

# AVIVA INVESTORS PORTFOLIO FUNDS ICVC

## Annual Report and Financial Statements

For the year ended 28 February 2016



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

## COMPANY INFORMATION

### AUTHORISED CORPORATE DIRECTOR

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

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

The ACD is authorised as an Alternative Investment Fund Manager ("AIFM") under the Alternative Investment Fund Managers Directive ("AIFMD").

### DIRECTORS

I K Buckle  
E E Potter (resigned 19 October 2015)  
J Misselbrook  
D Dahan (resigned 31 March 2016)  
S Ebenston  
C Abrahams (resigned 31 December 2015)  
A Brown (appointed 2 February 2016)  
M Craston (appointed 22 March 2016)

### ADMINISTRATOR AND REGISTRAR

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

### INVESTMENT MANAGER

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

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

### DEPOSITARY

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, however, the UK branch is subject to Financial Conduct Authority (FCA) regulation.

On 1 January 2016, the Trustee and Depositary, Citibank International Limited, was replaced by Citibank Europe plc, UK Branch. All legal obligations, personnel and resources of Citibank International Limited were transferred to Citibank Europe plc, UK Branch. Citibank Europe plc, UK Branch, has the same substance and capability as Citibank International Limited.

### INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP  
7 More London Riverside  
London, SE1 2RT

PricewaterhouseCoopers LLP have been reappointed as auditors of the Company.

## REPORT OF THE AUTHORISED CORPORATE DIRECTOR

### THE COMPANY

Aviva Investors 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 COLL) 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 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 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.

The Company is authorised to operate as a "Non-UCITS Retail Scheme" for the purposes of the COLL Sourcebook and as an Authorised 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 2016. 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

#### Changes to ACD's periodic charge

On 1 April 2015, the ACD's periodic charge on share class 1, share class 4 and share class R3 was reduced on the Aviva Investors Multi-asset Fund I, Aviva Investors Multi-asset Fund II, Aviva Investors Multi-asset Fund III, Aviva Investors Multi-asset Fund IV and Aviva Investors Multi-asset Fund V.

#### FATCA and CRS Reporting

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

#### Regular Savings Mandates set up before 31 December 2012

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

#### Remuneration

In line with the requirements of 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.

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 AIFs it manages, and takes into account, the promotion of sound and effective risk management and the achievement of fair outcomes for all customers.

For the year ended 31 December 2015 (the ACD's accounting year end date), remuneration 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:	£2.9m	£3.4m
Of which, Fixed Remuneration	38%	35%
Variable Remuneration	53%	55%
Pension/Benefits	9%	10%
Number of Code staff:	7	6

## STATEMENT OF CROSS HOLDINGS

There are no cross holdings as at 28 February 2016.

## 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), which supersedes the Statement of Recommended Practice of Authorised Funds issued by the IMA in October 2010 (SORP 2010), 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.

There have been no changes to the financial position or financial performance of the Funds as a result of the above changes. However, certain comparative items have been restated in the Financial Statements, as a result of the above changes. Where applicable, any restatements are detailed within the Notes to the Financial Statements for each individual Fund.

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 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.

##### 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.

#### f 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.

#### g 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.

#### h 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.

## POLICIES AND RISKS (CONTINUED)

### 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.

The Company also enters into derivative transactions in the form of forward foreign currency contracts and stock index futures. The purpose of these financial instruments is efficient portfolio management. 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. Open-Ended Investment Companies are not permitted by the Regulations to enter into a transaction in derivatives if its purpose could reasonably be regarded as speculative. The Company's use of financial instruments satisfies these requirements and no trading in financial instruments 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.

#### 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

Over the twelve months ended 28 February 2016, the Fund (share class 1) delivered a total return of -5.56%\* compared with an average return of -5.03% for its peer group, the Investment Association Flexible Investment. Exposure to equities and high yield bonds detracted from performance.

Global equities endured a turbulent year, riding up to record highs in the spring before subsequently plunging, undermined by both mounting worries over China’s economy and the prospect of a US interest rate hike. The MSCI World Index returned -9.17% in local currencies, or -0.74% in sterling as the pound fell sharply.

Asian and emerging equity markets led the decline as a stronger US dollar and mounting concern over the health of the Chinese economy encouraged international investors to reduce allocations to both regions. After a bright start, European markets fell as investors became preoccupied first with the risk of Greece defaulting and then with uncertainties facing the global economy and US monetary policy. European markets fell further at the end of the review period, as the European Central Bank’s decision to ease monetary policy in December left investors distinctly overwhelmed.

UK government bonds rose as investor appetite for safe-haven assets increased amid continuing financial market turmoil and as investors bet that interest rates would stay lower for longer.

Sterling corporate bonds registered negative returns, with credit spreads widening appreciably as markets shunned riskier assets amid indications the global economy was struggling to maintain momentum.

#### Outlook

Despite the recent slide in share prices, the global economic picture is reasonable, monetary conditions loose and inflation stable, all of which are supportive for equities. There are risks to this view, for example, a global recession driven by the US or China. However, this is not our central view. Consequently, shares look attractive for long-term investors prepared to tolerate short-term volatility.

Sovereign bonds have benefited from the recent slide in riskier asset classes. But the danger is that this pessimism clears and that inflation begins to surprise on the upside.

Following substantial research we have adjusted our investment process and as a result now group assets into ‘growth’, ‘defensive’ or ‘uncorrelated’. So, the Fund will shortly treat equities, global high-yield bonds and emerging-market debt as growth assets; sovereign bonds, investment-grade corporate bonds and cash as defensive assets; and absolute return and property investments as uncorrelated assets.

April 2016

\* Fund performance figures – share class 1, source Lipper, net of fees, net income reinvested in GBP, as at 28 February 2016.

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
Wellington US Research Equity Fund USD Class S Accumulating Unhedged	BlackRock North American Equity Tracker Fund Class L Accumulating GBP
Aviva Investors Liquidity Funds Class 3, Income shares, GBP	Aviva Investors US Equity MoM 1 Fund Class 2, Income shares, GBP
Aviva Investors Multi-Strategy Target Return Fund Class 8, Accumulation shares, GBP	Man GLG Japan CoreAlpha Equity Class I H GBP Shares
Aviva Investors US Equity MoM 1 Fund Class 2, Income shares, GBP	Aviva Investors Liquidity Funds Class 3, Income shares, GBP
Man GLG Japan CoreAlpha Fund Class Professional Accumulation Shares (Class C)	Vanguard Consumer Discretionary Index Fund ETF Shares (USD)
Vanguard Consumer Discretionary Index Fund ETF Shares (USD)	Odey European Income Class B GBP Income Shares
Invesco Perpetual European Equity Income Fund Class Accumulation (No Trail) share class	Aviva Investors UK Equity MoM 1 Fund Class 2, Income Shares, GBP
BGF Emerging Markets Local Currency Bond Fund Class A2 USD	First State Asia Pacific Leaders Fund Class B (Accumulation) GBP
BlackRock European Dynamic Fund Class FD Accumulation GBP	Artemis Income Fund Class R Distribution Units
Hermes Global High Yield Bond Fund Class F Acc Hedged Shares	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 higher of the historic volatility of its share price, the historic volatility of its current asset classes or its intended maximum risk levels.

- This indicator is based on historical data, calculated using European Union rules, and may not be a reliable indication of the future risk profile of the Fund.
- The risk and reward category shown is not guaranteed to remain unchanged and may change over time. The lowest category does not mean ‘risk free’.
- Bond values are affected by changes in interest rates, and the bond issuer’s creditworthiness. Bonds that produce a higher level of income usually have a greater risk of default.
- An investment in shares of other funds will assume any specific risks associated with those funds. Unregulated funds carry higher risk as they have less rules governing them.
- Full information on the risks applicable to the Fund is detailed in the Prospectus.

## COMPARATIVE TABLES

	2016	2015	2014
	p per share	p per share	p per share
<b>Class 1 Accumulation</b>			
<b>Change in net assets per share</b>			
Opening net asset value per share	72.66	65.06	60.16
Return before operating charges <sup>†</sup>	(2.32)	9.09	6.37
Operating charges	(1.71)	(1.49)	(1.47)
Return after operating charges <sup>†</sup>	(4.03)	7.60	4.90
Distributions on income shares	–	–	–
Closing net asset value per share	68.63	72.66	65.06
Retained distributions on accumulation shares	–	–	–
<sup>†</sup> after direct transaction costs of	(0.04)	(0.01)	(0.04)
<b>Performance</b>			
Return after charges	(5.55)%	11.68%	8.14%
<b>Other information</b>			
Closing net asset value (£000)	3,097	4,608	5,716
Closing number of shares	4,511,392	6,341,710	8,785,495
Operating charges (%) <sup>‡</sup>	2.39%	2.23%	2.33%
Direct transaction costs (%) <sup>#</sup>	0.05%	0.01%	0.07%
<b>Prices<sup>≈</sup></b>			
Highest share price	77.45	72.82	66.26
Lowest share price	64.13	62.63	58.61

	2016	2015	2014
	p per share	p per share	p per share
<b>Class 2 Accumulation</b>			
<b>Change in net assets per share</b>			
Opening net asset value per share	115.48	102.62	94.18
Return before operating charges <sup>†</sup>	(3.72)	14.44	10.03
Operating charges	(1.85)	(1.58)	(1.59)
Return after operating charges <sup>†</sup>	(5.57)	12.86	8.44
Distributions on income shares	–	–	–
Closing net asset value per share	109.91	115.48	102.62
Retained distributions on accumulation shares	0.52	0.57	0.33
<sup>†</sup> after direct transaction costs of	(0.06)	(0.01)	(0.07)
<b>Performance</b>			
Return after charges	(4.82)%	12.53%	8.96%
<b>Other information</b>			
Closing net asset value (£000)	4,931	2,862	1,209
Closing number of shares	4,486,506	2,478,338	1,178,468
Operating charges (%) <sup>‡</sup>	1.64%	1.48%	1.58%
Direct transaction costs (%) <sup>#</sup>	0.05%	0.01%	0.07%
<b>Prices<sup>≈</sup></b>			
Highest share price	123.21	115.73	104.43
Lowest share price	102.67	99.26	91.97

	2016	2015	2014
	p per share	p per share	p per share
<b>Class 3 Income</b>			
<b>Change in net assets per share</b>			
Opening net asset value per share	149.49	133.53	122.90
Return before operating charges <sup>†</sup>	(4.81)	18.74	13.06
Operating charges	(2.05)	(1.69)	(1.72)
Return after operating charges <sup>†</sup>	(6.86)	17.05	11.34
Distributions on income shares	(1.04)	(1.09)	(0.71)
Closing net asset value per share	141.59	149.49	133.53
Retained distributions on accumulation shares	–	–	–
<sup>†</sup> after direct transaction costs of	(0.07)	(0.01)	(0.09)
<b>Performance</b>			
Return after charges	(4.59)%	12.77%	9.23%
<b>Other information</b>			
Closing net asset value (£000)	51,699	57,484	55,705
Closing number of shares	36,514,426	38,453,983	41,718,331
Operating charges (%) <sup>‡</sup>	1.39%	1.23%	1.33%
Direct transaction costs (%) <sup>#</sup>	0.05%	0.01%	0.07%
<b>Prices<sup>≈</sup></b>			
Highest share price	159.58	150.30	136.57
Lowest share price	132.55	128.80	120.10

<sup>†</sup> 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.

<sup>#</sup> 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).

<sup>≈</sup> The high and low prices disclosed are the high and low prices for the accounting period and not the calendar year.

## Ongoing Charges Figure\*

Share class	28.02.16	28.02.15
Class 1	2.40%	2.23%
Class 2	1.64%	1.48%
Class 3	1.39%	1.23%

\* 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 0.75% (2015: 0.57%) 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 2016

Investment	Currency	Holding	Market Value £000	% of Net Assets
<b>Collective Investment Schemes 98.80% (96.74%)</b>				
<b>Cayman Islands 0.00% (6.29%)</b>				
<b>Ireland 16.53% (15.91%)</b>				
Man GLG Japan CoreAlpha Equity Class I H GBP Shares	GBP	23,407	3,183	5.33
GVQ UK Focus Fund I Class Shares	GBP	50,105	1,238	2.07
Hermes Global High Yield Bond Fund Class F Acc Hedged Shares	GBP	3,176,496	3,144	5.26
Maple Brown Abbott Asia ex-Japan Fund Sterling Institution Class Sterling Institution	GBP	871,503	498	0.83
MW TOPS Fund Class G	GBP	14,279	1,814	3.04
			9,877	16.53
<b>Luxembourg 20.98% (0.00%)</b>				
BGF Emerging Markets Local Currency Bond Fund Class A2 USD	USD	206,280	2,970	4.97
Wellington US Research Equity Fund USD Class S Accumulating Unhedged	USD	199,452	9,564	16.01
			12,534	20.98
<b>United Kingdom 61.29% (74.54%)</b>				
Artemis Income Fund Class R Distribution Units	GBP	942,527	1,842	3.08
Aviva Investors EM Equity MoM 1 Fund Class 2, Income shares, GBP <sup>+</sup>	GBP	885,783	2,582	4.32
Aviva Investors Multi-Strategy Target Return Fund Class 8, Accumulation shares, GBP <sup>+</sup>	GBP	2,803,867	3,094	5.18
Aviva Investors Property Trust Class 1, Accumulation units, GBP <sup>+</sup>	GBP	279,539	472	0.79
Aviva Investors US Equity MoM 1 Fund Class 2, Income shares, GBP <sup>+</sup>	GBP	4,030,458	9,513	15.93
BlackRock European Dynamic Fund Class FD Accumulation GBP	GBP	5,457,147	6,265	10.49
First State Asia Pacific Leaders Fund Class B (Accumulation) GBP	GBP	157,343	806	1.35
Invesco Perpetual European Equity Income Fund Class Accumulation (No Trail) share class	GBP	4,402,655	6,282	10.52
Man GLG Japan CoreAlpha Fund Class Professional Accumulation Shares (Class C)	GBP	2,701,556	3,201	5.36
Schroder Asian Alpha Plus Fund Class Z Accumulation GBP	GBP	4,331,322	2,548	4.27
			36,605	61.29
<b>Collective Investment Schemes total</b>			<b>59,016</b>	<b>98.80</b>
<b>Forward Currency Contracts (0.51)% (0.16%)</b>				
Buy EUR 1,278,834 sell GBP 968,460 dated 23/03/2016			39	0.07
Buy GBP 4,519,953 sell EUR 6,179,354 dated 23/03/2016			(349)	(0.58)
<b>Forward Currency Contracts total</b>			<b>(310)</b>	<b>(0.51)</b>
<b>Futures (0.08)% (0.00%)</b>				
Hang Seng Index Fut Equity Index 30/03/2016	HKD	4	(49)	(0.08)
<b>Futures total</b>			<b>(49)</b>	<b>(0.08)</b>
<b>Liquidity Funds 1.17% (0.00%)<sup>1</sup></b>				
Aviva Investors Sterling Liquidity Fund Class 3, Income shares, GBP <sup>+</sup>	GBP	700,000	700	1.17
<b>Liquidity Funds total</b>			<b>700</b>	<b>1.17</b>
Investment assets <sup>2</sup>			59,357	99.38
Net other assets			370	0.62
<b>Net assets</b>			<b>59,727</b>	<b>100.00</b>

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 2015.

+ Investment managed by a related party.

<sup>1</sup> Cash Equivalents.

<sup>2</sup> Includes Cash Equivalents.

## STATEMENT OF TOTAL RETURN

### For the year ended 28 February 2016

	Notes	£000	Year ended 28.02.16 £000	£000	Year ended 28.02.15 £000
Income					
Net capital (losses)/gains	2		(3,374)		7,074
Revenue	3	848		886	
Expenses					
Net revenue before taxation	4	(456)		(461)	
Taxation	5	–		–	
Net revenue after taxation			392		425
<b>Total return before distributions</b>			<b>(2,982)</b>		<b>7,499</b>
Distributions	6		(408)		(452)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>(3,390)</b>		<b>7,047</b>

## STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

### For the year ended 28 February 2016

	£000	Year ended 28.02.16 £000	£000	Restated* Year ended 28.02.15 £000
<b>Opening net assets attributable to shareholders</b>		<b>64,954</b>		<b>62,630</b>
Movement due to issue and cancellation of shares:				
Amounts receivable on issue of shares	6,293		4,801	
Amounts payable on cancellation of shares	(8,149)		(9,539)	
		(1,856)		(4,738)
Dilution levy		–		4
Stamp duty reserve tax		–		(2)
Change in net assets attributable to shareholders from investment activities (see above)		(3,390)		7,047
Retained distribution on accumulation shares		19		13
<b>Closing net assets attributable to shareholders</b>		<b>59,727</b>		<b>64,954</b>

\* Refer to the accounting policies note on page 12.

## BALANCE SHEET

### As at 28 February 2016

	Notes	As at 28.02.16 £000	As at 28.02.15 £000
<b>Assets:</b>			
Investments		59,055	62,942
<b>Current assets:</b>			
Debtors	8	1,572	206
Cash and bank balances	9	579	2,084
Cash equivalents	10	700	–
<b>Total assets</b>		<b>61,906</b>	<b>65,232</b>
<b>Liabilities:</b>			
Investment liabilities		(398)	–
<b>Creditors:</b>			
Distribution payable		(114)	(186)
Other creditors	11	(1,667)	(92)
<b>Total liabilities</b>		<b>(2,179)</b>	<b>(278)</b>
<b>Net assets attributable to shareholders</b>		<b>59,727</b>	<b>64,954</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 1 Accounting basis and policies

Please see pages 5 and 6 for accounting basis and policies.

There has been no changes to the financial position or financial performance of the Fund as a result of preparing these statements in accordance with SORP 2014 rather than SORP 2010. However, as a result of this change certain comparative items have been restated in the Financial Statements as set out below.

#### Statement of change in net assets attributable to shareholders

The Dilution adjustment of £2,000 is now disclosed as a separate line within the 'Statement of change in net assets attributable to shareholders', whereas under SORP 2010 this would have been disclosed within 'Amounts receivable on issue of shares' and 'Amounts payable on cancellation of shares'.

### 2 Net capital (losses)/gains

	Year ended 28.02.16 £000	Year ended 28.02.15 £000
<b>Net capital (losses)/gains on investments during the year comprise:</b>		
Currency losses	(80)	(30)
Derivative contracts losses	(125)	–
Expenses relating to the purchase and sale of investments	(2)	(1)
Forward currency contracts (losses)/gains	(390)	102
Investment manager capital rebates*	24	71
Non-derivative securities (losses)/gains	(2,801)	6,932
<b>Net capital (losses)/gains**</b>	<b>(3,374)</b>	<b>7,074</b>

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

\*\* Total realised gains for the year were £7,118,000 (2015: £4,981,000) and the movement in unrealised (losses)/gains was £(10,492,000) (2015: £2,093,000). Included in realised gains for the year were unrealised (losses)/gains recognised in previous periods.

### 3 Revenue

	Year ended 28.02.16 £000	Year ended 28.02.15 £000
Franked components of dividend distributions	645	679
Interest distributions	–	42
Interest on debt securities	1	–
Investment manager rebates*	129	95
Revenue from offshore funds	71	70
Unfranked components of dividend distributions	2	–
<b>Total revenue</b>	<b>848</b>	<b>886</b>

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

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**4 Expenses**

	Year ended 28.02.16 £000	Year ended 28.02.15 £000
<b>Payable to the Authorised Corporate Director ("ACD"), associates of the ACD or agents of either of them:</b>		
ACD's periodic charge	420	420
Registration fees	8	7
	428	427
<b>Payable to the Depositary, associates of the Depositary or agents of either of them:</b>		
Depositary's fee	9	8
Interest payable	1	–
Safe custody fee	5	12
	15	20
<b>Other expenses:</b>		
Audit fee*	10	10
Printing & postage expenses	1	1
Professional fees	–	1
Statement fees	2	2
	13	14
<b>Total expenses</b>	<b>456</b>	<b>461</b>

\* The audit fee was £8,741 (2015: £8,200) net of VAT.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**5 Taxation****a Analysis of tax charge**

	Year ended 28.02.16 £000	Year ended 28.02.15 £000
Overseas tax suffered	–	–
<b>Total current tax (see note 5b)</b>	<b>–</b>	<b>–</b>

**b Factors affecting current tax charge**

The tax assessed for the year is lower (2015: lower) than the standard rate of corporation tax in the UK for an Authorised Investment Fund (20%) (2015: 20%).

The differences are explained below:

	Year ended 28.02.16 £000	Year ended 28.02.15 £000
<b>Net revenue before taxation</b>	<b>392</b>	<b>425</b>
Corporation tax at 20%	78	85
<b>Effects of:</b>		
Franked distributions not subject to corporation tax	(129)	(136)
Movement in excess expenses	60	50
Revenue from offshore investments not subject to corporation tax	(14)	(13)
Tax relief on investment manager fee rebates	5	14
	(78)	(85)
<b>Current tax charge (see note 5.a)</b>	<b>–</b>	<b>–</b>

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 (2015: £nil).

After claiming relief against accrued income taxable on receipt, the Fund has unrelieved excess expenses of £1,276,000 (2015: £976,000) creating a potential deferred tax asset of £255,000 (2015: £195,000). 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 28.02.16 £000	Year ended 28.02.15 £000
<b>The distributions take account of revenue received on the issue of shares and revenue deducted on the cancellation of shares, and comprise:</b>		
Interim distribution	281	250
Final distribution	119	196
	400	446
Add: Revenue deducted on cancellation of shares	22	16
Deduct: Revenue received on issue of shares	(14)	(10)
<b>Distributions</b>	<b>408</b>	<b>452</b>
<b>Reconciliation of distributions for the year to net revenue after taxation</b>		
Distributions for the year	408	452
Equalisation on conversions	(2)	(4)
Revenue deficit transferred to capital	(9)	(9)
Tax relief on investment manager fee rebates	(5)	(14)
<b>Net revenue after taxation</b>	<b>392</b>	<b>425</b>

Details of the distributions per share are set out in the distribution tables on page 19.



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 7 Fair value hierarchy

Valuation technique	As at 28.02.16		As at 28.02.15	
	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Quoted prices for identical instruments in active markets	–	(49)	–	–
Prices of recent transactions for identical instruments	59,716	–	62,840	–
Valuation techniques using observable market data	39	(349)	102	–
<b>Total</b>	<b>59,755</b>	<b>(398)</b>	<b>62,942</b>	<b>–</b>

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:

**Quoted prices for identical instruments in active markets** – Quoted in an active market in this context means quoted prices are readily and regularly available and those prices represent actual and regularly occurring market transactions for the same financial instrument on an arm's length basis. For this purpose a quoted price is a price at which the party performing the fair value measurement can enter into a transaction. Therefore the price must be binding on the party providing the quote.

**Prices of recent transactions for identical instruments** – When quoted prices are unavailable, the price of a recent transaction for an identical instrument provides evidence of fair value as long as the transaction is orderly and there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place.

**Valuation techniques using observable market data** – Valuation techniques should maximise the use of observable market data, such as publicly available information about actual events or transactions, and minimise the use of non-observable data. Observable data should be observable for substantially the full term of the instrument.

**Valuation techniques using non-observable data** – Non-observable entity specific data should be used only where relevant observable market data is not available.

## 8 Debtors

	As at 28.02.16 £000	As at 28.02.15 £000
Accrued revenue	36	86
Accrued management fee rebates	87	43
Amounts receivable on issue of shares	74	69
Income tax recoverable	9	8
Sales awaiting settlement	1,366	–
<b>Total debtors</b>	<b>1,572</b>	<b>206</b>

## 9 Cash and bank balances

	As at 28.02.16 £000	As at 28.02.15 £000
Amounts held at futures clearing houses and brokers	98	–
Cash and bank balances	481	2,084
<b>Total cash and bank balances</b>	<b>579</b>	<b>2,084</b>

## 10 Cash equivalents

	As at 28.02.16 £000	As at 28.02.15 £000
Aviva Investors Sterling Liquidity Fund	700	–
<b>Total cash equivalents</b>	<b>700</b>	<b>–</b>

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**11 Other creditors**

	As at 28.02.16 £000	As at 28.02.15 £000
Accrued expenses	45	50
Amounts payable for cancellation of shares	194	42
Purchases awaiting settlement	1,428	–
<b>Total creditors</b>	<b>1,667</b>	<b>92</b>

**12 Contingent liabilities and commitments**

There were no contingent liabilities or commitments at the year end (2015: £nil).

**13 Related party transactions**

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 £29,000 (2015: £33,000). 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 £388,000 (2015: £438,000). The amount outstanding at the year end was £116,000 (2015: £190,000). 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.

All 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 £17,085,000 (2015: £12,212,000) and £14,268,000 (2015: £3,665,000) respectively. The income received during the year amounted to £67,000 (2015: £165,000).

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

	Holdings at 28.02.16 (shares)	Movement (shares)	Holdings at 28.02.15 (shares)
ACD and related parties (share class 1 Accumulation shares)	–	(399,522)	399,522
ACD and related parties (share class 2 Accumulation shares)	1,416,943	347,885	1,069,058
ACD and related parties (share class 3 Income shares)	36,514,426	(1,939,557)	38,453,983

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 8. The distributions per share class are given in the distribution tables on page 19. All the share classes have the same rights on winding up.

**15 Shares in issue reconciliation**

	Number of shares in issue at 28.02.15	Number of shares issued	Number of shares cancelled	Number of shares converted	Number of shares in issue at 28.02.16
Share Class 1 Accumulation	6,341,710	–	(522,198)	(1,308,120)	4,511,392
Share Class 2 Accumulation	2,478,338	2,301,554	(1,111,841)	818,455	4,486,506
Share Class 3 Income	38,453,983	2,489,045	(4,428,602)	–	36,514,426

## 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:

28.02.16	Forward currency contracts £000	Total £000
Goldman Sachs	11	11
JP Morgan	(6)	(6)
Royal Bank of Canada	14	14
Standard Chartered	(171)	(171)
UBS	(158)	(158)
<b>Total</b>	<b>(310)</b>	<b>(310)</b>

28.02.15	Forward currency contracts £000	Total £000
UBS	102	102
<b>Total</b>	<b>102</b>	<b>102</b>

The counterparty exposure on forward currency contracts is reported at their mark to market values.

**Collateral**

There is £nil (2015: £nil) collateral held on the above derivatives.

**17 Derivatives and other financial instruments**

The policies applied in the management of financial instruments are set out on page 6.

**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 (2015: £nil).

**Currency risk**

At the year end date, 14.19% (2015: (6.42)%) of the net assets of the Fund were denominated in currencies other than sterling and as such the currency risk is not considered significant.

Currency	Net foreign currency assets					
	Monetary exposure £000		Non monetary exposure £000		Total £000	
	28.02.16	28.02.15	28.02.16	28.02.15	28.02.16	28.02.15
Euro	–	–	(3,861)	(4,170)	(3,861)	(4,170)
Hong Kong Dollar	98	–	(49)	–	49	–
US Dollar	(247)	–	12,534	–	12,287	–

**Interest rate risk**

At the year end date 2.14% (2015: 3.21%) of the net assets of the Fund were interest bearing and as such the interest rate risk is not considered significant.

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

The 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 10.23% (2015: none) of the assets of the Fund were invested in CIS which predominantly invest in debt securities.

**Market price risk**

At the year end date, 98.80% (2015: 96.74%) of the net assets of the Fund were invested in ordinary shares or stock units and admitted to an official stock exchange. If the market were to change by 10%, the value of the Fund will change by 9.88%.

## 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.

28.02.16	Principal before costs £000	Commissions £000	Taxes £000	Total after costs £000	Commissions as % of principal	Taxes as % of principal
<b>Purchases</b>						
Equities	(3,981)	(1)	–	(3,982)	0.03%	0.00%
Bonds	(4,900)	–	–	(4,900)	0.00%	0.00%
Funds	(46,063)	–	(4)	(46,067)	0.00%	0.01%
	<u>(54,944)</u>	<u>(1)</u>	<u>(4)</u>	<u>(54,949)</u>		
<b>Sales</b>						
Equities	4,094	(1)	–	4,093	0.03%	0.00%
Bonds	4,200	–	–	4,200	0.00%	0.00%
Funds	47,007	–	(27)	46,980	0.00%	0.06%
	<u>55,301</u>	<u>(1)</u>	<u>(27)</u>	<u>55,273</u>		
<b>Total</b>		<u>(2)</u>	<u>(31)</u>			
<b>Percentage of fund average net assets</b>		<u>0.00%</u>	<u>0.05%</u>			

28.02.15	Principal before costs £000	Commissions £000	Taxes £000	Total after costs £000	Commissions as % of principal	Taxes as % of principal
<b>Purchases</b>						
Equities	(2,365)	(1)	–	(2,366)	0.04%	0.00%
Funds	(27,515)	–	(5)	(27,520)	0.00%	0.01%
	<u>(29,880)</u>	<u>(1)</u>	<u>(5)</u>	<u>(29,886)</u>		
<b>Sales</b>						
Equities	2,785	(1)	–	2,784	0.03%	0.00%
Funds	29,354	–	–	29,354	0.00%	0.00%
	<u>32,139</u>	<u>(1)</u>	<u>–</u>	<u>32,138</u>		
<b>Total</b>		<u>(2)</u>	<u>(4)</u>			
<b>Percentage of fund average net assets</b>		<u>0.00%</u>	<u>0.01%</u>			

**Dealing spread**

As at 28 February 2016, the average portfolio dealing spread was 0.06% (2015: 0.10%). 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 (2015: nil).

## DISTRIBUTION TABLES

**Final distribution payable in pence per share for the six months ended 28 February 2016**

		Net revenue	Equalisation	Final distribution payable 30 April 2016	Final distribution paid 30 April 2015
Share Class 1 Accumulation	Group 1	0.0000	–	0.0000	0.0000
	Group 2	0.0000	0.0000	0.0000	0.0000
Share Class 2 Accumulation	Group 1	0.1046	–	0.1046	0.4007
	Group 2	0.0000	0.1046	0.1046	0.4007
Share Class 3 Income	Group 1	0.3134	–	0.3134	0.4842
	Group 2	0.0997	0.2137	0.3134	0.4842

**Final distribution**

Group 1 shares are those shares purchased at or before 9am on 31 August 2015.

Group 2 shares are those shares purchased after 9am on 31 August 2015.

**Interim distribution paid in pence per share for the six months ended 31 August 2015**

		Net revenue	Equalisation	Interim distribution paid 31 October 2015	Interim distribution paid 31 October 2014
Share Class 1 Accumulation	Group 1	0.0000	–	0.0000	0.0000
	Group 2	0.0000	0.0000	0.0000	0.0000
Share Class 2 Accumulation	Group 1	0.4144	–	0.4144	0.1700
	Group 2	0.1040	0.3104	0.4144	0.1700
Share Class 3 Income	Group 1	0.7240	–	0.7240	0.6060
	Group 2	0.2592	0.4648	0.7240	0.6060

**Interim distribution**

Group 1 shares are those shares purchased at or before 9am on 28 February 2015.

Group 2 shares are those shares purchased after 9am on 28 February 2015.

**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

Over the twelve months ended 28 February 2016, the Fund (share class 1) delivered a total return of -4.69%\* compared with an average return of -4.17% for its peer group, the Investment Association Mixed Investment 40-85% Shares. Exposure to equities and high yield bonds detracted from performance.

Global equities endured a turbulent year, riding up to record highs in the spring before subsequently plunging, undermined by both mounting worries over China's economy and the prospect of a US interest rate hike. The MSCI World Index returned -9.17% in local currencies, or -0.74% in sterling as the pound fell sharply.

Asian and emerging equity markets led the decline as a stronger US dollar and mounting concern over the health of the Chinese economy encouraged international investors to reduce allocations to both regions. After a bright start, European markets fell as investors became preoccupied first with the risk of Greece defaulting and then with uncertainties facing the global economy and US monetary policy. European markets fell further at the end of the review period, as the European Central Bank's decision to ease monetary policy in December left investors distinctly overwhelmed.

UK government bonds rose as investor appetite for safe-haven assets increased amid continuing financial market turmoil and as investors bet that interest rates would stay lower for longer.

