the offer price.

19 Post balance sheet events

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

DISTRIBUTION TABLES

Final distribution payable in pence per share for the six months ended 28 February 2018

Accumulation shares		Net revenue	Equalisation	Final distribution payable 30 April 2018	Final distribution paid 30 April 2017
Share Class 1	Group 1	0.0000	–	0.0000	0.8916
	Group 2	0.0000	0.0000	0.0000	0.8916
Share Class 3	Group 1	0.2587	–	0.2587	1.3249
	Group 2	0.1395	0.1192	0.2587	1.3249
Share Class 4	Group 1	0.0751	–	0.0751	1.1910
	Group 2	0.0000	0.0751	0.0751	1.1910
Share Class R3	Group 1	0.2828	–	0.2828	1.2236
	Group 2	0.1328	0.1500	0.2828	1.2236
Share Class 9	Group 1	0.3383	–	0.3383	1.0315
	Group 2	0.1813	0.1570	0.3383	1.0315

Final distribution

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

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

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

Accumulation shares		Net revenue	Equalisation	Interim distribution paid 31 October 2017	Interim distribution paid 31 October 2016
Share Class 1	Group 1	0.3401	–	0.3401	0.0000
	Group 2	0.1115	0.2286	0.3401	0.0000
Share Class 3	Group 1	0.9717	–	0.9717	0.5077
	Group 2	0.4466	0.5251	0.9717	0.5077
Share Class 4	Group 1	0.7857	–	0.7857	0.3572
	Group 2	0.4537	0.3320	0.7857	0.3572
Share Class R3	Group 1	0.9524	–	0.9524	0.5178
	Group 2	0.4386	0.5138	0.9524	0.5178
Share Class 9	Group 1	0.8631	–	0.8631	0.5225
	Group 2	0.4102	0.4529	0.8631	0.5225

Interim distribution

Group 1 shares are those shares purchased at or before 2pm on 28 February 2017.

Group 2 shares are those shares purchased after 2pm on 28 February 2017.

Equalisation

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

AVIVA INVESTORS MULTI-ASSET FUND V

INVESTMENT OBJECTIVE

The Fund aims to provide capital growth.

INVESTMENT POLICY

The Fund aims to achieve the investment objective by employing a blend of both strategic and tactical asset allocation across a diversified range of global asset classes.

The Fund may invest in securities, fixed income assets, Exchange Traded Funds, collective investment schemes, warrants, money market instruments, deposits, cash, near cash, property and commodities. Exposure to property and commodities will be via collective investment schemes and Exchange Traded Funds. The Fund may also invest directly in derivative instruments (including commodity futures) for the purposes of investment and efficient portfolio management.

By combining diversified and relatively uncorrelated assets, investment risk is controlled and kept in line with the Fund's 'adventurous' risk profile.

Details about the Fund's 'adventurous' risk profile are available in the Prospectus.

FUND MANAGER'S REPORT

On 4 June 2018, share class 4 of this Fund was closed and merged into share class 1 and share class R3 of this Fund was renamed as share class 2.

Performance

Over the period ended 28 February 2018, the Fund (share class 1) returned 8.15%*.

Review

Growth assets performed well for most of the year under review, supported by an acceleration in economic growth rates globally. There was an unusually low level of volatility during 2017, enabling several equity markets to achieve new all-time highs. Inflation also appeared to remain under control in key regions, helping to support investor sentiment. Volatility picked up and growth assets sold off in early 2018, however, as inflationary pressures finally started to emerge. These moves modestly diluted equity performance, but returns were nonetheless positive in the year as a whole.

Rising equity markets enabled the Fund to rise in value during the year. The Fund benefited from overweight exposure to growth assets, capturing the pickup in global growth and 'risk-on' sentiment. Specifically, tactical overweight positions in emerging market and Japanese equities were rewarded, as these were among the strongest performing equity regions.

The Fund was underweight defensive assets over the course of the review period. This had a slightly negative impact on returns until the end of 2017 as both government and corporate bond markets made gains. However, this positioning added value at the start of 2018 as government bonds sold off in January, on worries about rising inflation and tighter monetary policy, and corporate bonds were hit by heightened volatility in February.

Uncorrelated assets detracted slightly in 2017 as the AIMS fund range's performance was hindered by the unanticipated strength of developed bond markets. However, increases in inflation expectations and rising bond yields in the first two months of 2018 boosted performance as traditional asset classes suffered.

Outlook

We believe the economic outlook is strong, with global growth likely to approach four per cent in 2018. We expect this positive macroeconomic backdrop to be supportive of risk assets, translating into strong performance in selected equity markets. Meanwhile, we expect bond yields to grind higher as inflation expectations continue to creep up.

March 2018

* Fund performance figures – share class 1, source Lipper, net of fees, net income reinvested in GBP, as at 28 February 2018.

