

AVIVA INVESTORS PORTFOLIO FUNDS ICVC

Annual Report and Financial Statements

For the year ended 28 February 2017

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

COMPANY INFORMATION

AUTHORISED CORPORATE DIRECTOR

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

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

Changes to Registered Office

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

DIRECTORS

I Buckle
J Misselbrook
S Ebenston
M Craston (resigned 8 February 2017)
G Cass (resigned 8 February 2017)
D Skinner (appointed 10 February 2017)
D Dahan (resigned 31 March 2016)
A Brown (resigned 22 July 2016)
J Leadsom (appointed 6 April 2017)
D Clayton (appointed 5 April 2017)

ADMINISTRATOR AND REGISTRAR

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

INVESTMENT MANAGER

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

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

Changes to Registered Office

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

DEPOSITARY

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.

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.

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

AUTHORISED STATUS

From 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 2017. As required by the Regulations, information for each of the Funds has also been included in these financial statements. On the following pages we review the performance of each of those Funds during the year. We hope that you find our review useful and informative.

ANNUAL GENERAL MEETINGS

The Company will not be holding any Annual General Meetings.

SIGNIFICANT INFORMATION

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

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

Regular Savings Mandates set up before 31 December 2012

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

Remuneration

In line with the requirements of the Alternative Investment Fund Managers Directive ("AIFMD"), Aviva Investors UK Fund Services Limited ("AIUKFSL") 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 Alternative Investment Funds ("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 to 31 December 2016, remuneration paid by Aviva Plc, the ultimate parent of AIUKFSL, to its senior management team, and staff whose actions have a material impact on the risk profile of AIUKFSL ("Code staff"), is as follows:

	Senior Management	Other Code Staff
Total Remuneration:	£0.6m	£0.4m
Of which, Fixed Remuneration	27%	59%
Variable Remuneration	66%	28%
Pension/Benefits	7%	13%
Number of Code staff:	7	9

STATEMENT OF CROSS HOLDINGS

There are no cross holdings as at 28 February 2017.

POLICIES AND RISKS

ACCOUNTING POLICIES

a Basis of accounting

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

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

b Share classes

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

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

c Recognition of revenue

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

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

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

d Treatment of derivatives

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

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

e Dilution Levy Policy

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

f Underwriting commission

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

g Basis of valuation of investments

Quoted investments

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

Unquoted and unapproved investments

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

Suspended securities

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

Delisted securities

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

Forward foreign currency contracts

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

Over the counter (OTC) derivatives

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

Exchange traded derivatives (ETDs)

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

CIS investments

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

h Exchange rates

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

POLICIES AND RISKS (CONTINUED)

ACCOUNTING POLICIES (CONTINUED)

i Taxation and deferred taxation

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

j Cash equivalents

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

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

k Unclaimed distributions

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

DISTRIBUTION POLICIES

a Distribution policy

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

b Treatment of management expenses

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

c Treatment of equalisation from underlying CIS

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

FINANCIAL INSTRUMENTS

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

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.

POLICIES AND RISKS (CONTINUED)

FINANCIAL INSTRUMENTS (CONTINUED)

b Interest rate risk

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

c Market risk

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

d Credit risk

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

e Liquidity risk

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

f Counterparty Risk

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

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

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

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

AVIVA INVESTORS MULTI-MANAGER FLEXIBLE FUND

INVESTMENT OBJECTIVE

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

INVESTMENT POLICY

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

FUND MANAGER'S REPORT

Performance

Over the period ended 28 February 2017, the Fund (share class 1) returned 25.69%* as equities and bonds both contributed to performance. The Fund's Investment Association peer group generated a net return of 21.65%.

Review

Equities performed well during the reporting period, with developed markets posting gains in excess of 20% across the board in Sterling terms. The economic backdrop was positive for equity markets worldwide, as the leading central banks maintained supportive monetary policy while data releases highlighted an improving economic outlook in the US and nascent signs of recovery in Europe. The two most significant events that influenced equity markets during the year were both political – the UK referendum on the EU and the US presidential election. The historic vote to leave the European Union in late June triggered a sharp devaluation in Sterling on the foreign exchange markets, with Sterling falling to its lowest point against the US Dollar since 1985. This has significantly enhanced returns from overseas equity markets for UK-based investors. In November, Donald Trump surprisingly won the US presidential election and the result triggered a rally in equity markets worldwide as investors began to price in both higher inflation and interest rates with the Republican proposing a large-scale programme of infrastructure and defence spending, combined with tax cuts. Over the reporting year, the US was the best performing major equity market in Sterling terms.

Bonds performed well over the reporting period, even though healthy gains in the first half were eroded in the second. After rallying on general concerns about global growth, government bonds came under pressure from September as expectations for inflation began to rise. The European Central Bank (ECB) responded by trimming its quantitative easing policy, while the US Federal Reserve (the Fed) raised interest rates in December. Corporate bonds defied many expectations by posting solid gains over the period. To this end they were helped by the announcement by both the ECB and the Bank of England (BoE) that high-quality company debt was to be included in their quantitative easing programmes for the first time.

Outlook

The upswing in global growth has come at the same time as inflation has increased, with both producer and consumer prices rising on the back of the earlier stabilisation, and more recent pick-up, in commodity prices. We expect the global reflationary environment will be sustained through 2017 and that it ought to be supportive of equity sectors that are more closely tied to the economic cycle. For corporate bonds, the supply and demand imbalance that is seeing yield-hungry investors chase ever fewer bonds will be supportive of the market. For the moment, security selection will be particularly important given the political factors that may buffet European issuers during a summer of important elections.

April 2017

* Fund performance figures – share class 1, source Lipper, net of fees, net income reinvested in GBP, as at 28 February 2017.

As noted above, the performance figures in this commentary have been sourced from an external party and are based on published prices. The performance figures quoted in the comparative tables on page 10 are based on the net asset value per the published accounts and may be different due to post year end accounting adjustments.

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

Material Portfolio Changes

Purchases	Sales
Aviva Investors Sterling Liquidity Fund Class 3, Income shares, GBP	Aviva Investors Sterling Liquidity Fund Class 3, Income shares, GBP
Hermes US SMID Equity Fund Class F Stg£ Acc. Shares	Aviva Investors US Equity MoM 1 Fund Class 2, Income shares, GBP
Aviva Investors US Equity MoM 1 Fund Class 2, Income shares, GBP	Man GLG Japan CoreAlpha Fund Professional Accumulation Shares (Class C)
Artemis Income Fund Class R Distribution Units	Man GLG Japan CoreAlpha Equity Class I H GBP Shares
Aviva Investors EM Equity MoM 1 Fund Class 2, Income shares, GBP	Schroder Asian Alpha Plus Fund Class Z Accumulation GBP
Man GLG Japan CoreAlpha Fund Professional Accumulation Shares (Class C)	Invesco Perpetual European Equity Income Fund Accumulation (No Trail) share class
Baillie Gifford Japanese Fund Class B Shares	BlackRock European Dynamic Fund Class FD Accumulation GBP
Aviva Investors Multi-Strategy Target Return Fund Class 8, Accumulation shares, GBP	Aviva Investors Multi-Strategy Target Return Fund Class 8, Accumulation shares, GBP
Hermes Global High Yield Credit Fund Class F Stg£ Acc. Hedged Shares	MW TOPS Fund Class G
BlackRock Emerging Markets Local Currency Bond Fund Class A2 USD	GVQ UK Focus Fund I Class Shares

AVIVA INVESTORS MULTI-MANAGER FLEXIBLE FUND (CONTINUED)

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

	2017	2016	2015
	p per share	p per share	p per share
Class 1 Accumulation			
Change in net assets per share			
Opening net asset value per share	68.63	72.66	65.06
Return before operating charges [†]	20.10	(2.32)	9.09
Operating charges	(1.81)	(1.71)	(1.49)
Return after operating charges [†]	18.29	(4.03)	7.60
Distributions	–	–	–
Retained distributions on accumulation shares	–	–	–
Closing net asset value per share	86.92	68.63	72.66
[†] after direct transaction costs of	(0.02)	(0.04)	(0.01)
Performance			
Return after charges	26.65%	(5.55)%	11.68%
Other information			
Closing net asset value (£000)	3,167	3,097	4,608
Closing number of shares	3,643,452	4,511,392	6,341,710
Operating charges (%) [†]	2.33%	2.39%	2.23%
Direct transaction costs (%) [#]	0.03%	0.05%	0.01%
Prices[®]			
Highest share price	87.00	77.45	72.82
Lowest share price	69.13	64.13	62.63

	2017	2016	2015
	p per share	p per share	p per share
Class 2 Accumulation			
Change in net assets per share			
Opening net asset value per share	109.91	115.48	102.62
Return before operating charges [†]	32.33	(3.72)	14.44
Operating charges	(1.99)	(1.85)	(1.58)
Return after operating charges [†]	30.34	(5.57)	12.86
Distributions	(0.29)	(0.52)	(0.57)
Retained distributions on accumulation shares	0.29	0.52	0.57
Closing net asset value per share	140.25	109.91	115.48
[†] after direct transaction costs of	(0.04)	(0.06)	(0.01)
Performance			
Return after charges	27.60%	(4.82)%	12.53%
Other information			
Closing net asset value (£000)	7,822	4,931	2,862
Closing number of shares	5,577,017	4,486,506	2,478,338
Operating charges (%) [†]	1.58%	1.64%	1.48%
Direct transaction costs (%) [#]	0.03%	0.05%	0.01%
Prices[®]			
Highest share price	140.35	123.21	115.73
Lowest share price	110.72	102.67	99.26