Sterling corporate bonds registered negative returns, with credit spreads widening appreciably as markets shunned riskier assets amid indications the global economy was struggling to maintain momentum.

#### Outlook

Despite the recent slide in share prices, the global economic picture is reasonable, monetary conditions loose and inflation stable, all of which are supportive for equities. There are risks to this view, for example, a global recession driven by the US or China. However, this is not our central view. Consequently, shares look attractive for long-term investors prepared to tolerate short-term volatility.

Sovereign bonds have benefited from the recent slide in riskier asset classes. But the danger is that this pessimism clears and that inflation begins to surprise on the upside.

Following substantial research we have adjusted our investment process and as a result now group assets into 'growth', 'defensive' or 'uncorrelated'. So, the Fund will shortly treat equities, global high-yield bonds and emerging-market debt as growth assets; sovereign bonds, investment-grade corporate bonds and cash as defensive assets; and absolute return and property investments as uncorrelated assets.

April 2016

\* Fund performance figures – share class 1, source Lipper, net of fees, net income reinvested in GBP, as at 28 February 2016.

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
Wellington US Research Equity Fund USD Class S Accumulating Unhedged	BlackRock North American Equity Tracker Fund Class L Accumulating GBP
Aviva Investors US Equity MoM 1 Fund Class 2, Income shares, GBP	Vanguard Consumer Discretionary Index Fund ETF Shares (USD)
Aviva Investors Sterling Liquidity Fund Class 3, Income Shares, GBP	Aviva Investors Sterling Liquidity Fund Class 3, Income Shares, GBP
Man GLG Japan CoreAlpha Fund Class Professional Accumulation Shares (Class C)	Aviva Investors UK Equity MoM 3 Fund Class 2, Income Shares, GBP
Aviva Investors Multi-Strategy Target Income Fund Class 8, Accumulation shares, GBP	Artemis Income Fund Class R Distribution Units
Vanguard Consumer Discretionary Index Fund ETF Shares (USD)	Aviva Investors Sterling Credit MoM 1 Fund, Income Shares GBP
BGF Emerging Markets Local Currency Bond Fund Class A2 USD	Odey European Fund Class B, Income Shares, GBP
Aviva Investors EM Equity MoM 1 Fund Class 2, Income shares, GBP	GVQ UK Focus Fund I Class Shares
Invesco Perpetual European Equity Income Fund Class Accumulation (No Trail) share class	Man GLG Japan CoreAlpha Equity Class I H GBP Shares
Hermes Global High Yield Bond Fund Class F Acc Hedged Shares	BlackRock European Dynamic Fund Class FD Accumulation GBP

### Synthetic Risk and Reward Indicator



The Fund has been allocated a risk number based on the higher of the historic volatility of its share price, the historic volatility of its current asset classes or its intended maximum risk levels.

- This indicator is based on historical data, calculated using European Union rules, and may not be a reliable indication of the future risk profile of the Fund.
- The risk and reward category shown is not guaranteed to remain unchanged and may change over time. The lowest category does not mean 'risk free'.
- Bond values are affected by changes in interest rates, and the bond issuer's creditworthiness. Bonds that produce a higher level of income usually have a greater risk of default.
- An investment in shares of other funds will assume any specific risks associated with those funds. Unregulated funds carry higher risk as they have less rules governing them.
- Full information on the risks applicable to the Fund is detailed in the Prospectus.

## COMPARATIVE TABLES

Class 1 Income	2016 p per share	2015 p per share	2014 p per share
<b>Change in net assets per share</b>			
Opening net asset value per share	70.39	64.69	60.02
Return before operating charges <sup>†</sup>	(1.71)	7.16	6.12
Operating charges	(1.57)	(1.46)	(1.45)
Return after operating charges <sup>†</sup>	(3.28)	5.70	4.67
Distributions on income shares	(0.05)	–	–
Closing net asset value per share	67.06	70.39	64.69
Retained distributions on accumulation shares	–	–	–
<sup>†</sup> after direct transaction costs of	(0.05)	(0.02)	(0.04)
<b>Performance</b>			
Return after charges	(4.66)%	8.81%	7.78%
<b>Other information</b>			
Closing net asset value (£000)	4,215	6,834	10,302
Closing number of shares	6,285,644	9,708,951	15,925,970
Operating charges (%) <sup>†</sup>	2.26%	2.22%	2.32%
Direct transaction costs (%) <sup>#</sup>	0.07%	0.03%	0.06%
<b>Prices<sup>®</sup></b>			
Highest share price	74.39	70.49	65.54
Lowest share price	63.16	61.92	58.61

Class 2 Accumulation	2016 p per share	2015 p per share	2014 p per share
<b>Change in net assets per share</b>			
Opening net asset value per share	112.58	102.67	94.55
Return before operating charges <sup>†</sup>	(2.79)	11.45	9.68
Operating charges	(1.66)	(1.54)	(1.56)
Return after operating charges <sup>†</sup>	(4.45)	9.91	8.12
Distributions on income shares	–	–	–
Closing net asset value per share	108.13	112.58	102.67
Retained distributions on accumulation shares	0.77	0.73	0.43
<sup>†</sup> after direct transaction costs of	(0.08)	(0.03)	(0.06)
<b>Performance</b>			
Return after charges	(3.95)%	9.65%	8.59%
<b>Other information</b>			
Closing net asset value (£000)	8,568	4,691	2,445
Closing number of shares	7,923,903	4,166,672	2,381,652
Operating charges (%) <sup>†</sup>	1.50%	1.47%	1.57%
Direct transaction costs (%) <sup>#</sup>	0.07%	0.03%	0.06%
<b>Prices<sup>®</sup></b>			
Highest share price	119.08	112.72	103.93
Lowest share price	101.82	98.75	92.55

Class 2 Income	2016 p per share	2015 p per share	2014 p per share
<b>Change in net assets per share</b>			
Opening net asset value per share	128.03	117.53	108.71
Return before operating charges <sup>†</sup>	(3.17)	13.08	11.19
Operating charges	(1.89)	(1.75)	(1.83)
Return after operating charges <sup>†</sup>	(5.06)	11.33	9.36
Distributions on income shares	(0.87)	(0.83)	(0.54)
Closing net asset value per share	122.10	128.03	117.53
Retained distributions on accumulation shares	–	–	–
<sup>†</sup> after direct transaction costs of	(0.09)	(0.04)	(0.07)
<b>Performance</b>			
Return after charges	(3.95)%	9.64%	8.61%
<b>Other information</b>			
Closing net asset value (£000)	5,624	5,312	2,508
Closing number of shares	4,606,166	4,149,085	2,133,716
Operating charges (%) <sup>†</sup>	1.50%	1.47%	1.57%
Direct transaction costs (%) <sup>#</sup>	0.07%	0.03%	0.06%
<b>Prices<sup>®</sup></b>			
Highest share price	135.43	128.80	119.53
Lowest share price	115.25	112.84	106.40

## COMPARATIVE TABLES (CONTINUED)

	2016	2015	2014
Class 3 Income	p per share	p per share	p per share
<b>Change in net assets per share</b>			
Opening net asset value per share	141.93	130.29	120.48
Return before operating charges <sup>†</sup>	(3.52)	14.50	12.35
Operating charges	(1.76)	(1.62)	(1.66)
Return after operating charges <sup>†</sup>	(5.28)	12.88	10.69
Distributions on income shares	(1.31)	(1.24)	(0.88)
Closing net asset value per share	135.34	141.93	130.29
Retained distributions on accumulation shares	–	–	–
<sup>†</sup> after direct transaction costs of	(0.10)	(0.04)	(0.08)
<b>Performance</b>			
Return after charges	(3.72)%	9.89%	8.87%
<b>Other information</b>			
Closing net asset value (£000)	124,586	134,646	129,279
Closing number of shares	92,053,380	94,870,335	99,222,819
Operating charges (%) <sup>†</sup>	1.26%	1.22%	1.32%
Direct transaction costs (%) <sup>#</sup>	0.07%	0.03%	0.06%
<b>Prices<sup>≈</sup></b>			
Highest share price	150.17	142.68	132.75
Lowest share price	127.91	124.89	118.00

<sup>†</sup> 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.

<sup>#</sup> 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).

<sup>≈</sup> The high and low prices disclosed are the high and low prices for the accounting period and not the calendar year.

**Ongoing Charges Figure\***

Share class	28.02.16	28.02.15
Class 1	2.26%	2.22%
Class 2	1.50%	1.47%
Class 3	1.26%	1.22%

\* 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 0.62% (2015: 0.57%) in respect of 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 2016

Investment	Currency	Holding	Market Value £000	% of Net Assets
<b>Collective Investment Schemes 96.38% (98.38%)</b>				
<b>Cayman Islands 0.00% (4.89%)</b>				
<b>Ireland 19.45% (21.72%)</b>				
Man GLG Japan CoreAlpha Equity Class I H GBP Shares	GBP	46,396	6,311	4.41
GVQ UK Focus Fund I Class Shares	GBP	106,067	2,620	1.83
Hermes Global High Yield Bond Fund Class F Acc Hedged Shares	GBP	6,602,282	6,534	4.57
iShares \$ TIPS UCITS ETF	GBP	11,266	1,563	1.09
Maple Brown Abbott Asia ex-Japan Fund Sterling Institution Class Sterling Institution	GBP	1,831,841	1,046	0.73
MW TOPS Fund Class G	GBP	47,140	5,989	4.19
M&G European Loan Fund Class C	GBP	43,215	3,755	2.63
			27,818	19.45
<b>Luxembourg 21.18% (0.95%)</b>				
BGF Emerging Markets Local Currency Bond Fund Class A2 USD	USD	453,133	6,524	4.56
JPM Global Corporate Bond Fund Class C (dist) – GBP (hedged)	GBP	53,275	3,543	2.48
Wellington US Research Equity Fund USD Class S Accumulating Unhedged	USD	421,546	20,215	14.14
			30,282	21.18
<b>United Kingdom 55.75% (70.82%)</b>				
Artemis Income Fund Class R Distribution Units	GBP	1,920,205	3,753	2.63
Aviva Investors EM Equity MoM 1 Fund Class 2, Income shares, GBP <sup>+</sup>	GBP	1,862,831	5,429	3.80
Aviva Investors Multi-Strategy Target Income Fund Class 8, Accumulation shares, GBP <sup>+</sup>	GBP	8,162,840	9,009	6.30
Aviva Investors Property Trust Class 1, Accumulation units, GBP <sup>+</sup>	GBP	1,222,158	2,062	1.44
Aviva Investors US Equity MoM 1 Fund Class 2, Income shares, GBP <sup>+</sup>	GBP	8,486,003	20,030	14.01
BlackRock European Dynamic Fund Class FD Accumulation GBP	GBP	11,152,826	12,804	8.96
First State Asia Pacific Leaders Fund Class B (Accumulation) GBP	GBP	333,232	1,706	1.19
Invesco Perpetual European Equity Income Fund Class Accumulation (No Trail) share class	GBP	8,926,655	12,738	8.91
Man GLG Japan CoreAlpha Fund Class Professional Accumulation Shares (Class C)	GBP	5,712,505	6,769	4.73
Schroder Asian Alpha Plus Fund Class Z Accumulation GBP	GBP	9,199,819	5,411	3.78
			79,711	55.75
<b>Collective Investment Schemes total</b>			<b>137,811</b>	<b>96.38</b>
<b>Forward Currency Contracts (0.47)% (0.20%)</b>				
Buy EUR 2,652,190 sell GBP 2,009,072 dated 23/03/2016			80	0.06
Buy GBP 9,544,987 sell EUR 13,031,757 dated 23/03/2016			(722)	(0.51)
Buy GBP 1,439,773 sell USD 2,059,078 dated 23/03/2016			(31)	(0.02)
<b>Forward Currency Contracts total</b>			<b>(673)</b>	<b>(0.47)</b>
<b>Futures (0.03)% (0.00%)</b>				
Australia 10 Year Bond 15/03/2016	AUD	24	67	0.04
Hang Seng Index 30/03/2016	HKD	8	(99)	(0.07)
US 10 Year Note 21/06/2016	USD	17	(4)	–
<b>Futures total</b>			<b>(36)</b>	<b>(0.03)</b>
<b>Liquidity Funds 4.06% (0.00%)<sup>1</sup></b>				
Aviva Investors Sterling Liquidity Fund Class 3, Income Shares, GBP <sup>+</sup>	GBP	5,800,000	5,800	4.06
<b>Liquidity Funds total</b>			<b>5,800</b>	<b>4.06</b>
Investment assets <sup>2</sup>			142,902	99.94
Net other assets			91	0.06
<b>Net assets</b>			<b>142,993</b>	<b>100.00</b>

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 2015.

<sup>+</sup> Investment managed by a related party.

<sup>1</sup> Cash Equivalents.

<sup>2</sup> Includes Cash Equivalents.

## STATEMENT OF TOTAL RETURN

### For the year ended 28 February 2016

	Notes	£000	Year ended 28.02.16 £000	£000	Year ended 28.02.15 £000
Income					
Net capital (losses)/gains	2		(7,119)		12,717
Revenue	3	2,386		2,338	
Expenses	4	(1,047)		(1,053)	
Net revenue before taxation		1,339		1,285	
Taxation	5	(20)		–	
Net revenue after taxation			1,319		1,285
<b>Total return before distributions</b>			<b>(5,800)</b>		<b>14,002</b>
Distributions	6		(1,327)		(1,296)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>(7,127)</b>		<b>12,706</b>

## STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

### For the year ended 28 February 2016

	£000	Year ended 28.02.16 £000	£000	Year ended 28.02.15 £000
<b>Opening net assets attributable to shareholders</b>		<b>151,483</b>		<b>144,534</b>
Movement due to issue and cancellation of shares:				
Amounts receivable on issue of shares	16,889		15,702	
Amounts payable on cancellation of shares	(18,304)		(21,475)	
		(1,415)		(5,773)
Stamp duty reserve tax		–		(12)
Change in net assets attributable to shareholders from investment activities (see above)		(7,127)		12,706
Retained distribution on accumulation shares		52		28
<b>Closing net assets attributable to shareholders</b>		<b>142,993</b>		<b>151,483</b>

## BALANCE SHEET

### As at 28 February 2016

	Notes	As at 28.02.16 £000	As at 28.02.15 £000
<b>Assets:</b>			
Investments		137,958	149,326
<b>Current assets:</b>			
Debtors	8	2,495	565
Cash and bank balances	9	608	2,324
Cash equivalents	10	5,800	–
<b>Total assets</b>		<b>146,861</b>	<b>152,215</b>
<b>Liabilities:</b>			
Investment liabilities		(856)	–
<b>Creditors:</b>			
Distribution payable		(476)	(568)
Other creditors	11	(2,536)	(164)
<b>Total liabilities</b>		<b>(3,868)</b>	<b>(732)</b>
<b>Net assets attributable to shareholders</b>		<b>142,993</b>	<b>151,483</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 1 Accounting basis and policies

Please see pages 5 and 6 for accounting basis and policies.

There has been no changes to the financial position or financial performance of the Fund as a result of preparing these statements in accordance with SORP 2014 rather than SORP 2010.

### 2 Net capital (losses)/gains

	Year ended 28.02.16 £000	Year ended 28.02.15 £000
<b>Net capital (losses)/gains on investments during the year comprise:</b>		
Currency losses	(131)	(65)
Derivative contracts losses	(223)	(18)
Expenses relating to the purchase and sale of investments	(2)	(2)
Forward currency contracts (losses)/gains	(730)	297
Investment manager capital rebates*	71	199
Non-derivative securities (losses)/gains	(6,104)	12,306
<b>Net capital (losses)/gains**</b>	<b>(7,119)</b>	<b>12,717</b>

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

\*\* Total realised gains for the year were £14,698,000 (2015: £10,150,000) and the movement in unrealised (losses)/gains was £(21,817,000) (2015: £2,567,000). Included in realised gains for the year were unrealised (losses)/gains recognised in previous periods.

### 3 Revenue

	Year ended 28.02.16 £000	Year ended 28.02.15 £000
Bank and deposit interest	1	–
Franked components of dividend distributions	1,398	1,421
Interest distributions	197	320
Interest on debt securities	6	–
Interest on derivatives	33	–
Investment manager rebates*	237	209
Overseas dividends	–	9
Revenue from offshore funds	507	379
Unfranked components of dividend distributions	7	–
<b>Total revenue</b>	<b>2,386</b>	<b>2,338</b>

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

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**4 Expenses**

	Year ended 28.02.16 £000	Year ended 28.02.15 £000
<b>Payable to the Authorised Corporate Director ("ACD"), associates of the ACD or agents of either of them:</b>		
ACD's periodic charge	975	969
Registration fees	20	17
	995	986
<b>Payable to the Depositary, associates of the Depositary or agents of either of them:</b>		
Depositary's fee	21	19
Safe custody fee	13	28
	34	47
<b>Other expenses:</b>		
Audit fee*	10	10
Printing & postage expenses	2	3
Professional fees	–	2
Statement fees	6	5
	18	20
<b>Total expenses</b>	<b>1,047</b>	<b>1,053</b>

\* The audit fee was £8,741 (2015: £8,200) net of VAT.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**5 Taxation****a Analysis of tax charge**

	Year ended 28.02.16 £000	Year ended 28.02.15 £000
Overseas tax suffered	20	–
<b>Total current tax (see note 5.b)</b>	<b>20</b>	<b>–</b>

**b Factors affecting current tax charge**

The tax assessed for the year is lower (2015: lower) than the standard rate of corporation tax in the UK for an Authorised Investment Fund (20%) (2015: 20%).

The differences are explained below:

	Year ended 28.02.16 £000	Year ended 28.02.15 £000
<b>Net revenue before taxation</b>	<b>1,339</b>	<b>1,285</b>
Corporation tax at 20%	268	257
<b>Effects of:</b>		
Franked distributions not subject to corporation tax	(279)	(284)
Movement in excess expenses	25	18
Overseas dividends not subject to corporation tax	(28)	–
Overseas tax suffered	20	–
Revenue from offshore investments not subject to corporation tax	–	(32)
Revenue taxable in different periods	–	1
Tax relief on investment manager fee rebates	14	40
	(248)	(257)
<b>Current tax charge (see note 5.a)</b>	<b>20</b>	<b>–</b>

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 (2015: £nil).

After claiming relief against accrued income taxable on receipt, the Fund has unrelieved excess expenses of £687,000 (2015: £554,000) creating a potential deferred tax asset of £137,000 (2015: £112,000). 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 28.02.16 £000	Year ended 28.02.15 £000
<b>The distributions take account of revenue received on the issue of shares and revenue deducted on the cancellation of shares, and comprise:</b>		
Interim distribution	827	675
Final distribution	497	590
	1,324	1,265
Add: Revenue deducted on cancellation of shares	53	65
Deduct: Revenue received on issue of shares	(50)	(34)
<b>Distributions</b>	<b>1,327</b>	<b>1,296</b>
<b>Reconciliation of distributions for the year to net revenue after taxation</b>		
Distributions for the year	1,327	1,296
Revenue deficit transferred to capital	(6)	(4)
Equalisation on conversions	(2)	(7)
<b>Net revenue after taxation</b>	<b>1,319</b>	<b>1,285</b>

Details of the distributions per share are set out in the distribution tables on page 34.

## 7 Fair value hierarchy

Valuation technique	As at 28.02.16		As at 28.02.15	
	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Quoted prices for identical instruments in active markets	67	(103)	–	–
Prices of recent transactions for identical instruments	143,611	–	149,029	–
Valuation techniques using observable market data	80	(753)	297	–
<b>Total value</b>	<b>143,758</b>	<b>(856)</b>	<b>149,326</b>	<b>–</b>

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:

**Quoted prices for identical instruments in active markets** – Quoted in an active market in this context means quoted prices are readily and regularly available and those prices represent actual and regularly occurring market transactions for the same financial instrument on an arm's length basis. For this purpose a quoted price is a price at which the party performing the fair value measurement can enter into a transaction. Therefore the price must be binding on the party providing the quote.

**Prices of recent transactions for identical instruments** – When quoted prices are unavailable, the price of a recent transaction for an identical instrument provides evidence of fair value as long as the transaction is orderly and there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place.

**Valuation techniques using observable market data** – Valuation techniques should maximise the use of observable market data, such as publicly available information about actual events or transactions, and minimise the use of non-observable data. Observable data should be observable for substantially the full term of the instrument.

**Valuation techniques using non-observable data** – Non-observable entity specific data should be used only where relevant observable market data is not available.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**8 Debtors**

	As at 28.02.16 £000	As at 28.02.15 £000
Accrued revenue	173	273
Accrued management fee rebates	200	91
Amounts receivable on issue of shares	97	127
Income tax recoverable	116	74
Sales awaiting settlement	1,909	–
<b>Total debtors</b>	<b>2,495</b>	<b>565</b>

**9 Cash and bank balances**

	As at 28.02.16 £000	As at 28.02.15 £000
Amounts held at futures clearing houses and brokers	206	–
Cash and bank balances	402	2,324
<b>Total cash and bank balances</b>	<b>608</b>	<b>2,324</b>

**10 Cash equivalents**

	As at 28.02.16 £000	As at 28.02.15 £000
Aviva Investors Sterling Liquidity Fund	5,800	–
<b>Total cash equivalents</b>	<b>5,800</b>	<b>–</b>

**11 Other creditors**

	As at 28.02.16 £000	As at 28.02.15 £000
Accrued expenses	92	98
Amounts payable for cancellation of shares	121	66
Purchases awaiting settlement	2,323	–
<b>Total creditors</b>	<b>2,536</b>	<b>164</b>

**12 Contingent liabilities and commitments**

There were no contingent liabilities or commitments at the year end (2015: £nil).



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**13 Related party transactions**

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 £69,000 (2015: £75,000). 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 £1,260,000 (2015: £1,222,000). The amount outstanding at the year end was £478,000 (2015: £562,000). 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.

All 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 £46,678,000 (2015: £10,900,000) and £28,358,000 (2015: 6,356,000) respectively. The income received during the year amounted to £300,000 (2015: £579,000).

	Holdings at 28.02.16 (shares)	Movement (shares)	Holdings at 28.02.15 (shares)
ACD and related parties (share class 1 Income shares)	19	(2,051,145)	2,051,164
ACD and related parties (share class 2 Income shares)	1,405,874	174,983	1,230,891
ACD and related parties (share class 2 Accumulation shares)	4,439,212	2,156,381	2,282,831
ACD and related parties (share class 3 Income shares)	92,053,380	(2,816,955)	94,870,335

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 pages 21 and 22.

The distributions per share class are given in the distribution tables on page 34. All the share classes have the same rights on winding up.

**15 Shares in issue reconciliation**

	Number of shares in issue at 28.02.15	Number of shares issued	Number of shares cancelled	Number of shares converted	Number of shares in issue at 28.02.16
Share Class 1 Income	9,708,951	30,584	(1,442,571)	(2,011,320)	6,285,644
Share Class 2 Income	4,149,085	2,959,171	(3,611,096)	1,109,006	4,606,166
Share Class 2 Accumulation	4,166,672	4,236,510	(479,279)	–	7,923,903
Share Class 3 Income	94,870,335	6,017,735	(8,834,690)	–	92,053,380

## 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
<b>28.02.16</b>			
Goldman Sachs	24	–	24
JP Morgan	(42)	67	25
Royal Bank of Canada	18	–	18
Standard Chartered	(349)	–	(349)
UBS	(324)	–	(324)
<b>Total</b>	<b>(673)</b>	<b>67</b>	<b>(606)</b>

	Forward currency contracts £000	Futures contracts £000	Total £000
<b>28.02.15</b>			
UBS	297	–	297
<b>Total</b>	<b>297</b>	<b>–</b>	<b>297</b>

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**

There is £nil (2015: £nil) collateral held on the above derivatives.

**17 Derivatives and other financial instruments**

The policies applied in the management of financial instruments are set out on page 6.

**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 (2015: £nil).

**Currency risk**

At the year end date, 10.87% (2015: (8.02)%) of the net assets of the Fund were denominated in currencies other than sterling and as such the currency risk is not considered significant.

Currency	Net foreign currency assets					
	Monetary exposure £000		Non monetary exposure £000		Total £000	
	28.02.16	28.02.15	28.02.16	28.02.15	28.02.16	28.02.15
Australian Dollar	(15)	–	67	–	52	–
Euro	–	–	(8,178)	(12,142)	(8,178)	(12,142)
Hong Kong Dollar	197	–	(99)	–	98	–
US Dollar	(1,690)	–	25,264	–	23,574	–

**Interest rate risk**

At the year end date 4.48% (2015: 1.53%) of the net assets of the Fund were interest bearing and as such the interest rate risk is not considered significant.

The floating rate on bank balances is linked to the 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 significantly affected by interest rate movements in the future. At the year end date 15.33% (2015: 11.28%) of the assets of the Fund were invested in CIS which predominantly invest in debt securities.

**Market price risk**

At the year end date, 96.38% (2015: 98.38%) of the net assets of the Fund were invested in ordinary shares or stock units and admitted to an official stock exchange. If the market were to change by 10%, the value of the Fund will change by 9.64%.

## 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.

28.02.16	Principal before costs £000	Commissions £000	Taxes £000	Total after costs £000	Commissions as % of principal	Taxes as % of principal
<b>Purchases</b>						
Equities	(10,475)	(3)	–	(10,478)	0.03%	0.00%
Bonds	(14,700)	–	–	(14,700)	0.00%	0.00%
Funds	(94,821)	–	(26)	(94,847)	0.00%	0.03%
	<u>(119,996)</u>	<u>(3)</u>	<u>(26)</u>	<u>(120,025)</u>		
<b>Sales</b>						
Equities	9,212	(3)	–	9,209	0.03%	0.00%
Bonds	8,900	–	–	8,900	0.00%	0.00%
Funds	101,306	–	(75)	101,231	0.00%	0.07%
	<u>119,418</u>	<u>(3)</u>	<u>(75)</u>	<u>119,340</u>		
<b>Total</b>		<u>(6)</u>	<u>(101)</u>			
<b>Percentage of fund average net assets</b>		<u>0.00%</u>	<u>0.07%</u>			

28.02.15	Principal before costs £000	Commissions £000	Taxes £000	Total after costs £000	Commissions as % of principal	Taxes as % of principal
<b>Purchases</b>						
Equities	(1,493)	–	–	(1,493)	0.00%	0.00%
Funds	(61,493)	–	(30)	(61,523)	0.00%	0.05%
	<u>(62,986)</u>	<u>–</u>	<u>(30)</u>	<u>(63,016)</u>		
<b>Sales</b>						
Equities	6,083	(2)	–	6,081	0.03%	0.00%
Funds	63,096	–	(16)	63,080	0.00%	0.03%
	<u>69,179</u>	<u>(2)</u>	<u>(16)</u>	<u>69,161</u>		
<b>Total</b>		<u>(2)</u>	<u>(46)</u>			
<b>Percentage of fund average net assets</b>		<u>0.00%</u>	<u>0.03%</u>			

**Dealing spread**

As at 28 February 2016, the average portfolio dealing spread was 0.06% (2015: 0.12%). 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 (2015: £nil).

## DISTRIBUTION TABLES

## Final distribution payable in pence per share for the six months ended 28 February 2016

Income shares		Net revenue	Equalisation	Final distribution payable 30 April 2016	Final distribution paid 30 April 2015
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	0.2988	–	0.2988	0.5992
	Group 2	0.0649	0.2339	0.2988	0.5992
Share Class 3	Group 1	0.5016	–	0.5016	0.5722
	Group 2	0.1295	0.3721	0.5016	0.5722
Accumulation shares		Net revenue	Equalisation	Final distribution payable 30 April 2016	Final distribution paid 30 April 2015
Share Class 2	Group 1	0.2652	–	0.2652	0.5246
	Group 2	0.0214	0.2438	0.2652	0.5246

**Final distribution**

Group 1 shares are those shares purchased at or before 9am on 31 August 2015.

Group 2 shares are those shares purchased after 9am on 31 August 2015.

## Interim distribution paid in pence per share for the six months ended 31 August 2015

Income shares		Net revenue	Equalisation	Interim distribution paid 31 October 2015	Interim distribution paid 31 October 2014
Share Class 1	Group 1	0.0456	–	0.0456	0.0000
	Group 2	0.0000	0.0456	0.0456	0.0000
Share Class 2	Group 1	0.5709	–	0.5709	0.2350
	Group 2	0.1929	0.3780	0.5709	0.2350
Share Class 3	Group 1	0.8106	–	0.8106	0.6680
	Group 2	0.3235	0.4871	0.8106	0.6680
Accumulation shares		Net revenue	Equalisation	Interim distribution paid 31 October 2015	Interim distribution paid 31 October 2014
Share Class 2	Group 1	0.5021	–	0.5021	0.2050
	Group 2	0.1722	0.3299	0.5021	0.2050

**Interim distribution**

Group 1 shares are those shares purchased at or before 9am on 28 February 2015.

Group 2 shares are those shares purchased after 9am on 28 February 2015.

**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

Over the twelve months ended 28 February 2016, the Fund (share class 1) delivered a total return of -3.71%\* compared with an average return of -3.36% for its peer group, the Investment Association Mixed Investment 20-60% Shares. Exposure to equities and high yield bonds detracted from performance.

Global equities endured a turbulent year, riding up to record highs in the spring before subsequently plunging, undermined by both mounting worries over China’s economy and the prospect of a US interest rate hike. The MSCI World Index returned -9.17% in local currencies, or -0.74% in sterling as the pound fell sharply.

Asian and emerging equity markets led the decline as a stronger US dollar and mounting concern over the health of the Chinese economy encouraged international investors to reduce allocations to both regions. After a bright start, European markets fell as investors became preoccupied first with the risk of Greece defaulting and then with uncertainties facing the global economy and US monetary policy. European markets fell further at the end of the review period, as the European Central Bank’s decision to ease monetary policy in December left investors distinctly overwhelmed.

Government bonds rose as investor appetite for safe-haven assets increased amid continuing financial market turmoil and as investors bet that interest rates would stay lower for longer.

Corporate bonds registered negative returns, with credit spreads widening appreciably as markets shunned riskier assets amid indications the global economy was struggling to maintain momentum.

#### Outlook

Despite the recent slide in share prices, the global economic picture is reasonable, monetary conditions loose and inflation stable, all of which are supportive for equities. There are risks to this view, for example, a global recession driven by the US or China. However, this is not our central view. Consequently, shares look attractive for long-term investors prepared to tolerate short-term volatility.

Sovereign bonds have benefited from the recent slide in riskier asset classes. But the danger is that this pessimism clears and that inflation begins to surprise on the upside.

Following substantial research we have adjusted our investment process and as a result now group assets into ‘growth’, ‘defensive’ or ‘uncorrelated’. So, the Fund will shortly treat equities, global high-yield bonds and emerging-market debt as growth assets; sovereign bonds, investment-grade corporate bonds and cash as defensive assets; and absolute return and property investments as uncorrelated assets.

April 2016

\* Fund performance figures – share class 1, source Lipper, net of fees, net income reinvested in GBP, as at 28 February 2016.

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 Share, GBP	BlackRock North American Equity Tracker Fund Class L Accumulating GBP
Wellington US Research Equity Fund USD Class S Accumulating Unhedged	Aviva Investors Sterling Credit MoM 1 Fund Class 2 Income Shares
Aviva Investors Multi-Strategy Target Return Fund Class 8, Accumulation shares, GBP	Aviva Investors Sterling Liquidity Fund Class 3, Income Share, GBP
Aviva Investors US Equity MoM 1 Fund Class 2, Income shares, GBP	Hermes Global High Yield Bond Fund Class F Acc Hedged Shares
Man GLG Japan CoreAlpha Fund Class Professional Accumulation Shares (Class C)	Insight LIBOR Plus Fund Class B
Vanguard Consumer Discretionary ETF Share (USD)	Odey European Income Class B GBP Income Shares
Aviva Investors Property Trust Class 1, Accumulation units, GBP	Vanguard Consumer Discretionary ETF Shares (USD)
BGF Emerging Markets Local Currency Bond Fund Class A2 USD	Aviva Investors UK Equity MoM 3 Fund Class 2, Income Shares, GBP
iShares \$ TIPS UCITS ETF	Artemis Income Fund Class R Distribution Units
JPM Global Corporate Bond Fund Class C (dist) – GBP (hedged)	GVQ UK Focus Fund I Class Shares

### Synthetic Risk and Reward Indicator



The Fund has been allocated a risk number based on the higher of the historic volatility of its share price, the historic volatility of its current asset classes or its intended maximum risk levels.