As noted above, the performance figures in this commentary have been sourced from an external party and are based on published prices. The performance figures quoted in the comparative tables on pages 124 and 125 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 buy or sell any securities. Past performance is not a guide to the future. The value of a fund and the income from it may go down as well as up, and the investor may not get back the original amount invested.

Material Portfolio Changes

Purchases	Sales
Aviva Investors Sterling Liquidity Fund Class 9, Income shares, GBP	Aviva Investors Sterling Liquidity Fund Class 3, Income shares, GBP
Aviva Investors Sterling Liquidity Fund Class 3, Income shares, GBP	Aviva Investors Sterling Liquidity Fund Class 9, Income shares, GBP
BlackRock North American Equity Index Fund (UK) Class L Accumulating GBP	Aviva Investors Emerging Markets Local Currency Bond Fund Class 1a, Income shares, GBP
Aviva Investors European Equity Income Fund Class Zy, Accumulation shares, GBP	Aviva Investors Global High Yield Bond Fund Class 1h, Accumulation shares, GBP
BlackRock Japan Equity Index Fund (UK) Class L Accumulating GBP	Aviva Investors Emerging Markets Equity Income Fund Class Zy, Accumulation shares, GBP
Aviva Investors Emerging Markets Equity Income Fund Class Zy, Accumulation shares, GBP	Aviva Investors Multi-Strategy Target Return Fund Class 8, Accumulation shares, GBP
Aviva Investors Global High Yield Bond Fund Class Zh, Accumulation shares, GBP	BlackRock North American Equity Index Fund (UK) Class L Accumulating GBP
Aviva Investors Emerging Markets Local Currency Bond Fund Class Zy, Accumulation shares, GBP	BlackRock Japan Equity Index Fund (UK) Class L Accumulating GBP
BlackRock Pacific Index Fund (IE) Class Institutional Accumulating EUR	Aviva Investors Global High Yield Bond Fund Class Zh, Accumulation shares, GBP
Aviva Investors Emerging Markets Equity Small Cap Fund Class Zy, Accumulation shares, USD	Aviva Investors European Equity Income Fund Class Zy, Accumulation shares, GBP

AVIVA INVESTORS MULTI-ASSET FUND V (CONTINUED)

Synthetic Risk and Reward Indicator



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

- This indicator is based on historical data, calculated using European Union rules, and may not be a reliable indication of the future risk profile of the Fund.
- The risk and reward category shown is not guaranteed to remain unchanged and may change over time. The lowest category does not mean ‘risk free’.
- Further information on the risks applicable to the Fund is detailed in the Fund’s Key Investor Information Document, and a full description is set out in the Prospectus, both of which are available on the internet at www.avivainvestors.com or from the ACD on request.

COMPARATIVE TABLES

Class 1 Accumulation	2018 p per share	2017 p per share	2016 p per share
Change in net assets per share			
Opening net asset value per share	165.26	129.85	138.31
Return before operating charges [†]	14.41	37.45	(6.58)
Operating charges	(2.26)	(2.04)	(1.88)
Return after operating charges [†]	12.15	35.41	(8.46)
Distributions	(0.18)	(0.61)	(0.57)
Retained distributions on accumulation shares	0.18	0.61	0.57
Closing net asset value per share	177.41	165.26	129.85
[†] after direct transaction costs of	–	(0.01)	(0.01)
Performance			
Return after charges	7.35%	27.27%	(6.12)%
Other information			
Closing net asset value (£000)	11,324	10,854	9,017
Closing number of shares	6,382,908	6,567,660	6,944,316
Operating charges (%) [†]	1.31%	1.37%	1.41%
Direct transaction costs (%) [†]	–	0.01%	0.01%
Prices[™]			
Highest share price	182.46	165.30	147.09
Lowest share price	162.23	129.87	119.72

Class 3 Accumulation	2018 p per share	2017 p per share	2016 p per share
Change in net assets per share			
Opening net asset value per share	174.33	136.12	143.96
Return before operating charges [†]	15.25	39.26	(6.88)
Operating charges	(1.11)	(1.05)	(0.96)
Return after operating charges [†]	14.14	38.21	(7.84)
Distributions	(0.82)	(1.62)	(1.59)
Retained distributions on accumulation shares	0.82	1.62	1.59
Closing net asset value per share	188.47	174.33	136.12
[†] after direct transaction costs of	–	(0.02)	(0.01)
Performance			
Return after charges	8.11%	28.07%	(5.45)%
Other information			
Closing net asset value (£000)	55,080	36,703	23,378
Closing number of shares	29,225,297	21,053,452	17,174,715
Operating charges (%) [†]	0.61%	0.67%	0.69%
Direct transaction costs (%) [†]	–	0.01%	0.01%
Prices[™]			
Highest share price	193.65	174.38	153.26
Lowest share price	171.31	136.15	125.47