	2017	2016	2015
	p per share	p per share	p per share
Class 3 Income			
Change in net assets per share			
Opening net asset value per share	141.59	149.49	133.53
Return before operating charges [†]	41.64	(4.81)	18.74
Operating charges	(2.14)	(2.05)	(1.69)
Return after operating charges [†]	39.50	(6.86)	17.05
Distributions	(0.78)	(1.04)	(1.09)
Closing net asset value per share	180.31	141.59	149.49
[†] after direct transaction costs of	(0.05)	(0.07)	(0.01)
Performance			
Return after charges	27.90%	(4.59)%	12.77%
Other information			
Closing net asset value (£000)	65,175	51,699	57,484
Closing number of shares	36,147,195	36,514,426	38,453,983
Operating charges (%) [†]	1.33%	1.39%	1.23%
Direct transaction costs (%) [#]	0.03%	0.05%	0.01%
Prices[®]			
Highest share price	180.75	159.58	150.30
Lowest share price	142.65	132.55	128.80

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

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

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

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

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

Ongoing Charges Figure*

Share class	28.02.17	28.02.16
Class 1	2.33%	2.40%
Class 2	1.58%	1.64%
Class 3	1.33%	1.39%

* 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 0.68% (2016: 0.75%) 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 2017

Investment	Currency	Holding	Market Value £000	% of Net Assets
Collective Investment Schemes 96.67% (98.80%)				
Artemis Income Fund Class R Distribution Units	GBP	1,795,383	3,899	5.12
Aviva Investors EM Equity MoM 1 Fund Class 2, Income shares, GBP [†]	GBP	1,554,516	6,742	8.85
Aviva Investors Multi-Strategy Target Income Fund Class 8, Income shares, GBP [†]	GBP	50,848	50	0.07
Aviva Investors Multi-Strategy Target Return Fund Class 8, Accumulation shares, GBP [†]	GBP	2,483,478	2,743	3.60
Aviva Investors Property Trust Class 1, Accumulation shares, GBP [†]	GBP	339,152	552	0.72
Aviva Investors US Equity MoM 1 Fund Class 2, Income shares, GBP [†]	GBP	3,286,039	10,358	13.60
Baillie Gifford Japanese Fund Class B Shares	GBP	184,696	2,578	3.39
BlackRock Emerging Markets Local Currency Bond Fund Class A2 USD	USD	286,878	5,408	7.10
BlackRock European Dynamic Fund Class FD Accumulation GBP	GBP	3,805,695	5,335	7.00
Hermes Global High Yield Credit Fund Class F Stg£ Acc. Hedged Shares	GBP	4,621,492	5,394	7.08
Hermes US SMID Equity Fund Class F Stg£ Acc. Shares	GBP	2,436,157	5,818	7.64
Invesco Perpetual European Equity Income Fund Accumulation (No Trail) share class	GBP	3,010,651	5,511	7.24
iShares \$ TIPS UCITS Fund	GBP	4,317	701	0.92
JPM Global Corporate Bond Fund C (dist) – GBP (hedged)	GBP	14,155	943	1.24
Man GLG Japan CoreAlpha Fund Professional Accumulation Shares (Class C)	GBP	1,419,380	2,568	3.37
PineBridge Asia ex Japan Small Cap Equity Fund Y	GBP	15,223	1,648	2.16
Wellington US Research Equity Funds USD Class S Accumulating Unhedged	USD	200,019	13,380	17.57
Collective Investment Schemes total			73,628	96.67
Forward Currency Contracts (0.01)% ((0.51)%)				
Buy GBP 659,231 sell USD 832,228 dated 15/03/2017			(10)	(0.01)
Forward Currency Contracts total			(10)	(0.01)
Futures 0.01% ((0.08)%)				
Australia 10 Year Bond 15/03/2017	AUD	9	8	0.01
US 10 Year Note 21/06/2017	USD	7	2	–
Futures total			10	0.01
Liquidity Funds 2.63% (1.17%)¹				
Aviva Investors Sterling Liquidity Fund Class 3, Income shares, GBP [†]	GBP	2,000,000	2,000	2.63
Liquidity Funds total			2,000	2.63
Investment assets ²			75,628	99.30
Net other assets			536	0.70
Net assets			76,164	100.00

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

The comparative percentage figures in brackets are as at 28 February 2016.

[†] Investment in or managed by a related party.

¹ Cash Equivalents.

² Includes Cash Equivalents.

STATEMENT OF TOTAL RETURN

For the year ended 28 February 2017

	Notes	£000	Year ended 28.02.17 £000	£000	Year ended 28.02.16 £000
Income					
Net capital gains/(losses)	2		16,261		(3,374)
Revenue	3	765		848	
Expenses					
Net revenue before taxation	4	(485)		(456)	
Taxation	5	(1)		–	
Net revenue after taxation					
			279		392
Total return before distributions			16,540		(2,982)
Distributions	6		(295)		(408)
Change in net assets attributable to shareholders from investment activities			16,245		(3,390)

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

For the year ended 28 February 2017

	£000	Year ended 28.02.17 £000	£000	Year ended 28.02.16 £000
Opening net assets attributable to shareholders		59,727		64,954
Movement due to issue and cancellation of shares:				
Amounts receivable on issue of shares	7,162		6,293	
Amounts payable on cancellation of shares	(6,986)		(8,149)	
		176		(1,856)
Change in net assets attributable to shareholders from investment activities (see above)				
		16,245		(3,390)
Retained distribution on accumulation shares		16		19
Closing net assets attributable to shareholders		76,164		59,727

BALANCE SHEET

As at 28 February 2017

	Notes	As at 28.02.17 £000	As at 28.02.16 £000
Assets:			
Investments		73,638	59,055
Current assets:			
Debtors	8	1,064	1,572
Cash and bank balances	9	167	579
Cash equivalents	10	2,000	700
Total assets		76,869	61,906
Liabilities:			
Investment liabilities		(10)	(398)
Creditors:			
Distribution payable		(115)	(114)
Other creditors	11	(580)	(1,667)
Total liabilities		(705)	(2,179)
Net assets attributable to shareholders		76,164	59,727

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting basis and policies

Please see pages 5 to 7 for accounting basis and policies.

2 Net capital gains/(losses)

	Year ended 28.02.17 £000	Year ended 28.02.16 £000
Net capital gains/(losses) on investments during the year comprise:		
Currency losses	(41)	(80)
Derivative contracts gains/(losses)	6	(125)
Expenses relating to the purchase and sale of investments	(4)	(2)
Forward currency contracts losses	(231)	(390)
Investment manager capital rebates*	34	24
Non-derivative securities gains/(losses)	16,497	(2,801)
Net capital gains/(losses)**	16,261	(3,374)

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

** Total realised gains for the year were £3,013,000 (2016: £7,118,000) and the movement in unrealised gains/(losses) was £13,248,000 (2016: £(10,492,000)). Included in realised gains for the year were unrealised gains/(losses) recognised in previous periods.

3 Revenue

	Year ended 28.02.17 £000	Year ended 28.02.16 £000
Bank and deposit interest	1	–
Franked components of dividend distributions	515	645
Interest on debt securities	5	1
Interest on derivatives	14	–
Investment manager rebates*	171	129
Revenue from offshore funds	36	71
Unfranked components of dividend distributions	23	2
Total revenue	765	848

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4 Expenses

	Year ended 28.02.17 £000	Year ended 28.02.16 £000
Payable to the Authorised Corporate Director ("ACD"), associates of the ACD or agents of either of them:		
ACD's periodic charge	445	420
Registration fees	10	8
	455	428
Payable to the Depositary, associates of the Depositary or agents of either of them:		
Depositary's fee	9	9
Interest payable	–	1
Safe custody fee	7	5
	16	15
Other expenses:		
Audit fee*	11	10
Printing & postage expenses	1	1
Statement fees	2	2
	14	13
Total expenses	485	456

* The audit fee was £8,855 (2016: £8,741) net of VAT.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5 Taxation**a Analysis of tax charge**

	Year ended 28.02.17 £000	Year ended 28.02.16 £000
Overseas tax suffered	1	–
Total current tax (see note 5b)	1	–

b Factors affecting current tax charge

The tax assessed for the year is lower (2016: lower) than the standard rate of corporation tax in the UK for an Authorised Investment Fund (20%) (2016: 20%).

The differences are explained below:

	Year ended 28.02.17 £000	Year ended 28.02.16 £000
Net revenue before taxation	280	392
Corporation tax at 20%	56	78
Effects of:		
Franked distributions not subject to corporation tax	(103)	(129)
Movement in excess expenses	40	60
Overseas tax suffered	1	–
Overseas dividends not subject to corporation tax	–	(14)
Tax on management fee rebates taken to capital	7	5
	(55)	(78)
Current tax charge (see note 5a)	1	–

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

c Deferred tax

There was no material unprovided deferred tax (2016: £nil).