- This indicator is based on historical data, calculated using European Union rules, and may not be a reliable indication of the future risk profile of the Fund.
- The risk and reward category shown is not guaranteed to remain unchanged and may change over time. The lowest category does not mean ‘risk free’.
- During the year ended 28 February 2016, the indicator changed from category 5 to category 4.
- Bond values are affected by changes in interest rates, and the bond issuer’s creditworthiness. Bonds that produce a higher level of income usually have a greater risk of default.
- An investment in shares of other funds will assume any specific risks associated with those funds. Unregulated funds carry higher risk as they have less rules governing them.
- Full information on the risks applicable to the Fund is detailed in the Prospectus.

## COMPARATIVE TABLES

Class 1 Income	2016 p per share	2015 p per share	2014 p per share
<b>Change in net assets per share</b>			
Opening net asset value per share	71.44	66.26	62.91
Return before operating charges <sup>†</sup>	(1.01)	6.89	4.79
Operating charges	(1.63)	(1.49)	(1.44)
Return after operating charges <sup>†</sup>	(2.64)	5.40	3.35
Distributions on income shares	(0.25)	(0.22)	–
Closing net asset value per share	68.55	71.44	66.26
Retained distributions on accumulation shares	–	–	–
† after direct transaction costs of	(0.06)	(0.02)	(0.03)
<b>Performance</b>			
Return after charges	(3.70)%	8.15%	5.33%
<b>Other information</b>			
Closing net asset value (£000)	4,914	7,718	12,900
Closing number of shares	7,168,267	10,803,428	19,469,921
Operating charges (%) <sup>†</sup>	2.31%	2.21%	2.24%
Direct transaction costs (%) <sup>#</sup>	0.08%	0.03%	0.05%
<b>Prices<sup>®</sup></b>			
Highest share price	74.59	71.71	66.74
Lowest share price	65.84	64.77	61.04

Class 2 Accumulation	2016 p per share	2015 p per share	2014 p per share
<b>Change in net assets per share</b>			
Opening net asset value per share	116.44	107.21	101.17
Return before operating charges <sup>†</sup>	(1.85)	10.83	7.60
Operating charges	(1.78)	(1.60)	(1.56)
Return after operating charges <sup>†</sup>	(3.63)	9.23	6.04
Distributions on income shares	–	–	–
Closing net asset value per share	112.81	116.44	107.21
Retained distributions on accumulation shares	1.10	0.81	0.59
† after direct transaction costs of	(0.09)	(0.03)	(0.05)
<b>Performance</b>			
Return after charges	(3.12)%	8.61%	5.97%
<b>Other information</b>			
Closing net asset value (£000)	8,327	4,712	2,056
Closing number of shares	7,381,519	4,047,028	1,917,217
Operating charges (%) <sup>†</sup>	1.55%	1.46%	1.49%
Direct transaction costs (%) <sup>#</sup>	0.08%	0.03%	0.05%
<b>Prices<sup>®</sup></b>			
Highest share price	121.62	116.50	108.00
Lowest share price	108.08	105.00	98.36

Class 2 Income	2016 p per share	2015 p per share	2014 p per share
<b>Change in net assets per share</b>			
Opening net asset value per share	121.05	112.25	106.51
Return before operating charges <sup>†</sup>	(1.94)	11.33	8.04
Operating charges	(1.85)	(1.67)	(1.66)
Return after operating charges <sup>†</sup>	(3.79)	9.66	6.38
Distributions on income shares	(1.14)	(0.86)	(0.64)
Closing net asset value per share	116.12	121.05	112.25
Retained distributions on accumulation shares	–	–	–
† after direct transaction costs of	(0.10)	(0.03)	(0.06)
<b>Performance</b>			
Return after charges	(3.13)%	8.61%	5.99%
<b>Other information</b>			
Closing net asset value (£000)	7,497	5,064	2,617
Closing number of shares	6,455,964	4,183,060	2,330,908
Operating charges (%) <sup>†</sup>	1.55%	1.46%	1.49%
Direct transaction costs (%) <sup>#</sup>	0.08%	0.03%	0.05%
<b>Prices<sup>®</sup></b>			
Highest share price	126.45	121.70	113.75
Lowest share price	111.85	109.69	103.60

## COMPARATIVE TABLES (CONTINUED)

	2016	2015	2014
Class 3 Income	p per share	p per share	p per share
<b>Change in net assets per share</b>			
Opening net asset value per share	142.94	132.57	125.81
Return before operating charges <sup>‡</sup>	(2.34)	13.27	9.42
Operating charges	(1.85)	(1.63)	(1.60)
Return after operating charges <sup>‡</sup>	(4.19)	11.64	7.82
Distributions on income shares	(1.63)	(1.27)	(1.06)
Closing net asset value per share	137.12	142.94	132.57
Retained distributions on accumulation shares	–	–	–
† after direct transaction costs of	(0.11)	(0.04)	(0.06)
<b>Performance</b>			
Return after charges	(2.93)%	8.78%	6.22%
<b>Other information</b>			
Closing net asset value (£000)	135,495	148,208	145,434
Closing number of shares	98,816,496	103,683,217	109,707,069
Operating charges (%) <sup>‡</sup>	1.31%	1.21%	1.24%
Direct transaction costs (%) <sup>#</sup>	0.08%	0.03%	0.05%
<b>Prices<sup>≈</sup></b>			
Highest share price	149.34	143.52	134.59
Lowest share price	132.20	129.26	122.41

‡ 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.

**Ongoing Charges Figure\***

Share class	28.02.16	28.02.15
Class 1	2.31%	2.21%
Class 2	1.55%	1.46%
Class 3	1.31%	1.21%

\* 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 0.67% (2015: 0.57%) 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 2016

Investment	Currency	Holding	Market Value £000	% of Net Assets
<b>Collective Investment Schemes 90.65% (97.42%)</b>				
<b>Cayman Islands 0.00% (5.04%)</b>				
<b>Ireland 24.73% (34.13%)</b>				
Man GLG Japan CoreAlpha Equity Class I H GBP Shares	GBP	38,229	5,199	3.33
GVQ UK Focus Fund I Class Shares	GBP	81,109	2,004	1.28
Hermes Global High Yield Bond Fund Class F Acc Hedged Shares	GBP	5,210,183	5,157	3.30
iShares \$ TIPS UCITS ETF	GBP	33,907	4,705	3.01
Maple Brown Abbott Asia ex-Japan Fund Sterling Institution Class Sterling Institution	GBP	1,401,060	800	0.51
MW TOPS Fund Class G	GBP	86,183	10,949	7.01
PIMCO Global Advantage Real Return Fund Class Institutional GBP (Partially Hedged) Income	GBP	–	–	–
M&G European Loan Fund Class C	GBP	113,100	9,828	6.29
			38,642	24.73
<b>Luxembourg 20.24% (4.82%)</b>				
BGF Emerging Markets Local Currency Bond Fund Class A2 USD	USD	356,846	5,137	3.29
JPM Global Corporate Bond Fund Class C (dist) – GBP (hedged)	GBP	161,460	10,728	6.87
Wellington US Research Equity Fund USD Class S Accumulating Unhedged	USD	328,545	15,756	10.08
			31,621	20.24
<b>United Kingdom 45.68% (53.43%)</b>				
Artemis Income Fund Class R Distribution Units	GBP	1,528,707	2,988	1.91
Aviva Investors EM Equity MoM 1 Fund Class 2, Income shares, GBP+	GBP	1,490,180	4,343	2.78
Aviva Investors Multi-Strategy Target Return Fund Class 8, Accumulation shares, GBP+	GBP	11,065,761	12,213	7.82
Aviva Investors Property Trust Class 1, Accumulation units, GBP+	GBP	3,147,445	5,310	3.40
Aviva Investors US Equity MoM 1 Fund Class 2, Income shares, GBP+	GBP	6,633,573	15,657	10.02
BlackRock European Dynamic Fund Class FD Accumulation GBP	GBP	8,664,458	9,947	6.37
First State Asia Pacific Leaders Fund Class B (Accumulation) GBP	GBP	254,742	1,305	0.83
Invesco Perpetual European Equity Income Fund Class Accumulation (No Trail) share class	GBP	6,987,836	9,971	6.38
Man GLG Japan CoreAlpha Fund Class Professional Accumulation Shares (Class C)	GBP	4,476,840	5,305	3.40
Schroder Asian Alpha Plus Fund Class Z Accumulation GBP	GBP	7,360,637	4,330	2.77
			71,369	45.68
<b>Collective Investment Schemes total</b>			<b>141,632</b>	<b>90.65</b>
<b>Forward Currency Contracts (0.37)% (0.13%)</b>				
Buy EUR 1,271,859 sell GBP 977,580 dated 23/03/2016			24	0.01
Buy GBP 6,746,755 sell EUR 9,209,085 dated 23/03/2016			(508)	(0.32)
Buy GBP 4,462,521 sell USD 6,381,860 dated 23/03/2016			(97)	(0.06)
<b>Forward Currency Contracts total</b>			<b>(581)</b>	<b>(0.37)</b>
<b>Futures 0.07% (0.00%)</b>				
Australia 10 Year Bond 15/03/2016	AUD	70	196	0.13
Hang Seng Index 30/03/2016	HKD	6	(74)	(0.05)
US 10 Year Note 21/06/2016	USD	50	(12)	(0.01)
<b>Futures total</b>			<b>110</b>	<b>0.07</b>
<b>Liquidity Funds 9.60% (0.00%)<sup>1</sup></b>				
Aviva Investors Sterling Liquidity Fund Class 3, Income shares, GBP+	GBP	15,000,000	15,000	9.60
<b>Liquidity Funds total</b>			<b>15,000</b>	<b>9.60</b>
Investment assets <sup>2</sup>			156,161	99.95
Net other assets			72	0.05
<b>Net assets</b>			<b>156,233</b>	<b>100.00</b>

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 2015.

+ Investment managed by a related party.

1 Cash Equivalents.

2 Includes Cash Equivalents.



## STATEMENT OF TOTAL RETURN

### For the year ended 28 February 2016

	Notes	£000	Year ended 28.02.16 £000	£000	Year ended 28.02.15 £000
Income					
Net capital (losses)/gains	2		(6,481)		12,274
Revenue	3	3,104		2,642	
Expenses					
Net revenue before taxation	4	(1,114)		(1,162)	
Taxation	5	(234)		(56)	
Net revenue after taxation			1,756		1,424
<b>Total return before distributions</b>			<b>(4,725)</b>		<b>13,698</b>
Distributions	6		(1,772)		(1,459)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>(6,497)</b>		<b>12,239</b>

## STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

### For the year ended 28 February 2016

	£000	Year ended 28.02.16 £000	£000	Year ended 28.02.15 £000
<b>Opening net assets attributable to shareholders</b>		<b>165,702</b>		<b>163,007</b>
Movement due to issue and cancellation of shares:				
Amounts receivable on issue of shares	15,179		17,010	
Amounts payable on cancellation of shares	(18,221)		(26,577)	
		(3,042)		(9,567)
Stamp duty reserve tax		–		(8)
Change in net assets attributable to shareholders from investment activities (see above)		(6,497)		12,239
Retained distribution on accumulation shares		70		31
<b>Closing net assets attributable to shareholders</b>		<b>156,233</b>		<b>165,702</b>

## BALANCE SHEET

As at 28 February 2016

	Notes	As at 28.02.16 £000	As at 28.02.15 £000
<b>Assets:</b>			
Investments		141,852	161,639
<b>Current assets:</b>			
Debtors	8	2,468	642
Cash and bank balances	9	651	4,462
Cash equivalents	10	15,000	–
<b>Total assets</b>		<b>159,971</b>	<b>166,743</b>
<b>Liabilities:</b>			
Investment liabilities		(691)	–
<b>Creditors:</b>			
Distribution payable		(905)	(583)
Other creditors	11	(2,142)	(458)
<b>Total liabilities</b>		<b>(3,738)</b>	<b>(1,041)</b>
<b>Net assets attributable to shareholders</b>		<b>156,233</b>	<b>165,702</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 1 Accounting basis and policies

Please see pages 5 and 6 for accounting basis and policies.

There has been no changes to the financial position or financial performance of the Fund as a result of preparing these statements in accordance with SORP 2014 rather than SORP 2010.

### 2 Net capital (losses)/gains

	Year ended 28.02.16 £000	Year ended 28.02.15 £000
<b>Net capital (losses)/gains on investments during the year comprise:</b>		
Currency losses	(101)	(85)
Derivative contracts losses	(12)	(10)
Expenses relating to the purchase and sale of investments	(2)	(2)
Forward currency contracts (losses)/gains	(624)	223
Investment manager capital rebates *	71	173
Non-derivative securities (losses)/gains	(5,813)	11,975
<b>Net capital (losses)/gains **</b>	<b>(6,481)</b>	<b>12,274</b>

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

\*\* Total realised gains for the year were £11,924,000 (2015: £10,546,000) and the movement in unrealised (losses)/gains was £(18,405,000) (2015: £1,728,000). Included in realised gains for the year were unrealised gains/(losses) recognised in previous periods.

### 3 Revenue

	Year ended 28.02.16 £000	Year ended 28.02.15 £000
Bank and deposit interest	4	–
Franked components of dividend distributions	1,031	1,118
Interest distributions	487	569
Interest on debt securities	12	–
Interest on derivatives	89	–
Investment manager rebates*	196	173
Overseas dividends	–	19
Revenue from offshore funds	1,285	763
<b>Total revenue</b>	<b>3,104</b>	<b>2,642</b>

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

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**4 Expenses**

	Year ended 28.02.16 £000	Year ended 28.02.15 £000
<b>Payable to the Authorised Corporate Director ("ACD"), associates of the ACD or agents of either of them:</b>		
ACD's periodic charge	1,039	1,074
Registration fees	19	18
	1,058	1,092
<b>Payable to the Depositary, associates of the Depositary or agents of either of them:</b>		
Depositary's fee	22	20
Interest payable	2	–
Safe custody fee	14	29
	38	49
<b>Other expenses:</b>		
Audit fee*	10	10
Printing & postage expenses	2	4
Professional fees	–	2
Statement fees	6	5
	18	21
<b>Total expenses</b>	<b>1,114</b>	<b>1,162</b>

\* The audit fee was £8,741 (2015: £8,200) net of VAT.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**5 Taxation****a Analysis of tax charge**

	Year ended 28.02.16 £000	Year ended 28.02.15 £000
Corporation tax	175	56
Overseas tax suffered	59	–
<b>Total current tax (see note 5.b)</b>	<b>234</b>	<b>56</b>

**b Factors affecting current tax charge**

The tax assessed for the year is lower (2015: lower) than the standard rate of corporation tax in the UK for an Authorised Investment Fund (20%) (2015: 20%).

The differences are explained below:

	Year ended 28.02.16 £000	Year ended 28.02.15 £000
<b>Net revenue before taxation</b>	<b>1,990</b>	<b>1,480</b>
Corporation tax at 20%	398	296
<b>Effects of:</b>		
Movement in excess expenses	–	(21)
Overseas dividends not subject to corporation tax	(24)	(30)
Overseas tax suffered	59	–
Tax relief for overseas tax suffered	(7)	–
Tax relief on investment manager fee rebates	14	35
UK dividends not subject to corporation tax	(206)	(224)
	(164)	(240)
<b>Current tax charge (see note 5.a)</b>	<b>234</b>	<b>56</b>

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 (2015: £nil).

**6 Distributions**

	Year ended 28.02.16 £000	Year ended 28.02.15 £000
<b>The distributions take account of revenue received on the issue of shares and revenue deducted on the cancellation of shares, and comprise:</b>		
Interim distribution	822	833
Final distribution	948	605
	1,770	1,438
Add: Revenue deducted on cancellation of shares	58	69
Deduct: Revenue received on issue of shares	(56)	(48)
<b>Distributions</b>	<b>1,772</b>	<b>1,459</b>
<b>Reconciliation of distributions for the year to net revenue after taxation</b>		
Distributions for the year	1,772	1,459
Equalisation on conversions	(3)	–
Tax relief on capitalised ACD's periodic charge	(13)	(35)
<b>Net revenue after taxation</b>	<b>1,756</b>	<b>1,424</b>

Details of the distributions per share are set out in the distribution tables on page 49.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 7 Fair value hierarchy

Valuation technique	As at 28.02.16		As at 28.02.15	
	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Quoted prices for identical instruments in active markets	196	(86)	–	–
Prices of recent transactions for identical instruments	156,632	–	161,416	–
Valuation techniques using observable market data	24	(605)	223	–
<b>Total</b>	<b>156,852</b>	<b>(691)</b>	<b>161,639</b>	<b>–</b>

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:

**Quoted prices for identical instruments in active markets** – Quoted in an active market in this context means quoted prices are readily and regularly available and those prices represent actual and regularly occurring market transactions for the same financial instrument on an arm's length basis. For this purpose a quoted price is a price at which the party performing the fair value measurement can enter into a transaction. Therefore the price must be binding on the party providing the quote.

**Prices of recent transactions for identical instruments** – When quoted prices are unavailable, the price of a recent transaction for an identical instrument provides evidence of fair value as long as the transaction is orderly and there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place.

**Valuation techniques using observable market data** – Valuation techniques should maximise the use of observable market data, such as publicly available information about actual events or transactions, and minimise the use of non-observable data. Observable data should be observable for substantially the full term of the instrument.

**Valuation techniques using non-observable data** – Non-observable entity specific data should be used only where relevant observable market data is not available.

## 8 Debtors

	As at 28.02.16 £000	As at 28.02.15 £000
Accrued revenue	355	543
Accrued management fee rebates	192	–
Amounts receivable on issue of shares	480	99
Income tax recoverable	18	–
Sales awaiting settlement	1,423	–
<b>Total debtors</b>	<b>2,468</b>	<b>642</b>

## 9 Cash and bank balances

	As at 28.02.16 £000	As at 28.02.15 £000
Amounts held at futures clearing houses and brokers	227	–
Cash and bank balances	424	4,462
<b>Total cash and bank balances</b>	<b>651</b>	<b>4,462</b>

## 10 Cash equivalents

	As at 28.02.16 £000	As at 28.02.15 £000
Aviva Investors Sterling Liquidity Fund	15,000	–
<b>Total cash equivalents</b>	<b>15,000</b>	<b>–</b>

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**11 Other creditors**

	As at 28.02.16 £000	As at 28.02.15 £000
Accrued expenses	100	107
Amounts payable for cancellation of shares	173	295
Corporation tax payable	–	56
Overseas tax provision	7	–
Purchases awaiting settlement	1,862	–
<b>Total creditors</b>	<b>2,142</b>	<b>458</b>

**12 Contingent liabilities and commitments**

There were no contingent liabilities or commitments at the year end (2015: £nil).

**13 Related party transactions**

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 £76,000 (2015: £83,000). 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 £1,667,000 (2015: £1,373,000). The amount outstanding at the year end was £886,000 (2015: £553,000). 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.

All 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 £61,413,000 (2015: £8,979,000) and £32,751,000 (2015: £7,997,000) respectively. The income received during the year amounted to £554,000 (2015: £755,000).

	Holdings at 28.02.16 (shares)	Movement (shares)	Holdings at 28.02.15 (shares)
ACD and related parties (share class 1 Income shares)	9,605	(835,105)	844,710
ACD and related parties (share class 2 Income shares)	1,335,747	225,883	1,109,864
ACD and related parties (share class 2 Accumulation shares)	4,012,573	1,991,263	2,021,310
ACD and related parties (share class 3 Income shares)	98,816,496	(4,866,721)	103,683,217

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 pages 36 and 37. The distributions per share class are given in the distribution tables on page 49. All the share classes have the same rights on winding up.

**15 Shares in issue reconciliation**

	Number of shares in issue at 28.02.15	Number of shares issued	Number of shares cancelled	Number of shares converted	Number of shares in issue at 28.02.16
Share Class 1 Income	10,803,428	677,483	(1,378,295)	(2,934,349)	7,168,267
Share Class 2 Income	4,183,060	1,988,733	(1,445,392)	1,729,563	6,455,964
Share Class 2 Accumulation	4,047,028	3,917,710	(583,219)	–	7,381,519
Share Class 3 Income	103,683,217	5,605,814	(10,472,535)	–	98,816,496

## 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
<b>28.02.16</b>			
Barclays	(5)	–	(5)
Goldman Sachs	2	–	2
JP Morgan	(82)	196	114
Royal Bank of Canada	(27)	–	(27)
Standard Chartered	(234)	–	(234)
UBS	(235)	–	(235)
<b>Total</b>	<b>(581)</b>	<b>196</b>	<b>(385)</b>

	Forward currency contracts £000	Futures contracts £000	Total £000
<b>28.02.15</b>			
UBS	223	–	223
<b>Total</b>	<b>223</b>	<b>–</b>	<b>223</b>

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**

There is £nil (2015: £nil) collateral held on the above derivatives.

**17 Derivatives and other financial instruments**

The policies applied in the management of financial instruments are set out on page 6.

**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 (2015: £nil).

**Currency risk**

At the year end date, 6.01% (2015: (5.50%)) of the net assets of the Fund were denominated in currencies other than sterling and as such the currency risk is not considered significant.

Currency	Net foreign currency assets					
	Monetary exposure £000		Non monetary exposure £000		Total £000	
	28.02.16	28.02.15	28.02.16	28.02.15	28.02.16	28.02.15
Australian Dollar	1	–	196	–	197	–
Euro	–	–	(6,254)	(9,109)	(6,254)	(9,109)
Hong Kong Dollar	147	–	(74)	–	73	–
US Dollar	(951)	–	16,322	–	15,371	–



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

The interest rate profile of the Fund's financial assets and liabilities at 28 February 2016 was:

Currency 28.02.16	Floating Rate £000	Fixed Rate £000	None £000	Total £000
<b>Financial Assets</b>				
Sterling	15,424	–	134,448	149,872
Australian Dollar	5	–	196	201
Euro	–	–	1,002	1,002
Hong Kong Dollar	147	–	–	147
US Dollar	75	–	21,093	21,168
<b>Financial Liabilities</b>				
Sterling	–	–	(3,026)	(3,026)
Australian Dollar	–	–	(4)	(4)
Euro	–	–	(7,256)	(7,256)
Hong Kong Dollar	–	–	(74)	(74)
US Dollar	–	–	(5,797)	(5,797)
<b>Total</b>	<b>15,651</b>	<b>–</b>	<b>140,582</b>	<b>156,233</b>

The interest rate profile of the Fund's financial assets and liabilities at 28 February 2015 was:

Currency 28.02.15	Floating Rate £000	Fixed Rate £000	None £000	Total £000
<b>Financial Assets</b>				
Sterling	4,432	–	171,419	175,851
<b>Financial Liabilities</b>				
Sterling	–	–	(1,040)	(1,040)
Euro	–	–	(9,109)	(9,109)
<b>Total</b>	<b>4,432</b>	<b>–</b>	<b>161,270</b>	<b>165,702</b>

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 22.76% (2015: 30.54%) of the assets of the Fund were invested in CIS which predominantly invest in debt securities.

The interest rate risk is not considered significant.

**Market price risk**

At the year end date, 90.65% (2015: 97.42%) of the net assets of the Fund were invested in ordinary shares or stock units and admitted to an official stock exchange. If the market were to change by 10%, the value of the Fund will change by 9.07%.

## 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.

28.02.16	Principal before costs £000	Commissions £000	Taxes £000	Total after costs £000	Commissions as % of principal	Taxes as % of principal
<b>Purchases</b>						
Equities	(11,420)	(4)	–	(11,424)	0.04%	0.00%
Bonds	(26,700)	–	–	(26,700)	0.00%	0.00%
Funds	(83,549)	–	(8)	(83,557)	0.00%	0.01%
	<u>(121,669)</u>	<u>(4)</u>	<u>(8)</u>	<u>(121,681)</u>		
<b>Sales</b>						
Equities	7,044	(2)	–	7,042	0.03%	0.00%
Bonds	11,700	–	–	11,700	0.00%	0.00%
Funds	102,287	–	(115)	102,172	0.00%	0.11%
	<u>121,031</u>	<u>(2)</u>	<u>(115)</u>	<u>120,914</u>		
<b>Total</b>		<u>(6)</u>	<u>(123)</u>			
<b>Percentage of fund average net assets</b>		<u>0.00%</u>	<u>0.08%</u>			

28.02.15	Principal before costs £000	Commissions £000	Taxes £000	Total after costs £000	Commissions as % of principal	Taxes as % of principal
<b>Purchases</b>						
Equities	(5,595)	(2)	–	(5,597)	0.04%	0.00%
Funds	(73,625)	–	(25)	(73,650)	0.00%	0.03%
	<u>(79,220)</u>	<u>(2)</u>	<u>(25)</u>	<u>(79,247)</u>		
<b>Sales</b>						
Equities	14,942	(4)	–	14,938	0.03%	0.00%
Funds	69,657	–	(13)	69,644	0.00%	0.02%
	<u>84,599</u>	<u>(4)</u>	<u>(13)</u>	<u>84,582</u>		
<b>Total</b>		<u>(6)</u>	<u>(38)</u>			
<b>Percentage of fund average net assets</b>		<u>0.01%</u>	<u>0.02%</u>			

**Dealing spread**

As at 28 February 2016, the average portfolio dealing spread was 0.07% (2015: 0.09%). 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 (2015: nil).

## DISTRIBUTION TABLES

## Final distribution payable in pence per share for the six months ended 28 February 2016

Income shares		Net revenue	Equalisation	Final distribution payable 30 April 2016	Final distribution paid 30 April 2015
Share Class 1	Group 1	0.1480	–	0.1480	0.2239
	Group 2	0.0000	0.1480	0.1480	0.2239
Share Class 2	Group 1	0.6161	–	0.6161	0.5964
	Group 2	0.1746	0.4415	0.6161	0.5964
Share Class 3	Group 1	0.8644	–	0.8644	0.5145
	Group 2	0.1970	0.6674	0.8644	0.5145

Accumulation shares		Net revenue	Equalisation	Final distribution payable 30 April 2016	Final distribution paid 30 April 2015
Share Class 2	Group 1	0.5951	–	0.5951	0.5626
	Group 2	0.1492	0.4459	0.5951	0.5626

**Final distribution**

Group 1 shares are those shares purchased at or before 9am on 31 August 2015.

Group 2 shares are those shares purchased after 9am on 31 August 2015.

## Interim distribution paid in pence per share for the six months ended 31 August 2015

Income shares		Net revenue	Equalisation	Interim distribution paid 31 October 2015	Interim distribution paid 31 October 2014
Share Class 1	Group 1	0.0978	–	0.0978	0.0000
	Group 2	0.0104	0.0874	0.0978	0.0000
Share Class 2	Group 1	0.5277	–	0.5277	0.2650
	Group 2	0.1447	0.3830	0.5277	0.2650
Share Class 3	Group 1	0.7686	–	0.7686	0.7540
	Group 2	0.4022	0.3664	0.7686	0.7540

Accumulation shares		Net revenue	Equalisation	Interim distribution paid 31 October 2015	Interim distribution paid 31 October 2014
Share Class 2	Group 1	0.5075	–	0.5075	0.2520
	Group 2	0.1821	0.3254	0.5075	0.2520

**Interim distribution**

Group 1 shares are those shares purchased at or before 9am on 28 February 2015.

Group 2 shares are those shares purchased after 9am on 28 February 2015.

**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

Over the twelve months ended 28 February 2016, the Fund (share class 1) delivered a total return of -1.40%\* as exposure to equities and high-yield bonds, along with currency hedges, detracted from performance, outweighing the impact of positive returns from the Fund's holdings in government bonds.

Global equities endured a turbulent year, riding up to record highs in the spring before subsequently plunging, undermined by both mounting worries over China's economy and the prospect of a US interest rate hike. The MSCI World Index returned -9.17% in local currencies, or -0.74% in sterling as the pound fell sharply.

Asian and emerging equity markets led the decline as a stronger US dollar and mounting concern over the health of the Chinese economy encouraged international investors to reduce allocations to both regions. After a bright start, European markets fell as investors became preoccupied first with the risk of Greece defaulting and then with uncertainties facing the global economy and US monetary policy. European markets fell further at the end of the review period, as the European Central Bank's decision to ease monetary policy in December left investors distinctly underwhelmed.

Government bonds rose as investor appetite for safe-haven assets increased amid continuing financial market turmoil and as investors bet that interest rates would stay lower for longer.

Corporate bonds registered negative returns, with credit spreads widening appreciably as markets shunned riskier assets amid indications the global economy was struggling to maintain momentum.

### Outlook

Despite the recent slide in share prices, the global economic picture is reasonable, monetary conditions loose and inflation stable, all of which are supportive for equities. There are risks to this view, for example, a global recession driven by the US or China. However, this is not our central view. Consequently, shares look attractive for long-term investors prepared to tolerate short-term volatility.

Sovereign bonds have benefited from the recent slide in riskier asset classes. But the danger is that this pessimism clears and that inflation begins to surprise on the upside.

Following substantial research we have adjusted our investment process and as a result now group assets into 'growth', 'defensive' or 'uncorrelated'. So, the Fund will shortly treat equities, global high-yield bonds and emerging-market debt as growth assets; sovereign bonds, investment-grade corporate bonds and cash as defensive assets; and absolute return and property investments as uncorrelated assets.

### April 2016

\* Fund performance figures – share class 1, source Lipper, net of fees, net income reinvested in GBP, as at 28 February 2016.

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.

## AVIVA INVESTORS MULTI-ASSET FUND I (CONTINUED)

## Material Portfolio Changes

Purchases	Sales
Aviva Investors Liquidity Funds Class 3, Income shares, GBP	Aviva Investors Liquidity Funds Class 3, Income shares, GBP
Aviva Investors Global High Yield Bond Fund Class Ih, Accumulation shares, GBP	Aviva Investors Global High Yield Bond Fund Class Ih, Accumulation shares, GBP
Aviva Investors Global Investment Grade Corporate Bond Fund Class Zyh, Accumulation shares, GBP	Aviva Investors Multi-Strategy Target Return Fund Class 5, Accumulation shares, GBP
Aviva Investors Multi-Strategy Target Return Fund Class 8, Accumulation shares, GBP	Aviva Investors Global Aggregate Bond Fund Class Zh, Accumulation shares, GBP
Aviva Investors Multi-Strategy Target Return Fund Class 5, Accumulation shares GBP	Aviva Investors Multi-Strategy Target Income Fund Class 5, Income shares, GBP
BlackRock North American Equity Tracker Fund Class L Accumulating GBP	JPM Global Corporate Bond Fund Class C, Income shares, GBP hedged
Aviva Investors Multi-Strategy Target Income Fund Class 8, Income shares, GBP	Insight LIBOR Plus Fund Class B
Aviva Investors Multi-Strategy Target Income Fund Class 5, Income shares, GBP	Aviva Investors Emerging Markets Bond Fund Class Zh, Accumulation shares, GBP
US Treasury Inflation Indexed 0.63% 15/01/2026	M&G European Loan Fund Class C
Aviva Investors Emerging Markets Bond Fund Class Zh, Accumulation shares, GBP	BlackRock North American Equity Tracker Fund Class L Accumulating GBP

## Synthetic Risk and Reward Indicator



The Fund has been allocated a risk number based on the higher of the historic volatility of its share price, the historic volatility of its current asset classes or its intended maximum risk levels.

- This indicator is based on historical data, calculated using European Union rules, and may not be a reliable indication of the future risk profile of the Fund.
- The risk and reward category shown is not guaranteed to remain unchanged and may change over time. The lowest category does not mean 'risk free'.
- Bond values are affected by changes in interest rates, and the bond issuer's creditworthiness. Bonds that produce a higher level of income usually have a greater risk of default.
- An investment in shares of other funds will assume any specific risks associated with those funds. Unregulated funds carry higher risk as they have less rules governing them.
- Full information on the risks applicable to the Fund is detailed in the Prospectus.