Class 4 Accumulation	2018 p per share	2017 p per share	2016 p per share
Change in net assets per share			
Opening net asset value per share	168.78	132.03	139.93
Return before operating charges [†]	14.75	38.07	(6.67)
Operating charges	(1.43)	(1.32)	(1.23)
Return after operating charges [†]	13.32	36.75	(7.90)
Distributions	(0.62)	(1.29)	(1.25)
Retained distributions on accumulation shares	0.62	1.29	1.25
Closing net asset value per share	182.10	168.78	132.03
[†] after direct transaction costs of	–	(0.02)	(0.01)
Performance			
Return after charges	7.89%	27.83%	(5.65)%
Other information			
Closing net asset value (£000)	233	211	157
Closing number of shares	127,967	124,927	119,095
Operating charges (%) [†]	0.81%	0.87%	0.91%
Direct transaction costs (%) [†]	–	0.01%	0.01%
Prices[™]			
Highest share price	187.16	168.83	148.91
Lowest share price	165.80	132.06	121.71

Class R3 Accumulation	2018 p per share	2017 p per share	2016 p per share
Change in net assets per share			
Opening net asset value per share	161.72	126.23	133.45
Return before operating charges [†]	14.17	36.39	(6.38)
Operating charges	(0.95)	(0.90)	(0.84)
Return after operating charges [†]	13.22	35.49	(7.22)
Distributions	(0.85)	(1.54)	(1.52)
Retained distributions on accumulation shares	0.85	1.54	1.52
Closing net asset value per share	174.94	161.72	126.23
[†] after direct transaction costs of	–	(0.01)	(0.01)
Performance			
Return after charges	8.17%	28.12%	(5.41)%
Other information			
Closing net asset value (£000)	49,213	31,938	18,611
Closing number of shares	28,131,012	19,749,373	14,743,158
Operating charges (%) [†]	0.56%	0.62%	0.65%
Direct transaction costs (%) [†]	–	0.01%	0.01%
Prices[™]			
Highest share price	179.74	161.76	142.06
Lowest share price	158.92	126.26	116.35

COMPARATIVE TABLES (CONTINUED)

	2018	2017	2016
Class 9 Accumulation	p per share	p per share	p per share
Change in net assets per share			
Opening net asset value per share	125.30	97.59	102.95
Return before operating charges [†]	10.91	28.12	(5.01)
Operating charges	(0.38)	(0.41)	(0.35)
Return after operating charges [†]	10.53	27.71	(5.36)
Distributions	(0.93)	(1.43)	(1.38)
Retained distributions on accumulation shares	0.93	1.43	1.38
Closing net asset value per share	135.83	125.30	97.59
[†] after direct transaction costs of	–	(0.01)	(0.01)
Performance			
Return after charges	8.40%	28.39%	(5.21)%
Other information			
Closing net asset value (£000)	19,466	7,290	526
Closing number of shares	14,331,263	5,817,779	538,841
Operating charges (%) [‡]	0.35%	0.35%	0.35%
Direct transaction costs (%) [‡]	–	0.01%	0.01%
Prices[≈]			
Highest share price	139.52	125.33	109.63
Lowest share price	123.18	97.61	89.94

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

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

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

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

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

Ongoing Charges Figure*

Share class	28.02.18	28.02.17
Class 1	1.31%	1.37%
Class 3	0.61%	0.67%
Class 4	0.81%	0.87%
Class R3	0.56%	0.62%
Class 9	0.35%	0.35%

* 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). The OCF on share class 9 is restricted to the Annual Management Charge. The OCF on all other share classes includes a synthetic element of 0.07% (2017: 0.12%) in respect of the underlying investments. There is a cap on all other operating expenses of 0.25%, however in the current year, all other operating expenses were less than this capped amount.