After claiming relief against accrued income taxable on receipt, the Fund has unrelieved excess expenses of £1,477,000 (2016: £1,276,000) creating a potential deferred tax asset of £295,000 (2016: £255,000). 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 28.02.17 £000	Year ended 28.02.16 £000
The distributions take account of revenue received on the issue of shares and revenue deducted on the cancellation of shares, and comprise:		
Interim distribution	178	281
Final distribution	120	119
	298	400
Add: Revenue deducted on cancellation of shares	10	22
Deduct: Revenue received on issue of shares	(13)	(14)
Total distributions	295	408
Reconciliation of distributions for the year to net revenue after taxation		
Distributions for the year	295	408
Equalisation on conversions	–	(2)
Revenue deficit transferred to capital	(16)	(9)
Tax on management fee rebates taken to capital	–	(5)
Net revenue after taxation	279	392

Details of the distributions per share are set out in the distribution tables on page 21.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7 Fair value hierarchy

Valuation technique	As at 28.02.17		As at 28.02.16	
	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Quoted prices for identical instruments in active markets	10	–	–	(49)
Prices of recent transactions for identical instruments	75,628	–	59,716	–
Valuation techniques using observable market data	–	(10)	39	(349)
Total	75,638	(10)	59,755	(398)

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 28.02.17 £000	As at 28.02.16 £000
Accrued revenue	39	36
Accrued management fee rebates	110	87
Amounts receivable on issue of shares	911	74
Income tax recoverable	4	9
Sales awaiting settlement	–	1,366
Total debtors	1,064	1,572

9 Cash and bank balances

	As at 28.02.17 £000	As at 28.02.16 £000
Amounts held at futures clearing houses and brokers	14	98
Cash and bank balances	153	481
Total cash and bank balances	167	579

10 Cash equivalents

	As at 28.02.17 £000	As at 28.02.16 £000
Aviva Investors Sterling Liquidity Fund	2,000	700
Total cash equivalents	2,000	700

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11 Other creditors

	As at 28.02.17 £000	As at 28.02.16 £000
Accrued expenses	54	45
Amounts payable for cancellation of shares	25	194
Overseas tax provision	1	–
Purchases awaiting settlement	500	1,428
Total creditors	580	1,667

12 Contingent liabilities and commitments

There were no contingent liabilities or commitments at the year end (2016: £nil).

13 Related party transactions

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

ACD periodic charges paid to Aviva Investors UK Fund Services Limited ("the ACD") are shown in note 4 and details of shares issued and cancelled by the ACD are shown in the statement of change in net assets attributable to shareholders. The balance due to the ACD at the year end in respect of ACD periodic charges was £37,000 (2016: £29,000). 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 £288,000 (2016: £388,000). The amount outstanding at the year end was £117,000 (2016: £116,000). 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 £23,817,000 (2016: £17,085,000) and £22,427,000 (2016: £14,268,000) respectively. The income received during the year amounted to £105,000 (2016: £67,000). The rebates from ACD during the year amounted to £110,000 (2016: £86,000).

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

	Holdings at 28.02.17 (shares)	Movement (shares)	Holdings at 28.02.16 (shares)
ACD and related parties (share class 2 Accumulation shares)	2,520,167	1,103,224	1,416,943
ACD and related parties (share class 3 Income shares)	36,147,195	(367,231)	36,514,426

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

14 Shareholder funds

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

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

The net asset value per share class, the net asset value per share and the number of shares in the class are shown on page 10. The distributions per share class are given in the distribution tables on page 21. All the share classes have the same rights on winding up.

15 Shares in issue reconciliation

	Number of shares in issue at 28.02.16	Number of shares issued	Number of shares cancelled	Number of shares converted	Number of shares in issue at 28.02.17
Share Class 1 Accumulation	4,511,392	28,996	(847,807)	(49,129)	3,643,452
Share Class 2 Accumulation	4,486,506	2,303,355	(1,243,517)	30,673	5,577,017
Share Class 3 Income	36,514,426	2,598,542	(2,965,773)	–	36,147,195

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16 Counterparty exposure**Financial derivative exposure**

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

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

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

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

Collateral

At the year end date no collateral was held or pledged by the company or on behalf of the counterparties in respect of the above (2016: £nil).

17 Derivatives and other financial instruments

The policies applied in the management of financial instruments are set out on pages 6 and 7.

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 (2016: £nil).

Currency risk

At the year end date, 23.84% (2016: 14.19%) of the net assets of the Fund were denominated in currencies other than sterling with the effect that the balance sheet and total return can be significantly affected by currency movements. If currency rates were to change by 10.00%, the value of the Fund would change by 2.38% (2016: 1.42%).

Currency	Net foreign currency assets					
	Monetary exposure £000		Non monetary exposure £000		Total £000	
	28.02.17	28.02.16	28.02.17	28.02.16	28.02.17	28.02.16
Australian Dollar	13	–	8	–	21	–
Euro	–	–	–	(3,861)	–	(3,861)
Hong Kong Dollar	–	98	–	(49)	–	49
US Dollar	13	(247)	18,121	12,534	18,134	12,287

Interest rate risk

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 15.42% (2016: 10.23%) of the assets of the Fund were invested in CIS which predominantly invest in debt securities.

At the year end date 2.85% (2016: 2.14%) of the net assets of the Fund were interest bearing and as such the interest rate risk is not considered significant.

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

Market price risk

At the year end date, 96.67% (2016: 98.80%) of the net assets of the Fund were invested in CIS which primarily invest in stocks admitted to an official stock exchange. If the market value were to change by 10%, the value of the Fund would change by 9.67% (2016: 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.

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

28.02.16	Principal before costs £000	Commissions £000	Taxes £000	Total after costs £000	Commissions as % of principal	Taxes as % of principal
Purchases (excluding in-specie transfers and corporate actions)						
Equities	(3,981)	(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>		
Sales (excluding in-specie transfers and corporate actions)						
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>		
Total		<u>(2)</u>	<u>(31)</u>			
Percentage of fund average net assets		<u>0.00%</u>	<u>0.05%</u>			

Dealing spread

As at 28 February 2017, the average portfolio dealing spread was 0.06% (2016: 0.06%). This spread represents the difference between the values determined retrospectively by reference to the bid and offer prices of investments expressed as a percentage of the value determined by reference to the offer price.

19 Post balance sheet events

There are no post balance sheet events which require adjustment or disclosure at the year end (2016: £nil).

DISTRIBUTION TABLES

Final distribution payable in pence per share for the six months ended 28 February 2017

Income Shares		Net revenue	Equalisation	Final distribution payable 30 April 2017	Final distribution paid 30 April 2016
Share Class 3	Group 1	0.3182	–	0.3182	0.3134
	Group 2	0.0474	0.2708	0.3182	0.3134

Accumulation Shares		Net revenue	Equalisation	Final distribution payable 30 April 2017	Final distribution paid 30 April 2016
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	0.0843	–	0.0843	0.1046
	Group 2	0.0000	0.0843	0.0843	0.1046

Final distribution

Group 1 shares are those shares purchased at or before 9am on 31 August 2016.

Group 2 shares are those shares purchased after 9am on 31 August 2016.

Interim distribution paid in pence per share for the six months ended 31 August 2016

Income Shares		Net revenue	Equalisation	Interim distribution paid 31 October 2016	Interim distribution paid 31 October 2015
Share Class 3	Group 1	0.4645	–	0.4645	0.7240
	Group 2	0.1129	0.3516	0.4645	0.7240

Accumulation Shares		Net revenue	Equalisation	Interim distribution paid 31 October 2016	Interim distribution paid 31 October 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	0.2100	–	0.2100	0.4144
	Group 2	0.0000	0.2100	0.2100	0.4144

Interim distribution

Group 1 shares are those shares purchased at or before 9am on 28 February 2016.

Group 2 shares are those shares purchased after 9am on 28 February 2016.

Equalisation

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

AVIVA INVESTORS MULTI-MANAGER 40-85% SHARES FUND

INVESTMENT OBJECTIVE

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

INVESTMENT POLICY

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

FUND MANAGER'S REPORT

Performance

Over the period ended 28 February 2017, the Fund (share class 1) returned 21.35%* as equities and bonds both contributed to performance. The Fund's Investment Association peer group generated a net return of 19.07%.

Review

Equities performed well during the reporting period, with developed markets posting gains in excess of 20% across the board in Sterling terms. The economic backdrop was positive for equity markets worldwide, as the leading central banks maintained supportive monetary policy while data releases highlighted an improving economic outlook in the US and nascent signs of recovery in Europe. The two most significant events that influenced equity markets during the year were both political – the UK referendum on the EU and the US presidential election. The historic vote to leave the European Union in late June triggered a sharp devaluation in Sterling on the foreign exchange markets, with Sterling falling to its lowest point against the US Dollar since 1985. This has significantly enhanced returns from overseas equity markets for UK-based investors. In November, Donald Trump surprisingly won the US presidential election and the result triggered a rally in equity markets worldwide as investors began to price in both higher inflation and interest rates with the Republican proposing a large-scale programme of infrastructure and defence spending, combined with tax cuts. Over the reporting year, the US was the best performing major equity market in Sterling terms.

Bonds performed well over the reporting period, even though healthy gains in the first half were eroded in the second. After rallying on general concerns about global growth, government bonds came under pressure from September as expectations for inflation began to rise. The European Central Bank (ECB) responded by trimming its quantitative easing policy, while the US Federal Reserve (the Fed) raised interest rates in December. Corporate bonds defied many expectations by posting solid gains over the period. To this end they were helped by the announcement by both the ECB and the Bank of England (BoE) that high-quality company debt was to be included in their quantitative easing programmes for the first time.

Outlook

The upswing in global growth has come at the same time as inflation has increased, with both producer and consumer prices rising on the back of the earlier stabilisation, and more recent pick-up, in commodity prices. We expect the global reflationary environment will be sustained through 2017 and that it ought to be supportive of equity sectors that are more closely tied to the economic cycle. For corporate bonds, the supply and demand imbalance that is seeing yield-hungry investors chase ever fewer bonds will be supportive of the market. For the moment, security selection will be particularly important given the political factors that may buffet European issuers during a summer of important elections.

April 2017

* Fund performance figures – share class 1, source Lipper, net of fees, net income reinvested in GBP, as at 28 February 2017.

As noted above, the performance figures in this commentary have been sourced from an external party and are based on published prices. The performance figures quoted in the comparative tables on pages 24 and 25 are based on the net asset value per the published accounts and may be different due to post year end accounting adjustments.