## COMPARATIVE TABLES

Class 1 Accumulation	2016 p per share	2015 p per share	2014 p per share
<b>Change in net assets per share</b>			
Opening net asset value per share	115.30	106.41	103.99
Return before operating charges <sup>†</sup>	0.02	10.69	4.35
Operating charges	(1.65)	(1.80)	(1.93)
Return after operating charges <sup>†</sup>	(1.63)	8.89	2.42
Distributions on income shares	–	–	–
Closing net asset value per share	113.67	115.30	106.41
Retained distributions on accumulation shares	0.01	0.35	–
<sup>†</sup> after direct transaction costs of	–	–	–
<b>Performance</b>			
Return after charges	(1.41)%	8.35%	2.33%
<b>Other information</b>			
Closing net asset value (£000)	1,795	1,667	4,453
Closing number of shares	1,578,943	1,446,208	4,183,991
Operating charges (%) <sup>†</sup>	1.45%	1.63%	1.84%
Direct transaction costs (%) <sup>#</sup>	0.00%	0.00%	0.00%
<b>Prices*</b>			
Highest share price	117.90	115.32	106.42
Lowest share price	111.09	106.13	102.60

Class 4 Accumulation	2016 p per share	2015 p per share	2014 p per share
<b>Change in net assets per share</b>			
Opening net asset value per share	116.78	107.41	104.40
Return before operating charges <sup>†</sup>	(0.13)	10.63	4.43
Operating charges	(1.08)	(1.26)	(1.42)
Return after operating charges <sup>†</sup>	(1.21)	9.37	3.01
Distributions on income shares	–	–	–
Closing net asset value per share	115.57	116.78	107.41
Retained distributions on accumulation shares	0.41	0.74	0.04
<sup>†</sup> after direct transaction costs of	–	–	–
<b>Performance</b>			
Return after charges	(1.04)%	8.72%	2.88%
<b>Other information</b>			
Closing net asset value (£000)	10,316	161	113
Closing number of shares	8,926,276	137,747	105,425
Operating charges (%) <sup>†</sup>	0.94%	1.13%	1.34%
Direct transaction costs (%) <sup>#</sup>	0.00%	0.00%	0.00%
<b>Prices*</b>			
Highest share price	119.49	116.80	107.42
Lowest share price	112.80	107.14	103.20

Class 3 Accumulation	2016 p per share	2015 p per share	2014 p per share
<b>Change in net assets per share</b>			
Opening net asset value per share	117.91	108.16	104.75
Return before operating charges <sup>†</sup>	(0.14)	10.62	4.46
Operating charges	(0.87)	(0.87)	(1.05)
Return after operating charges <sup>†</sup>	(1.01)	9.75	3.41
Distributions on income shares	–	–	–
Closing net asset value per share	116.90	117.91	108.16
Retained distributions on accumulation shares	0.64	1.04	0.29
<sup>†</sup> after direct transaction costs of	–	–	–
<b>Performance</b>			
Return after charges	(0.86)%	9.01%	3.26%
<b>Other information</b>			
Closing net asset value (£000)	27,293	13,161	14,423
Closing number of shares	23,346,360	11,161,910	13,334,880
Operating charges (%) <sup>†</sup>	0.74%	0.78%	0.99%
Direct transaction costs (%) <sup>#</sup>	0.00%	0.00%	0.00%
<b>Prices*</b>			
Highest share price	120.69	117.93	108.18
Lowest share price	114.01	107.89	103.70

Class R3 Accumulation	2016 p per share	2015 p per share	2014 p per share
<b>Change in net assets per share</b>			
Opening net asset value per share	115.62	106.15	102.95
Return before operating charges <sup>†</sup>	(0.16)	10.45	4.34
Operating charges	(0.80)	(0.98)	(1.14)
Return after operating charges <sup>†</sup>	(0.96)	9.47	3.20
Distributions on income shares	–	–	–
Closing net asset value per share	114.66	115.62	106.15
Retained distributions on accumulation shares	0.66	0.92	0.24
<sup>†</sup> after direct transaction costs of	–	–	–
<b>Performance</b>			
Return after charges	(0.83)%	8.92%	3.11%
<b>Other information</b>			
Closing net asset value (£000)	26,944	13,494	2,731
Closing number of shares	23,498,243	11,671,124	2,573,114
Operating charges (%) <sup>†</sup>	0.70%	0.88%	1.09%
Direct transaction costs (%) <sup>#</sup>	0.00%	0.00%	0.00%
<b>Prices*</b>			
Highest share price	118.34	115.63	106.17
Lowest share price	111.80	105.89	101.80

## COMPARATIVE TABLES (CONTINUED)

	2016	2015*	2014
Class 9 Accumulation	p per share	p per share	p per share
<b>Change in net assets per share</b>			
Opening net asset value per share (at launch)	100.85	100.00	–
Return before operating charges <sup>‡</sup>	(0.18)	1.20	–
Operating charges	(0.35)	(0.35)	–
Return after operating charges <sup>‡</sup>	(0.53)	0.85	–
Distributions on income shares	–	–	–
Closing net asset value per share	100.32	100.85	–
Retained distributions on accumulation shares	0.86	–	–
† after direct transaction costs of	–	–	–
<b>Performance</b>			
Return after charges	(0.53)%	0.85%	–
<b>Other information</b>			
Closing net asset value (£000)	76	77	–
Closing number of shares	76,000	76,000	–
Operating charges (%) <sup>‡</sup>	0.35%	0.35%	–
Direct transaction costs (%) <sup>#</sup>	0.00%	0.00%	–
<b>Prices<sup>≈</sup></b>			
Highest share price (xx)	103.28	100.86	–
Lowest share price (xx)	97.68	99.89	–

\* From 9 February 2015 (date of launch) to 28 February 2015.

‡ 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.

**Ongoing Charges Figure\***

Share class	28.02.16	28.02.15
Class 1	1.45%	1.63%
Class 3	0.75%	0.78%
Class 4	0.95%	1.13%
Class R3	0.70%	0.88%
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 0.19% (2015: 0.19%) 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.

On 1 April 2015, the Annual Management Charges of share classes 1, 4 and R3 were reduced by 0.15%.

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 2016

Investment	Currency	Holding	Market Value £000	% of Net Assets
<b>Collective Investment Schemes 69.09% (84.03%)</b>				
<b>Ireland 0.00% (12.28%)</b>				
<b>Luxembourg 18.47% (32.81%)</b>				
Aviva Investors Emerging Markets Local Currency Bond Fund Class Ia, Income shares, GBP+	GBP	11,970	1,008	1.52
Aviva Investors Global High Yield Bond Fund Class Ih, Accumulation shares, GBP+	GBP	8,349	998	1.5
Aviva Investors Global Investment Grade Corporate Bond Fund Class Zyh, Accumulation shares, GBP+	GBP	10,135	10,264	15.45
			<b>12,270</b>	<b>18.47</b>
<b>United Kingdom 50.62% (38.94%)</b>				
Aviva Investors Emerging Markets Equity Income Fund Class Zy, Accumulation shares, GBP+	GBP	1,670	1,661	2.5
Aviva Investors Multi-Strategy Target Income Fund Class 5, Income shares, GBP+	GBP	63	–	–
Aviva Investors Multi-Strategy Target Return Fund Class 8, Accumulation shares, GBP+	GBP	7,850,385	8,686	13.08
Aviva Investors Multi-Strategy Target Income Fund Class 8, Income shares, GBP+	GBP	3,446,977	3,516	5.29
Aviva Investors Multi-Strategy Target Return Fund Class 3, Accumulation shares, GBP+	GBP	2,974,504	3,295	4.96
Aviva Investors Property Trust Class 1, Accumulation units, GBP+	GBP	1,697,485	2,863	4.31
Aviva Investors UK Index Tracking Fund Class 3, Accumulation shares, GBP+	GBP	517,855	961	1.45
BlackRock Continental European Equity Tracker Fund Class L Accumulating GBP	GBP	2,060,788	3,553	5.35
BlackRock Japan Equity Tracker Fund Class L Accumulating GBP	GBP	1,424,884	2,170	3.27
BlackRock North American Equity Tracker Fund Class L Accumulating GBP	GBP	2,842,477	6,523	9.82
BlackRock Pacific ex Japan Equity Tracker Fund Class L Accumulating GBP	GBP	191,965	396	0.59
			<b>33,624</b>	<b>50.62</b>
<b>Collective Investment Schemes total</b>			<b>45,894</b>	<b>69.09</b>
<b>Government Bonds 6.84% (0.00%)</b>				
<b>United States of America 6.84% (0.00%)</b>				
US Treasury Inflation Indexed 0.63% 15/01/2026	USD	6,199,800	4,539	6.84
			<b>4,539</b>	<b>6.84</b>
<b>Government Bonds total</b>			<b>4,539</b>	<b>6.84</b>
<b>Forward Currency Contracts (0.42)% (0.37%)</b>				
Buy EUR 206,152 sell GBP 157,780 dated 23/03/2016			4	–
Buy GBP 1,021,443 sell EUR 1,386,450 dated 23/03/2016			(68)	(0.10)
Buy GBP 1,140,860 sell JPY 202,469,858 dated 23/03/2016			(138)	(0.20)
Buy GBP 4,137,100 sell USD 5,900,543 dated 23/03/2016			(88)	(0.13)
Buy JPY 34,538,402 sell GBP 206,596 dated 23/03/2016			12	0.01
<b>Forward Currency Contracts total</b>			<b>(278)</b>	<b>(0.42)</b>
<b>Futures 0.11% (0.12%)</b>				
Australia 10 Year Bond 15/03/2016	AUD	68	147	0.21
EURO STOXX 50 Index 18/03/2016	EUR	18	(35)	(0.05)
Hang Seng Index 30/03/2016	HKD	2	(27)	(0.04)
US 10 Year Note 21/06/2016	USD	48	(6)	(0.01)
<b>Futures total</b>			<b>79</b>	<b>0.11</b>
<b>Liquidity Funds 21.23% (10.85%)<sup>1</sup></b>				
Aviva Investors Sterling Liquidity Fund Class 3, Income shares, GBP+	GBP	14,100,000	14,100	21.23
<b>Liquidity Funds total</b>			<b>14,100</b>	<b>21.23</b>
Investment assets <sup>2</sup>			64,334	96.85
Net other assets			2,090	3.15
<b>Net assets</b>			<b>66,424</b>	<b>100.00</b>

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 2015.

+ Investment managed by a related party.

<sup>1</sup> Cash Equivalents

<sup>2</sup> Includes cash Equivalents



## STATEMENT OF TOTAL RETURN

### For the year ended 28 February 2016

	Notes	£000	Year ended 28.02.16 £000	£000	Year ended 28.02.15 £000
Income					
Net capital (losses)/gains	2		(560)		1,844
Revenue	3	580		373	
Expenses					
Net revenue before taxation	4	(294)		(175)	
Taxation	5	(24)		(13)	
Net revenue after taxation					
			262		185
<b>Total return before distributions</b>			<b>(298)</b>		<b>2,029</b>
Distributions	6		(264)		(184)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>(562)</b>		<b>1,845</b>

## STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

### For the year ended 28 February 2016

	£000	Year ended 28.02.16 £000	£000	Year ended 28.02.15 £000
<b>Opening net assets attributable to shareholders</b>		<b>28,560</b>		<b>21,720</b>
Movement due to issue and cancellation of shares:				
Amounts receivable on issue of shares	43,056		4,846	
Amounts payable on cancellation of shares	(4,952)		(51)	
		38,104		4,795
Stamp duty reserve tax		–		(7)
Change in net assets attributable to shareholders from investment activities (see above)		(562)		1,845
Retained distribution on accumulation shares		322		207
<b>Closing net assets attributable to shareholders</b>		<b>66,424</b>		<b>28,560</b>

## BALANCE SHEET

As at 28 February 2016

	Notes	As at 28.02.16 £000	As at 28.02.15 £000
<b>Assets:</b>			
Investments		50,596	24,175
<b>Current assets:</b>			
Debtors	8	1,437	322
Cash and bank balances	9	1,025	1,185
Cash equivalents	10	14,100	3,100
<b>Total assets</b>		<b>67,158</b>	<b>28,782</b>
<b>Liabilities:</b>			
Investment liabilities		(362)	(37)
<b>Creditors:</b>			
Other creditors	11	(372)	(185)
<b>Total liabilities</b>		<b>(734)</b>	<b>(222)</b>
<b>Net assets attributable to shareholders</b>		<b>66,424</b>	<b>28,560</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 1 Accounting basis and policies

Please see pages 5 and 6 for accounting basis and policies.

There has been no changes to the financial position or financial performance of the Fund as a result of preparing these statements in accordance with SORP 2014 rather than SORP 2010.

### 2 Net capital (losses)/gains

	Year ended 28.02.16 £000	Year ended 28.02.15 £000
<b>Net capital (losses)/gains on investments during the year comprise:</b>		
Currency gains/(losses)	40	(35)
Derivative contracts gains	34	34
Expenses relating to the purchase and sale of investments	(7)	(2)
Forward currency contracts (losses)/gains	(332)	210
Non-derivative securities (losses)/gains	(295)	1,637
<b>Net capital (losses)/gains*</b>	<b>(560)</b>	<b>1,844</b>

\* Total realised gains for the year were £275,000 (2015: £698,000) and the movement in unrealised (losses)/gains was £(835,000) (2015: £1,146,000). Included in realised gains for the year were unrealised gains recognised in previous periods.

### 3 Revenue

	Year ended 28.02.16 £000	Year ended 28.02.15 £000
Bank and deposit interest	20	2
Franked components of dividend distributions	167	103
Interest distributions	–	70
Interest on debt securities	23	1
Income from derivatives	84	1
Investment manager rebates*	96	56
Overseas dividends	5	–
Revenue from offshore funds	64	110
Unfranked components of dividend distributions	121	30
<b>Total revenue</b>	<b>580</b>	<b>373</b>

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

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**4 Expenses**

	Year ended 28.02.16 £000	Year ended 28.02.15 £000
<b>Payable to the Authorised Corporate Director ("ACD"), associates of the ACD or agents of either of them:</b>		
ACD's periodic charge	241	145
Registration fees	29	10
	270	155
<b>Payable to the Depositary, associates of the Depositary or agents of either of them:</b>		
Depositary's fee	7	3
Interest payable	1	–
Safe custody fee	4	4
	12	7
<b>Other expenses:</b>		
Audit fee*	10	11
Printing & postage expenses	1	1
Statement fees	1	1
	12	13
<b>Total expenses</b>	<b>294</b>	<b>175</b>

\* The audit fee was £9,050 (2015: £8,508) net of VAT.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**5 Taxation****a Analysis of tax charge**

	Year ended 28.02.16 £000	Year ended 28.02.15 £000
Corporation tax	21	13
Overseas tax suffered	3	–
<b>Total current tax (see note 5.b)</b>	<b>24</b>	<b>13</b>

**b Factors affecting current tax charge**

The tax assessed for the year is lower (2015: lower) than the standard rate of corporation tax in the UK for an Authorised Investment Fund (20%) (2015: 20%).

The differences are explained below:

	Year ended 28.02.16 £000	Year ended 28.02.15 £000
<b>Net revenue before taxation</b>	<b>286</b>	<b>198</b>
Corporation tax at 20%	57	40
<b>Effects of:</b>		
Double taxation relief	(3)	–
Franked distributions not subject to corporation tax	(33)	(20)
Movement in excess expenses	–	(7)
Overseas tax suffered	3	–
	(33)	(27)
<b>Current tax charge (see note 5.a)</b>	<b>24</b>	<b>13</b>

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 (2015: £nil).

**6 Distributions**

	Year ended 28.02.16 £000	Year ended 28.02.15 £000
<b>The distributions take account of revenue received on the issue of shares and revenue deducted on the cancellation of shares, and comprise:</b>		
Interim distribution	75	63
Final distribution	247	144
	322	207
Add: Revenue deducted on cancellation of shares	10	–
Deduct: Revenue received on issue of shares	(68)	(23)
<b>Distributions</b>	<b>264</b>	<b>184</b>
<b>Reconciliation of distributions for the year to net revenue after taxation</b>		
Distributions for the year	264	184
Equalisation on conversions	(2)	1
<b>Net revenue after taxation</b>	<b>262</b>	<b>185</b>

Details of the distributions per share are set out in the distribution tables on page 65.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 7 Fair value hierarchy

Valuation technique	As at 28.02.16		As at 28.02.15	
	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Quoted prices for identical instruments in active markets	147	(68)	36	(1)
Prices of recent transactions for identical instruments	59,994	–	23,998	–
Valuation techniques using observable market data	4,555	(294)	141	(36)
<b>Total</b>	<b>64,696</b>	<b>(362)</b>	<b>24,175</b>	<b>(37)</b>

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:

**Quoted prices for identical instruments in active markets** – Quoted in an active market in this context means quoted prices are readily and regularly available and those prices represent actual and regularly occurring market transactions for the same financial instrument on an arm's length basis. For this purpose a quoted price is a price at which the party performing the fair value measurement can enter into a transaction. Therefore the price must be binding on the party providing the quote.

**Prices of recent transactions for identical instruments** – When quoted prices are unavailable, the price of a recent transaction for an identical instrument provides evidence of fair value as long as the transaction is orderly and there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place.

**Valuation techniques using observable market data** – Valuation techniques should maximise the use of observable market data, such as publicly available information about actual events or transactions, and minimise the use of non-observable data. Observable data should be observable for substantially the full term of the instrument.

**Valuation techniques using non-observable data** – Non-observable entity specific data should be used only where relevant observable market data is not available.

## 8 Debtors

	As at 28.02.16 £000	As at 28.02.15 £000
Accrued revenue	26	1
Amounts receivable on issue of shares	164	320
Income tax recoverable	38	1
Sales awaiting settlement	1,209	–
<b>Total debtors</b>	<b>1,437</b>	<b>322</b>

## 9 Cash and bank balances

	As at 28.02.16 £000	As at 28.02.15 £000
Amounts held at futures clearing houses and brokers	266	126
Cash and bank balances	759	1,059
<b>Total cash and bank balances</b>	<b>1,025</b>	<b>1,185</b>

## 10 Cash equivalents

	As at 28.02.16 £000	As at 28.02.15 £000
Aviva Investors Sterling Liquidity Fund	14,100	3,100
<b>Total cash equivalents</b>	<b>14,100</b>	<b>3,100</b>

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**11 Other creditors**

	As at 28.02.16 £000	As at 28.02.15 £000
Accrued expenses	41	28
Amounts payable for cancellation of shares	32	–
Corporation tax payable	27	–
Overseas tax provision	2	–
Purchases awaiting settlement	270	157
<b>Total creditors</b>	<b>372</b>	<b>185</b>

**12 Contingent liabilities and commitments**

There were no contingent liabilities or commitments at the year end (2015: £nil).

**13 Related party transactions**

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 £24,000 (2015: £11,000). 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 £215,000 (2015: £159,000). The amount outstanding at the year end was £162,000 (2015: £107,000). 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.

All 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 £81,127,000 (2015: £18,983,000) and £46,495,000 (2015: £15,504,000) respectively. The income received during the year amounted to £179,000 (2015: £33,000).

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

	Holdings at 28.02.16 (shares)	Movement (shares)	Holdings at 28.02.15 (shares)
ACD and related parties (share class 1 Accumulation shares)	–	(875)	875
ACD and related parties (share class 3 Accumulation shares)	23,346,360	12,184,450	11,161,910
ACD and related parties (share class R3 Accumulation shares)	12,160,728	5,767,456	6,393,272
ACD and related parties (share class 9 Accumulation shares)	76,000	–	76,000

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%

On 1 April 2015, the Annual Management Charges of share classes 1, 4 and R3 were reduced by 0.15%

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 52 and 53. The distributions per share class are given in the distribution tables on page 65. 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 28.02.15	Number of shares issued	Number of shares cancelled	Number of shares converted	Number of shares in issue at 28.02.16
Share Class 1	1,446,208	701,894	(84,305)	(484,854)	1,578,943
Share Class 3	11,161,910	13,963,847	(1,779,397)	–	23,346,360
Share Class 4	137,747	10,420,334	(1,631,805)	–	8,926,276
Share Class R3	11,671,124	12,151,977	(805,995)	481,137	23,498,243
Share Class 9	76,000	–	–	–	76,000

## 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
<b>28.02.16</b>			
Barclays	(62)	–	(62)
Goldman Sachs	3	–	3
JP Morgan	(1)	147	146
Morgan Stanley	(25)	–	(25)
Nomura	(5)	–	(5)
Royal Bank of Canada	(47)	–	(47)
Standard Chartered	(32)	–	(32)
UBS	(109)	–	(109)
<b>Total</b>	<b>(278)</b>	<b>147</b>	<b>(131)</b>

	Forward currency contracts £000	Futures contracts £000	Total £000
<b>28.02.15</b>			
JP Morgan	10	19	29
Morgan Stanley	(1)	–	(1)
Nomura	1	–	1
Standard Chartered	129	–	129
Société Générale	(34)	–	(34)
UBS	–	17	17
<b>Total</b>	<b>105</b>	<b>36</b>	<b>141</b>

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

There is £nil (2015: £nil) collateral held on the above derivatives.



## 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 page 6.

**Currency risk**

At the year end date, (2.00)% (2015: (1.72)%) of the net assets of the Fund were denominated in currencies other than sterling and as such the currency risk is not considered significant.

**Interest rate risk**

The interest rate profile of the Fund's financial assets and liabilities at 28 February 2016 was:

Currency 28.02.16	Floating Rate £000	Fixed Rate £000	None £000	Total £000
<b>Financial Assets</b>				
Sterling	14,859	–	53,628	68,487
Australian Dollar	37	–	147	184
Euro	110	–	162	272
Hong Kong Dollar	49	–	–	49
Japanese Yen	–	–	218	218
US Dollar	70	–	4,542	4,612
<b>Financial Liabilities</b>				
Sterling	–	–	(734)	(734)
Australian Dollar	–	–	(2)	(2)
Euro	–	–	(1,125)	(1,125)
Hong Kong Dollar	–	–	(27)	(27)
Japanese Yen	–	–	(1,279)	(1,279)
US Dollar	–	–	(4,231)	(4,231)
<b>Total</b>	<b>15,125</b>	<b>–</b>	<b>51,299</b>	<b>66,424</b>

The interest rate profile of the Fund's financial assets and liabilities at 28 February 2015 was:

Currency 28.02.15	Floating Rate £000	Fixed Rate £000	None £000	Total £000
<b>Financial Assets</b>				
Sterling	4,159	–	26,194	30,353
Euro	111	–	1,117	1,228
Hong Kong Dollar	15	–	–	15
<b>Financial Liabilities</b>				
Sterling	–	–	(1,301)	(1,301)
Euro	–	–	(1,505)	(1,505)
Hong Kong Dollar	–	–	(1)	(1)
Japanese Yen	–	–	(229)	(229)
<b>Total</b>	<b>4,285</b>	<b>–</b>	<b>24,275</b>	<b>28,560</b>

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 18.47% (2015: 45.09%) of the assets of the Fund were invested in CIS which predominantly invest in debt securities.

The interest rate risk is not considered significant.

**Market price risk**

At the year end date, 75.93% (2015: 84.03%) of the net assets of the Fund were invested in ordinary shares or stock units and admitted to an official stock exchange. If the market were to change by 10%, the value of the Fund will change by 7.59%.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### **18 Direct transaction costs**

Due to the nature of the investments held, no transaction costs or taxes were incurred on the Fund's purchases or sales during the current year ended 28 February 2016 (2015: £nil). The total purchases for the year amounted to £101,630,000 (2015: £24,150,000) and the total sales amounted to £60,808,000 (2015: £22,905,000).

### **Dealing spread**

As at 28 February 2016, the average portfolio dealing spread was 0.04% (2015: 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.

### **19 Post balance sheet events**

There are no post balance sheet events which require adjustment or disclosure at the year end (2015: nil).

## DISTRIBUTION TABLES

## Final distribution payable in pence per share for the six months ended 28 February 2016

Accumulation shares		Net revenue	Equalisation	Final distribution payable 30 April 2016	Final distribution paid 30 April 2015
Share Class 1	Group 1	0.0067	–	0.0067	0.3525
	Group 2	0.0000	0.0067	0.0067	0.3525
Share Class 3	Group 1	0.4505	–	0.4505	0.6307
	Group 2	0.1451	0.3054	0.4505	0.6307
Share Class 4	Group 1	0.3558	–	0.3558	0.6051
	Group 2	0.0431	0.3127	0.3558	0.6051
Share Class R3	Group 1	0.4646	–	0.4646	0.5775
	Group 2	0.1163	0.3483	0.4646	0.5775
Share Class 9	Group 1	0.5378	–	0.5378	0.0000
	Group 2	0.1485	0.3893	0.5378	0.0000

**Final distribution**

Group 1 shares are those shares purchased at or before 2pm on 31 August 2015.

Group 2 shares are those shares purchased after 2pm on 31 August 2015.

## Interim distribution paid in pence per share for the six months ended 31 August 2015

Accumulation shares		Net revenue	Equalisation	Interim distribution paid 31 October 2015	Interim distribution paid 31 October 2014
Share Class 1	Group 1	0.0000	–	0.0000	0.0000
	Group 2	0.0000	0.0000	0.0000	0.0000
Share Class 3	Group 1	0.1877	–	0.1877	0.4046
	Group 2	0.0602	0.1275	0.1877	0.4046
Share Class 4	Group 1	0.0576	–	0.0576	0.1379
	Group 2	0.0000	0.0576	0.0576	0.1379
Share Class R3	Group 1	0.1955	–	0.1955	0.3447
	Group 2	0.0675	0.1280	0.1955	0.3447
Share Class 9	Group 1	0.3228	–	0.3228	0.0000
	Group 2	0.0013	0.3215	0.3228	0.0000

**Interim distribution**

Group 1 shares are those shares purchased at or before 2pm on 28 February 2015.

Group 2 shares are those shares purchased after 2pm on 28 February 2015.

**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

Over the twelve months ended 28 February 2016, the Fund (share class 1) delivered a total return of -2.12%\* as exposure to equities and high-yield bonds, along with currency hedges, detracted from performance, outweighing the impact of positive returns from the Fund's holdings in government bonds.

Global equities endured a turbulent year, riding up to record highs in the spring before subsequently plunging, undermined by both mounting worries over China's economy and the prospect of a US interest rate hike. The MSCI World Index returned -9.17% in local currencies, or -0.74% in sterling as the pound fell sharply.

Asian and emerging equity markets led the decline as a stronger US dollar and mounting concern over the health of the Chinese economy encouraged international investors to reduce allocations to both regions. After a bright start, European markets fell as investors became preoccupied first with the risk of Greece defaulting and then with uncertainties facing the global economy and US monetary policy. European markets fell further at the end of the review period, as the European Central Bank's decision to ease monetary policy in December left investors distinctly underwhelmed.

Government bonds rose as investor appetite for safe-haven assets increased amid continuing financial market turmoil and as investors bet that interest rates would stay lower for longer.

Corporate bonds registered negative returns, with credit spreads widening appreciably as markets shunned riskier assets amid indications the global economy was struggling to maintain momentum.

### Outlook

Despite the recent slide in share prices, the global economic picture is reasonable, monetary conditions loose and inflation stable, all of which are supportive for equities. There are risks to this view, for example, a global recession driven by the US or China. However, this is not our central view. Consequently, shares look attractive for long-term investors prepared to tolerate short-term volatility.

Sovereign bonds have benefited from the recent slide in riskier asset classes. But the danger is that this pessimism clears and that inflation begins to surprise on the upside.

Following substantial research we have adjusted our investment process and as a result now group assets into 'growth', 'defensive' or 'uncorrelated'. So, the Fund will shortly treat equities, global high-yield bonds and emerging-market debt as growth assets; sovereign bonds, investment-grade corporate bonds and cash as defensive assets; and absolute return and property investments as uncorrelated assets.

### April 2016

\* Fund performance figures – share class 1, source Lipper, net of fees, net income reinvested in GBP, as at 28 February 2016.

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.

## AVIVA INVESTORS MULTI-ASSET FUND II (CONTINUED)

**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
BlackRock North American Equity Tracker Fund Class L Accumulating GBP	BlackRock North American Equity Tracker Fund Class L Accumulating GBP
Aviva Investors Global Investment Grade Corporate Bond Fund Class Zyh, Accumulation shares, GBP	Aviva Investors Global High Yield Bond Fund Class Ih, Accumulation shares, GBP
Aviva Investors Global High Yield Bond Fund Class Ih, Accumulation shares, GBP	Aviva Investors Multi-Strategy Target Return Fund Class 5, Accumulation Shares, GBP
Aviva Investors Multi-Strategy Target Income Fund Class 8, Accumulation shares, GBP	Aviva Investors Multi-Strategy Target Income Fund Class 5, Income shares, GBP
Aviva Investors Multi-Strategy Target Return Fund Class 5, Accumulation Shares, GBP	Aviva Investors Global Aggregate Bond Fund Class Zh, Accumulation Shares, GBP
Aviva Investors Multi-Strategy Target Income Fund Class 8, Income shares, GBP	JPM Global Corporate Bond Fund Class C, Distribution Shares, GBP
BlackRock Continental European Equity Tracker Fund Class L Accumulating GBP	BlackRock Emerging Markets Equity Tracker Fund Class L Accumulation GBP
Aviva Investors Multi-Strategy Target Income Fund Class 5, Income shares, GBP	Insight LIBOR Plus Fund Class B
US Treasury Inflation Indexed 0.63% 15/01/2026	Aviva Investors Emerging Markets Bond Fund Class Zh, Accumulation Shares, GBP

**Synthetic Risk and Reward Indicator**

The Fund has been allocated a risk number based on the higher of the historic volatility of its share price, the historic volatility of its current asset classes or its intended maximum risk levels.

- This indicator is based on historical data, calculated using European Union rules, and may not be a reliable indication of the future risk profile of the Fund.
- The risk and reward category shown is not guaranteed to remain unchanged and may change over time. The lowest category does not mean 'risk free'.
- Bond values are affected by changes in interest rates, and the bond issuer's creditworthiness. Bonds that produce a higher level of income usually have a greater risk of default.
- An investment in shares of other funds will assume any specific risks associated with those funds. Unregulated funds carry higher risk as they have less rules governing them.
- Full information on the risks applicable to the Fund is detailed in the Prospectus.