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

PORTFOLIO STATEMENT

As at 28 February 2018

Investment	Currency	Holding	Market Value £000	% of Net Assets
Collective Investment Schemes 93.46% (87.47%)				
Aviva Investors Emerging Markets Equity Income Fund Class Zy, Accumulation shares, GBP [†]	GBP	9,073	13,213	9.76
Aviva Investors Emerging Markets Equity Small Cap Fund Class Zy, Accumulation shares, USD [†]	USD	6,400	5,236	3.87
Aviva Investors Emerging Markets Local Currency Bond Fund Class Zy, Accumulation shares, GBP [†]	GBP	4,890	7,075	5.23
Aviva Investors European Equity Income Fund Class Zy, Accumulation shares, GBP [†]	GBP	19,722	27,851	20.58
Aviva Investors Global Equity Endurance Fund Class Zy, Accumulation shares, GBP [†]	GBP	7,447	8,527	6.30
Aviva Investors Global High Yield Bond Fund Class Zh, Accumulation shares, GBP [†]	GBP	3,168	4,961	3.67
BlackRock Japan Equity Index Fund (UK) Class L Accumulating GBP	GBP	5,891,349	13,208	9.76
BlackRock North American Equity Index Fund (UK) Class L Accumulating GBP	GBP	11,963,776	40,097	29.63
BlackRock Pacific Index Fund (IE) Class Institutional Accumulating EUR	EUR	448,880	6,300	4.66
Collective Investment Schemes total			126,468	93.46
Forward Currency Contracts 0.04% (0.11%)				
Buy GBP 2,794,887 sell AUD 4,959,334 dated 20/03/2018			(3)	–
Buy GBP 2,016,080 sell CAD 3,473,710 dated 20/03/2018			51	0.04
Forward Currency Contracts total			48	0.04
Futures 0.47% (0.69%)				
EURO STOXX Bank Index 16/03/2018	EUR	650	35	0.03
FTSE 100 Index 16/03/2018	GBP	74	(63)	(0.05)
MSCI Emerging Markets Index 16/03/2018	USD	174	557	0.41
NASDAQ 100 Emini Index 16/03/2018	USD	47	427	0.32
S&P 500 Emini Index 16/03/2018	USD	(71)	(272)	(0.20)
TOPIX Index 08/03/2018	JPY	27	(38)	(0.03)
TPX Banks Index 08/03/2018	JPY	63	(17)	(0.01)
Futures total			629	0.47
Liquidity Funds 4.80% (11.03%)¹				
Aviva Investors Sterling Liquidity Fund Class 9, Income shares, GBP [†]	GBP	6,500,022	6,500	4.80
Liquidity Funds total			6,500	4.80
Investment assets (including investment liabilities) ²			133,645	98.77
Net other assets			1,671	1.23
Net assets			135,316	100.00

All holdings are ordinary shares or stock units and admitted to an official stock exchange unless otherwise stated.
The comparative percentage figures in brackets are as at 28 February 2017.

[†] A related party to the Fund.

¹ Cash Equivalents.

² Includes Cash Equivalents.

STATEMENT OF TOTAL RETURN

For the year ended 28 February 2018

	Notes	£000	Year ended 28.02.18 £000	£000	Year ended 28.02.17 £000
Income					
Net capital gains	2		8,169		15,828
Revenue	3	1,060		1,051	
Expenses					
Net revenue before taxation	4	(634)		(417)	
Taxation	5	–		–	
Net revenue after taxation			426		634
Total return before distributions			8,595		16,462
Distributions	6		(474)		(634)
Change in net assets attributable to shareholders from investment activities			8,121		15,828

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

For the year ended 28 February 2018

	£000	Year ended 28.02.18 £000	£000	Year ended 28.02.17 £000
Opening net assets attributable to shareholders		86,996		51,689
Movement due to issue and cancellation of shares:				
Amounts receivable on issue of shares	48,025		23,765	
Amounts payable on cancellation of shares	(8,365)		(5,022)	
		39,660		18,743
Change in net assets attributable to shareholders from investment activities (see above)		8,121		15,828
Retained distribution on accumulation shares		539		736
Closing net assets attributable to shareholders		135,316		86,996

BALANCE SHEET

As at 28 February 2018

	Notes	As at 28.02.18 £000	As at 28.02.17 £000
Assets:			
Investments		127,538	76,785
Current assets:			
Debtors	8	427	285
Cash and bank balances	9	1,379	991
Cash equivalents	10	6,500	9,600
Total assets		135,844	87,661
Liabilities:			
Investment liabilities		(393)	–
Creditors:			
Bank overdrafts		–	(97)
Other creditors	11	(135)	(568)
Total liabilities		(528)	(665)
Net assets attributable to shareholders		135,316	86,996

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting basis and policies

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

2 Net capital gains

	Year ended 28.02.18 £000	Year ended 28.02.17 £000
Net capital gains on investments during the year comprise:		
Currency gains	4	28
Derivative contracts gains	1,283	2,004
Expenses relating to the purchase and sale of investments	(6)	(4)
Forward currency contracts (losses)/gains	(267)	101
Non-derivative securities gains	7,155	13,699
Net capital gains*	8,169	15,828

* Total realised gains for the year were £4,248,000 (2017: £2,896,000) and the movement in unrealised gains was £3,921,000 (2017: £12,932,000). Included in realised gains for the year were unrealised gains/(losses) recognised in previous periods.