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

Material Portfolio Changes

Purchases	Sales
Aviva Investors Sterling Liquidity Fund Class 3, Income shares, GBP	Aviva Investors Sterling Liquidity Fund Class 3, Income shares, GBP
Hermes US SMID Equity Fund Class F Stg£ Acc. Shares	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 Fund Professional Accumulation Shares (Class C)
Aviva Investors US Equity MoM 1 Fund Class 2, Income shares, GBP	Schroder Asian Alpha Plus Fund Class Z Accumulation GBP
JPM Global Corporate Bond Fund C (dist) – GBP (hedged)	Man GLG Japan CoreAlpha Equity Fund Class I H GBP Shares
Artemis Income Fund Class R Distribution Units	BlackRock European Dynamic Fund Class FD Accumulation GBP
Aviva Investors EM Equity MoM 1 Fund Class 2, Income shares, GBP	MW TOPS Fund Class G
Baillie Gifford Japanese Fund Class B Shares	Invesco Perpetual European Equity Income Fund Accumulation (No Trail) share class
Man GLG Japan CoreAlpha Fund Professional Accumulation Shares (Class C)	M&G European Loan Fund Class C
PineBridge Asia ex Japan Small Cap Equity Fund Y	Artemis Income Fund Class R Distribution Units

AVIVA INVESTORS MULTI-MANAGER 40-85% SHARES FUND (CONTINUED)

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.
- During the year ended 28 February 2017, the indicator changed from category 5 to category 4.
- 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

	2017	2016	2015
Class 1 Income	p per share	p per share	p per share
Change in net assets per share			
Opening net asset value per share	67.06	70.39	64.69
Return before operating charges [†]	16.31	(1.71)	7.16
Operating charges	(1.69)	(1.57)	(1.46)
Return after operating charges [†]	14.62	(3.28)	5.70
Distributions	–	(0.05)	–
Closing net asset value per share	81.68	67.06	70.39
[†] after direct transaction costs of	(0.02)	(0.05)	(0.02)
Performance			
Return after charges	21.80%	(4.66)%	8.81%
Other information			
Closing net asset value (£000)	3,585	4,215	6,834
Closing number of shares	4,388,530	6,285,644	9,708,951
Operating charges (%) [†]	2.25%	2.26%	2.22%
Direct transaction costs (%) [#]	0.03%	0.07%	0.03%
Prices[®]			
Highest share price	81.97	74.39	70.49
Lowest share price	67.51	63.16	61.92

	2017	2016	2015
Class 2 Income	p per share	p per share	p per share
Change in net assets per share			
Opening net asset value per share	122.10	128.03	117.53
Return before operating charges [†]	29.82	(3.17)	13.08
Operating charges	(2.07)	(1.89)	(1.75)
Return after operating charges [†]	27.75	(5.06)	11.33
Distributions	(0.49)	(0.87)	(0.83)
Closing net asset value per share	149.36	122.10	128.03
[†] after direct transaction costs of	(0.04)	(0.09)	(0.04)
Performance			
Return after charges	22.73%	(3.95)%	9.64%
Other information			
Closing net asset value (£000)	13,649	5,624	5,312
Closing number of shares	9,138,640	4,606,166	4,149,085
Operating charges (%) [†]	1.49%	1.50%	1.47%
Direct transaction costs (%) [#]	0.03%	0.07%	0.03%
Prices[®]			
Highest share price	150.10	135.43	128.80
Lowest share price	122.93	115.25	112.84

	2017	2016	2015
Class 2 Accumulation	p per share	p per share	p per share
Change in net assets per share			
Opening net asset value per share	108.13	112.58	102.67
Return before operating charges [†]	26.41	(2.79)	11.45
Operating charges	(1.83)	(1.66)	(1.54)
Return after operating charges [†]	24.58	(4.45)	9.91
Distributions	(0.43)	(0.77)	(0.73)
Retained distributions on accumulation shares	0.43	0.77	0.73
Closing net asset value per share	132.71	108.13	112.58
[†] after direct transaction costs of	(0.04)	(0.08)	(0.03)
Performance			
Return after charges	22.73%	(3.95)%	9.65%
Other information			
Closing net asset value (£000)	19,661	8,568	4,691
Closing number of shares	14,814,546	7,923,903	4,166,672
Operating charges (%) [†]	1.49%	1.50%	1.47%
Direct transaction costs (%) [#]	0.03%	0.07%	0.03%
Prices[®]			
Highest share price	133.17	119.08	112.72
Lowest share price	108.87	101.82	98.75

COMPARATIVE TABLES (CONTINUED)

	2017	2016	2015
Class 3 Income	p per share	p per share	p per share
Change in net assets per share			
Opening net asset value per share	135.34	141.93	130.29
Return before operating charges [†]	33.05	(3.52)	14.50
Operating charges	(1.89)	(1.76)	(1.62)
Return after operating charges [†]	31.16	(5.28)	12.88
Distributions	(0.92)	(1.31)	(1.24)
Closing net asset value per share	165.58	135.34	141.93
[†] after direct transaction costs of	(0.05)	(0.10)	(0.04)
Performance			
Return after charges	23.02%	(3.72)%	9.89%
Other information			
Closing net asset value (£000)	144,619	124,586	134,646
Closing number of shares	87,341,363	92,053,380	94,870,335
Operating charges (%) [‡]	1.24%	1.26%	1.22%
Direct transaction costs (%) [#]	0.03%	0.07%	0.03%
Prices[≈]			
Highest share price	166.59	150.17	142.68
Lowest share price	136.27	127.91	124.89

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

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

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

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

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

Ongoing Charges Figure*

Share class	28.02.17	28.02.16
Class 1	2.25%	2.26%
Class 2	1.49%	1.50%
Class 3	1.24%	1.26%

* 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 0.61% (2016: 0.62%) 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 2017

Investment	Currency	Holding	Market Value £000	% of Net Assets
Collective Investment Schemes 91.94% (96.38%)				
Artemis Income Fund Class R Distribution Units	GBP	3,447,065	7,486	4.12
Aviva Investors EM Equity MoM 1 Fund Class 2, Income shares, GBP [†]	GBP	2,943,593	12,766	7.03
Aviva Investors Multi-Strategy Target Income Fund Class 8, Income shares, GBP [†]	GBP	253,870	251	0.14
Aviva Investors Multi-Strategy Target Return Fund Class 8, Accumulation shares, GBP [†]	GBP	17,234,351	19,036	10.49
Aviva Investors Property Trust Class 1, Accumulation shares, GBP [†]	GBP	1,222,158	1,988	1.09
Aviva Investors US Equity MoM 1 Fund Class 2, Income shares, GBP [†]	GBP	5,996,104	18,900	10.41
Baillie Gifford Japanese Fund Class B Shares	GBP	357,161	4,986	2.75
BlackRock Emerging Markets Local Currency Bond Fund Class A2 USD	USD	562,041	10,596	5.84
BlackRock European Dynamic Fund Class FD Accumulation GBP	GBP	7,416,446	10,398	5.73
Hermes Global High Yield Credit Fund Class F Stg£ Acc. Hedged Shares	GBP	8,983,346	10,485	5.78
Hermes US SMID Equity Fund Class F Stg£ Acc. Shares	GBP	5,484,741	13,097	7.22
Invesco Perpetual European Equity Income Fund Accumulation (No Trail) share class	GBP	5,595,046	10,241	5.64
iShares \$ TIPS UCITS Fund	GBP	32,075	5,211	2.87
JPM Global Corporate Bond Fund C (dist) – GBP (hedged)	GBP	101,698	6,772	3.73
Man GLG Japan CoreAlpha Fund Professional Accumulation Shares (Class C)	GBP	2,744,907	4,966	2.74
PineBridge Asia ex Japan Small Cap Equity Fund Y	GBP	33,753	3,653	2.01
Wellington US Research Equity Funds USD Class S Accumulating Unhedged	USD	389,528	26,058	14.35
Collective Investment Schemes total			166,890	91.94
Forward Currency Contracts (0.04)% ((0.47)%)				
Buy GBP 4,725,350 sell USD 5,961,922 dated 15/03/2017			(69)	(0.04)
Forward Currency Contracts total			(69)	(0.04)
Futures 0.04% ((0.03)%)				
Australia 10 Year Bond 15/03/2017	AUD	67	57	0.03
US 10 Year Note 21/06/2017	USD	53	12	0.01
Futures total			69	0.04
Liquidity Funds 9.26% (4.06%)¹				
Aviva Investors Sterling Liquidity Fund Class 3, Income shares, GBP [†]	GBP	16,800,000	16,800	9.26
Liquidity Funds total			16,800	9.26
Investment assets ²			183,690	101.20
Net other liabilities			(2,176)	(1.20)
Net assets			181,514	100.00

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

The comparative percentage figures in brackets are as at 28 February 2016.

[†] Investment in or managed by a related party.

¹ Cash Equivalents.

² Includes Cash Equivalents.

STATEMENT OF TOTAL RETURN

For the year ended 28 February 2017

	Notes	£000	Year ended 28.02.17 £000	£000	Year ended 28.02.16 £000
Income					
Net capital gains/(losses)	2		32,662		(7,119)
Revenue	3	1,982		2,386	
Expenses	4	(1,119)		(1,047)	
Net revenue before taxation		863		1,339	
Taxation	5	(555)		(20)	
Net revenue after taxation			308		1,319
Total return before distributions			32,970		(5,800)
Distributions	6		(893)		(1,327)
Change in net assets attributable to shareholders from investment activities			32,077		(7,127)

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

For the year ended 28 February 2017

	£000	Year ended 28.02.17 £000	£000	Year ended 28.02.16 £000
Opening net assets attributable to shareholders		142,993		151,483
Movement due to issue and cancellation of shares:				
Amounts receivable on issue of shares	26,380		16,889	
Amounts payable on cancellation of shares	(19,992)		(18,304)	
		6,388		(1,415)
Change in net assets attributable to shareholders from investment activities (see above)		32,077		(7,127)
Retained distribution on accumulation shares		56		52
Closing net assets attributable to shareholders		181,514		142,993

BALANCE SHEET

As at 28 February 2017

	Notes	As at 28.02.17 £000	As at 28.02.16 £000
Assets:			
Investments		166,959	137,958
Current assets:			
Debtors	8	1,110	2,495
Cash and bank balances	9	291	608
Cash equivalents	10	16,800	5,800
Total assets		185,160	146,861
Liabilities:			
Investment liabilities		(69)	(856)
Provision for liabilities		(486)	–
Creditors:			
Distribution payable		(413)	(476)
Other creditors	12	(2,678)	(2,536)
Total liabilities		(3,646)	(3,868)
Net assets attributable to shareholders		181,514	142,993

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting basis and policies

Please see pages 5 to 7 for accounting basis and policies.