## COMPARATIVE TABLES

	2016	2015	2014
Class 1 Accumulation	p per share	p per share	p per share
<b>Change in net assets per share</b>			
Opening net asset value per share	129.86	116.72	112.41
Return before operating charges <sup>†</sup>	(0.85)	15.01	6.20
Operating charges	(1.81)	(1.87)	(1.89)
Return after operating charges <sup>†</sup>	(2.66)	13.14	4.31
Distributions on income shares	–	–	–
Closing net asset value per share	127.20	129.86	116.72
Retained distributions on accumulation shares	0.65	0.27	–
<sup>†</sup> after direct transaction costs of	(0.03)	–	(0.01)
<b>Performance</b>			
Return after charges	(2.05)%	11.26%	3.83%
<b>Other information</b>			
Closing net asset value (£000)	38,891	42,455	48,708
Closing number of shares	30,575,370	32,693,246	41,729,214
Operating charges (%) <sup>†</sup>	1.41%	1.54%	1.64%
Direct transaction costs (%) <sup>#</sup>	0.02%	0.00%	0.01%
<b>Prices<sup>®</sup></b>			
Highest share price	134.71	129.94	118.10
Lowest share price	122.51	116.09	110.20

	2016	2015	2014
Class 4 Accumulation	p per share	p per share	p per share
<b>Change in net assets per share</b>			
Opening net asset value per share	135.52	121.22	116.15
Return before operating charges <sup>†</sup>	(1.19)	15.62	6.42
Operating charges	(1.22)	(1.32)	(1.35)
Return after operating charges <sup>†</sup>	(2.41)	14.30	5.07
Distributions on income shares	–	–	–
Closing net asset value per share	133.11	135.52	121.22
Retained distributions on accumulation shares	1.06	0.91	0.16
<sup>†</sup> after direct transaction costs of	(0.03)	–	(0.01)
<b>Performance</b>			
Return after charges	(1.78)%	11.80%	4.37%
<b>Other information</b>			
Closing net asset value (£000)	765	778	738
Closing number of shares	574,685	574,144	608,926
Operating charges (%) <sup>†</sup>	0.91%	1.04%	1.14%
Direct transaction costs (%) <sup>#</sup>	0.02%	0.00%	0.01%
<b>Prices<sup>®</sup></b>			
Highest share price	140.67	135.60	122.15
Lowest share price	128.24	120.56	114.00

	2016	2015	2014
Class 3 Accumulation	p per share	p per share	p per share
<b>Change in net assets per share</b>			
Opening net asset value per share	135.05	120.40	114.96
Return before operating charges <sup>†</sup>	(1.31)	15.52	6.37
Operating charges	(0.93)	(0.87)	(0.93)
Return after operating charges <sup>†</sup>	(2.24)	14.65	5.44
Distributions on income shares	–	–	–
Closing net asset value per share	132.81	135.05	120.40
Retained distributions on accumulation shares	1.21	1.31	0.55
<sup>†</sup> after direct transaction costs of	(0.03)	–	(0.01)
<b>Performance</b>			
Return after charges	(1.66)%	12.17%	4.73%
<b>Other information</b>			
Closing net asset value (£000)	129,835	84,443	53,001
Closing number of shares	97,760,055	62,527,146	44,019,199
Operating charges (%) <sup>†</sup>	0.70%	0.69%	0.79%
Direct transaction costs (%) <sup>#</sup>	0.02%	0.00%	0.01%
<b>Prices<sup>®</sup></b>			
Highest share price	140.24	135.14	121.28
Lowest share price	127.95	119.76	113.00

	2016	2015	2014
Class R3 Accumulation	p per share	p per share	p per share
<b>Change in net assets per share</b>			
Opening net asset value per share	124.73	111.31	106.35
Return before operating charges <sup>†</sup>	(1.22)	14.35	5.93
Operating charges	(0.81)	(0.93)	(0.97)
Return after operating charges <sup>†</sup>	(2.03)	13.42	4.96
Distributions on income shares	–	–	–
Closing net asset value per share	122.70	124.73	111.31
Retained distributions on accumulation shares	1.16	1.11	0.39
<sup>†</sup> after direct transaction costs of	(0.02)	–	(0.01)
<b>Performance</b>			
Return after charges	(1.63)%	12.06%	4.66%
<b>Other information</b>			
Closing net asset value (£000)	110,296	55,455	13,785
Closing number of shares	89,889,074	44,458,204	12,384,472
Operating charges (%) <sup>†</sup>	0.66%	0.79%	0.89%
Direct transaction costs (%) <sup>#</sup>	0.02%	0.00%	0.01%
<b>Prices<sup>®</sup></b>			
Highest share price (xx)	129.52	124.81	112.13
Lowest share price (xx)	118.21	110.71	104.50

## COMPARATIVE TABLES (CONTINUED)

	2016	2015*	2014
Class 9 Accumulation	p per share	p per share	p per share
<b>Change in net assets per share</b>			
Opening net asset value per share (at launch)	101.45	100.00	–
Return before operating charges <sup>†</sup>	(1.05)	1.60	–
Operating charges	(0.35)	(0.15)	–
Return after operating charges <sup>†</sup>	(1.40)	1.45	–
Distributions on income shares	–	–	–
Closing net asset value per share	100.05	101.45	–
Retained distributions on accumulation shares	1.20	–	–
<sup>†</sup> after direct transaction costs of	(0.02)	–	–
<b>Performance</b>			
Return after charges	(1.38)%	1.45%	–
<b>Other information</b>			
Closing net asset value (£000)	2,394	77	–
Closing number of shares	2,392,987	76,000	–
Operating charges (%) <sup>‡</sup>	0.35%	0.35%	–
Direct transaction costs (%) <sup>#</sup>	0.02%	0.00%	–
<b>Prices<sup>≈</sup></b>			
Highest share price	105.39	101.51	–
Lowest share price	96.37	100.00	–

\* Share class 9 Accumulation was launched on 9 February 2015.

‡ 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.

**Ongoing Charges Figure\***

Share class	28.02.16	28.02.15
Class 1	1.41%	1.54%
Class 3	0.70%	0.69%
Class 4	0.91%	1.04%
Class R3	0.66%	0.79%
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 0.16% (2015: 0.14%) 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.

On 1 April 2015, the Annual Management Charges of share classes 1, 4 and R3 were reduced by 0.15%.

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 2016

Investment	Currency	Holding	Market Value £000	% of Net Assets
<b>Collective Investment Schemes 77.82% (85.56%)</b>				
<b>Ireland 0.00% (6.70%)</b>				
<b>Luxembourg 19.43% (17.94%)</b>				
Aviva Investors Emerging Markets Equity Income Fund Class Zy, Accumulation shares, GBP <sup>+</sup>	GBP	12,482	12,410	4.40
Aviva Investors Emerging Markets Local Currency Bond Fund Class Ia, Income shares, GBP <sup>+</sup>	GBP	79,712	6,715	2.38
Aviva Investors Global High Yield Bond Fund Class Ih, Accumulation shares, GBP <sup>+</sup>	GBP	60,983	7,287	2.58
Aviva Investors Global Investment Grade Corporate Bond Fund Class Zyh, Accumulation shares, GBP <sup>+</sup>	GBP	28,053	28,409	10.07
			42,411	19.43
<b>United Kingdom 58.39% (60.92%)</b>				
Aviva Investors Multi-Strategy Target Income Fund Class 5, Income shares, GBP <sup>+</sup>	GBP	229	–	–
Aviva Investors Multi-Strategy Target Income Fund Class 8, Accumulation shares, GBP <sup>+</sup>	GBP	23,538,846	26,043	9.23
Aviva Investors Multi-Strategy Target Income Fund Class 8, Income shares, GBP <sup>+</sup>	GBP	12,603,156	12,854	4.56
Aviva Investors Multi-Strategy Target Return Fund Class 3, Accumulation shares, GBP <sup>+</sup>	GBP	14,551,536	16,122	5.71
Aviva Investors Property Trust Class 1, Accumulation units, GBP <sup>+</sup>	GBP	5,972,334	10,074	3.57
Aviva Investors UK Index Tracking Fund Class 3, Accumulation shares, GBP <sup>+</sup>	GBP	3,864,355	7,170	2.54
BlackRock Continental European Equity Tracker Fund Class L Accumulating GBP	GBP	15,489,561	26,704	9.46
BlackRock Japan Equity Tracker Fund Class L Accumulating GBP	GBP	10,042,909	15,295	5.42
BlackRock North American Equity Tracker Fund Class L Accumulating GBP	GBP	20,723,504	47,561	16.85
BlackRock Pacific ex Japan Equity Tracker Fund Class L Accumulating GBP	GBP	1,435,597	2,965	1.05
			177,198	58.39
<b>Collective Investment Schemes total</b>			<b>219,609</b>	<b>77.82</b>
<b>Government Bonds 4.46% (0.00%)</b>				
<b>United States of America 4.46% (0.00%)</b>				
US Treasury Inflation Indexed 0.63% 15/01/2026	USD	17,200,000	12,591	4.46
			12,591	4.46
<b>Government Bonds total</b>			<b>12,591</b>	<b>4.46</b>
<b>Forward Currency Contracts (0.61)% (0.41%)</b>				
Buy EUR 469,177 sell GBP 358,355 dated 23/03/2016			10	–
Buy GBP 6,836,965 sell EUR 9,359,395 dated 23/03/2016			(520)	(0.19)
Buy GBP 7,759,842 sell JPY 1,394,631,609 dated 23/03/2016			(1,048)	(0.36)
Buy GBP 11,478,690 sell USD 16,368,348 dated 23/03/2016			(240)	(0.09)
Buy JPY 191,573,458 sell GBP 1,139,129 dated 23/03/2016			71	0.03
<b>Forward Currency Contracts total</b>			<b>(1,727)</b>	<b>(0.61)</b>
<b>Futures 0.00% (0.11%)</b>				
Australia 10 Year Bond 15/03/2016	AUD	189	415	0.15
EURO STOXX 50 Index 18/03/2016	EUR	121	(305)	(0.11)
Hang Seng Index 30/03/2016	HKD	9	(90)	(0.03)
US 10 Year Note 21/06/2016	USD	133	(31)	(0.01)
<b>Futures total</b>			<b>(11)</b>	<b>–</b>
<b>Liquidity Funds 15.98% (0.00%)<sup>1</sup></b>				
Aviva Investors Sterling Liquidity Fund Class 3, Income Shares, GBP <sup>+</sup>	GBP	45,100,000	45,100	15.98
<b>Liquidity Funds total</b>			<b>45,100</b>	<b>15.98</b>
Investment assets <sup>2</sup>			275,562	97.65
Net other assets			6,619	2.35
<b>Net assets</b>			<b>282,181</b>	<b>100.00</b>

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 2015.

+ Investment managed by a related party.

1 Cash Equivalents.

2 Includes cash equivalents.



## STATEMENT OF TOTAL RETURN

### For the year ended 28 February 2016

	Notes	£000	Year ended 28.02.16 £000	£000	Year ended 28.02.15 £000
Income					
Net capital (losses)/gains	2		(5,948)		15,897
Revenue	3	3,435		2,280	
Expenses					
Net revenue before taxation	4	(1,505)		(1,232)	
Taxation	5	(13)		–	
Net revenue after taxation			1,917		1,048
<b>Total return before distributions</b>			<b>(4,031)</b>		<b>16,945</b>
Distributions	6		(1,919)		(1,058)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>(5,950)</b>		<b>15,887</b>

## STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

### For the year ended 28 February 2016

	£000	Year ended 28.02.16 £000	£000	Year ended 28.02.15 £000
<b>Opening net assets attributable to shareholders</b>		<b>183,208</b>		<b>116,232</b>
Movement due to issue and cancellation of shares:				
Amounts receivable on issue of shares	106,921		56,138	
Amounts payable on cancellation of shares	(4,316)		(6,316)	
		102,605		49,822
Stamp duty reserve tax		–		(5)
Change in net assets attributable to shareholders from investment activities (see above)		(5,950)		15,887
Retained distribution on accumulation shares		2,318		1,272
<b>Closing net assets attributable to shareholders</b>		<b>282,181</b>		<b>183,208</b>

## BALANCE SHEET

As at 28 February 2016

	Notes	As at 28.02.16 £000	As at 28.02.15 £000
<b>Assets:</b>			
Investments		232,696	157,858
<b>Current assets:</b>			
Debtors	8	2,983	1,958
Cash and bank balances	9	4,984	4,371
Cash equivalents	10	45,100	20,200
<b>Total assets</b>		<b>285,763</b>	<b>184,387</b>
<b>Liabilities:</b>			
Investment liabilities		(2,234)	(153)
<b>Creditors:</b>			
Other creditors	11	(1,348)	(1,026)
<b>Total liabilities</b>		<b>(3,582)</b>	<b>(1,179)</b>
<b>Net assets attributable to shareholders</b>		<b>282,181</b>	<b>183,208</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 1 Accounting basis and policies

Please see pages 5 and 6 for accounting basis and policies.

There has been no changes to the financial position or financial performance of the Fund as a result of preparing these statements in accordance with SORP 2014 rather than SORP 2010.

### 2 Net capital (losses)/gains

	Year ended 28.02.16 £000	Year ended 28.02.15 £000
<b>Net capital (losses)/gains on investments during the year comprise:</b>		
Currency gains/(losses)	83	(172)
Derivative contracts (losses)/gains	(742)	158
Expenses relating to the purchase and sale of investments	(7)	(6)
Forward currency contracts (losses)/gains	(1,817)	1,428
Non-derivative securities (losses)/gains	(3,465)	14,489
<b>Net capital (losses)/gains*</b>	<b>(5,948)</b>	<b>15,897</b>

\* Total realised gains for the year were £4,578,000 (2015: £3,611,000) and the movement in total unrealised (losses)/gains was £(10,526,000) (2015: £12,286,000). Included in realised gains for the year were unrealised gains/(losses) recognised in previous periods.

### 3 Revenue

	Year ended 28.02.16 £000	Year ended 28.02.15 £000
Bank and deposit interest	83	10
Franked components of dividend distributions	1,569	1,203
Interest distributions	–	6
Interest on debt securities	72	–
Interest on derivatives	269	9
Investment manager rebates*	410	311
Overseas dividends	42	–
Revenue from offshore funds	407	623
Unfranked components of dividend distributions	583	118
<b>Total revenue</b>	<b>3,435</b>	<b>2,280</b>

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

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**4 Expenses**

	Year ended 28.02.16 £000	Year ended 28.02.15 £000
<b>Payable to the Authorised Corporate Director ("ACD"), associates of the ACD or agents of either of them:</b>		
ACD's periodic charge	1,302	1,085
Registration fees	125	78
	1,427	1,163
<b>Payable to the Depositary, associates of the Depositary or agents of either of them:</b>		
Depositary's fee	32	18
Interest payable	4	–
Safe custody fee	22	29
	58	47
<b>Other expenses:</b>		
Audit fee*	10	11
Printing & postage expenses	4	4
Professional fees	–	2
Statement fees	6	5
	20	22
<b>Total expenses</b>	<b>1,505</b>	<b>1,232</b>

\* The audit fee was £9,050 (2015: £8,508) net of VAT.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**5 Taxation****a Analysis of tax charge**

	Year ended 28.02.16 £000	Year ended 28.02.15 £000
Overseas tax suffered	13	–
<b>Total current tax (see note 5.b)</b>	<b>13</b>	<b>–</b>

**b Factors affecting current tax charge**

The tax assessed for the year is lower (2015: lower) than the standard rate of corporation tax in the UK for an Authorised Investment Fund (20%) (2015: 20%).

The differences are explained below:

	Year ended 28.02.16 £000	Year ended 28.02.15 £000
<b>Net revenue before taxation</b>	<b>1,930</b>	<b>1,048</b>
Corporation tax at 20%	386	210
<b>Effects of:</b>		
Franked distributions not subject to corporation tax	(314)	(249)
Movement in excess expenses	(64)	39
Overseas dividends not subject to corporation tax	(8)	–
Overseas tax suffered	13	–
	(373)	(210)
<b>Current tax charge (see note 5.a)</b>	<b>13</b>	<b>–</b>

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 (2015: £nil).

After claiming relief against accrued income taxable on receipt, the Fund has unrelieved excess expenses of £592,000 (2015: £911,000) creating a potential deferred tax asset of £118,000 (2015: £182,000). 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 28.02.16 £000	Year ended 28.02.15 £000
<b>The distributions take account of revenue received on the issue of shares and revenue deducted on the cancellation of shares, and comprise:</b>		
Interim distribution	589	357
Final distribution	1,729	915
	2,318	1,272
Add: Revenue deducted on cancellation of shares	15	19
Deduct: Revenue received on issue of shares	(414)	(233)
<b>Distributions</b>	<b>1,919</b>	<b>1,058</b>
<b>Reconciliation of distributions for the year to net revenue after taxation</b>		
Distributions for the year	1,919	1,058
Equalisation on conversions	(2)	(10)
<b>Net revenue after taxation</b>	<b>1,917</b>	<b>1,048</b>

Details of the distributions per share are set out in the distribution tables on page 81.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 7 Fair value hierarchy

Valuation technique	As at 28.02.16		As at 28.02.15	
	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Quoted prices for identical instruments in active markets	415	(426)	217	(12)
Prices of recent transactions for identical instruments	264,709	–	156,757	–
Valuation techniques using observable market data	12,672	(1,808)	884	(141)
<b>Total</b>	<b>277,796</b>	<b>(2,234)</b>	<b>157,858</b>	<b>(153)</b>

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:

**Quoted prices for identical instruments in active markets** – Quoted in an active market in this context means quoted prices are readily and regularly available and those prices represent actual and regularly occurring market transactions for the same financial instrument on an arm's length basis. For this purpose a quoted price is a price at which the party performing the fair value measurement can enter into a transaction. Therefore the price must be binding on the party providing the quote.

**Prices of recent transactions for identical instruments** – When quoted prices are unavailable, the price of a recent transaction for an identical instrument provides evidence of fair value as long as the transaction is orderly and there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place.

**Valuation techniques using observable market data** – Valuation techniques should maximise the use of observable market data, such as publicly available information about actual events or transactions, and minimise the use of non-observable data. Observable data should be observable for substantially the full term of the instrument.

**Valuation techniques using non-observable data** – Non-observable entity specific data should be used only where relevant observable market data is not available.

## 8 Debtors

	As at 28.02.16 £000	As at 28.02.15 £000
Accrued revenue	89	5
Accrued management fee rebates	98	57
Amounts receivable on issue of shares	1,397	1,842
Income tax recoverable	120	54
Sales awaiting settlement	1,279	–
<b>Total debtors</b>	<b>2,983</b>	<b>1,958</b>

## 9 Cash and bank balances

	As at 28.02.16 £000	As at 28.02.15 £000
Amounts held at futures clearing houses and brokers	1,247	876
Cash and bank balances	3,737	3,495
<b>Total cash and bank balances</b>	<b>4,984</b>	<b>4,371</b>

## 10 Cash equivalents

	As at 28.02.16 £000	As at 28.02.15 £000
Aviva Investors Sterling Liquidity Fund	45,100	20,200
<b>Total cash equivalents</b>	<b>45,100</b>	<b>20,200</b>

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**11 Other creditors**

	As at 28.02.16 £000	As at 28.02.15 £000
Accrued expenses	148	123
Purchases awaiting settlement	1,200	903
<b>Total creditors</b>	<b>1,348</b>	<b>1,026</b>

**12 Contingent liabilities and commitments**

There were no contingent liabilities or commitments at the year end (2015: £nil).

**13 Related party transactions**

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 £110,000 (2015: £92,000). 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 £1,650,000 (2015: £977,000). The amount outstanding at the year end was £1,181,000 (2015: £682,000). 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.

All 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 £254,989,000 (2015: £79,916,000) and £139,442,000 (2015: £56,429,000) respectively. The income received during the year amounted to £996,000 (2015: £272,000).

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

	Holdings at 28.02.16 (shares)	Movement (shares)	Holdings at 28.02.15 (shares)
ACD and related parties (share class 1 Accumulation shares)	–	(523,546)	523,546
ACD and related parties (share class 3 Accumulation shares)	97,760,055	35,232,909	62,527,146
ACD and related parties (share class R3 Accumulation shares)	45,741,169	21,272,853	24,468,316
ACD and related parties (share class 9 Accumulation shares)	2,392,987	2,316,987	76,000

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%

On 1 April 2015, the Annual Management Charges of share classes 1, 4 and R3 were reduced by 0.15%.

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 68 and 69. The distributions per share class are given in the distribution tables on page 81. All the share classes have the same rights on winding up.

**15 Shares in issue reconciliation**

	Number of shares in issue at 28.02.15	Number of shares issued	Number of shares cancelled	Number of shares converted	Number of shares in issue at 28.02.16
Share Class 1 Accumulation	32,693,246	156,449	(1,411,025)	(863,300)	30,575,370
Share Class 3 Accumulation	62,527,146	36,375,700	(1,142,791)	–	97,760,055
Share Class 4 Accumulation	574,144	23,642	(23,101)	–	574,685
Share Class R3 Accumulation	44,458,204	45,312,019	(775,309)	894,160	89,889,074
Share Class 9 Accumulation	76,000	2,316,987	–	–	2,392,987

## 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
<b>28.02.16</b>			
Barclays	(462)	–	(462)
Goldman Sachs	28	–	28
JP Morgan	(10)	415	405
Morgan Stanley	(119)	–	(119)
Royal Bank of Canada	(416)	–	(416)
Royal Bank of Scotland	(8)	–	(8)
Standard Chartered	(252)	–	(252)
UBS	(488)	–	(488)
<b>Total</b>	<b>(1,727)</b>	<b>415</b>	<b>(1,312)</b>

	Forward currency contracts £000	Futures contracts £000	Total £000
<b>28.02.15</b>			
HSBC	(7)	–	(7)
JP Morgan	441	8	449
Nomura	11	–	11
Société Générale	(121)	–	(121)
Standard Chartered	421	–	421
UBS	–	209	209
<b>Total</b>	<b>745</b>	<b>217</b>	<b>962</b>

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**

There is £nil (2015: £nil) collateral held on the above derivatives.



## 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 page 6.

**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 (2015: £nil).

**Currency risk**

At the year end date, (4.49)% (2015: (4.78)%) of the net assets of the Fund were denominated in currencies other than sterling and as such the currency risk is not considered significant.

**Interest rate risk**

The interest rate profile of the Fund's financial assets and liabilities at 28 February 2015 was:

Currency 28.02.15	Floating Rate £000	Fixed Rate £000	None £000	Total £000
<b>Financial Assets</b>				
Sterling	23,695	–	169,288	192,983
Euro	718	–	(5,993)	(5,275)
Hong Kong Dollar	158	–	–	158
Japanese Yen	–	–	(3,479)	(3,479)
<b>Financial Liabilities</b>				
Sterling	–	–	(1,026)	(1,026)
Euro	–	–	(134)	(134)
Hong Kong Dollar	–	–	(12)	(12)
Japanese Yen	–	–	(7)	(7)
<b>Total</b>	<b>24,571</b>	<b>–</b>	<b>158,637</b>	<b>183,208</b>

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 15.03% (2015: 24.64%) of the assets of the Fund were invested in CIS which predominantly invest in debt securities.

The interest rate risk is not considered significant.

**Market price risk**

At the year end date, 82.28% (2015: 77.82%) of the net assets of the Fund were invested in ordinary shares or stock units and admitted to an official stock exchange. If the market were to change by 10%, the value of the Fund will change by 8.23%.

## 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.

28.02.16	Principal before costs £000	Commissions £000	Taxes £000	Total after costs £000	Commissions as % of principal	Taxes as % of principal
<b>Purchases</b>						
Equities	(9,208)	(3)	–	(9,211)	0.03%	0.00%
Bonds	(97,382)	–	–	(97,382)	0.00%	0.00%
Funds	(246,802)	–	(48)	(246,850)	0.00%	0.02%
	(353,392)	(3)	(48)	(353,443)		
<b>Sales</b>						
Equities	9,358	(3)	–	9,355	0.03%	0.00%
Bonds	40,100	–	–	40,100	0.00%	0.00%
Funds	179,995	–	–	179,995	0.00%	0.00%
	229,453	(3)	–	229,450		
<b>Total</b>		(6)	(48)			
<b>Percentage of fund average net assets</b>		0.00%	0.02%			

28.02.15	Principal before costs £000	Commissions £000	Taxes £000	Total after costs £000	Commissions as % of principal	Taxes as % of principal
<b>Purchases</b>						
Equities	(464)	–	–	(464)	0.00%	0.00%
Bonds	(15,500)	–	–	(15,500)	0.00%	0.00%
Funds	(114,251)	–	(1)	(114,252)	0.00%	0.00%
	(130,215)	–	(1)	(130,216)		
<b>Sales</b>						
Equities	2,313	(1)	–	2,312	0.04%	0.00%
Bonds	20,600	–	–	20,600	0.00%	0.00%
Funds	77,468	–	–	77,468	0.00%	0.00%
	100,381	(1)	–	100,380		
<b>Total</b>		(1)	(1)			
<b>Percentage of fund average net assets</b>		0.00%	0.00%			

**Dealing spread**

As at 28 February 2016, the average portfolio dealing spread was 0.06% (2015: 0.42%). 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 (2015: £nil).

## DISTRIBUTION TABLES

## Final distribution payable in pence per share for the six months ended 28 February 2016

Accumulation shares		Net revenue	Equalisation	Final distribution payable 30 April 2016	Final distribution paid 30 April 2015
Share Class 1	Group 1	0.6471	–	0.6471	0.2735
	Group 2	0.1679	0.4792	0.6471	0.2735
Share Class 3	Group 1	0.8239	–	0.8239	0.8124
	Group 2	0.1352	0.6887	0.8239	0.8124
Share Class 4	Group 1	0.8181	–	0.8181	0.7647
	Group 2	0.0247	0.7934	0.8181	0.7647
Share Class R3	Group 1	0.7824	–	0.7824	0.7037
	Group 2	0.1180	0.6644	0.7824	0.7037
Share Class 9	Group 1	0.7579	–	0.7579	0.0000
	Group 2	0.1526	0.6053	0.7579	0.0000

**Final distribution**

Group 1 shares are those shares purchased at or before 2pm on 31 August 2015.

Group 2 shares are those shares purchased after 2pm on 31 August 2015.

## Interim distribution paid in pence per share for the six months ended 31 August 2015

Accumulation shares		Net revenue	Equalisation	Interim distribution paid 31 October 2015	Interim distribution paid 31 October 2014
Share Class 1	Group 1	0.0000	–	0.0000	0.0000
	Group 2	0.0000	0.0000	0.0000	0.0000
Share Class 3	Group 1	0.3908	–	0.3908	0.5007
	Group 2	0.0294	0.3614	0.3908	0.5007
Share Class 4	Group 1	0.2375	–	0.2375	0.1425
	Group 2	0.0000	0.2375	0.2375	0.1425
Share Class R3	Group 1	0.3761	–	0.3761	0.4111
	Group 2	0.0376	0.3385	0.3761	0.4111
Share Class 9	Group 1	0.4381	–	0.4381	N/A
	Group 2	0.0000	0.4381	0.4381	N/A

**Interim distribution**

Group 1 shares are those shares purchased at or before 2pm on 28 February 2015.

Group 2 shares are those shares purchased after 2pm on 28 February 2015.

**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

Over the twelve months ended 28 February 2016, the Fund (share class 1) delivered a total return of -3.52%\* as exposure to equities and high-yield bonds, along with currency hedges, detracted from performance, outweighing the impact of positive returns from the Fund's holdings in government bonds.

Global equities endured a turbulent year, riding up to record highs in the spring before subsequently plunging, undermined by both mounting worries over China's economy and the prospect of a US interest rate hike. The MSCI World Index returned -9.17% in local currencies, or -0.74% in sterling as the pound fell sharply.

Asian and emerging equity markets led the decline as a stronger US dollar and mounting concern over the health of the Chinese economy encouraged international investors to reduce allocations to both regions. After a bright start, European markets fell as investors became preoccupied first with the risk of Greece defaulting and then with uncertainties facing the global economy and US monetary policy. European markets fell further at the end of the review period, as the European Central Bank's decision to ease monetary policy in December left investors distinctly underwhelmed.

Government bonds rose as investor appetite for safe-haven assets increased amid continuing financial market turmoil and as investors bet that interest rates would stay lower for longer.

Corporate bonds registered negative returns, with credit spreads widening appreciably as markets shunned riskier assets amid indications the global economy was struggling to maintain momentum.

### Outlook

Despite the recent slide in share prices, the global economic picture is reasonable, monetary conditions loose and inflation stable, all of which are supportive for equities. There are risks to this view, for example, a global recession driven by the US or China. However, this is not our central view. Consequently, shares look attractive for long-term investors prepared to tolerate short-term volatility.

Sovereign bonds have benefited from the recent slide in riskier asset classes. But the danger is that this pessimism clears and that inflation begins to surprise on the upside.

Following substantial research we have adjusted our investment process and as a result now group assets into 'growth', 'defensive' or 'uncorrelated'. So, the Fund will shortly treat equities, global high-yield bonds and emerging-market debt as growth assets; sovereign bonds, investment-grade corporate bonds and cash as defensive assets; and absolute return and property investments as uncorrelated assets.

### April 2016

\* Fund performance figures – share class 1, source Lipper, net of fees, net income reinvested in GBP, as at 28 February 2016.

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.

## AVIVA INVESTORS MULTI-ASSET FUND III (CONTINUED)

## Material Portfolio Changes

Purchases	Sales
Aviva Investors Liquidity Funds Class 3, Income Shares, GBP	Aviva Investors Liquidity Funds Class 3, Income Shares, GBP
BlackRock North American Equity Tracker Fund Class L Accumulating GBP	BlackRock North American Equity Tracker Fund Class L Accumulating GBP
Aviva Investors Multi-Strategy Target Income Fund Class 8, Accumulation shares, GBP	iShares Core S&P 500 UCITS ETF
BlackRock Continental European Equity Tracker Fund Class L Accumulating GBP	BlackRock Emerging Markets Equity Tracker Fund
Aviva Investors Emerging Markets Equity Income Fund Class Zy, Accumulation shares, GBP	Vanguard Consumer Discretionary Index Fund ETF Shares (USD)
Aviva Investors Global Investment Grade Corporate Bond Fund Class Zyh, Accumulation shares, GBP	Aviva Investors Global Aggregate Bond Fund Class Zh, Accumulation shares, GBP
BlackRock Japan Equity Tracker Fund Class L Accumulating GBP	Aviva Investors Multi-Strategy Target Income Fund Class 5, Income shares, GBP
Aviva Investors Global High Yield Bond Fund Class Ih, Accumulation shares, GBP	Aviva Investors Global Investment Grade Corporate Bond Fund Class Zyh, Accumulation shares, GBP
Vanguard Consumer Discretionary Index Fund ETF Shares (USD)	JPM Global Corporate Bond Class C (dist) GBP (hedged)
Aviva Investors Emerging Markets Local Currency Bond Fund Class Ia, Income shares, GBP	Insight Global LIBOR Plus Fund Class B Sterling Shares

## Synthetic Risk and Reward Indicator



The Fund has been allocated a risk number based on the higher of the historic volatility of its share price, the historic volatility of its current asset classes or its intended maximum risk levels.

- This indicator is based on historical data, calculated using European Union rules, and may not be a reliable indication of the future risk profile of the Fund.
- The risk and reward category shown is not guaranteed to remain unchanged and may change over time. The lowest category does not mean 'risk free'.
- Bond values are affected by changes in interest rates, and the bond issuer's creditworthiness. Bonds that produce a higher level of income usually have a greater risk of default.
- An investment in shares of other funds will assume any specific risks associated with those funds. Unregulated funds carry higher risk as they have less rules governing them.
- Full information on the risks applicable to the Fund is detailed in the Prospectus.