3 Revenue

	Year ended 28.02.18 £000	Year ended 28.02.17 £000
Bank and deposit interest	1	–
Franked components of dividend distributions	486	586
Interest on debt securities	18	25
Investment manager rebates*	83	101
Revenue from offshore funds	470	301
Unfranked components of dividend distributions	2	38
Total revenue	1,060	1,051

* Represents rebates received in respect of expenses incurred in underlying CIS investments.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4 Expenses

	Year ended 28.02.18 £000	Year ended 28.02.17 £000
Payable to the Authorised Corporate Director ("ACD"), associates of the ACD or agents of either of them:		
ACD's periodic charge	555	356
Registration fees	53	35
	608	391
Payable to the Depositary, associates of the Depositary or agents of either of them:		
Depositary's fee	16	9
Interest payable	10	–
Safe custody fee	11	7
	37	16
Other expenses:		
Audit fee*	11	12
Professional fees	1	1
Statement fees	2	2
	14	15
Total expenses	659	422
Less those expenses rebated by the ACD	(25)	(5)
Net expenses	634	417

* The audit fee was £9,420 (2017: £9,168) net of VAT.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5 Taxation**a Analysis of tax charge**

	Year ended 28.02.18 £000	Year ended 28.02.17 £000
Overseas tax suffered	–	–
Total tax for the year (see note 5b)	–	–

b Factors affecting current tax charge

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

The differences are explained below:

	Year ended 28.02.18 £000	Year ended 28.02.17 £000
Net revenue before taxation	426	634
Corporation tax at 20%	85	127
Effects of:		
Franked distributions not subject to corporation tax	(97)	(118)
Movement in excess expenses	89	(9)
Overseas dividends not subject to corporation tax	(94)	–
Tax relief on realised gain on offshore funds	7	–
Tax relief on unrealised gain on offshore funds	10	–
	(85)	(127)
Total tax for the year (see note 5a)	–	–

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

c Deferred tax

There is no material unprovided deferred tax (2017: £nil).

After claiming relief against accrued income taxable on receipt, the Fund has unrelieved excess expenses of £1,156,000 (2017: £711,000) creating a potential deferred tax asset of £231,000 (2017: £142,000). It is unlikely that the Fund will generate taxable profits in the future to utilise these amounts and therefore no deferred tax asset has been recognised in the current or prior year.

6 Distributions

	Year ended 28.02.18 £000	Year ended 28.02.17 £000
The distributions take account of revenue received on the issue of shares and revenue deducted on the cancellation of shares, and comprise:		
Interim distribution	504	148
Final distribution	35	588
	539	736
Add: Revenue deducted on cancellation of shares	12	22
Deduct: Revenue received on issue of shares	(77)	(124)
Total distributions	474	634
Reconciliation of distributions for the year to net revenue after taxation		
Distributions for the year	474	634
Revenue deficit transferred to capital	(48)	–
Net revenue after taxation	426	634

Details of the distributions per share are set out in the distribution tables on page 137.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7 Fair value hierarchy

Valuation technique	As at 28.02.18		As at 28.02.17	
	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Level 1: Quoted prices	1,019	(390)	602	–
Level 2: Observable market data	133,019	(3)	85,783	–
Total	134,038	(393)	86,385	–

The purpose of the fair value hierarchy is to prioritise the inputs that should be used to measure the fair value of assets and liabilities.

The highest priority is given to quoted prices at which a transaction can be entered into and the lowest priority is given to unobservable inputs. Disclosure is required of the value in each category in order to give an insight into the extent to which fair value measurements are subjective.

The disclosure is split into the following categories:

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

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

Level 3: Valuation techniques using unobservable inputs.

8 Debtors

	As at 28.02.18 £000	As at 28.02.17 £000
Accrued revenue	–	3
Accrued management fee rebates	39	35
Amounts receivable on issue of shares	388	240
Income tax recoverable	–	7
Total debtors	427	285

9 Cash and bank balances

	As at 28.02.18 £000	As at 28.02.17 £000
Amounts held at futures clearing houses and brokers	706	5
Cash and bank balances	673	986
Total cash and bank balances	1,379	991

10 Cash equivalents

	As at 28.02.18 £000	As at 28.02.17 £000
Aviva Investors Sterling Liquidity Fund	6,500	9,600
Total cash equivalents	6,500	9,600

11 Other creditors

	As at 28.02.18 £000	As at 28.02.17 £000
Accrued expenses	77	51
Amounts payable for cancellation of shares	58	17
Purchases awaiting settlement	–	500
Total creditors	135	568

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12 Contingent liabilities and commitments

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

13 Related party transactions

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

ACD periodic charges paid to Aviva Investors UK Fund Services Limited ("the ACD") are shown in note 4 and details of shares issued and cancelled by the ACD are shown in the statement of change in net assets attributable to shareholders. The balance due to the ACD at the year end in respect of ACD periodic charges was £48,000 (2017: £32,000). Any balance due from the ACD in respect of issues is shown in note 8. Any balance due to the ACD in respect of cancellations is shown in note 11.

Distributions payable to the ACD and related parties of the ACD during the year amounted to £321,000 (2017: £536,000). The amount outstanding at the year end was £22,000 (2017: £423,000). Related parties of the ACD are deemed to be all companies under the control of Aviva Plc. This will include companies which hold shares in the Fund on behalf of other external investors.