2 Net capital gains/(losses)

	Year ended 28.02.17 £000	Year ended 28.02.16 £000
Net capital gains/(losses) on investments during the year comprise:		
Currency losses	(136)	(131)
Derivative contracts losses	(172)	(223)
Expenses relating to the purchase and sale of investments	(5)	(2)
Forward currency contracts losses	(674)	(730)
Investment manager capital rebates*	67	71
Non-derivative securities gains/(losses)	33,582	(6,104)
Net capital gains/(losses)**	32,662	(7,119)

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

** Total realised gains for the year were £7,207,000 (2016: £14,698,000) and the movement in unrealised gains/(losses) was £25,455,000 (2016: £(21,817,000)). Included in realised gains for the year were unrealised gains/(losses) recognised in previous periods.

3 Revenue

	Year ended 28.02.17 £000	Year ended 28.02.16 £000
Bank and deposit interest	7	1
Franked components of dividend distributions	1,086	1,398
Interest distributions	–	197
Interest on debt securities	32	6
Interest on derivatives	99	33
Investment manager rebates*	351	237
Revenue from offshore funds	272	507
Unfranked components of dividend distributions	135	7
Total revenue	1,982	2,386

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4 Expenses

	Year ended 28.02.17 £000	Year ended 28.02.16 £000
Payable to the Authorised Corporate Director ("ACD"), associates of the ACD or agents of either of them:		
ACD's periodic charge	1,037	975
Registration fees	26	20
	1,063	995
Payable to the Depositary, associates of the Depositary or agents of either of them:		
Depositary's fee	22	21
Safe custody fee	16	13
	38	34
Other expenses:		
Audit fee*	11	10
Printing & postage expenses	2	2
Statement fees	5	6
	18	18
Total expenses	1,119	1,047

* The audit fee was £8,855 (2016: £8,741) net of VAT.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5 Taxation**a Analysis of tax charge**

	Year ended 28.02.17 £000	Year ended 28.02.16 £000
Corporation tax	85	–
Overseas tax suffered	(16)	20
Total current tax (see note 5b)	69	20
Deferred tax	486	–
Total deferred tax (see note 5c)	486	–
Total tax for the year	555	20

b Factors affecting current tax charge

The tax assessed for the year is lower (2016: lower) than the standard rate of corporation tax in the UK for an Authorised Investment Fund (20%) (2016: 20%).

The differences are explained below:

	Year ended 28.02.17 £000	Year ended 28.02.16 £000
Net revenue before taxation	863	1,339
Corporation tax at 20%	173	268
Effects of:		
Franked distributions not subject to corporation tax	(217)	(279)
Movement in excess expenses	(137)	25
Overseas dividends not subject to corporation tax	–	(28)
Overseas tax suffered	(16)	20
Tax on realised gain on offshore funds	253	–
Tax on management fee rebates taken to capital	13	14
	(104)	(248)
Current tax charge (see note 5a)	69	20

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

c Deferred tax

	Year ended 28.02.17 £000	Year ended 28.02.16 £000
The deferred tax provision is made up as follows:		
Provision at start of year	–	–
Charge on unrealised gain on offshore funds	486	–
Provision at end of year	486	–

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6 Distributions

	Year ended 28.02.17 £000	Year ended 28.02.16 £000
The distributions take account of revenue received on the issue of shares and revenue deducted on the cancellation of shares, and comprise:		
Interim distribution	454	827
Final distribution	443	497
	897	1,324
Add: Revenue deducted on cancellation of shares	50	53
Deduct: Revenue received on issue of shares	(54)	(50)
Total distributions	893	1,327
Reconciliation of distributions for the year to net revenue after taxation		
Distributions for the year	893	1,327
Revenue deficit transferred to capital	(14)	(6)
Equalisation on conversions	–	(2)
Tax relief on offshore gain	(571)	–
Net revenue after taxation	308	1,319

Details of the distributions per share are set out in the distribution tables on page 37.

7 Fair value hierarchy

Valuation technique	As at 28.02.17		As at 28.02.16	
	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Quoted prices for identical instruments in active markets	69	–	67	(103)
Prices of recent transactions for identical instruments	183,690	–	143,611	–
Valuation techniques using observable market data	–	(69)	80	(753)
Total value	183,759	(69)	143,758	(856)

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 28.02.17 £000	As at 28.02.16 £000
Accrued revenue	73	173
Accrued management fee rebates	232	200
Amounts receivable on issue of shares	778	97
Income tax recoverable	27	116
Sales awaiting settlement	–	1,909
Total debtors	1,110	2,495

9 Cash and bank balances

	As at 28.02.17 £000	As at 28.02.16 £000
Amounts held at futures clearing houses and brokers	109	206
Cash and bank balances	182	402
Total cash and bank balances	291	608

10 Cash equivalents

	As at 28.02.17 £000	As at 28.02.16 £000
Aviva Investors Sterling Liquidity Fund	16,800	5,800
Total cash equivalents	16,800	5,800

11 Provisions

	As at 28.02.17 £000	As at 28.02.16 £000
Deferred tax provision	486	–
Total provisions	486	–

12 Other creditors

	As at 28.02.17 £000	As at 28.02.16 £000
Accrued expenses	114	92
Amounts payable for cancellation of shares	1,225	121
Corporation tax payable	85	–
Overseas tax provision	4	–
Purchases awaiting settlement	1,250	2,323
Total creditors	2,678	2,536

13 Contingent liabilities and commitments

There were no contingent liabilities or commitments at the year end (2016: £nil).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14 Related party transactions

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

ACD periodic charges paid to Aviva Investors UK Fund Services Limited ("the ACD") are shown in note 4 and details of shares issued and cancelled by the ACD are shown in the statement of change in net assets attributable to shareholders. The balance due to the ACD at the year end in respect of ACD periodic charges was £89,000 (2016: £69,000). Any balance due from the ACD in respect of issues is shown in note 8. Any balance due to the ACD in respect of cancellations is shown in note 12.

Distributions payable to the ACD and related parties of the ACD during the year amounted to £858,000 (2016: £1,260,000). The amount outstanding at the year end was £419,000 (2016: £478,000). 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 £74,264,000 (2016: £46,678,000) and £56,216,000 (2016: £28,358,000) respectively. The income received during the year amounted to £320,000 (2016: £300,000). The rebates from ACD during the year amounted to £204,000 (2016: £137,000).

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

	Holdings at 28.02.17 (shares)	Movement (shares)	Holdings at 28.02.16 (shares)
ACD and related parties (share class 1 Income shares)	–	(19)	19
ACD and related parties (share class 2 Income shares)	1,457,114	51,240	1,405,874
ACD and related parties (share class 2 Accumulation shares)	11,814,460	7,375,248	4,439,212
ACD and related parties (share class 3 Income shares)	87,341,363	(4,712,017)	92,053,380

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

15 Shareholder funds

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

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

The net asset value per share class, the net asset value per share and the number of shares in the class are shown on pages 24 and 25. The distributions per share class are given in the distribution tables on page 37. All the share classes have the same rights on winding up.

16 Shares in issue reconciliation

	Number of shares in issue at 28.02.16	Number of shares issued	Number of shares cancelled	Number of shares converted	Number of shares in issue at 28.02.17
Share Class 1 Income	6,285,644	273,194	(573,985)	(1,596,323)	4,388,530
Share Class 2 Income	4,606,166	5,215,590	(1,551,780)	868,664	9,138,640
Share Class 2 Accumulation	7,923,903	8,024,077	(1,142,185)	8,751	14,814,546
Share Class 3 Income	92,053,380	5,949,343	(10,661,360)	–	87,341,363

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

17 Counterparty exposure**Financial derivative exposure**

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

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

	Forward currency contracts £000	Futures contracts £000	Total £000
28.02.16			
Goldman Sachs	24	–	24
JP Morgan	(42)	67	25
Royal Bank of Canada	18	–	18
Standard Chartered	(349)	–	(349)
UBS	(324)	–	(324)
Total	(673)	67	(606)

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

Collateral

At the year end date no collateral was held or pledged by the company or on behalf of the counterparties in respect of the above (2016: £nil).

18 Derivatives and other financial instruments

The policies applied in the management of financial instruments are set out on pages 6 and 7.

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 (2016: £nil).

Currency risk

At the year end date, 17.70% (2016: 10.87%) of the net assets of the Fund were denominated in currencies other than sterling with the effect that the balance sheet and total return can be significantly affected by currency movements. If currency rates were to change by 10.00%, the value of the Fund would change by 1.77% (2016: 1.09%).

Currency	Net foreign currency assets					
	Monetary exposure £000		Non monetary exposure £000		Total £000	
	28.02.17	28.02.16	28.02.17	28.02.16	28.02.17	28.02.16
Australian Dollar	99	(15)	57	67	156	52
Euro	–	–	–	(8,178)	–	(8,178)
Hong Kong Dollar	–	197	–	(99)	–	98
US Dollar	99	(1,690)	31,872	25,264	31,971	23,574

Interest rate risk

At the year end date 9.42% (2016: 4.48%) of the net assets of the Fund were interest bearing.