## COMPARATIVE TABLES

	2016	2015	2014
	p per share	p per share	p per share
<b>Class 1 Accumulation</b>			
<b>Change in net assets per share</b>			
Opening net asset value per share	130.16	114.90	109.83
Return before operating charges <sup>†</sup>	(2.79)	17.07	6.78
Operating charges	(1.79)	(1.81)	(1.71)
Return after operating charges <sup>†</sup>	(4.58)	15.26	5.07
Distributions on income shares	–	–	–
Closing net asset value per share	125.58	130.16	114.90
Retained distributions on accumulation shares	0.56	0.26	–
<sup>†</sup> after direct transaction costs of	(0.03)	(0.01)	(0.07)
<b>Performance</b>			
Return after charges	(3.52)%	13.28%	4.62%
<b>Other information</b>			
Closing net asset value (£000)	8,341	10,807	15,649
Closing number of shares	6,642,333	8,302,917	13,620,341
Operating charges (%) <sup>†</sup>	1.40%	1.51%	1.51%
Direct transaction costs (%) <sup>#</sup>	0.02%	0.01%	0.06%
<b>Prices<sup>®</sup></b>			
Highest share price	136.46	130.21	116.70
Lowest share price	118.67	113.85	106.60

	2016	2015	2014
	p per share	p per share	p per share
<b>Class 4 Accumulation</b>			
<b>Change in net assets per share</b>			
Opening net asset value per share	132.19	116.10	110.43
Return before operating charges <sup>†</sup>	(2.88)	17.32	6.88
Operating charges	(1.17)	(1.23)	(1.21)
Return after operating charges <sup>†</sup>	(4.05)	16.09	5.67
Distributions on income shares	–	–	–
Closing net asset value per share	128.14	132.19	116.10
Retained distributions on accumulation shares	1.19	0.88	0.21
<sup>†</sup> after direct transaction costs of	(0.03)	(0.01)	(0.07)
<b>Performance</b>			
Return after charges	(3.06)%	13.86%	5.13%
<b>Other information</b>			
Closing net asset value (£000)	10,216	11,172	10,434
Closing number of shares	7,972,578	8,451,051	8,986,893
Operating charges (%) <sup>†</sup>	0.90%	1.01%	1.06%
Direct transaction costs (%) <sup>#</sup>	0.02%	0.01%	0.06%
<b>Prices<sup>®</sup></b>			
Highest share price	138.68	132.24	117.70
Lowest share price	121.07	115.12	107.40

	2016	2015	2014
	p per share	p per share	p per share
<b>Class 3 Accumulation</b>			
<b>Change in net assets per share</b>			
Opening net asset value per share	133.51	116.85	110.76
Return before operating charges <sup>†</sup>	(2.92)	17.48	6.90
Operating charges	(0.90)	(0.82)	(0.81)
Return after operating charges <sup>†</sup>	(3.82)	16.66	6.09
Distributions on income shares	–	–	–
Closing net asset value per share	129.69	133.51	116.85
Retained distributions on accumulation shares	1.48	1.32	0.66
<sup>†</sup> after direct transaction costs of	(0.03)	(0.01)	(0.07)
<b>Performance</b>			
Return after charges	(2.86)%	14.26%	5.50%
<b>Other information</b>			
Closing net asset value (£000)	228,652	169,331	111,744
Closing number of shares	176,301,108	126,828,487	95,627,089
Operating charges (%) <sup>†</sup>	0.68%	0.66%	0.71%
Direct transaction costs (%) <sup>#</sup>	0.02%	0.01%	0.06%
<b>Prices<sup>®</sup></b>			
Highest share price	140.12	133.56	118.42
Lowest share price	122.52	115.92	107.80

	2016	2015	2014
	p per share	p per share	p per share
<b>Class R3 Accumulation</b>			
<b>Change in net assets per share</b>			
Opening net asset value per share	131.40	115.12	109.22
Return before operating charges <sup>†</sup>	(2.88)	17.20	6.82
Operating charges	(0.83)	(0.92)	(0.92)
Return after operating charges <sup>†</sup>	(3.71)	16.28	5.90
Distributions on income shares	–	–	–
Closing net asset value per share	127.69	131.40	115.12
Retained distributions on accumulation shares	1.50	1.18	0.47
<sup>†</sup> after direct transaction costs of	(0.03)	(0.01)	(0.07)
<b>Performance</b>			
Return after charges	(2.82)%	14.14%	5.40%
<b>Other information</b>			
Closing net asset value (£000)	181,701	110,001	60,999
Closing number of shares	142,301,850	83,713,797	52,987,292
Operating charges (%) <sup>†</sup>	0.64%	0.76%	0.81%
Direct transaction costs (%) <sup>#</sup>	0.02%	0.01%	0.06%
<b>Prices<sup>®</sup></b>			
Highest share price	137.89	131.45	116.67
Lowest share price	120.62	114.18	106.30

## COMPARATIVE TABLES (CONTINUED)

Class 9 Accumulation	2016 p per share	2015* p per share	2014 p per share
<b>Change in net assets per share</b>			
Opening net asset value per share (at launch)	101.92	100.00	–
Return before operating charges <sup>†</sup>	(2.35)	1.94	–
Operating charges	(0.35)	(0.02)	–
Return after operating charges <sup>†</sup>	(2.70)	1.92	–
Distributions on income shares	–	–	–
Closing net asset value per share	99.22	101.92	–
Retained distributions on accumulation shares	1.34	–	–
† after direct transaction costs of	(0.02)	(0.01)	–
<b>Performance</b>			
Return after charges	(2.65)%	1.92%	–
<b>Other information</b>			
Closing net asset value (£000)	169	78	–
Closing number of shares	169,930	76,000	–
Operating charges (%) <sup>‡</sup>	0.35%	0.35%	–
Direct transaction costs (%) <sup>#</sup>	0.02%	0.01%	–
<b>Prices<sup>≈</sup></b>			
Highest share price	107.01	101.96	–
Lowest share price	93.73	100.00	–

\* Share class 9 Accumulation was launched on 9 February 2015.

‡ 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.

**Ongoing Charges Figure\***

Share class	28.02.16	28.02.15
Class 1	1.40%	1.51%
Class 3	0.68%	0.66%
Class 4	0.90%	1.01%
Class R3	0.64%	0.76%
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 0.15% (2015: 0.11%) in respect of underlying investments. The OCF on such other share classes is restricted to 0.25% over the level of the applicable Annual Management Charge. However, in the current year, all other operating expenses were less than this capped amount.

On 1 April 2015, the Annual Management Charges of share classes 1, 4 and R3 were reduced by 0.15%.

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 2016

Investment	Currency	Holding	Market Value £000	% of Net Assets
<b>Collective Investment Schemes 90.29% (88.41%)</b>				
<b>Ireland 0.00% (9.23%)</b>				
<b>Luxembourg 11.34% (10.21%)</b>				
Aviva Investors Emerging Markets Local Currency Bond Fund Class Ia, Income shares, GBP+	GBP	207,822	17,507	4.08
Aviva Investors Global High Yield Bond Fund Class Ih, Accumulation shares, GBP+	GBP	141,531	16,912	3.94
Aviva Investors Global Investment Grade Corporate Bond Fund Class Zyh, Accumulation shares, GBP+	GBP	14,091	14,269	3.32
			48,688	11.34
<b>United Kingdom 78.95% (68.97%)</b>				
Aviva Investors Emerging Markets Equity Income Fund Class Zy, Accumulation shares, GBP+	GBP	29,195	29,028	6.76
Aviva Investors Multi-Strategy Target Income Fund Class 5, Income shares, GBP+	GBP	201	–	–
Aviva Investors Multi-Strategy Target Income Fund Class 8, Income shares, GBP+	GBP	9,083,583	9,264	2.16
Aviva Investors Multi-Strategy Target Return Fund Class 3, Accumulation shares, GBP+	GBP	15,598,732	17,282	4.03
Aviva Investors Multi-Strategy Target Return Fund Class 8, Accumulation shares, GBP+	GBP	36,822,103	40,740	9.49
Aviva Investors Property Trust Class 1, Accumulation units, GBP+	GBP	6,020,379	10,155	2.37
Aviva Investors UK Index Tracking Fund Class 3, Accumulation shares, GBP+	GBP	9,041,905	16,777	3.91
BlackRock Continental European Equity Tracker Fund Class L Accumulating GBP	GBP	35,939,082	61,959	14.44
BlackRock Japan Equity Tracker Fund Class L Accumulating GBP	GBP	24,228,998	36,901	8.60
BlackRock North American Equity Tracker Fund Class L Accumulating GBP	GBP	47,806,667	109,716	25.57
BlackRock Pacific ex Japan Equity Tracker Fund Class L Accumulating GBP	GBP	3,357,090	6,933	1.62
			338,755	78.95
<b>Collective Investment Schemes total</b>			<b>387,443</b>	<b>90.29</b>
<b>Government Bonds 1.47% (0.00%)</b>				
<b>United States of America 1.47% (0.00%)</b>				
US Treasury Inflation Indexed 0.63% 15/01/2026	USD	8,600,000	6,295	1.47
			6,295	1.47
<b>Government Bonds total</b>			<b>6,295</b>	<b>1.47</b>
<b>Forward Currency Contracts (0.85)% (0.44%)</b>				
Buy EUR 2,378,123 sell GBP 1,827,634 dated 23/03/2016			42	0.01
Buy GBP 17,165,511 sell EUR 23,399,718 dated 23/03/2016			(1,229)	(0.28)
Buy GBP 19,846,797 sell JPY 3,551,484,365 dated 23/03/2016			(2,584)	(0.60)
Buy GBP 5,739,345 sell USD 8,184,174 dated 23/03/2016			(120)	(0.03)
Buy JPY 695,942,631 sell GBP 4,153,115 dated 23/03/2016			243	0.05
<b>Forward Currency Contracts total</b>			<b>(3,648)</b>	<b>(0.85)</b>
<b>Futures (0.15)% (0.17%)</b>				
Australia 10 Year Bond 15/03/2016	AUD	95	266	0.06
EURO STOXX 50 Index 18/03/2016	EUR	283	(714)	(0.17)
Hang Seng Index 30/03/2016	HKD	20	(185)	(0.04)
US 10 Year Note 21/06/2016	USD	67	(16)	–
<b>Futures total</b>			<b>(649)</b>	<b>(0.15)</b>
<b>Liquidity Funds 7.32% (0.00%)<sup>1</sup></b>				
Aviva Investors Sterling Liquidity Fund Class 3, Income Shares, GBP+	GBP	31,400,000	31,400	7.32
<b>Liquidity Funds total</b>			<b>31,400</b>	<b>7.32</b>
Investment assets <sup>2</sup>			420,841	98.08
Net other assets			8,238	1.92
<b>Net assets</b>			<b>429,079</b>	<b>100.00</b>

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 2015.

+ Investment managed by a related party.

1 Cash Equivalents

2 Includes cash equivalents



## STATEMENT OF TOTAL RETURN

### For the year ended 28 February 2016

	Notes	£000	Year ended 28.02.16 £000	£000	Restated* Year ended 28.02.15 £000
Income					
Net capital (losses)/gains	2		(14,350)		31,172
Revenue	3	5,954		3,802	
Expenses	4	(1,975)		(1,548)	
Net revenue before taxation		3,979		2,254	
Taxation	5	(19)		–	
Net revenue after taxation			3,960		2,254
<b>Total return before distributions</b>			<b>(10,390)</b>		<b>33,426</b>
Distributions	6		(3,965)		(2,273)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>(14,355)</b>		<b>31,153</b>

## STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

### For the year ended 28 February 2016

	£000	Year ended 28.02.16 £000	£000	Year ended 28.02.15 £000
<b>Opening net assets attributable to shareholders</b>		<b>301,389</b>		<b>198,826</b>
Movement due to issue and cancellation of shares:				
Amounts receivable on issue of shares	141,012		78,753	
Amounts payable on cancellation of shares	(3,622)		(9,959)	
		137,390		68,794
Stamp duty reserve tax		–		(4)
Change in net assets attributable to shareholders from investment activities (see above)		(14,355)		31,153
Retained distribution on accumulation shares		4,655		2,620
<b>Closing net assets attributable to shareholders</b>		<b>429,079</b>		<b>301,389</b>

\* Refer to the accounting policies note on page 89.

## BALANCE SHEET

As at 28 February 2016

	Notes	As at 28.02.16 £000	As at 28.02.15 £000
<b>Assets:</b>			
Investments		394,289	268,486
<b>Current assets:</b>			
Debtors	8	5,727	2,139
Cash and bank balances	9	7,588	5,792
Cash equivalents	10	31,400	27,600
<b>Total assets</b>		<b>439,004</b>	<b>304,017</b>
<b>Liabilities:</b>			
Investment liabilities		(4,848)	(177)
<b>Creditors:</b>			
Bank overdrafts		(124)	–
Other creditors	11	(4,953)	(2,451)
<b>Total liabilities</b>		<b>(9,925)</b>	<b>(2,628)</b>
<b>Net assets attributable to shareholders</b>		<b>429,079</b>	<b>301,389</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 1 Accounting basis and policies

Please see pages 5 and 6 for accounting basis and policies.

There has been no changes to the financial position or financial performance of the Fund as a result of preparing these statements in accordance with SORP 2014 rather than SORP 2010. However, as a result of this change certain comparative items have been restated in the Financial Statements as set out below.

#### Statement of Total Return

Interest payable of £2,000 is now disclosed within 'Expenses', whereas under SORP 2010 they were was disclosed within 'Finance costs'.

### 2 Net capital (losses)/gains

	Year ended 28.02.16 £000	Year ended 28.02.15 £000
<b>Net capital (losses)/gains on investments during the year comprise:</b>		
Currency losses	(17)	(263)
Derivative contracts (losses)/gains	(2,387)	789
Expenses relating to the purchase and sale of investments	(8)	(8)
Forward currency contracts (losses)/gains	(3,527)	2,528
Non-derivative securities (losses)/gains	(8,411)	28,126
<b>Net capital (losses)/gains*</b>	<b>(14,350)</b>	<b>31,172</b>

\* Total realised gains for the year were £5,702,000 (2015: £6,303,000) and the movement in unrealised (losses)/gains was £(20,052,000) (2015: £24,869,000). Included in realised gains for the year were unrealised gains/(losses) recognised in previous periods.

### 3 Revenue

	Year ended 28.02.16 £000	Year ended 28.02.15 £000
Bank and deposit interest	92	11
Franked components of dividend distributions	4,047	2,372
Interest distributions	–	6
Interest on debt securities	65	12
Interest on derivatives	281	15
Investment manager rebates*	586	439
Overseas dividends	98	370
Revenue from offshore funds	785	577
<b>Total revenue</b>	<b>5,954</b>	<b>3,802</b>

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

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**4 Expenses**

	Year ended 28.02.16 £000	Restated* Year ended 28.02.15 £000
<b>Payable to the Authorised Corporate Director ("ACD"), associates of the ACD or agents of either of them:</b>		
ACD's periodic charge	1,696	1,337
Registration fees	166	104
	1,862	1,441
<b>Payable to the Depositary, associates of the Depositary or agents of either of them:</b>		
Depositary's fee	47	30
Interest payable	7	2
Safe custody fee	33	44
	87	76
<b>Other expenses:</b>		
Audit fee**	10	11
Printing & postage expenses	6	7
Professional fees	(1)	3
Statement fees	11	10
	26	31
<b>Total expenses</b>	<b>1,975</b>	<b>1,548</b>

\* Refer to the accounting policies note on page 89.

\*\* The audit fee was £9,050 (2015: £8,508) net of VAT.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**5 Taxation****a Analysis of tax charge**

	Year ended 28.02.16 £000	Year ended 28.02.15 £000
Overseas tax suffered	19	–
<b>Total current tax (see note 5.b)</b>	<b>19</b>	<b>–</b>

**b Factors affecting current tax charge**

The tax assessed for the year is lower (2015: lower) than the standard rate of corporation tax in the UK for an Authorised Investment Fund (20%) (2015: 20%).

The differences are explained below:

	Year ended 28.02.16 £000	Year ended 28.02.15 £000
<b>Net revenue before taxation</b>	<b>3,979</b>	<b>2,254</b>
Corporation tax at 20%	796	451
<b>Effects of:</b>		
Movement in excess expenses	34	97
Overseas dividends not subject to corporation tax	(21)	(74)
Overseas tax suffered	19	–
UK dividends not subject to corporation tax	(809)	(474)
	(777)	(451)
<b>Current tax charge (see note 5.a)</b>	<b>19</b>	<b>–</b>

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 (2015: £nil).

After claiming relief against accrued income taxable on receipt, the Fund has unrelieved excess expenses of £1,084,000 (2015: £917,000) creating a potential deferred tax asset of £217,000 (2015: £183,000). 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 28.02.16 £000	Restated* Year ended 28.02.15 £000
<b>The distributions take account of revenue received on the issue of shares and revenue deducted on the cancellation of shares, and comprise:</b>		
Interim distribution	1,150	632
Final distribution	3,505	1,988
	4,655	2,620
Add: Revenue deducted on cancellation of shares	24	39
Deduct: Revenue received on issue of shares	(714)	(386)
<b>Distributions</b>	<b>3,965</b>	<b>2,273</b>
<b>Reconciliation of distributions for the year to net revenue after taxation</b>		
Distributions for the year	3,965	2,273
Equalisation on conversions	(5)	(19)
<b>Net revenue after taxation</b>	<b>3,960</b>	<b>2,254</b>

\* Refer to the accounting policies note on page 89.

Details of the distributions per share are set out in the distribution tables on page 98.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 7 Fair value hierarchy

Valuation technique	As at 28.02.16		As at 28.02.15	
	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Quoted prices for identical instruments in active markets	266	(915)	535	(29)
Prices of recent transactions for identical instruments	418,843	–	266,466	–
Valuation techniques using observable market data	6,580	(3,933)	1,485	(148)
<b>Total</b>	<b>425,689</b>	<b>(4,848)</b>	<b>268,486</b>	<b>(177)</b>

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:

**Quoted prices for identical instruments in active markets** – Quoted in an active market in this context means quoted prices are readily and regularly available and those prices represent actual and regularly occurring market transactions for the same financial instrument on an arm's length basis. For this purpose a quoted price is a price at which the party performing the fair value measurement can enter into a transaction. Therefore the price must be binding on the party providing the quote.

**Prices of recent transactions for identical instruments** – When quoted prices are unavailable, the price of a recent transaction for an identical instrument provides evidence of fair value as long as the transaction is orderly and there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place.

**Valuation techniques using observable market data** – Valuation techniques should maximise the use of observable market data, such as publicly available information about actual events or transactions, and minimise the use of non-observable data. Observable data should be observable for substantially the full term of the instrument.

**Valuation techniques using non-observable data** – Non-observable entity specific data should be used only where relevant observable market data is not available.

## 8 Debtors

	As at 28.02.16 £000	As at 28.02.15 £000
Accrued revenue	66	27
Accrued management fee rebates	166	90
Amounts receivable on issue of shares	1,963	2,010
Income tax recoverable	132	12
Sales awaiting settlement	3,400	–
<b>Total debtors</b>	<b>5,727</b>	<b>2,139</b>

## 9 Cash and bank balances

	As at 28.02.16 £000	As at 28.02.15 £000
Amounts held at futures clearing houses and brokers	2,172	1,010
Cash and bank balances	5,416	4,782
<b>Total cash and bank balances</b>	<b>7,588</b>	<b>5,792</b>

## 10 Cash equivalents

	As at 28.02.16 £000	As at 28.02.15 £000
Aviva Investors Sterling Liquidity Fund	31,400	27,600
<b>Total cash equivalents</b>	<b>31,400</b>	<b>27,600</b>

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**11 Other creditors**

	As at 28.02.16 £000	As at 28.02.15 £000
Accrued expenses	199	164
Income tax withheld on distributions	154	52
Purchases awaiting settlement	4,600	2,235
<b>Total creditors</b>	<b>4,953</b>	<b>2,451</b>

**12 Contingent liabilities and commitments**

There were no contingent liabilities or commitments at the year end (2015: £nil).

**13 Related party transactions**

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 £142,000 (2015: £121,000). 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 £3,148,000 (2015: £1,832,000). The amount outstanding at the year end was £2,347,000 (2015: £1,375,000). 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.

All 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 £281,345,000 (2015: £89,841,000) and £142,200,000 (2015: £58,460,000) respectively. The income received during the year amounted to £1,671,000 (2015: £459,000).

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

	Holdings at 28.02.16 (shares)	Movement (shares)	Holdings at 28.02.15 (shares)
ACD and related parties (share class 1 Accumulation shares)	664	(610,497)	611,161
ACD and related parties (share class 3 Accumulation shares)	176,301,108	49,472,621	126,828,487
ACD and related parties (share class 4 Accumulation shares)	889	889	–
ACD and related parties (share class R3 Accumulation shares)	44,592,178	22,258,414	22,333,764
ACD and related parties (share class 9 Accumulation shares)	169,930	93,930	76,000

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%

On 1 April 2015, the Annual Management Charges of share classes 1, 4 and R3 were reduced by 0.15%.

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 84 and 85. The distributions per share class are given in the distribution tables on page 98. 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 28.02.15	Number of shares issued	Number of shares cancelled	Number of shares converted	Number of shares in issue at 28.02.16
Share Class 1 Accumulation	8,302,917	167,373	(181,087)	(1,646,870)	6,642,333
Share Class 3 Accumulation	126,828,487	50,319,127	(846,506)	–	176,301,108
Share Class 4 Accumulation	8,451,051	97,014	(575,487)	–	7,972,578
Share Class R3 Accumulation	83,713,797	58,212,735	(1,247,172)	1,622,490	142,301,850
Share Class 9 Accumulation	76,000	93,930	–	–	169,930

## 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
<b>28.02.16</b>			
Barclays	(1,090)	–	(1,090)
Goldman Sachs	32	–	32
JP Morgan	42	266	308
Morgan Stanley	(337)	–	(337)
Nomura	(7)	–	(7)
Royal Bank of Canada	(961)	–	(961)
Société Générale	13	–	13
Standard Chartered	(651)	–	(651)
UBS	(689)	–	(689)
<b>Total</b>	<b>(3,648)</b>	<b>266</b>	<b>(3,382)</b>

	Forward currency contracts £000	Futures contracts £000	Total £000
<b>28.02.15</b>			
Citibank	1	–	1
Deutsche Bank	12	–	12
JP Morgan	959	54	1,013
Morgan Stanley	(22)	–	(22)
Nomura	24	–	24
Société Générale	(97)	–	(97)
Standard Chartered	460	–	460
UBS	–	481	481
<b>Total</b>	<b>1,337</b>	<b>535</b>	<b>1,872</b>

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

There is £nil (2015: £nil) collateral held on the above derivatives.



## 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 page 6.

**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 (2015: £nil).

**Currency risk**

At the year end date, (7.63)% (2015: (7.37)%) of the net assets of the Fund were denominated in currencies other than sterling and as such the currency risk is not considered significant.

Currency	Net foreign currency assets					
	Monetary exposure £000		Non monetary exposure £000		Total £000	
	28.02.16	28.02.15	28.02.16	28.02.15	28.02.16	28.02.15
Australian Dollar	(6)	–	266	–	260	–
Euro	1,521	673	(17,240)	(15,023)	(15,719)	(14,350)
Hong Kong Dollar	430	432	(185)	(29)	245	403
Japanese Yen	–	–	(18,035)	(8,448)	(18,035)	(8,448)
US Dollar	102	169	420	–	522	169

**Interest rate risk**

The interest rate profile of the Fund's financial assets and liabilities at 28 February 2016 was:

Currency 28.02.16	Floating Rate £000	Fixed Rate £000	None £000	Total £000
<b>Financial Assets</b>				
Sterling	36,816	–	435,923	472,739
Australian Dollar	–	–	261	261
Euro	1,644	–	1,828	3,472
Hong Kong Dollar	430	–	–	430
Japanese Yen	–	–	4,153	4,153
US Dollar	98	–	6,300	6,398
<b>Financial Liabilities</b>				
Sterling	–	–	(10,933)	(10,933)
Australian Dollar	(1)	–	–	(1)
Euro	(123)	–	(19,068)	(19,191)
Hong Kong Dollar	–	–	(185)	(185)
Japanese Yen	–	–	(22,188)	(22,188)
US Dollar	–	–	(5,876)	(5,876)
<b>Total</b>	<b>38,864</b>	<b>–</b>	<b>390,215</b>	<b>429,079</b>

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

The interest rate profile of the Fund's financial assets and liabilities at 28 February 2015 was:

Currency 28.02.15	Floating Rate £000	Fixed Rate £000	None £000	Total £000
<b>Financial Assets</b>				
Sterling	31,118	–	297,932	329,050
Euro	673	–	4,394	5,067
Hong Kong Dollar	432	–	–	432
US Dollar	169	–	–	169
<b>Financial Liabilities</b>				
Sterling	–	–	(5,435)	(5,435)
Euro	–	–	(19,417)	(19,417)
Hong Kong Dollar	–	–	(29)	(29)
Japanese Yen	–	–	(8,448)	(8,448)
<b>Total</b>	<b>32,392</b>	<b>–</b>	<b>268,997</b>	<b>301,389</b>

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 11.34% (2015: 19.44%) of the assets of the Fund were invested in CIS which predominantly invest in debt securities.

The interest rate risk is not considered significant.

**Market price risk**

At the year end date, 91.76% (2015: 88.41%) of the net assets of the Fund were invested in ordinary shares or stock units and admitted to an official stock exchange. If the market were to change by 10%, the value of the Fund will change by 9.18%.

**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.

28.02.16	Principal before costs £000	Commissions £000	Taxes £000	Total after costs £000	Commissions as % of principal	Taxes as % of principal
<b>Purchases</b>						
Equities	(30,318)	(9)	–	(30,327)	0.03%	0.00%
Bonds	(90,091)	–	–	(90,091)	0.00%	0.00%
Funds	(340,892)	–	(40)	(340,932)	0.00%	0.01%
	(461,301)	(9)	(40)	(461,350)		
<b>Sales</b>						
Equities	47,599	(14)	–	47,585	0.03%	0.00%
Bonds	52,600	–	–	52,600	0.00%	0.00%
Funds	194,025	–	–	194,025	0.00%	0.00%
	294,224	(14)	–	294,210		
<b>Total</b>		(23)	(40)			
<b>Percentage of fund average net assets</b>		0.01%	0.01%			

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**18 Direct transaction costs (continued)**

28.02.15	Principal before costs £000	Commissions £000	Taxes £000	Total after costs £000	Commissions as % of principal	Taxes as % of principal
<b>Purchases</b>						
Equities	(26,145)	(8)	–	(26,153)	0.03%	0.00%
Bonds	(20,000)	–	–	(20,000)	0.00%	0.00%
Funds	(158,293)	–	(1)	(158,294)	0.00%	0.00%
	<u>(204,438)</u>	<u>(8)</u>	<u>(1)</u>	<u>(204,447)</u>		
<b>Sales</b>						
Equities	19,935	(6)	–	19,929	0.03%	0.00%
Bonds	26,400	–	–	26,400	0.00%	0.00%
Funds	97,446	–	–	97,446	0.00%	0.00%
	<u>143,781</u>	<u>(6)</u>	<u>–</u>	<u>143,775</u>		
<b>Total</b>		<u>(14)</u>	<u>(1)</u>			
<b>Percentage of fund average net assets</b>		<u>0.01%</u>	<u>0.00%</u>			

**Dealing spread**

As at 28 February 2016, the average portfolio dealing spread was 0.08% (2015: 0.39%). 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 (2015: nil).

## DISTRIBUTION TABLES

## Final distribution payable in pence per share for the six months ended 28 February 2016

Accumulation shares		Net revenue	Equalisation	Final distribution payable 30 April 2016	Final distribution paid 30 April 2015
Share Class 1	Group 1	0.5602	–	0.5602	0.2607
	Group 2	0.0000	0.5602	0.5602	0.2607
Share Class 3	Group 1	1.0599	–	1.0599	0.9324
	Group 2	0.1637	0.8962	1.0599	0.9324
Share Class 4	Group 1	0.9292	–	0.9292	0.7915
	Group 2	0.0273	0.9019	0.9292	0.7915
Share Class R3	Group 1	1.0705	–	1.0705	0.8566
	Group 2	0.1453	0.9252	1.0705	0.8566
Share Class 9	Group 1	0.8905	–	0.8905	0.0000
	Group 2	0.0925	0.7980	0.8905	0.0000

**Final distribution**

Group 1 shares are those shares purchased at or before 2pm on 31 August 2015.

Group 2 shares are those shares purchased after 2pm on 31 August 2015.

## Interim distribution paid in pence per share for the six months ended 31 August 2015

Accumulation shares		Net revenue	Equalisation	Interim distribution paid 31 October 2015	Interim distribution paid 31 October 2014
Share Class 1	Group 1	0.0000	–	0.0000	0.0000
	Group 2	0.0000	0.0000	0.0000	0.0000
Share Class 3	Group 1	0.4155	–	0.4155	0.3859
	Group 2	0.0000	0.4155	0.4155	0.3859
Share Class 4	Group 1	0.2604	–	0.2604	0.0866
	Group 2	0.0000	0.2604	0.2604	0.0866
Share Class R3	Group 1	0.4247	–	0.4247	0.3230
	Group 2	0.0000	0.4247	0.4247	0.3230
Share Class 9	Group 1	0.4532	–	0.4532	0.0000
	Group 2	0.0003	0.4529	0.4532	0.0000

**Interim distribution**

Group 1 shares are those shares purchased at or before 2pm on 28 February 2015.

Group 2 shares are those shares purchased after 2pm on 28 February 2015.

**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

Over the twelve months ended 28 February 2016, the Fund (share class 1) delivered a total return of -4.97%\* as exposure to equities, along with various currency hedges, detracted from performance.

Global equities endured a turbulent year, riding up to record highs in the spring before subsequently plunging, undermined by both mounting worries over China's economy and the prospect of a US interest rate hike. The MSCI World Index returned -9.17% in local currencies, or -0.74% in sterling as the pound fell sharply.

Asian and emerging equity markets led the decline as a stronger US dollar and mounting concern over the health of the Chinese economy encouraged international investors to reduce allocations to both regions. After a bright start, European markets fell as investors became preoccupied first with the risk of Greece defaulting and then with uncertainties facing the global economy and US monetary policy. European markets fell further at the end of the review period, as the European Central Bank's decision to ease monetary policy in December left investors distinctly underwhelmed.

Government bonds rose as investor appetite for safe-haven assets increased amid continuing financial market turmoil and as investors bet that interest rates would stay lower for longer.

Corporate bonds registered negative returns, with credit spreads widening appreciably as markets shunned riskier assets amid indications the global economy was struggling to maintain momentum.

### Outlook

Despite the recent slide in share prices, the global economic picture is reasonable, monetary conditions loose and inflation stable, all of which are supportive for equities. There are risks to this view, for example, a global recession driven by the US or China. However, this is not our central view. Consequently, shares look attractive for long-term investors prepared to tolerate short-term volatility.

Sovereign bonds have benefited from the recent slide in riskier asset classes. But the danger is that this pessimism clears and that inflation begins to surprise on the upside.

Following substantial research we have adjusted our investment process and as a result now group assets into 'growth', 'defensive' or 'uncorrelated'. So, the Fund will shortly treat equities, global high-yield bonds and emerging-market debt as growth assets; sovereign bonds, investment-grade corporate bonds and cash as defensive assets; and absolute return and property investments as uncorrelated assets.

### April 2016

\* Fund performance figures – share class 1, source Lipper, net of fees, net income reinvested in GBP, as at 28 February 2016.

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.

## AVIVA INVESTORS MULTI-ASSET FUND IV (CONTINUED)

### 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
BlackRock North American Equity Tracker Fund Class L Accumulating GBP	iShares Core S&P 500 UCITS ETF
BlackRock Continental European Equity Tracker Fund Class L Accumulating GBP	BlackRock Emerging Markets Equity Tracker Fund Class L Accumulating GBP
Aviva Investors Multi-Strategy Target Return Fund Class 8, Accumulation shares, GBP	Vanguard Consumer Discretionary Index Fund ETF Shares (USD)
Aviva Investors Emerging Markets Equity Income Fund Class Zy, Accumulation shares, GBP	BlackRock North American Equity Tracker Fund Class L Accumulating GBP
BlackRock Japan Equity Tracker Fund Class L Accumulating GBP	BlackRock Japan Equity Tracker Fund Class L Accumulating GBP
Vanguard Consumer Discretionary Index Fund ETF Shares (USD)	Aviva Investors Global Investment Grade Corporate Bond Fund Class Zyh, Accumulation shares, GBP
Aviva Investors Global High Yield Bond Fund Class Ih, Accumulation shares, GBP	JPM Global Corporate Bond Fund Class C (dist) – GBP (hedged)
Aviva Investors Emerging Markets Local Currency Bond Fund Class Ia, Income shares, GBP	Aviva Investors Multi-Strategy Target Return Fund Class 5, Accumulation shares, GBP
iShares Core S&P 500 UCITS ETF	BlackRock Pacific ex Japan Equity Tracker Fund Class L Accumulating GBP

### Synthetic Risk and Reward Indicator



The Fund has been allocated a risk number based on the higher of the historic volatility of its share price, the historic volatility of its current asset classes or its intended maximum risk levels.

- This indicator is based on historical data, calculated using European Union rules, and may not be a reliable indication of the future risk profile of the Fund.
- The risk and reward category shown is not guaranteed to remain unchanged and may change over time. The lowest category does not mean 'risk free'.
- During the year ended 28 February 2016, the indicator changed from category 5 to category 6.
- Bond values are affected by changes in interest rates, and the bond issuer's creditworthiness. Bonds that produce a higher level of income usually have a greater risk of default.
- An investment in shares of other funds will assume any specific risks associated with those funds. Unregulated funds carry higher risk as they have less rules governing them.
- Full information on the risks applicable to the Fund is detailed in the Prospectus.