Any investments managed and advised by Aviva Investors Global Services Limited or associated with the Aviva Group are identified on the portfolio statement. The total purchases and sales on these investments during the year amounted to £80,382,000 (2017: £61,777,000) and £66,077,000 (2017: £27,426,000) respectively. The income received during the year amounted to £491,000 (2017: £367,000). The rebates from ACD during the year amounted to £15,000 (2017: £50,000).

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

	Holdings at 28.02.18 (shares)	Movement (shares)	Holdings at 28.02.17 (shares)
ACD and related parties (share class 3 Accumulation shares)	29,225,297	8,171,845	21,053,452
ACD and related parties (share class R3 Accumulation shares)	–	(9,097,994)	9,097,994
ACD and related parties (share class 9 Accumulation shares)	14,331,263	8,513,484	5,817,779

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

14 Shareholder funds

The Fund currently has five share classes: Classes 1 and 4 (Retail), Class R3 (Institutional) and Classes 3 and 9 (Associated undertakings of Aviva Plc). The annual management charges are as follows:

Class 1:	1.10%
Class 3:	0.50%
Class 4:	0.60%
Class R3:	0.35%
Class 9:	0.35%

The net asset value per share class, the net asset value per share and the number of shares in the class are shown on pages 124 and 125. The distributions per share class are given in the distribution tables on page 137. All the share classes have the same rights on winding up.

15 Shares in issue reconciliation

	Number of shares in issue at 28.02.17	Number of shares issued	Number of shares cancelled	Number of shares converted	Number of shares in issue at 28.02.18
Share Class 1 Accumulation	6,567,660	413,065	(576,527)	(21,290)	6,382,908
Share Class 3 Accumulation	21,053,452	10,636,846	(2,465,001)	–	29,225,297
Share Class 4 Accumulation	124,927	3,040	–	–	127,967
Share Class R3 Accumulation	19,749,373	9,634,994	(1,275,076)	21,721	28,131,012
Share Class 9 Accumulation	5,817,779	9,025,919	(512,435)	–	14,331,263

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16 Counterparty exposure**Financial derivative exposure**

The types of derivatives held at the year end date were forward currency contracts and futures contracts. Details of individual contracts are disclosed in the Portfolio Statement and the total position by counterparty at the year end date was as follows:

	Forward currency contracts £000	Futures contracts £000	Total £000
28.02.18			
Citibank	(1)	–	(1)
Royal Bank of Canada	49	–	49
UBS	–	1,019	1,019
Total	48	1,019	1,067

	Forward currency contracts £000	Futures contracts £000	Total £000
28.02.17			
Citibank	84	–	84
UBS	7	602	609
Total	91	602	693

The counterparty exposure on forward currency contracts is reported at their mark to market values but for futures contracts it is only the positive mark to market values that are reported.

Collateral

At the year end date no collateral was held or pledged by the company or on behalf of the counterparties in respect of the above (2017 : £nil).

17 Derivatives and other financial instruments

The policies applied in the management of financial instruments are set out on pages 7 and 8.

Fair value of financial assets and financial liabilities

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

Currency risk

At the year end date, 5.01% (2017: 7.09%) of the net assets of the Fund were denominated in currencies other than sterling and as such, the currency risk is not considered significant.

Interest rate risk

At the year end date 5.82% (2017: 12.06%) of the net assets of the Fund were interest bearing. If interest rates were to change by 1.00%, the value of the Fund would change by 5.58% (2017: 4.14%).

The interest rate profile of the Fund's financial assets and liabilities at 28 February 2018 was:

Currency	Floating Rate £000	Fixed Rate £000	None £000	Total £000
28.02.18				
Financial Assets				
Sterling	8,568	–	120,169	128,737
Euro	(16)	–	6,335	6,319
Japanese Yen	18	–	–	18
US Dollar	(691)	–	6,220	5,529
Financial Liabilities				
Sterling	–	–	(197)	(197)
Australian Dollar	–	–	(2,798)	(2,798)
Canadian Dollar	–	–	(1,965)	(1,965)
Japanese Yen	–	–	(55)	(55)
US Dollar	–	–	(272)	(272)
Total	7,879	–	127,437	135,316

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

17 Derivatives and other financial instruments (continued)

The interest rate profile of the Fund's financial assets and liabilities at 28 February 2017 was:

Currency 28.02.17	Floating Rate £000	Fixed Rate £000	None £000	Total £000
Financial Assets				
Sterling	10,324	–	76,626	86,950
US Dollar	267	–	6,001	6,268
Financial Liabilities				
Sterling	–	–	(6,125)	(6,125)
US Dollar	(97)	–	–	(97)
Total	10,494	–	76,502	86,996

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

The Fund invests in some collective investment schemes (CIS) which predominantly invest in debt securities. The revenue of the Fund and the value of debt securities may be affected by interest rate movements in the future. At the year end date 8.90% (2017: 15.08%) of the assets of the Fund were invested in CIS which predominantly invest in debt securities.