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 18.22% (2016: 15.33%) of the assets of the Fund were invested in CIS which predominantly invest in debt securities as such the interest rate risk is not considered significant.

Market price risk

At the year end date, 91.94% (2016: 96.38%) of the net assets of the Fund were invested in CIS which primarily invest in stocks admitted to an official stock exchange. If the market value were to change by 10%, the value of the Fund would change by 9.19% (2016: 9.64%).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

19 Direct transaction costs

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

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

28.02.16	Principal before costs £000	Commissions £000	Taxes £000	Total after costs £000	Commissions as % of principal	Taxes as % of principal
Purchases (excluding in-specie transfers and corporate actions)						
Equities	(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>		
Sales (excluding in-specie transfers and corporate actions)						
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>		
Total		<u>(6)</u>	<u>(101)</u>			
Percentage of fund average net assets		<u>0.00%</u>	<u>0.07%</u>			

Dealing spread

As at 28 February 2017, the average portfolio dealing spread was 0.05% (2016: 0.06%). This spread represents the difference between the values determined retrospectively by reference to the bid and offer prices of investments expressed as a percentage of the value determined by reference to the offer price.

20 Post balance sheet events

There are no post balance sheet events which require adjustment or disclosure at the year end (2016: £nil).

DISTRIBUTION TABLES

Final distribution payable in pence per share for the six months ended 28 February 2017

Income shares		Net revenue	Equalisation	Final distribution payable 30 April 2017	Final distribution paid 30 April 2016
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	0.2302	–	0.2302	0.2988
	Group 2	0.0000	0.2302	0.2302	0.2988
Share Class 3	Group 1	0.4487	–	0.4487	0.5016
	Group 2	0.0601	0.3886	0.4487	0.5016

Accumulation shares		Net revenue	Equalisation	Final distribution payable 30 April 2017	Final distribution paid 30 April 2016
Share Class 2	Group 1	0.2024	–	0.2024	0.2652
	Group 2	0.0000	0.2024	0.2024	0.2652

Final distribution

Group 1 shares are those shares purchased at or before 9am on 31 August 2016.

Group 2 shares are those shares purchased after 9am on 31 August 2016.

Interim distribution paid in pence per share for the six months ended 31 August 2016

Income shares		Net revenue	Equalisation	Interim distribution paid 31 October 2016	Interim distribution paid 31 October 2015
Share Class 1	Group 1	0.0000	–	0.0000	0.0456
	Group 2	0.0000	0.0000	0.0000	0.0456
Share Class 2	Group 1	0.2554	–	0.2554	0.5709
	Group 2	0.0000	0.2554	0.2554	0.5709
Share Class 3	Group 1	0.4671	–	0.4671	0.8106
	Group 2	0.1487	0.3184	0.4671	0.8106

Accumulation shares		Net revenue	Equalisation	Interim distribution paid 31 October 2016	Interim distribution paid 31 October 2015
Share Class 2	Group 1	0.2282	–	0.2282	0.5021
	Group 2	0.0000	0.2282	0.2282	0.5021

Interim distribution

Group 1 shares are those shares purchased at or before 9am on 28 February 2016.

Group 2 shares are those shares purchased after 9am on 28 February 2016.

Equalisation

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

AVIVA INVESTORS MULTI-MANAGER 20-60% SHARES FUND

INVESTMENT OBJECTIVE

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

INVESTMENT POLICY

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

FUND MANAGER'S REPORT

Performance

Over the period ended 28 February 2017, the Fund (share class 1) returned 14.72%* as equities and bonds both contributed to performance. The Fund's Investment Association peer group generated a net return of 14.58%.

Review

Equities performed well during the reporting period, with developed markets posting gains in excess of 20% across the board in Sterling terms. The economic backdrop was positive for equity markets worldwide, as the leading central banks maintained supportive monetary policy while data releases highlighted an improving economic outlook in the US and nascent signs of recovery in Europe. The two most significant events that influenced equity markets during the year were both political – the UK referendum on the EU and the US presidential election. The historic vote to leave the European Union in late June triggered a sharp devaluation in Sterling on the foreign exchange markets, with Sterling falling to its lowest point against the US Dollar since 1985. This has significantly enhanced returns from overseas equity markets for UK-based investors. In November, Donald Trump surprisingly won the US presidential election and the result triggered a rally in equity markets worldwide as investors began to price in both higher inflation and interest rates with the Republican proposing a large-scale programme of infrastructure and defence spending, combined with tax cuts. Over the reporting year, the US was the best performing major equity market in Sterling terms.

Bonds performed well over the reporting period, even though healthy gains in the first half were eroded in the second. After rallying on general concerns about global growth, government bonds came under pressure from September as expectations for inflation began to rise. The European Central Bank (ECB) responded by trimming its quantitative easing policy, while the US Federal Reserve (the Fed) raised interest rates in December. Corporate bonds defied many expectations by posting solid gains over the period. To this end they were helped by the announcement by both the ECB and the Bank of England (BoE) that high-quality company debt was to be included in their quantitative easing programmes for the first time.

Outlook

The upswing in global growth has come at the same time as inflation has increased, with both producer and consumer prices rising on the back of the earlier stabilisation, and more recent pick-up, in commodity prices. We expect the global reflationary environment will be sustained through 2017 and that it ought to be supportive of equity sectors that are more closely tied to the economic cycle. For corporate bonds, the supply and demand imbalance that is seeing yield-hungry investors chase ever fewer bonds will be supportive of the market. For the moment, security selection will be particularly important given the political factors that may buffet European issuers during a summer of important elections.

April 2017

* Fund performance figures – share class 1, source Lipper, net of fees, net income reinvested in GBP, as at 28 February 2017.

As noted above, the performance figures in this commentary have been sourced from an external party and are based on published prices. The performance figures quoted in the comparative tables on pages 40 and 41 are based on the net asset value per the published accounts and may be different due to post year end accounting adjustments.

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

Material Portfolio Changes

Purchases	Sales
Aviva Investors Sterling Liquidity Fund Class 3, Income shares, GBP	Aviva Investors Sterling Liquidity Fund Class 3, Income shares, GBP
Aviva Investors Multi-Strategy Target Return Fund Class 8, Accumulation shares, GBP	Aviva Investors US Equity MoM 1 Fund Class 2, Income shares, GBP
Aviva Investors Multi-Strategy Target Income Fund Class 8, Income shares, GBP	MW TOPS Fund Class G
Hermes US SMID Equity Fund Class F StgE Acc. Shares	Aviva Investors Multi-Strategy Target Return Fund Class 8, Accumulation shares, GBP
JPM Global Corporate Bond Fund C (dist) – GBP (hedged)	M&G European Loan Fund Class C
Aviva Investors US Equity MoM 1 Fund Class 2, Income shares, GBP	Man GLG Japan CoreAlpha Fund Professional Accumulation Shares (Class C)
iShares \$ TIPS UCITS Fund	Schroder Asian Alpha Plus Fund Class Z Accumulation GBP
Artemis Income Fund Class R Distribution Units	Man GLG Japan CoreAlpha Equity Fund Class I H GBP Shares
Aviva Investors EM Equity MoM 1 Fund Class 2, Income shares, GBP	Invesco Perpetual European Equity Income Fund Accumulation (No Trail) share class
Man GLG Japan CoreAlpha Fund Professional Accumulation Shares (Class C)	BlackRock European Dynamic Fund Class FD Accumulation GBP

AVIVA INVESTORS MULTI-MANAGER 20-60% SHARES FUND (CONTINUED)

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

	2017	2016	2015
Class 1 Income	p per share	p per share	p per share
Change in net assets per share			
Opening net asset value per share	68.55	71.44	66.26
Return before operating charges [†]	11.95	(1.01)	6.89
Operating charges	(1.62)	(1.63)	(1.49)
Return after operating charges [†]	10.33	(2.64)	5.40
Distributions	(0.02)	(0.25)	(0.22)
Closing net asset value per share	78.86	68.55	71.44
[†] after direct transaction costs of	(0.01)	(0.06)	(0.02)
Performance			
Return after charges	15.07%	(3.70)%	8.15%
Other information			
Closing net asset value (£000)	4,326	4,914	7,718
Closing number of shares	5,485,781	7,168,267	10,803,428
Operating charges (%) [†]	2.17%	2.31%	2.21%
Direct transaction costs (%) [#]	0.02%	0.08%	0.03%
Prices[®]			
Highest share price	79.28	74.59	71.71
Lowest share price	68.95	65.84	64.77

	2017	2016	2015
Class 2 Income	p per share	p per share	p per share
Change in net assets per share			
Opening net asset value per share	116.12	121.05	112.25
Return before operating charges [†]	20.09	(1.94)	11.33
Operating charges	(1.79)	(1.85)	(1.67)
Return after operating charges [†]	18.30	(3.79)	9.66
Distributions	(0.81)	(1.14)	(0.86)
Closing net asset value per share	133.61	116.12	121.05
[†] after direct transaction costs of	(0.03)	(0.10)	(0.03)
Performance			
Return after charges	15.76%	(3.13)%	8.61%
Other information			
Closing net asset value (£000)	6,988	7,497	5,064
Closing number of shares	5,229,806	6,455,964	4,183,060
Operating charges (%) [†]	1.42%	1.55%	1.46%
Direct transaction costs (%) [#]	0.02%	0.08%	0.03%
Prices[®]			
Highest share price	134.79	126.45	121.70
Lowest share price	116.81	111.85	109.69