## COMPARATIVE TABLES

Class 1 Accumulation	2016 p per share	2015 p per share	2014 p per share
<b>Change in net assets per share</b>			
Opening net asset value per share	141.48	122.96	116.98
Return before operating charges <sup>†</sup>	(5.13)	20.45	7.83
Operating charges	(1.91)	(1.93)	(1.85)
Return after operating charges <sup>†</sup>	(7.04)	18.52	5.98
Distributions on income shares	–	–	–
Closing net asset value per share	134.44	141.48	122.96
Retained distributions on accumulation shares	0.77	0.60	0.00
<sup>†</sup> after direct transaction costs of	(0.01)	–	(0.06)
<b>Performance</b>			
Return after charges	(4.98)%	15.06%	5.11%
<b>Other information</b>			
Closing net asset value (£000)	56,452	59,753	53,473
Closing number of shares	41,991,001	42,234,156	43,486,749
Operating charges (%) <sup>†</sup>	1.37%	1.49%	1.54%
Direct transaction costs (%) <sup>#</sup>	0.01%	0.00%	0.05%
<b>Prices<sup>**</sup></b>			
Highest share price	149.66	141.54	125.70
Lowest share price	125.86	121.60	112.00

Class 4 Accumulation	2016 p per share	2015 p per share	2014 p per share
<b>Change in net assets per share</b>			
Opening net asset value per share	145.45	125.79	119.07
Return before operating charges <sup>†</sup>	(5.27)	20.98	8.00
Operating charges	(1.27)	(1.32)	(1.28)
Return after operating charges <sup>†</sup>	(6.54)	19.66	6.72
Distributions on income shares	–	–	–
Closing net asset value per share	138.91	145.45	125.79
Retained distributions on accumulation shares	1.50	1.28	0.30
<sup>†</sup> after direct transaction costs of	(0.01)	–	(0.06)
<b>Performance</b>			
Return after charges	(4.50)%	15.63%	5.64%
<b>Other information</b>			
Closing net asset value (£000)	1,887	2,042	1,731
Closing number of shares	1,358,539	1,404,070	1,375,849
Operating charges (%) <sup>†</sup>	0.87%	0.99%	1.04%
Direct transaction costs (%) <sup>#</sup>	0.01%	0.00%	0.05%
<b>Prices<sup>**</sup></b>			
Highest share price	153.95	145.51	128.10
Lowest share price	130.02	124.47	114.20

Class 3 Accumulation	2016 p per share	2015 p per share	2014 p per share
<b>Change in net assets per share</b>			
Opening net asset value per share	146.63	126.37	119.19
Return before operating charges <sup>†</sup>	(5.34)	21.12	8.03
Operating charges	(0.96)	(0.86)	(0.85)
Return after operating charges <sup>†</sup>	(6.30)	20.26	7.18
Distributions on income shares	–	–	–
Closing net asset value per share	140.33	146.63	126.37
Retained distributions on accumulation shares	1.82	1.76	0.70
<sup>†</sup> after direct transaction costs of	(0.01)	–	(0.06)
<b>Performance</b>			
Return after charges	(4.30)%	16.03%	6.02%
<b>Other information</b>			
Closing net asset value (£000)	110,601	80,414	48,658
Closing number of shares	78,814,299	54,840,362	38,504,724
Operating charges (%) <sup>†</sup>	0.68%	0.64%	0.69%
Direct transaction costs (%) <sup>#</sup>	0.01%	0.00%	0.05%
<b>Prices<sup>**</sup></b>			
Highest share price	155.26	146.69	128.30
Lowest share price	131.34	125.10	114.40

Class R3 Accumulation	2016 p per share	2015 p per share	2014 p per share
<b>Change in net assets per share</b>			
Opening net asset value per share	137.31	118.45	111.86
Return before operating charges <sup>†</sup>	(5.00)	19.80	7.51
Operating charges	(0.85)	(0.94)	(0.92)
Return after operating charges <sup>†</sup>	(5.85)	18.86	6.59
Distributions on income shares	–	–	–
Closing net asset value per share	131.46	137.31	118.45
Retained distributions on accumulation shares	1.75	1.53	0.63
<sup>†</sup> after direct transaction costs of	(0.01)	–	(0.06)
<b>Performance</b>			
Return after charges	(4.26)%	15.92%	5.89%
<b>Other information</b>			
Closing net asset value (£000)	65,462	28,998	7,884
Closing number of shares	49,796,302	21,117,857	6,656,160
Operating charges (%) <sup>†</sup>	0.62%	0.74%	0.79%
Direct transaction costs (%) <sup>#</sup>	0.01%	0.00%	0.05%
<b>Prices<sup>**</sup></b>			
Highest share price	145.38	137.37	120.40
Lowest share price	123.04	117.24	107.30

## COMPARATIVE TABLES (CONTINUED)

	2016	2015*	2014
Class 9 Accumulation	p per share	p per share	p per share
<b>Change in net assets per share</b>			
Opening net asset value per share (at launch)	102.28	100.00	–
Return before operating charges <sup>‡</sup>	(3.83)	2.30	–
Operating charges	(0.35)	(0.02)	–
Return after operating charges <sup>‡</sup>	(4.18)	2.28	–
Distributions on income shares	–	–	–
Closing net asset value per share	98.10	102.28	–
Retained distributions on accumulation shares	1.50	–	–
† after direct transaction costs of	(0.01)	–	–
<b>Performance</b>			
Return after charges	(4.09)%	2.28%	–
<b>Other information</b>			
Closing net asset value (£000)	3,215	78	–
Closing number of shares	3,276,893	76,000	–
Operating charges (%) <sup>‡</sup>	0.35%	0.35%	–
Direct transaction costs (%) <sup>#</sup>	0.01%	0.00%	–
<b>Prices<sup>≈</sup></b>			
Highest share price	108.34	102.32	–
Lowest share price	91.81	100.00	–

\* From 9 February 2015 (date of launch) to 28 February 2015.

‡ 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.

**Ongoing Charges Figure\***

Share class	28.02.16	28.02.15
Class 1	1.38%	1.49%
Class 3	0.68%	0.64%
Class 4	0.88%	0.99%
Class R3	0.63%	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 0.14% (2015: 0.09%) 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.

On 1 April 2015, the Annual Management Charges of share classes 1, 4 and R3 were reduced by 0.15%.

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 2016

Investment	Currency	Holding	Market Value £000	% of Net Assets
<b>Collective Investment Schemes 94.01% (90.27%)</b>				
<b>Ireland 0.00% (13.95%)</b>				
<b>Luxembourg 10.23% (5.16%)</b>				
Aviva Investors Emerging Markets Local Currency Bond Fund Class Ia, Income shares, GBP+	GBP	129,702	10,926	4.60
Aviva Investors Global High Yield Bond Fund Class Ih, Accumulation shares, GBP+	GBP	92,117	11,008	4.63
Aviva Investors Global Investment Grade Corporate Bond Fund Class Zyh, Accumulation shares, GBP+	GBP	2,355	2,385	1.00
			24,319	10.23
<b>United Kingdom 83.78% (71.16%)</b>				
Aviva Investors Emerging Markets Equity Income Fund Class Zy, Accumulation shares, GBP+	GBP	18,850	18,742	7.89
Aviva Investors Multi-Strategy Target Income Fund Class 5, Income shares, GBP+	GBP	55	–	–
Aviva Investors Multi-Strategy Target Return Fund Class 8, Accumulation shares, GBP+	GBP	18,264,713	20,208	8.50
Aviva Investors Multi-Strategy Target Income Fund Class 8, Income shares, GBP+	GBP	2,453,583	2,503	1.05
Aviva Investors Multi-Strategy Target Return Fund Class 3, Accumulation shares, GBP+	GBP	4,660,526	5,163	2.17
Aviva Investors Property Trust Class 1, Accumulation units, GBP+	GBP	1,901,886	3,208	1.35
Aviva Investors UK Index Tracking Fund Class 3, Accumulation shares, GBP+	GBP	5,901,047	10,949	4.61
BlackRock Continental European Equity Tracker Fund Class L Accumulating GBP	GBP	23,300,273	40,170	16.90
BlackRock Japan Equity Tracker Fund Class L Accumulating GBP	GBP	15,064,138	22,943	9.66
BlackRock North American Equity Tracker Fund Class L Accumulating GBP	GBP	30,789,196	70,661	29.74
BlackRock Pacific ex Japan Equity Tracker Fund Class L Accumulating GBP	GBP	2,193,296	4,529	1.91
			199,076	83.78
<b>Collective Investment Schemes total</b>			<b>223,395</b>	<b>94.01</b>
<b>Government Bonds 0.45% (0.00%)</b>				
<b>United States of America 0.45% (0.00%)</b>				
US Treasury Inflation Indexed 0.63% 15/01/2026	USD	\$1,450,000	1,061	0.45
			1,061	0.45
<b>Government Bonds total</b>			<b>1,061</b>	<b>0.45</b>
<b>Forward Currency Contracts (1.00)% (0.47%)</b>				
Buy EUR 1,733,982 sell GBP 1,332,796 dated 23/03/2016			30	0.01
Buy GBP 11,503,348 sell EUR 15,705,604 dated 23/03/2016			(843)	(0.35)
Buy GBP 12,466,039 sell JPY 2,246,440,921 dated 23/03/2016			(1,722)	(0.72)
Buy GBP 967,680 sell USD 1,379,890 dated 23/03/2016			(20)	(0.01)
Buy JPY 471,038,018 sell GBP 2,802,866 dated 23/03/2016			172	0.07
<b>Forward Currency Contracts total</b>			<b>(2,383)</b>	<b>(1.00)</b>
<b>Futures (0.25)% (0.19%)</b>				
Australia 10 Year Bond 15/03/2016	AUD	16	45	0.02
EURO STOXX 50 Index 18/03/2016	EUR	184	(485)	(0.21)
Hang Seng Index 30/03/2016	HKD	13	(140)	(0.06)
US 10 Year Note 21/06/2016	USD	12	(3)	–
<b>Futures total</b>			<b>(583)</b>	<b>(0.25)</b>
<b>Liquidity Funds 4.04% (6.36%)<sup>1</sup></b>				
Aviva Investors Sterling Liquidity Fund Class 3, Income shares, GBP+	GBP	9,600,000	9,600	4.04
<b>Liquidity Funds total</b>			<b>9,600</b>	<b>4.04</b>
Investment assets <sup>2</sup>			231,090	97.25
Net other assets			6,527	2.75
<b>Net assets</b>			<b>237,617</b>	<b>100.00</b>

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 2015.

+ Investment managed by a related party.

<sup>1</sup> Cash Equivalents.

<sup>2</sup> Includes Cash Equivalents.

## STATEMENT OF TOTAL RETURN

### For the year ended 28 February 2016

	Notes	£000	Year ended 28.02.16 £000	£000	Restated* Year ended 28.02.15 £000
Income					
Net capital (losses)/gains	2		(11,609)		19,304
Revenue	3	3,639		2,450	
Expenses	4	(1,493)		(1,224)	
Net revenue before taxation		2,146		1,226	
Taxation	5	(12)		–	
Net revenue after taxation			2,134		1,226
<b>Total return before distributions</b>			<b>(9,475)</b>		<b>20,530</b>
Distributions	6		(2,136)		(1,230)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>(11,611)</b>		<b>19,300</b>

## STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

### For the year ended 28 February 2016

	£000	Year ended 28.02.16 £000	£000	Year ended 28.02.15 £000
<b>Opening net assets attributable to shareholders</b>		<b>171,285</b>		<b>111,746</b>
Movement due to issue and cancellation of shares:				
Amounts receivable on issue of shares	79,021		40,803	
Amounts payable on cancellation of shares	(3,662)		(2,028)	
		75,359		38,775
Stamp duty reserve tax		–		(2)
Change in net assets attributable to shareholders from investment activities (see above)		(11,611)		19,300
Retained distribution on accumulation shares		2,584		1,466
<b>Closing net assets attributable to shareholders</b>		<b>237,617</b>		<b>171,285</b>

\* Refer to the accounting policies note on page 106.

## BALANCE SHEET

### As at 28 February 2016

	Notes	As at 28.02.16 £000	As at 28.02.15 £000
<b>Assets:</b>			
Investments		224,703	155,838
<b>Current assets:</b>			
Debtors	8	3,246	1,778
Cash and bank balances	9	6,269	4,179
Cash equivalents	10	9,600	10,900
<b>Total assets</b>		<b>243,818</b>	<b>172,695</b>
<b>Liabilities:</b>			
Investment liabilities		(3,213)	(81)
<b>Creditors:</b>			
Other creditors	11	(2,988)	(1,329)
<b>Total liabilities</b>		<b>(6,201)</b>	<b>(1,410)</b>
<b>Net assets attributable to shareholders</b>		<b>237,617</b>	<b>171,285</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 1 Accounting basis and policies

Please see pages 5 and 6 for accounting basis and policies.

There has been no changes to the financial position or financial performance of the Fund as a result of preparing these statements in accordance with SORP 2014 rather than SORP 2010. However, as a result of this change certain comparative items have been restated in the Financial Statements as set out below.

#### Statement of Total Return

Interest payable of £1,000 is now disclosed within 'Expenses', whereas under SORP 2010 this was disclosed within 'Finance costs'.

### 2 Net capital (losses)/gains

	Year ended 28.02.16 £000	Year ended 28.02.15 £000
<b>Net capital (losses)/gains on investments during the year comprise:</b>		
Currency losses	(111)	(133)
Derivative contracts (losses)/gains	(1,657)	1,045
Expenses relating to the purchase and sale of investments	(8)	(4)
Forward currency contracts (losses)/gains	(2,118)	1,507
Non-derivative securities (losses)/gains	(7,715)	16,889
<b>Net capital (losses)/gains*</b>	<b>(11,609)</b>	<b>19,304</b>

\* Total realised gains for the year were £1,589,000 (2015: £4,494,000) and the movement in unrealised (losses)/gains was £(13,198,000) (2015: £14,810,000). Included in realised gains/(losses) for the year were unrealised gains recognised in previous periods.

### 3 Revenue

	Year ended 28.02.16 £000	Year ended 28.02.15 £000
Bank and deposit interest	30	1
Franked components of dividend distributions	2,409	1,511
Interest distributions	–	2
Interest on debt securities	14	2
Interest on derivatives	80	9
Investment manager rebates*	303	207
Revenue from offshore funds	588	665
Unfranked components of dividend distributions	215	53
<b>Total revenue</b>	<b>3,639</b>	<b>2,450</b>

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

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**4 Expenses**

	Year ended 28.02.16 £000	Restated* Year ended 28.02.15 £000
<b>Payable to the Authorised Corporate Director ("ACD"), associates of the ACD or agents of either of them:</b>		
ACD's periodic charge	1,312	1,089
Registration fees	108	73
	1,420	1,162
<b>Payable to the Depositary, associates of the Depositary or agents of either of them:</b>		
Depositary's fee	28	17
Interest payable	5	1
Safe custody fee	19	24
	52	42
<b>Other expenses:</b>		
Audit fee**	10	11
Printing & postage expenses	4	3
Professional fees	–	1
Statement fees	7	5
	21	20
<b>Total expenses</b>	<b>1,493</b>	<b>1,224</b>

\* Refer to the accounting policies note on page 106.

\*\* The audit fee was £9,050 (2015: £8,508) net of VAT.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**5 Taxation****a Analysis of tax charge**

	Year ended 28.02.16 £000	Year ended 28.02.15 £000
Overseas tax suffered	12	–
<b>Total current tax (see note 5.b)</b>	<b>12</b>	<b>–</b>

**b Factors affecting current tax charge**

The tax assessed for the year is lower (2015: lower) than the standard rate of corporation tax in the UK for an Authorised Investment Fund (20%) (2015: 20%).

The differences are explained below:

	Year ended 28.02.16 £000	Year ended 28.02.15 £000
<b>Net revenue before taxation</b>	<b>2,146</b>	<b>1,226</b>
Corporation tax at 20%	429	245
<b>Effects of:</b>		
Franked distributions not subject to corporation tax	(482)	(302)
Movement in excess expenses	67	160
Overseas dividends not subject to corporation tax	(14)	(103)
Overseas tax suffered	12	–
	(417)	(245)
<b>Current tax charge (see note 5.a)</b>	<b>12</b>	<b>–</b>

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 (2015: £nil).

After claiming relief against accrued income taxable on receipt, the Fund has unrelieved excess expenses of £2,364,000 (2015: £2,028,000) creating a potential deferred tax asset of £473,000 (2015: £406,000). 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 28.02.16 £000	Restated* Year ended 28.02.15 £000
<b>The distributions take account of revenue received on the issue of shares and revenue deducted on the cancellation of shares, and comprise:</b>		
Interim distribution	447	291
Final distribution	2,137	1,174
	2,584	1,465
Add: Revenue deducted on cancellation of shares	19	9
Deduct: Revenue received on issue of shares	(467)	(244)
<b>Distributions</b>	<b>2,136</b>	<b>1,230</b>
<b>Reconciliation of distributions for the year to net revenue after taxation</b>		
Distributions for the year	2,136	1,230
Equalisation on conversions	(2)	(4)
<b>Net revenue after taxation</b>	<b>2,134</b>	<b>1,226</b>

\* Refer to the accounting policies note on page 106.

Details of the distributions per share are set out in the distribution tables on page 115.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 7 Fair value hierarchy

Valuation technique	As at 28.02.16		As at 28.02.15	
	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Quoted prices for identical instruments in active markets	45	(628)	351	(20)
Prices of recent transactions for identical instruments	232,995	–	154,603	–
Valuation techniques using observable market data	1,263	(2,585)	884	(61)
<b>Total</b>	<b>234,303</b>	<b>(3,213)</b>	<b>155,838</b>	<b>(81)</b>

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 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:

**Quoted prices for identical instruments in active markets** – Quoted in an active market in this context means quoted prices are readily and regularly available and those prices represent actual and regularly occurring market transactions for the same financial instrument on an arm's length basis. For this purpose a quoted price is a price at which the party performing the fair value measurement can enter into a transaction. Therefore the price must be binding on the party providing the quote.

**Prices of recent transactions for identical instruments** – When quoted prices are unavailable, the price of a recent transaction for an identical instrument provides evidence of fair value as long as the transaction is orderly and there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place.

**Valuation techniques using observable market data** – Valuation techniques should maximise the use of observable market data, such as publicly available information about actual events or transactions, and minimise the use of non-observable data. Observable data should be observable for substantially the full term of the instrument.

**Valuation techniques using non-observable data** – Non-observable entity specific data should be used only where relevant observable market data is not available.

## 8 Debtors

	As at 28.02.16 £000	As at 28.02.15 £000
Accrued revenue	29	289
Accrued management fee rebates	76	34
Amounts receivable on issue of shares	592	1,432
Income tax recoverable	49	23
Sales awaiting settlement	2,500	–
<b>Total debtors</b>	<b>3,246</b>	<b>1,778</b>

## 9 Cash and bank balances

	As at 28.02.16 £000	As at 28.02.15 £000
Amounts held at futures clearing houses and brokers	1,614	591
Cash and bank balances	4,655	3,588
<b>Total cash and bank balances</b>	<b>6,269</b>	<b>4,179</b>

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 10 Cash equivalents

	As at 28.02.16 £000	As at 28.02.15 £000
Aviva Investors Sterling Liquidity Fund	9,600	10,900
<b>Total cash equivalents</b>	<b>9,600</b>	<b>10,900</b>

### 11 Other creditors

	As at 28.02.16 £000	As at 28.02.15 £000
Accrued expenses	140	126
Amounts payable for cancellation of shares	348	–
Purchases awaiting settlement	2,500	1,203
<b>Total creditors</b>	<b>2,988</b>	<b>1,329</b>

### 12 Contingent liabilities and commitments

There were no contingent liabilities or commitments at the year end (2015: £nil).

### 13 Related party transactions

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 £105,000 (2015: £98,000). 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 £1,790,000 (2015: £1,076,000). The amount outstanding at the year end was £1,448,000 (2015: £823,000). 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.

All 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 £136,676,000 (2015: £29,812,000) and £65,557,000 (2015: £21,524,000) respectively. The income received during the year amounted to £1,023,000 (2015: £277,000).

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

	Holdings at 28.02.16 (shares)	Movement (shares)	Holdings at 28.02.15 (shares)
ACD and related parties (share class 1 Accumulation shares)	12,265,137	1,207,909	11,057,228
ACD and related parties (share class 3 Accumulation shares)	78,814,299	23,973,937	54,840,362
ACD and related parties (share class 4 Accumulation shares)	313,462	33,447	280,015
ACD and related parties (share class R3 Accumulation shares)	16,321,640	9,111,261	7,210,379
ACD and related parties (share class 9 Accumulation shares)	3,276,893	3,200,893	76,000

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%

On 1 April 2015, the Annual Management Charges of share classes 1, 4 and R3 were reduced by 0.15%.

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 101 and 102. The distributions per share class are given in the distribution tables on page 115. 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 28.02.15	Number of shares issued	Number of shares cancelled	Number of shares converted	Number of shares in issue at 28.02.16
Share Class 1 (Accumulation)	42,234,156	1,514,053	(1,310,272)	(446,936)	41,991,001
Share Class 3 (Accumulation)	54,840,362	24,668,512	(694,575)	–	78,814,299
Share Class 4 (Accumulation)	1,404,070	165,986	(176,582)	(34,935)	1,358,539
Share Class R3 (Accumulation)	21,117,857	28,712,803	(529,548)	495,190	49,796,302
Share Class 9 (Accumulation)	76,000	3,200,893	–	–	3,276,893

## 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
<b>28.02.16</b>			
Barclays	(764)	–	(764)
Goldman Sachs	60	–	60
JP Morgan	(10)	45	35
Morgan Stanley	(171)	–	(171)
Nomura	76	–	76
Royal Bank of Canada	(726)	–	(726)
Société Générale	7	–	7
Standard Chartered	(435)	–	(435)
UBS	(420)	–	(420)
<b>Total</b>	<b>(2,383)</b>	<b>45</b>	<b>(2,338)</b>

	Forward currency contracts £000	Futures contracts £000	Total £000
<b>28.02.15</b>			
Citibank	1	–	1
Deutsche Bank	8	–	8
JP Morgan	739	20	759
Morgan Stanley	(12)	–	(12)
Nomura	17	–	17
Société Générale	(25)	–	(25)
Standard Chartered	95	–	95
UBS	–	35	35
<b>Total</b>	<b>823</b>	<b>55</b>	<b>878</b>

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

There is £nil (2015: £nil) collateral held on the above derivatives.

## 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 page 6.

**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 (2015: £nil).

**Currency risk**

At the year end date, (7.80)% (2015: (9.05)%) of the net assets of the Fund were denominated in currencies other than sterling and as such the currency risk is not considered significant.

Currency	Net foreign currency assets					
	Monetary exposure £000		Non monetary exposure £000		Total £000	
	28.02.16	28.02.15	28.02.16	28.02.15	28.02.16	28.02.15
Australian Dollar	(14)	–	45	–	31	–
Euro	1,306	393	(10,626)	(10,338)	(9,320)	(9,945)
Hong Kong Dollar	299	263	(140)	(20)	159	243
Japanese Yen	–	–	(9,491)	(5,799)	(9,491)	(5,799)
US Dollar	5	–	91	–	96	–

**Interest rate risk**

The interest rate profile of the Fund's financial assets and liabilities at 28 February 2016 was:

Currency 28.02.16	Floating Rate £000	Fixed Rate £000	None £000	Total £000
<b>Financial Assets</b>				
Sterling	4,673	–	257,042	261,715
Australian Dollar	(14)	–	45	31
Euro	1,306	–	30	1,336
Hong Kong Dollar	299	–	–	299
Japanese Yen	–	–	172	172
US Dollar	5	–	1,061	1,066
<b>Financial Liabilities</b>				
Sterling	–	–	(5,573)	(5,573)
Euro	–	–	(10,656)	(10,656)
Hong Kong Dollar	–	–	(140)	(140)
Japanese Yen	–	–	(9,663)	(9,663)
US Dollar	–	–	(970)	(970)
<b>Total</b>	<b>6,269</b>	<b>–</b>	<b>231,348</b>	<b>237,617</b>

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

The interest rate profile of the Fund's financial assets and liabilities at 28 February 2015 was:

Currency 28.02.15	Floating Rate £000	Fixed Rate £000	None £000	Total £000
<b>Financial Assets</b>				
Sterling	14,423	–	175,263	189,686
Euro	393	–	1,872	2,265
Hong Kong Dollar	263	–	–	263
<b>Financial Liabilities</b>				
Sterling	(1,329)	–	(1,571)	(2,900)
Euro	–	–	(12,210)	(12,210)
Hong Kong Dollar	–	–	(20)	(20)
Japanese Yen	–	–	(5,799)	(5,799)
<b>Total</b>	<b>13,750</b>	<b>–</b>	<b>157,535</b>	<b>171,285</b>

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 10.23% (2015: 19.11%) of the assets of the Fund were invested in CIS which predominantly invest in debt securities.

The interest rate risk is not considered significant.

**Market price risk**

At the year end date, 94.46% (2015: 90.27%) of the net assets of the Fund were invested in ordinary shares or stock units and admitted to an official stock exchange. If the market were to change by 10%, the value of the Fund will change by 9.45%.

**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.

28.02.16	Principal before costs £000	Commissions £000	Taxes £000	Total after costs £000	Commissions as % of principal	Taxes as % of principal
<b>Purchases</b>						
Equities	(26,052)	(7)	–	(26,059)	0.03%	0.00%
Bonds	(42,727)	–	–	(42,727)	0.00%	0.00%
Funds	(181,721)	–	–	(181,721)	0.00%	0.00%
	(250,500)	(7)	–	(250,507)		
<b>Sales</b>						
Equities	46,953	(14)	–	46,939	0.03%	0.00%
Bonds	32,100	–	–	32,100	0.00%	0.00%
Funds	84,242	–	–	84,242	0.00%	0.00%
	163,295	(14)	–	163,281		
<b>Total</b>		(21)	–			
<b>Percentage of fund average net assets</b>		0.01%	0.00%			

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**18 Direct transaction costs (continued)**

28.02.15	Principal before costs £000	Commissions £000	Taxes £000	Total after costs £000	Commissions as % of principal	Taxes as % of principal
<b>Purchases</b>						
Equities	(27,315)	(8)	–	(27,323)	0.03%	0.00%
Bonds	(6,500)	–	–	(6,500)	0.00%	0.00%
Funds	(70,891)	–	–	(70,891)	0.00%	0.00%
	(104,706)	(8)	–	(104,714)		
<b>Sales</b>						
Equities	15,653	(5)	–	15,648	0.03%	0.00%
Bonds	7,300	–	–	7,300	0.00%	0.00%
Funds	39,386	–	–	39,386	0.00%	0.00%
	62,339	(5)	–	62,334		
<b>Total</b>		13	–			
<b>Percentage of fund average net assets</b>		0.00%	0.00%			

**Dealing spread**

As at 28 February 2016, the average portfolio dealing spread was 0.09% (2015: 0.14%). 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 (2015: nil).

## DISTRIBUTION TABLES

## Final distribution payable in pence per share for the six months ended 28 February 2016

Accumulation shares		Net revenue	Equalisation	Final distribution payable 30 April 2016	Final distribution paid 30 April 2015
Share Class 1	Group 1	0.7687	–	0.7687	0.6011
	Group 2	0.0000	0.7687	0.7687	0.6011
Share Class 3	Group 1	1.3921	–	1.3921	1.2301
	Group 2	0.1795	1.2126	1.3921	1.2301
Share Class 4	Group 1	1.2420	–	1.2420	1.1305
	Group 2	0.0912	1.1508	1.2420	1.1305
Share Class R3	Group 1	1.3364	–	1.3364	1.0892
	Group 2	0.1406	1.1958	1.3364	1.0892
Share Class 9	Group 1	1.0653	–	1.0653	0.0000
	Group 2	0.0753	0.9900	1.0653	0.0000

**Final distribution**

Group 1 shares are those shares purchased at or before 2pm on 31 August 2015.

Group 2 shares are those shares purchased after 2pm on 31 August 2015.

## Interim distribution paid in pence per share for the six months ended 31 August 2015

Accumulation shares		Net revenue	Equalisation	Interim distribution paid 31 October 2015	Interim distribution paid 31 October 2014
Share Class 1	Group 1	0.0000	–	0.0000	0.0000
	Group 2	0.0000	0.0000	0.0000	0.0000
Share Class 3	Group 1	0.4255	–	0.4255	0.5271
	Group 2	0.0000	0.4255	0.4255	0.5271
Share Class 4	Group 1	0.2568	–	0.2568	0.1488
	Group 2	0.0000	0.2568	0.2568	0.1488
Share Class R3	Group 1	0.4159	–	0.4159	0.4441
	Group 2	0.0000	0.4159	0.4159	0.4441
Share Class 9	Group 1	0.4320	–	0.4320	0.0000
	Group 2	0.0000	0.4320	0.4320	0.0000

**Interim distribution**

Group 1 shares are those shares purchased at or before 2pm on 28 February 2015.

Group 2 shares are those shares purchased after 2pm on 28 February 2015.

**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

Over the twelve months ended 28 February 2016, the Fund (share class 1) delivered a total return of -6.05%\* as exposure to equities, along with various currency hedges, detracted from performance.

Global equities endured a turbulent year, riding up to record highs in the spring before subsequently plunging, undermined by both mounting worries over China's economy and the prospect of a US interest rate hike. The MSCI World Index returned -9.17% in local currencies, or -0.74% in sterling as the pound fell sharply.

Asian and emerging equity markets led the decline as a stronger US dollar and mounting concern over the health of the Chinese economy encouraged international investors to reduce allocations to both regions. After a bright start, European markets fell as investors became preoccupied first with the risk of Greece defaulting and then with uncertainties facing the global economy and US monetary policy. European markets fell further at the end of the review period, as the European Central Bank's decision to ease monetary policy in December left investors distinctly underwhelmed.

Government bonds rose as investor appetite for safe-haven assets increased amid continuing financial market turmoil and as investors bet that interest rates would stay lower for longer.

Corporate bonds registered negative returns, with credit spreads widening appreciably as markets shunned riskier assets amid indications the global economy was struggling to maintain momentum.

### Outlook

Despite the recent slide in share prices, the global economic picture is reasonable, monetary conditions loose and inflation stable, all of which are supportive for equities. There are risks to this view, for example, a global recession driven by the US or China. However, this is not our central view. Consequently, shares look attractive for long-term investors prepared to tolerate short-term volatility.

Sovereign bonds have benefited from the recent slide in riskier asset classes. But the danger is that this pessimism clears and that inflation begins to surprise on the upside.

Following substantial research we have adjusted our investment process and as a result now group assets into 'growth', 'defensive' or 'uncorrelated'. So, the Fund will shortly treat equities, global high-yield bonds and emerging-market debt as growth assets; sovereign bonds, investment-grade corporate bonds and cash as defensive assets; and absolute return and property investments as uncorrelated assets.

### April 2016

\* Fund performance figures – share class 1, source Lipper, net of fees, net income reinvested in GBP, as at 28 February 2016.

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.

## AVIVA INVESTORS MULTI-ASSET FUND V (CONTINUED)

**Material Portfolio Changes**

Purchases	Sales
BlackRock North American Equity Tracker Fund Class L Accumulating GBP	iShares Core S&P 500 UCITS ETF
BlackRock Continental European Equity Tracker Fund Class L Accumulating GBP	BlackRock Emerging Markets Equity Tracker Fund Class L Accumulating GBP
Aviva Investors Emerging Markets Equity Income Fund Class Zy, Accumulation shares, GBP	Vanguard Consumer Discretionary Index Fund ETF Shares (USD)
Aviva Investors Sterling Liquidity Fund Class 3, Income Shares, GBP	Aviva Investors Sterling Liquidity Fund Class 3, Income Shares, GBP
BlackRock Japan Equity Tracker Fund Class L Accumulating GBP	BlackRock North American Equity Tracker Fund Class L Accumulating GBP
Vanguard Consumer Discretionary Index Fund ETF Shares (USD)	BlackRock Japan Equity Tracker Fund Class L Accumulating GBP
Aviva Investors Multi-Strategy Target Return Fund Class 8, Accumulation shares, GBP	BlackRock Pacific ex Japan Equity Tracker Fund Class L Accumulating GBP
Aviva Investors Global High Yield Bond Fund Class 1h, Accumulation shares, GBP	Aviva Investors Multi-Strategy Target Return Fund Class 5 Accumulation Shares
Aviva Investors Emerging Markets Local Currency Bond Fund Class 1a, Income shares, GBP	BlackRock Continental European Equity Tracker Fund Class L Accumulating GBP
BlackRock Emerging Markets Equity Tracker Fund Class L Accumulating GBP	Aviva Investors Multi-Strategy Target Income Fund Class 8, Income shares, GBP

**Synthetic Risk and Reward Indicator**

The Fund has been allocated a risk number based on the higher of the historic volatility of its share price, the historic volatility of its current asset classes or its intended maximum risk levels.