Market price risk

At the year end date, 93.46% (2017: 87.47%) of the net assets of the Fund were invested in CIS which primarily invest in stocks admitted to an official stock exchange. If the market value were to change by 10%, the value of the Fund would change by 9.35% (2017: 8.75%).

18 Direct transaction costs

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

28.02.18	Principal before costs £000	Commissions £000	Taxes £000	Total after costs £000	Commissions as % of principal	Taxes as % of principal
Purchases (excluding in-specie transfers and corporate actions)						
Bonds	(17,700)	–	–	(17,700)	0.00%	0.00%
Funds	(93,876)	–	–	(93,876)	0.00%	0.00%
	(111,576)	–	–	(111,576)		
Sales (excluding in-specie transfers and corporate actions)						
Bonds	27,300	–	–	27,300	0.00%	0.00%
Funds	44,155	–	–	44,155	0.00%	0.00%
	71,455	–	–	71,455		
Total		–	–			
Percentage of fund average net assets		0.00%	0.00%			

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

18 Direct transaction costs (continued)

28.02.17	Principal before costs £000	Commissions £000	Taxes £000	Total after costs £000	Commissions as % of principal	Taxes as % of principal
Purchases (excluding in-specie transfers and corporate actions)						
Equities	(9,389)	(3)	–	(9,392)	0.03%	0.00%
Bonds	(32,300)	–	–	(32,300)	0.00%	0.00%
Funds	(38,177)	–	–	(38,177)	0.00%	0.00%
	(79,866)	(3)	–	(79,869)		
Sales (excluding in-specie transfers and corporate actions)						
Equities	9,376	(3)	–	9,373	0.03%	0.00%
Bonds	24,000	–	–	24,000	0.00%	0.00%
Funds	23,620	–	–	23,620	0.00%	0.00%
	56,996	(3)	–	56,993		
Total		(6)	–			
Percentage of fund average net assets		0.01%	0.00%			

Dealing spread

As at 28 February 2018, the average portfolio dealing spread was nil% (2017: 0.03%). This spread represents the difference between the values determined retrospectively by reference to the bid and offer prices of investments expressed as a percentage of the value determined by reference to the offer price.

19 Post balance sheet events

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

DISTRIBUTION TABLES

Final distribution payable in pence per share for the six months ended 28 February 2018

Accumulation shares		Net revenue	Equalisation	Final distribution payable 30 April 2018	Final distribution paid 30 April 2017
Share Class 1	Group 1	0.0000	–	0.0000	0.6120
	Group 2	0.0000	0.0000	0.0000	0.6120
Share Class 3	Group 1	0.0000	–	0.0000	1.2374
	Group 2	0.0000	0.0000	0.0000	1.2374
Share Class 4	Group 1	0.0000	–	0.0000	1.0641
	Group 2	0.0000	0.0000	0.0000	1.0641
Share Class R3	Group 1	0.0478	–	0.0478	1.1575
	Group 2	0.0000	0.0478	0.0478	1.1575
Share Class 9	Group 1	0.1519	–	0.1519	0.9864
	Group 2	0.0452	0.1067	0.1519	0.9864

Final distribution

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

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

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

Accumulation shares		Net revenue	Equalisation	Interim distribution paid 31 October 2017	Interim distribution paid 31 October 2016
Share Class 1	Group 1	0.1766	–	0.1766	0.0000
	Group 2	0.0017	0.1749	0.1766	0.0000
Share Class 3	Group 1	0.8192	–	0.8192	0.3796
	Group 2	0.3798	0.4394	0.8192	0.3796
Share Class 4	Group 1	0.6176	–	0.6176	0.2242
	Group 2	0.4211	0.1965	0.6176	0.2242
Share Class R3	Group 1	0.8020	–	0.8020	0.3864
	Group 2	0.3712	0.4308	0.8020	0.3864
Share Class 9	Group 1	0.7786	–	0.7786	0.4461
	Group 2	0.3840	0.3946	0.7786	0.4461

Interim distribution

Group 1 shares are those shares purchased at or before 2pm on 28 February 2017.

Group 2 shares are those shares purchased after 2pm on 28 February 2017.

Equalisation

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

STATEMENT OF THE AUTHORISED CORPORATE DIRECTOR'S RESPONSIBILITIES

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

In preparing the financial statements the ACD is required to:

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

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

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

AUTHORISED CORPORATE DIRECTOR'S STATEMENT

We hereby approve the Report and Financial Statements of Aviva Investors Portfolio Funds ICVC for the year ended 28 February 2018 on behalf of Aviva Investors UK Fund Services Limited in accordance with the requirements of the Collective Investment Schemes Sourcebook of the Financial Conduct Authority.