	2017	2016	2015
Class 2 Accumulation	p per share	p per share	p per share
Change in net assets per share			
Opening net asset value per share	112.81	116.44	107.21
Return before operating charges [†]	19.54	(1.85)	10.83
Operating charges	(1.76)	(1.78)	(1.60)
Return after operating charges [†]	17.78	(3.63)	9.23
Distributions	(0.79)	(1.10)	(0.81)
Retained distributions on accumulation shares	0.79	1.10	0.81
Closing net asset value per share	130.59	112.81	116.44
[†] after direct transaction costs of	(0.02)	(0.09)	(0.03)
Performance			
Return after charges	15.76%	(3.12)%	8.61%
Other information			
Closing net asset value (£000)	15,395	8,327	4,712
Closing number of shares	11,788,804	7,381,519	4,047,028
Operating charges (%) [†]	1.42%	1.55%	1.46%
Direct transaction costs (%) [#]	0.02%	0.08%	0.03%
Prices[®]			
Highest share price	131.25	121.62	116.50
Lowest share price	113.46	108.08	105.00

COMPARATIVE TABLES (CONTINUED)

	2017	2016	2015
Class 3 Income	p per share	p per share	p per share
Change in net assets per share			
Opening net asset value per share	137.12	142.94	132.57
Return before operating charges [†]	23.66	(2.34)	13.27
Operating charges	(1.75)	(1.85)	(1.63)
Return after operating charges [†]	21.91	(4.19)	11.64
Distributions	(1.25)	(1.63)	(1.27)
Closing net asset value per share	157.78	137.12	142.94
[†] after direct transaction costs of	(0.03)	(0.11)	(0.04)
Performance			
Return after charges	15.98%	(2.93)%	8.78%
Other information			
Closing net asset value (£000)	147,469	135,495	148,208
Closing number of shares	93,463,823	98,816,496	103,683,217
Operating charges (%) [‡]	1.17%	1.31%	1.21%
Direct transaction costs (%) [#]	0.02%	0.08%	0.03%
Prices[≈]			
Highest share price	159.28	149.34	143.52
Lowest share price	137.92	132.20	129.26

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

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

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

Ongoing Charges Figure*

Share class	28.02.17	28.02.16
Class 1	2.17%	2.31%
Class 2	1.42%	1.55%
Class 3	1.17%	1.31%

* The Ongoing Charges Figure (OCF) is calculated as the ratio of the total ongoing charges to the average net asset value of the Fund over the year. The OCF is made up of the Annual Management Charge and other operating costs deducted from the assets of the Fund during the year, except for those payments that are explicitly excluded (performance fees). The OCF includes a synthetic element of 0.53% (2016:0.67%) 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 2017

Investment	Currency	Holding	Market Value £000	% of Net Assets
Collective Investment Schemes 86.13% (90.65%)				
Artemis Income Fund Class R Distribution Units	GBP	2,241,091	4,867	2.79
Aviva Investors EM Equity MoM 1 Fund Class 2, Income shares, GBP [†]	GBP	2,063,074	8,947	5.14
Aviva Investors Multi-Strategy Target Income Fund Class 8, Income shares, GBP [†]	GBP	9,952,449	9,835	5.65
Aviva Investors Multi-Strategy Target Return Fund Class 8, Accumulation shares, GBP [†]	GBP	20,922,965	23,110	13.27
Aviva Investors Property Trust Class 1, Accumulation shares, GBP [†]	GBP	3,147,445	5,120	2.94
Aviva Investors US Equity MoM 1 Fund Class 2, Income shares, GBP [†]	GBP	4,210,540	13,272	7.62
Baillie Gifford Japanese Fund Class B Shares	GBP	243,969	3,406	1.95
BlackRock Emerging Markets Local Currency Bond Fund Class A2 USD	USD	379,782	7,160	4.11
BlackRock European Dynamic Fund Class FD Accumulation GBP	GBP	4,922,710	6,902	3.96
Hermes Global High Yield Credit Fund Class F Stg£ Acc. Hedged Shares	GBP	6,576,996	7,677	4.41
Hermes US SMID Equity Fund Class F Stg£ Acc. Shares	GBP	3,224,989	7,701	4.42
Invesco Perpetual European Equity Income Fund Accumulation (No Trail) share class	GBP	3,871,322	7,086	4.07
iShares \$ TIPS UCITS Fund	GBP	57,626	9,361	5.38
JPM Global Corporate Bond Fund C (dist) – GBP (hedged)	GBP	171,706	11,434	6.56
Man GLG Japan CoreAlpha Fund Professional Accumulation Shares (Class C)	GBP	1,875,114	3,392	1.95
PineBridge Asia ex Japan Small Cap Equity Fund Y	GBP	25,465	2,756	1.58
Wellington US Research Equity Fund USD Class S Accumulating Unhedged	USD	268,887	17,987	10.33
Collective Investment Schemes total			150,013	86.13
Forward Currency Contracts (0.07)% ((0.37)%)				
Buy GBP 8,488,130 sell USD 10,712,033 dated 15/03/2017			(125)	(0.07)
Forward Currency Contracts total			(125)	(0.07)
Futures 0.07% (0.07%)				
Australia 10 Year Bond 15/03/2017	AUD	114	103	0.06
US 10 Year Note 21/06/2017	USD	90	21	0.01
Futures total			124	0.07
Liquidity Funds 11.02% (9.60%)¹				
Aviva Investors Sterling Liquidity Fund Class 3, Income shares, GBP [†]	GBP	19,200,000	19,200	11.02
Liquidity Funds total			19,200	11.02
Investment assets ²			169,212	97.15
Net other assets			4,966	2.85
Net assets			174,178	100.00

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

The comparative percentage figures in brackets are as at 28 February 2016.

[†] Investment in or managed by a related party.

¹ Cash Equivalents.

² Includes Cash Equivalents.

STATEMENT OF TOTAL RETURN

For the year ended 28 February 2017

	Notes	£000	Year ended 28.02.17 £000	£000	Year ended 28.02.16 £000
Income					
Net capital gains/(losses)	2		23,722		(6,481)
Revenue	3	2,492		3,104	
Expenses	4	(1,143)		(1,114)	
Net revenue before taxation		1,349		1,990	
Taxation	5	(885)		(234)	
Net revenue after taxation			464		1,756
Total return before distributions			24,186		(4,725)
Distributions	6		(1,319)		(1,772)
Change in net assets attributable to shareholders from investment activities			22,867		(6,497)

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

For the year ended 28 February 2017

	£000	Year ended 28.02.17 £000	£000	Year ended 28.02.16 £000
Opening net assets attributable to shareholders		156,233		165,702
Movement due to issue and cancellation of shares:				
Amounts receivable on issue of shares	16,358		15,179	
Amounts payable on cancellation of shares	(21,364)		(18,221)	
		(5,006)		(3,042)
Change in net assets attributable to shareholders from investment activities (see above)		22,867		(6,497)
Retained distribution on accumulation shares		84		70
Closing net assets attributable to shareholders		174,178		156,233

BALANCE SHEET

As at 28 February 2017

	Notes	As at 28.02.17 £000	As at 28.02.16 £000
Assets:			
Investments		150,137	141,852
Current assets:			
Debtors	8	745	2,468
Cash and bank balances	9	6,203	651
Cash equivalents	10	19,200	15,000
Total assets		176,285	159,971
Liabilities:			
Investment liabilities		(125)	(691)
Provision for liabilities		(352)	-
Creditors:			
Distribution payable		(689)	(905)
Other creditors	12	(941)	(2,142)
Total liabilities		(2,107)	(3,738)
Net assets attributable to shareholders		174,178	156,233

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting basis and policies

Please see pages 5 to 7 for accounting basis and policies.

2 Net capital gains/(losses)

	Year ended 28.02.17 £000	Year ended 28.02.16 £000
Net capital gains/(losses) on investments during the year comprise:		
Currency losses	(152)	(101)
Derivative contracts losses	(379)	(12)
Expenses relating to the purchase and sale of investments	(5)	(2)
Forward currency contracts losses	(934)	(624)
Investment manager capital rebates *	49	71
Non-derivative securities gains/(losses)	25,143	(5,813)
Net capital gains/(losses) **	23,722	(6,481)

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

** Total realised gains for the year were £7,165,000 (2016: £11,924,000) and the movement in unrealised gains/(losses) was £16,557,000 (2016: £(18,405,000)). Included in realised gains for the year were unrealised gains/(losses) recognised in previous periods.

3 Revenue

	Year ended 28.02.17 £000	Year ended 28.02.16 £000
Bank and deposit interest	5	4
Franked components of dividend distributions	940	1,031
Interest distributions	–	487
Interest on debt securities	74	12
Interest on derivatives	201	89
Investment manager rebates*	295	196
Revenue from offshore funds	537	1,285
Unfranked components of dividend distributions	440	–
Total revenue	2,492	3,104

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4 Expenses

	Year ended 28.02.17 £000	Year ended 28.02.16 £000
Payable to the Authorised Corporate Director ("ACD"), associates of the ACD or agents of either of them:		
ACD's periodic charge	1,062	1,039
Registration fees	23	19
	1,085	1,058
Payable to the Depositary, associates of the Depositary or agents of either of them:		
Depositary's fee	23	22
Interest payable	–	2
Safe custody fee	16	14
	39	38
Other expenses:		
Audit fee*	11	10
Printing & postage expenses	3	2
Statement fees	5	6
	19	18
Total expenses	1,143	1,114

* The audit fee was £8,855 (2016: £8,741) net of VAT.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5 Taxation**a Analysis of tax charge**

	Year ended 28.02.17 £000	Year ended 28.02.16 £000
Corporation tax	585	175
Overseas tax suffered	(52)	59
Total current tax (see note 5b)	533	234
Deferred tax	352	–
Total deferred tax (see note 5c)	352	–
Total tax for the year	885	234

b Factors affecting current tax charge

The tax assessed for the year is lower (2016: lower) than the standard rate of corporation tax in the UK for an Authorised Investment Fund (20%) (2016: 20%).