- This indicator is based on historical data, calculated using European Union rules, and may not be a reliable indication of the future risk profile of the Fund.
- The risk and reward category shown is not guaranteed to remain unchanged and may change over time. The lowest category does not mean 'risk free'.
- During the year ended 28 February 2016, the indicator changed from category 5 to category 6.
- Bond values are affected by changes in interest rates, and the bond issuer's creditworthiness. Bonds that produce a higher level of income usually have a greater risk of default.
- An investment in shares of other funds will assume any specific risks associated with those funds. Unregulated funds carry higher risk as they have less rules governing them.
- Full information on the risks applicable to the Fund is detailed in the Prospectus.

## COMPARATIVE TABLES

	2016	2015	2014
Class 1 Accumulation	p per share	p per share	p per share
<b>Change in net assets per share</b>			
Opening net asset value per share	138.31	117.80	117.84
Return before operating charges <sup>†</sup>	(6.58)	22.37	1.77
Operating charges	(1.88)	(1.86)	(1.81)
Return after operating charges <sup>†</sup>	(8.46)	20.51	(0.04)
Distributions on income shares	–	–	–
Closing net asset value per share	129.85	138.31	117.80
Retained distributions on accumulation shares	0.57	0.61	–
† after direct transaction costs of	(0.01)	(0.01)	(0.07)
<b>Performance</b>			
Return after charges	(6.12)%	17.41%	(0.03)%
<b>Other information</b>			
Closing net asset value (£000)	9,017	10,015	13,800
Closing number of shares	6,944,316	7,241,989	11,714,284
Operating charges (%) <sup>†</sup>	1.41%	1.50%	1.56%
Direct transaction costs (%) <sup>#</sup>	0.01%	0.01%	0.06%
<b>Prices<sup>®</sup></b>			
Highest share price	147.09	138.37	123.02
Lowest share price	119.72	115.82	106.60

	2016	2015	2014
Class 4 Accumulation	p per share	p per share	p per share
<b>Change in net assets per share</b>			
Opening net asset value per share	139.93	118.59	118.34
Return before operating charges <sup>†</sup>	(6.67)	22.60	1.48
Operating charges	(1.23)	(1.26)	(1.23)
Return after operating charges <sup>†</sup>	(7.90)	21.34	0.25
Distributions on income shares	–	–	–
Closing net asset value per share	132.03	139.93	118.59
Retained distributions on accumulation shares	1.25	1.25	0.15
† after direct transaction costs of	(0.01)	(0.01)	(0.07)
<b>Performance</b>			
Return after charges	(5.65)%	17.99%	0.21%
<b>Other information</b>			
Closing net asset value (£000)	157	167	141
Closing number of shares	119,095	119,095	119,095
Operating charges (%) <sup>†</sup>	0.91%	1.00%	1.06%
Direct transaction costs (%) <sup>#</sup>	0.01%	0.01%	0.06%
<b>Prices<sup>®</sup></b>			
Highest share price	148.91	139.99	123.20
Lowest share price	121.71	116.67	107.00

	2016	2015	2014
Class 3 Accumulation	p per share	p per share	p per share
<b>Change in net assets per share</b>			
Opening net asset value per share	143.96	121.57	120.59
Return before operating charges <sup>†</sup>	(6.88)	23.24	1.83
Operating charges	(0.96)	(0.85)	(0.85)
Return after operating charges <sup>†</sup>	(7.84)	22.39	0.98
Distributions on income shares	–	–	–
Closing net asset value per share	136.12	143.96	121.57
Retained distributions on accumulation shares	1.59	1.74	0.55
† after direct transaction costs of	(0.01)	(0.01)	(0.07)
<b>Performance</b>			
Return after charges	(5.45)%	18.42%	0.81%
<b>Other information</b>			
Closing net asset value (£000)	23,378	14,988	8,013
Closing number of shares	17,174,715	10,410,984	6,590,852
Operating charges (%) <sup>†</sup>	0.69%	0.65%	0.71%
Direct transaction costs (%) <sup>#</sup>	0.01%	0.01%	0.06%
<b>Prices<sup>®</sup></b>			
Highest share price	153.26	144.02	125.90
Lowest share price	125.47	119.66	109.40

	2016	2015	2014
Class R3 Accumulation	p per share	p per share	p per share
<b>Change in net assets per share</b>			
Opening net asset value per share	133.45	112.81	111.70
Return before operating charges <sup>†</sup>	(6.38)	21.56	2.01
Operating charges	(0.84)	(0.92)	(0.90)
Return after operating charges <sup>†</sup>	(7.22)	20.64	1.11
Distributions on income shares	–	–	–
Closing net asset value per share	126.23	133.45	112.81
Retained distributions on accumulation shares	1.52	1.50	0.26
† after direct transaction costs of	(0.01)	(0.01)	(0.07)
<b>Performance</b>			
Return after charges	(5.41)%	18.30%	0.99%
<b>Other information</b>			
Closing net asset value (£000)	18,611	11,276	1,839
Closing number of shares	14,743,158	8,449,387	1,630,569
Operating charges (%) <sup>†</sup>	0.65%	0.75%	0.81%
Direct transaction costs <sup>#</sup>	0.01%	0.01%	0.06%
<b>Prices<sup>®</sup></b>			
Highest share price	142.06	133.51	116.90
Lowest share price	116.35	111.02	101.60



## COMPARATIVE TABLES (CONTINUED)

	2016	2015*	2014
Class 9 Accumulation	p per share	p per share	p per share
<b>Change in net assets per share</b>			
Opening net asset value per share (at launch)	102.95	100.00	–
Return before operating charges <sup>†</sup>	(5.01)	3.31	–
Operating charges	(0.35)	(0.36)	–
Return after operating charges <sup>†</sup>	(5.36)	2.95	–
Distributions on income shares	–	–	–
Closing net asset value per share	97.59	102.95	–
Retained distributions on accumulation shares	1.38	0.04	–
† after direct transaction costs of	(0.01)	(0.01)	–
<b>Performance</b>			
Return after charges	(5.21)%	2.95%	–
<b>Other information</b>			
Closing net asset value (£000)	526	78	–
Closing number of shares	538,841	76,000	–
Operating charges (%) <sup>‡</sup>	0.35%	0.35%	–
Direct transaction costs (%) <sup>#</sup>	0.01%	0.01%	–
<b>Prices<sup>≈</sup></b>			
Highest share price	109.63	102.99	–
Lowest share price	89.94	100.00	–

\* Share class 9 Accumulation was launched on 9 February 2015.

‡ 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.

**Ongoing Charges Figure\***

Share class	28.02.16	28.02.15
Class 1	1.39%	1.50%
Class 3	0.69%	0.65%
Class 4	0.89%	1.00%
Class R3	0.64%	0.75%
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 0.13% (2015: 0.07%) 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.

On 1 April 2015, the Annual Management Charges of share classes 1, 4 and R3 were reduced by 0.15%.

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 2016

Investment	Currency	Holding	Market Value £000	% of Net Assets
<b>Collective Investment Schemes 92.53% (84.36%)</b>				
<b>Ireland 0.00% (16.07%)</b>				
<b>Luxembourg 11.34% (0.00%)</b>				
Aviva Investors Emerging Markets Local Currency Bond Fund Class Ia, Income shares, GBP+	GBP	34,218	2,883	5.58
Aviva Investors Global High Yield Bond Fund Class Ih, Accumulation shares, GBP+	GBP	24,923	2,978	5.76
			5,861	11.34
<b>United Kingdom 81.19% (68.29%)</b>				
Aviva Investors Emerging Markets Equity Income Fund Class Zy, Accumulation shares, GBP+	GBP	5,165	5,135	9.93
Aviva Investors Multi-Strategy Target Income Fund Class 5, Income shares, GBP+	GBP	7	–	–
Aviva Investors Multi-Strategy Target Income Fund Class 8, Income shares, GBP+	GBP	392,649	401	0.78
Aviva Investors Multi-Strategy Target Return Fund Class 8, Accumulation shares, GBP+	GBP	3,280,949	3,630	7.02
BlackRock Continental European Equity Tracker Fund Class L Accumulating GBP	GBP	6,270,993	10,811	20.92
BlackRock Japan Equity Tracker Fund Class L Accumulating GBP	GBP	3,948,128	6,013	11.63
BlackRock North American Equity Tracker Fund Class L Accumulating GBP	GBP	6,450,220	14,803	28.64
BlackRock Pacific ex Japan Equity Tracker Fund Class L Accumulating GBP	GBP	569,024	1,175	2.27
			41,968	81.19
<b>Collective Investment Schemes total</b>			<b>47,829</b>	<b>92.53</b>
<b>Forward Currency Contracts (1.10)% (0.55%)</b>				
Buy EUR 571,242 sell GBP 432,245 dated 23/03/2016			17	0.03
Buy GBP 3,171,759 sell EUR 4,324,626 dated 23/03/2016			(227)	(0.44)
Buy GBP 3,243,728 sell JPY 583,714,399 dated 23/03/2016			(443)	(0.85)
Buy JPY 114,733,747 sell GBP 688,320 dated 23/03/2016			36	0.07
Buy USD 5,001,632 sell GBP 3,532,505 dated 23/03/2016			48	0.09
<b>Forward Currency Contracts total</b>			<b>(569)</b>	<b>(1.10)</b>
<b>Futures (0.61)% (1.44%)</b>				
EURO STOXX 50 Index 18/03/2016	EUR	50	(130)	(0.25)
FTSE 100 Index 18/03/2016	GBP	50	75	0.14
Hang Seng Index 30/03/2016	HKD	4	(49)	(0.09)
S&P 500 E-mini Index 18/03/2016	USD	55	(210)	(0.41)
<b>Futures total</b>			<b>(314)</b>	<b>(0.61)</b>
<b>Liquidity Funds 2.52% (9.58%)<sup>1</sup></b>				
Aviva Investors Sterling Liquidity Fund Class 3, Income shares, GBP+	GBP	1,300,000	1,300	2.52
<b>Liquidity Funds total</b>			<b>1,300</b>	<b>2.52</b>
Investment assets <sup>2</sup>			48,246	93.34
Net other assets			3,443	6.66
<b>Net assets</b>			<b>51,689</b>	<b>100.00</b>

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 2015.

+ Investment managed by a related party.

<sup>1</sup> Cash Equivalents.

<sup>2</sup> Includes Cash Equivalents.

## STATEMENT OF TOTAL RETURN

### For the year ended 28 February 2016

	Notes	£000	Year ended 28.02.16 £000	£000	Year ended 28.02.15 £000
Income					
Net capital (losses)/gains	2		(3,110)		4,675
Revenue	3	741		538	
Expenses					
Net revenue before taxation	4	(308)		(276)	
Taxation	5	(3)		–	
Net revenue after taxation					
			430		262
<b>Total return before distributions</b>			<b>(2,680)</b>		<b>4,937</b>
Distributions	6		(430)		(274)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>(3,110)</b>		<b>4,663</b>

## STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

### For the year ended 28 February 2016

	£000	Year ended 28.02.16 £000	£000	Year ended 28.02.15 £000
<b>Opening net assets attributable to shareholders</b>		<b>36,524</b>		<b>23,793</b>
Movement due to issue and cancellation of shares:				
Amounts receivable on issue of shares	21,294		9,241	
Amounts payable on cancellation of shares	(3,548)		(1,493)	
		17,746		7,748
Change in net assets attributable to shareholders from investment activities (see above)				
		(3,110)		4,663
Retained distribution on accumulation shares		529		320
<b>Closing net assets attributable to shareholders</b>		<b>51,689</b>		<b>36,524</b>

## BALANCE SHEET

As at 28 February 2016

	Notes	As at 28.02.16 £000	As at 28.02.15 £000
<b>Assets:</b>			
Investments		48,005	31,552
<b>Current assets:</b>			
Debtors	8	1,178	169
Cash and bank balances	9	2,934	1,360
Cash equivalents	10	1,300	3,500
<b>Total assets</b>		<b>53,417</b>	<b>36,581</b>
<b>Liabilities:</b>			
Investment liabilities		(1,059)	(12)
<b>Creditors:</b>			
Other creditors	11	(669)	(45)
<b>Total liabilities</b>		<b>(1,728)</b>	<b>(57)</b>
<b>Net assets attributable to shareholders</b>		<b>51,689</b>	<b>36,524</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 1 Accounting basis and policies

Please see pages 5 and 6 for accounting basis and policies.

There has been no changes to the financial position or financial performance of the Fund as a result of preparing these statements in accordance with SORP 2014 rather than SORP 2010.

### 2 Net capital (losses)/gains

	Year ended 28.02.16 £000	Year ended 28.02.15 £000
<b>Net capital (losses)/gains on investments during the year comprise:</b>		
Currency gains/(losses)	3	(27)
Derivative contracts (losses)/gains	(1,083)	704
Expenses relating to the purchase and sale of investments	(6)	(3)
Forward currency contracts (losses)/gains	(489)	352
Non-derivative securities (losses)/gains	(1,535)	3,649
<b>Net capital (losses)/gains*</b>	<b>(3,110)</b>	<b>4,675</b>

\* Total realised gains for the year were £399,000 (2015: £1,084,000) and the movement in unrealised (losses)/gains was £(3,509,000) (2015: £3,591,000). Included in realised gains for the year were unrealised gains/(losses) recognised in previous periods.

### 3 Revenue

	Year ended 28.02.16 £000	Year ended 28.02.15 £000
Bank and deposit interest	9	1
Franked components of dividend distributions	490	295
Interest on debt securities	6	2
Interest on derivatives	13	2
Investment manager rebates*	57	32
Overseas dividends	19	204
Revenue from offshore funds	128	–
Unfranked components of dividend distributions	19	2
<b>Total revenue</b>	<b>741</b>	<b>538</b>

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

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**4 Expenses**

	Year ended 28.02.16 £000	Year ended 28.02.15 £000
<b>Payable to the Authorised Corporate Director ("ACD"), associates of the ACD or agents of either of them:</b>		
ACD's periodic charge	260	237
Registration fees	25	18
	285	255
<b>Payable to the Depositary, associates of the Depositary or agents of either of them:</b>		
Depositary's fee	6	3
Interest payable	1	–
Safe custody fee	4	4
	11	7
<b>Other expenses:</b>		
Audit fee*	10	11
Printing & postage expenses	1	1
Professional fees	(1)	1
Statement fees	2	1
	12	14
<b>Total expenses</b>	<b>308</b>	<b>276</b>

\* The audit fee was £9,050 (2015: £8,508) net of VAT.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**5 Taxation****a Analysis of tax charge**

	Year ended 28.02.16 £000	Year ended 28.02.15 £000
Overseas tax suffered	3	–
<b>Total current tax (see note 5.b)</b>	<b>3</b>	<b>–</b>

**b Factors affecting current tax charge**

The tax assessed for the year is lower (2015: lower) than the standard rate of corporation tax in the UK for an Authorised Investment Fund (20%) (2015: 20%).

The differences are explained below:

	Year ended 28.02.16 £000	Year ended 28.02.15 £000
<b>Net revenue before taxation</b>	<b>433</b>	<b>262</b>
Corporation tax at 20%	87	52
<b>Effects of:</b>		
Franked distributions not subject to corporation tax	(98)	(59)
Movement in excess expenses	15	47
Overseas dividends not subject to corporation tax	(4)	(40)
Overseas tax suffered	3	–
	(84)	(52)
<b>Current tax charge (see note 5.a)</b>	<b>3</b>	<b>–</b>

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

**c Deferred tax**

There was no provision for deferred tax at the balance sheet date (2015: £nil).

After claiming relief against accrued income taxable on receipt, the Fund has unrelieved excess expenses of £757,000 (2015: £681,000) creating a potential deferred tax asset of £151,000 (2015: £136,000). 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 28.02.16 £000	Year ended 28.02.15 £000
<b>The distributions take account of revenue received on the issue of shares and revenue deducted on the cancellation of shares, and comprise:</b>		
Interim distribution	72	45
Final distribution	457	274
	529	319
Add: Revenue deducted on cancellation of shares	29	8
Deduct: Revenue received on issue of shares	(128)	(53)
<b>Distributions</b>	<b>430</b>	<b>274</b>
<b>Reconciliation of distributions for the year to net revenue after taxation</b>		
Distributions for the year	430	274
Equalisation on conversions	–	(12)
<b>Net revenue after taxation</b>	<b>430</b>	<b>262</b>

Details of the distributions per share are set out in the distribution tables on page 132.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 7 Fair value hierarchy

Valuation technique	As at 28.02.16		As at 28.02.15	
	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Quoted prices for identical instruments in active markets	75	(389)	528	(5)
Prices of recent transactions for identical instruments	49,129	–	30,814	–
Valuation techniques using observable market data	101	(670)	210	(7)
<b>Total</b>	<b>49,305</b>	<b>(1,059)</b>	<b>31,552</b>	<b>(12)</b>

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:

**Quoted prices for identical instruments in active markets** – Quoted in an active market in this context means quoted prices are readily and regularly available and those prices represent actual and regularly occurring market transactions for the same financial instrument on an arm's length basis. For this purpose a quoted price is a price at which the party performing the fair value measurement can enter into a transaction. Therefore the price must be binding on the party providing the quote.

**Prices of recent transactions for identical instruments** – When quoted prices are unavailable, the price of a recent transaction for an identical instrument provides evidence of fair value as long as the transaction is orderly and there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place.

**Valuation techniques using observable market data** – Valuation techniques should maximise the use of observable market data, such as publicly available information about actual events or transactions, and minimise the use of non-observable data. Observable data should be observable for substantially the full term of the instrument.

**Valuation techniques using non-observable data** – Non-observable entity specific data should be used only where relevant observable market data is not available.

## 8 Debtors

	As at 28.02.16 £000	As at 28.02.15 £000
Accrued revenue	5	113
Accrued management fee rebates	20	7
Amounts receivable on issue of shares	149	48
Income tax recoverable	4	1
Sales awaiting settlement	1,000	–
<b>Total debtors</b>	<b>1,178</b>	<b>169</b>

## 9 Cash and bank balances

	As at 28.02.16 £000	As at 28.02.15 £000
Amounts held at futures clearing houses and brokers	1,231	211
Cash and bank balances	1,703	1,149
<b>Total cash and bank balances</b>	<b>2,934</b>	<b>1,360</b>



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**10 Cash equivalents**

	As at 28.02.16 £000	As at 28.02.15 £000
Aviva Investors Sterling Liquidity Fund	1,300	3,500
<b>Total cash equivalents</b>	<b>1,300</b>	<b>3,500</b>

**11 Other creditors**

	As at 28.02.16 £000	As at 28.02.15 £000
Accrued expenses	38	34
Amounts payable for cancellation of shares	31	11
Purchases awaiting settlement	600	–
<b>Total creditors</b>	<b>669</b>	<b>45</b>

**12 Contingent liabilities and commitments**

There were no contingent liabilities or commitments at the year end (2015: £nil).

**13 Related party transactions**

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 £21,000 (2015: £19,000). 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 £382,000 (2015: £233,000). The amount outstanding at the year end was £326,000 (2015: £194,000). 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.

All 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 £23,596,000 (2015: £1,072,000) and £7,297,000 (2015: £2,066,000) respectively. The income received during the year amounted to £157,000 (2015: £15,000).

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

	Holdings at 28.02.16 (shares)	Movement (shares)	Holdings at 28.02.15 (shares)
ACD and related parties (share class 1 Accumulation shares)	–	(2,009)	2,009
ACD and related parties (share class 3 Accumulation shares)	17,174,715	6,763,731	10,410,984
ACD and related parties (share class R3 Accumulation shares)	7,494,683	2,122,730	5,371,953
ACD and related parties (share class 9 Accumulation shares)	538,841	462,841	76,000

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%

On 1 April 2015, the Annual Management Charges of share classes 1, 4 and R3 were reduced by 0.15%.

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 118 and 119. The distributions per share class are given in the distribution tables on page 132. 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 28.02.15	Number of shares issued	Number of shares cancelled	Number of shares converted	Number of shares in issue at 28.02.16
Share Class 1 (Accumulation)	7,241,989	73,096	(327,967)	(42,802)	6,944,316
Share Class 3 (Accumulation)	10,410,984	8,262,841	(1,499,110)	–	17,174,715
Share Class 4 (Accumulation)	119,095	–	–	–	119,095
Share Class R3 (Accumulation)	8,449,387	7,163,571	(913,914)	44,114	14,743,158
Share Class 9 (Accumulation)	76,000	462,841	–	–	538,841

## 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
<b>28.02.16</b>			
Barclays	(195)	–	(195)
Goldman Sachs	24	–	24
HSBC	48	–	48
JP Morgan	(2)	–	(2)
Morgan Stanley	(41)	–	(41)
Nomura	(10)	–	(10)
Royal Bank of Canada	(184)	–	(184)
Société Générale	2	–	2
Standard Chartered	(103)	–	(103)
UBS	(108)	75	(33)
<b>Total</b>	<b>(569)</b>	<b>75</b>	<b>(494)</b>

	Forward currency contracts £000	Futures contracts £000	Total £000
<b>28.02.15</b>			
Deutsche Bank	3	–	3
JP Morgan	193	–	193
Morgan Stanley	(3)	–	(3)
Nomura	5	–	5
Société Générale	5	–	5
UBS	1	528	529
<b>Total</b>	<b>204</b>	<b>528</b>	<b>732</b>

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

There is £nil (2015: £nil) collateral held on the above derivatives.

## 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 page 6.

**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 (2015: £nil).

**Currency risk**

At the year end date, (3.30)% (2015: (10.16)%) of the net assets of the Fund were denominated in currencies other than sterling and as such the currency risk is not considered significant.

Currency	Net foreign currency assets					
	Monetary exposure £000		Non monetary exposure £000		Total £000	
	28.02.16	28.02.15	28.02.16	28.02.15	28.02.16	28.02.15
Euro	319	195	(3,080)	(2,719)	(2,761)	(2,524)
Hong Kong Dollar	98	66	(49)	(5)	49	61
Japanese Yen	–	–	(2,962)	(1,492)	(2,962)	(1,492)
US Dollar	596	71	3,371	172	3,967	243

**Interest rate risk**

The interest rate profile of the Fund's financial assets and liabilities at 28 February 2016 was:

Currency 28.02.16	Floating Rate £000	Fixed Rate £000	None £000	Total £000
<b>Financial Assets</b>				
Sterling	3,221	–	55,497	58,718
Euro	319	–	449	768
Hong Kong Dollar	98	–	–	98
Japanese Yen	–	–	725	725
US Dollar	596	–	3,581	4,177
<b>Financial Liabilities</b>				
Sterling	–	–	(5,322)	(5,322)
Euro	–	–	(3,529)	(3,529)
Hong Kong Dollar	–	–	(49)	(49)
Japanese Yen	–	–	(3,687)	(3,687)
US Dollar	–	–	(210)	(210)
<b>Total</b>	<b>4,234</b>	<b>–</b>	<b>47,455</b>	<b>51,689</b>

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

The interest rate profile of the Fund's financial assets and liabilities at 28 February 2015 was:

Currency 28.02.15	Floating Rate £000	Fixed Rate £000	None £000	Total £000
<b>Financial Assets</b>				
Sterling	4,528	–	35,877	40,405
Euro	195	–	204	399
Hong Kong Dollar	66	–	–	66
US Dollar	71	–	172	243
<b>Financial Liabilities</b>				
Sterling	–	–	(169)	(169)
Euro	–	–	(2,923)	(2,923)
Hong Kong Dollar	–	–	(5)	(5)
Japanese Yen	–	–	(1,492)	(1,492)
<b>Total</b>	<b>4,860</b>	<b>–</b>	<b>31,664</b>	<b>36,524</b>

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 11.34% (2015: 16.07%) of the assets of the Fund were invested in CIS which predominantly invest in debt securities.

The interest rate risk is not considered significant.

**Market price risk**

At the year end date, 92.53% (2015: 84.36%) of the net assets of the Fund were invested in ordinary shares or stock units and admitted to an official stock exchange. If the market were to change by 10%, the value of the Fund will change by 9.25%.

**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.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

28.02.16	Principal before costs £000	Commissions £000	Taxes £000	Total after costs £000	Commissions as % of principal	Taxes as % of principal
<b>Purchases</b>						
Equities	(4,631)	(1)	–	(4,632)	0.02%	0.00%
Bonds	(3,300)	–	–	(3,300)	0.00%	0.00%
Funds	(39,946)	–	–	(39,946)	0.00%	0.00%
<b>In-specie purchases</b>						
Bonds	(1,400)	–	–	(1,400)	0.00%	0.00%
	(49,277)	(1)	–	(49,278)		
<b>Sales</b>						
Equities	10,482	(3)	–	10,479	0.03%	0.00%
Bonds	3,400	–	–	3,400	0.00%	0.00%
Funds	15,532	–	–	15,532	0.00%	0.00%
	29,414	(3)	–	29,411		
<b>Total</b>		(4)	–			
<b>Percentage of fund average net assets</b>		0.01%	0.00%			

**18 Direct transaction costs (continued)**

28.02.15	Principal before costs £000	Commissions £000	Taxes £000	Total after costs £000	Commissions as % of principal	Taxes as % of principal
<b>Purchases</b>						
Equities	(8,084)	(2)	–	(8,086)	0.02%	0.00%
Funds	(11,619)	–	–	(11,619)	0.00%	0.00%
	(19,703)	(2)	–	(19,705)		
<b>Sales</b>						
Equities	5,589	(2)	–	5,587	0.04%	0.00%
Bonds	2,500	–	–	2,500	0.00%	0.00%
Funds	5,138	–	–	5,138	0.00%	0.00%
	13,227	(2)	–	13,225		
<b>Total</b>		(4)	–			
<b>Percentage of fund average net assets</b>		0.01%	0.00%			

**Dealing spread**

As at 28 February 2016, the average portfolio dealing spread was 0.09% (2015: 0.18%). This spread represents the difference between the values determined retrospectively by reference to the bid and offer prices of investments expressed as a percentage of the value determined by reference to the offer price.

**19 Post balance sheet events**

There are no post balance sheet events which require adjustment or disclosure at the year end (2015: nil).

## DISTRIBUTION TABLES

## Final distribution payable in pence per share for the six months ended 28 February 2016

Accumulation shares		Net revenue	Equalisation	Final distribution payable 30 April 2016	Final distribution paid 30 April 2015
Share Class 1	Group 1	0.5703	–	0.5703	0.6082
	Group 2	0.0000	0.5703	0.5703	0.6082
Share Class 3	Group 1	1.3166	–	1.3166	1.2806
	Group 2	0.0995	1.2171	1.3166	1.2806
Share Class 4	Group 1	1.1477	–	1.1477	1.1344
	Group 2	0.0000	1.1477	1.1477	1.1344
Share Class R3	Group 1	1.2518	–	1.2518	1.1294
	Group 2	0.1020	1.1498	1.2518	1.1294
Share Class 9	Group 1	1.0413	–	1.0413	0.0380
	Group 2	0.0548	0.9865	1.0413	0.0380

**Final distribution**

Group 1 shares are those shares purchased at or before 2pm on 31 August 2015.

Group 2 shares are those shares purchased after 2pm on 31 August 2015.

## Interim distribution paid in pence per share for the six months ended 31 August 2015

Accumulation shares		Net revenue	Equalisation	Interim distribution paid 31 October 2015	Interim distribution paid 31 October 2014
Share Class 1	Group 1	0.0000	–	0.0000	0.0000
	Group 2	0.0000	0.0000	0.0000	0.0000
Share Class 3	Group 1	0.2740	–	0.2740	0.4597
	Group 2	0.0000	0.2740	0.2740	0.4597
Share Class 4	Group 1	0.1061	–	0.1061	0.1171
	Group 2	0.0000	0.1061	0.1061	0.1171
Share Class R3	Group 1	0.2699	–	0.2699	0.3702
	Group 2	0.0000	0.2699	0.2699	0.3702
Share Class 9	Group 1	0.3341	–	0.3341	0.0000
	Group 2	0.0000	0.3341	0.3341	0.0000

**Interim distribution**

Group 1 shares are those shares purchased at or before 2pm on 28 February 2015.

Group 2 shares are those shares purchased after 2pm on 28 February 2015.

**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 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 2016 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

A Brown  
Director  
23 June 2016

## 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  
23 June 2016



## INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF AVIVA INVESTORS PORTFOLIO FUNDS ICVC

### REPORT ON THE FINANCIAL STATEMENTS

#### OUR OPINION

In our opinion, Aviva Investors Portfolio Funds ICVC financial statements (the "financial statements of the Company"):

- give a true and fair view of the financial position of the Company and each of the Sub-Funds as at 28 February 2016 and of the net revenue and the net capital losses of 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, the Statement of Recommended Practice for UK Authorised Funds, the Collective Investment Schemes sourcebook and the Instrument of Incorporation.

#### WHAT WE HAVE AUDITED

Aviva Investors Portfolio Funds ICVC (the "Company") is an umbrella fund with a number of Sub-Funds. The financial statements of the Company, included within the Annual Report and Financial Statements (the "Annual Report") comprise the financial statements of each of the Sub-Funds, which are prepared by Aviva Investors UK Funds Services Limited (the "Authorised Corporate Director"), and comprise for each of the Sub-Funds:

- the balance sheet as at 28 February 2016;
- the statement of total return for the year then ended;
- the statement of change in net assets attributable to shareholders for the year then ended;
- the accounting policies applicable to the financial statements of all Sub-Funds and notes to the financial statements of individual Sub-Funds, which include other explanatory information;
- the distribution tables;

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), the Statement of Recommended Practice 'Financial Statements of UK Authorised Funds' issued by the Investment Management Association (the "Statement of Recommended Practice for UK Authorised Funds"), the Collective Investment Schemes sourcebook and the Instrument of Incorporation.

In applying the financial reporting framework, the Authorised Corporate Director has made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

### OPINIONS ON MATTERS PRESCRIBED 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; and
- 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.

### OTHER MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

#### PROPRIETY OF ACCOUNTING RECORDS AND INFORMATION AND EXPLANATIONS RECEIVED

Under the Collective Investment Schemes sourcebook we are 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 and returns.

We have no exceptions to report arising from this responsibility.

## INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF AVIVA INVESTORS PORTFOLIO FUNDS ICVC (CONTINUED)

### RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

#### OUR RESPONSIBILITIES AND THOSE OF THE AUTHORISED FUND MANAGER

As explained more fully in the Authorised Corporate Director's Responsibilities Statement set out on page 133, the Authorised Corporate Director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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.

#### WHAT AN AUDIT OF FINANCIAL STATEMENTS INVOLVES

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Company's and each of the Company's Sub-Funds' circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Authorised Corporate Director; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
23 June 2016

(a) The maintenance and integrity of the Aviva Investors website is the responsibility of the Fund Manager; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

(b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## 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](http://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](http://www.avivainvestors.com). Calls to this number may be recorded for training and monitoring purposes. Calls are free from landlines and mobiles.

**Aviva Investors UK Fund Services Limited.**  
Registered in England No. 1973412.  
Authorised and regulated by the Financial Conduct Authority.  
FCA Registered No. 119310.  
Registered address: No. 1 Poultry, London EC2R 8EJ.  
An Aviva company.

[avivainvestors.com](http://avivainvestors.com)