I K Buckle
Director

S Ebenston
Director
29 June 2018

STATEMENT OF THE DEPOSITARY'S RESPONSIBILITIES

The Depositary is responsible for the safe keeping of all the property of the company (other than tangible moveable property) which is entrusted to it and for the collection of income that arises from that property.

It is the duty of the Depositary to take reasonable care to ensure that the Company is managed by the Authorised Corporate Director in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook ("the COLL Sourcebook"), the Open-Ended Investment Companies Regulations 2001 (SI 2001/1228) ("the OEIC Regulations") and the Company's Instrument of Incorporation and Prospectus, as appropriate, in relation to the pricing of, and dealings in, shares in the Company; the application of income of the Company; and the investment and borrowing powers of the Company.

DEPOSITARY'S REPORT TO THE SHAREHOLDERS

Having carried out such procedures as we consider necessary to discharge our responsibilities as Depositary of the Company, it is our opinion, based on the information available to us and the explanations provided, that in all material respects the Authorised Corporate Director:

- (i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Company's shares and the application of the Company's income in accordance with the COLL Sourcebook, as appropriate, and, where applicable, the OEIC Regulations and the Company's Instrument of Incorporation and Prospectus; and
- (ii) has observed the investment and borrowing powers and restrictions applicable to the Company.

Citibank Europe plc, UK Branch
London
29 June 2018

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF AVIVA INVESTORS PORTFOLIO FUNDS ICVC

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

In our opinion, Aviva Investors Portfolio Funds ICVC financial statements:

- give a true and fair view of the financial position of the Company and each of the sub-funds as at 28 February 2018 and of the net revenue and the net capital gains on the scheme property of the Company and each of the sub-funds for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law), the Statement of Recommended Practice for UK Authorised Funds, the Collective Investment Schemes sourcebook and the Instrument of Incorporation.

Aviva Investors Portfolio Funds ICVC (the "company") is an Open Ended Investment Company ("OEIC") with 8 sub-funds. The financial statements of the company comprise the financial statements of each of the sub-funds. We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the balance sheets as at 28 February 2018; the statements of total return and the statements of change in net assets attributable to shareholders for the year then ended; the distribution tables; the accounting policies; and the notes to the financial statements.

BASIS FOR OPINION

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

Independence

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

CONCLUSIONS RELATING TO GOING CONCERN

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the Authorised Corporate Director's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Authorised Corporate Director has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's or any of the sub-funds' ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's or any of the sub-funds' ability to continue as a going concern.

REPORTING ON OTHER INFORMATION

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

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

Report of the Authorised Corporate Director

In our opinion, the information given in the Authorised Corporate Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF AVIVA INVESTORS PORTFOLIO FUNDS ICVC (CONTINUED)

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

Responsibilities of the Authorised Corporate Director for the financial statements

As explained more fully in the Statement of the Authorised Corporate Director's Responsibilities set out on page 138, the Authorised Corporate Director is responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Authorised Corporate Director is also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Authorised Corporate Director is responsible for assessing the company's and each of the sub-funds ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Authorised Corporate Director either intends to wind up or terminate the company or individual sub-fund, or has no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

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

Use of this report

This report, including the opinions, has been prepared for and only for the Company's shareholders as a body in accordance with paragraph 4.5.12 of the Collective Investment Schemes sourcebook as required by paragraph 67(2) of the Open-Ended Investment Companies Regulations 2001 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

OTHER REQUIRED REPORTING

OPINION ON MATTER REQUIRED BY THE COLLECTIVE INVESTMENT SCHEMES SOURCEBOOK

In our opinion, we have obtained all the information and explanations we consider necessary for the purposes of the audit.

COLLECTIVE INVESTMENT SCHEMES SOURCEBOOK EXCEPTION REPORTING

Under the Collective Investment Schemes sourcebook we are also required to report to you if, in our opinion:

- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records.

We have no exceptions to report arising from this responsibility.

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Edinburgh
29 June 2018

SECURITIES FINANCING TRANSACTIONS REGULATION DISCLOSURE (UNAUDITED)

None of the Funds in the Company currently undertakes securities financing transactions (as defined in Article 3 of Regulation (EU) 2015/2365) or uses total return swaps.

GENERAL INFORMATION

Investments in Aviva Investors Portfolio Funds ICVC are intended to be medium to long term investments and should not be considered as a short term investment.

Past performance is not a guide to the future.

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

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

Please refer to the Prospectus (which is available on the internet at www.avivainvestors.com or from the ACD on request) for a full description of the risks involved when investing in the Funds.

Performance figures detailed in each Fund's review have been sourced from Lipper. All other performance figures have been sourced from the Investment Manager.

Any future returns and opinions expressed are those of the Investment Manager and 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.

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