The differences are explained below:

	Year ended 28.02.17 £000	Year ended 28.02.16 £000
Net revenue before taxation	1,349	1,990
Corporation tax at 20%	270	398
Effects of:		
Overseas dividends not subject to corporation tax	–	(24)
Overseas tax suffered	(52)	59
Tax relief for overseas tax suffered	–	(7)
Tax on management fee rebates taken to capital	10	14
Tax on realised gain on offshore funds	493	–
UK dividends not subject to corporation tax	(188)	(206)
	263	(164)
Current tax charge (see note 5a)	533	234

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

c Deferred tax

	Year ended 31.03.17 £000	Year ended 31.03.16 £000
The deferred tax provision is made up as follows:		
Provision at start of year	–	–
Charge on unrealised gain on offshore funds	352	–
Provision at end of year	352	–

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6 Distributions

	Year ended 28.02.17 £000	Year ended 28.02.16 £000
The distributions take account of revenue received on the issue of shares and revenue deducted on the cancellation of shares, and comprise:		
Interim distribution	561	822
Final distribution	746	948
	1,307	1,770
Add: Revenue deducted on cancellation of shares	63	58
Deduct: Revenue received on issue of shares	(51)	(56)
Total distributions	1,319	1,772
Reconciliation of distributions for the year to net revenue after taxation		
Distributions for the year	1,319	1,772
Equalisation on conversions	–	(3)
Tax on management fee rebates taken to capital	(10)	(13)
Tax relief on offshore gain	(845)	–
Net revenue after taxation	464	1,756

Details of the distributions per share are set out in the distribution tables on page 54.

7 Fair value hierarchy

Valuation technique	As at 28.02.17		As at 28.02.16	
	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Quoted prices for identical instruments in active markets	124	–	196	(86)
Prices of recent transactions for identical instruments	169,213	–	156,632	–
Valuation techniques using observable market data	–	(125)	24	(605)
Total	169,337	(125)	156,852	(691)

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 28.02.17 £000	As at 28.02.16 £000
Accrued revenue	82	355
Accrued management fee rebates	181	192
Amounts receivable on issue of shares	400	480
Income tax recoverable	82	18
Sales awaiting settlement	–	1,423
Total debtors	745	2,468

9 Cash and bank balances

	As at 28.02.17 £000	As at 28.02.16 £000
Amounts held at futures clearing houses and brokers	178	227
Cash and bank balances	6,025	424
Total cash and bank balances	6,203	651

10 Cash equivalents

	As at 28.02.17 £000	As at 28.02.16 £000
Aviva Investors Sterling Liquidity Fund	19,200	15,000
Total cash equivalents	19,200	15,000

11 Provisions

	As at 28.02.17 £000	As at 28.02.16 £000
Deferred tax provision	352	–
Total provisions	352	–

12 Other creditors

	As at 28.02.17 £000	As at 28.02.16 £000
Accrued expenses	110	100
Amounts payable for cancellation of shares	239	173
Corporation tax payable	585	–
Overseas tax provision	7	7
Purchases awaiting settlement	–	1,862
Total creditors	941	2,142

13 Contingent liabilities and commitments

There were no contingent liabilities or commitments at the year end (2016: £nil).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14 Related party transactions

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

ACD periodic charges paid to Aviva Investors UK Fund Services Limited ("the ACD") are shown in note 4 and details of shares issued and cancelled by the ACD are shown in the statement of change in net assets attributable to shareholders. The balance due to the ACD at the year end in respect of ACD periodic charges was £85,000 (2016: £76,000). Any balance due from the ACD in respect of issues is shown in note 8. Any balance due to the ACD in respect of cancellations is shown in note 12.

Distributions payable to the ACD and related parties of the ACD during the year amounted to £1,247,000 (2016: £1,667,000). The amount outstanding at the year end was £709,000 (2016: £886,000). 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 £90,157,000 (2016: £61,413,000) and £69,735,000 (2016: £32,751,000) respectively. The income received during the year amounted to £749,000 (2016: £554,000). The rebates from ACD during the year amounted to £202,000 (2016: £109,000).

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

	Holdings at 28.02.17 (shares)	Movement (shares)	Holdings at 28.02.16 (shares)
ACD and related parties (share class 1 Income shares)	–	(9,605)	9,605
ACD and related parties (share class 2 Income shares)	1,160,257	(175,490)	1,335,747
ACD and related parties (share class 2 Accumulation shares)	8,559,222	4,546,649	4,012,573
ACD and related parties (share class 3 Income shares)	93,463,823	(5,352,673)	98,816,496

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

15 Shareholder funds

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

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

The net asset value per share class, the net asset value per share and the number of shares in the class are shown on pages 40 and 41. The distributions per share class are given in the distribution tables on page 54. All the share classes have the same rights on winding up.

16 Shares in issue reconciliation

	Number of shares in issue at 28.02.16	Number of shares issued	Number of shares cancelled	Number of shares converted	Number of shares in issue at 28.02.17
Share Class 1 Income	7,168,267	–	(655,269)	(1,027,217)	5,485,781
Share Class 2 Income	6,455,964	360,299	(2,192,669)	606,212	5,229,806
Share Class 2 Accumulation	7,381,519	5,683,709	(1,276,424)	–	11,788,804
Share Class 3 Income	98,816,496	5,974,095	(11,326,768)	–	93,463,823

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

17 Counterparty exposure**Financial derivative exposure**

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

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

	Forward currency contracts £000	Futures contracts £000	Total £000
28.02.16			
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)
Total	(581)	196	(385)

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

Collateral

At the year end date no collateral was held or pledged by the company or on behalf of the counterparties in respect of the above (2016: £nil).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

18 Derivatives and other financial instruments

The policies applied in the management of financial instruments are set out on pages 6 and 7.

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 (2016: £nil).

Currency risk

At the year end date, 9.75% (2016: 6.01%) of the net assets of the Fund were denominated in currencies other than sterling and as such the currency risk is not considered significant.

Interest rate risk

At the year end date 14.58% (2016: 10.02%) of the net assets of the Fund were interest bearing. If interest rates were to change by 1.00%, the value of the Fund would change by 0.15% (2016: 0.10%).

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

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

The 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
Financial Assets				
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
Financial Liabilities				
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)
Total	15,651	–	140,582	156,233

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 20.46% (2016: 22.76%) 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, 86.13% (2016: 90.65%) of the net assets of the Fund were invested in CIS which primarily invest in stocks admitted to an official stock exchange. If the market value were to change by 10%, the value of the Fund will change by 8.61% (2016: 9.07%).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

19 Direct transaction costs

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

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

28.02.16	Principal before costs £000	Commissions £000	Taxes £000	Total after costs £000	Commissions as % of principal	Taxes as % of principal
Purchases (excluding in-specie transfers and corporate actions)						
Equities	(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>		
Sales (excluding in-specie transfers and corporate actions)						
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>		
Total		<u>(6)</u>	<u>(123)</u>			
Percentage of fund average net assets		<u>0.00%</u>	<u>0.08%</u>			

Dealing spread

As at 28 February 2017, the average portfolio dealing spread was 0.04% (2016: 0.07%). This spread represents the difference between the values determined retrospectively by reference to the bid and offer prices of investments expressed as a percentage of the value determined by reference to the offer price.

20 Post balance sheet events

There are no post balance sheet events which require adjustment or disclosure at the year end (2016: £nil).

DISTRIBUTION TABLES

Final distribution payable in pence per share for the six months ended 28 February 2017

Income shares		Net revenue	Equalisation	Final distribution payable 30 April 2017	Final distribution paid 30 April 2016
Share Class 1	Group 1	0.0226	–	0.0226	0.1480
	Group 2	0.0000	0.0226	0.0226	0.1480
Share Class 2	Group 1	0.5005	–	0.5005	0.6161
	Group 2	0.0772	0.4233	0.5005	0.6161
Share Class 3	Group 1	0.7077	–	0.7077	0.8644
	Group 2	0.0866	0.6211	0.7077	0.8644

Accumulation shares		Net revenue	Equalisation	Final distribution payable 30 April 2017	Final distribution paid 30 April 2016
Share Class 2	Group 1	0.4825	–	0.4825	0.5951
	Group 2	0.0444	0.4381	0.4825	0.5951

Final distribution

Group 1 shares are those shares purchased at or before 9am on 31 August 2016.

Group 2 shares are those shares purchased after 9am on 31 August 2016.

Interim distribution paid in pence per share for the six months ended 31 August 2016

Income shares		Net revenue	Equalisation	Interim distribution paid 31 October 2016	Interim distribution paid 31 October 2015
Share Class 1	Group 1	0.0000	–	0.0000	0.0978
	Group 2	0.0000	0.0000	0.0000	0.0978
Share Class 2	Group 1	0.3124	–	0.3124	0.5277
	Group 2	0.0561	0.2563	0.3124	0.5277
Share Class 3	Group 1	0.5468	–	0.5468	0.7686
	Group 2	0.2470	0.2998	0.5468	0.7686

Accumulation shares		Net revenue	Equalisation	Interim distribution paid 31 October 2016	Interim distribution paid 31 October 2015
Share Class 2	Group 1	0.3043	–	0.3043	0.5075
	Group 2	0.0453	0.2590	0.3043	0.5075

Interim distribution

Group 1 shares are those shares purchased at or before 9am on 28 February 2016.

Group 2 shares are those shares purchased after 9am on 28 February 2016.

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

Performance

Over the period ended 28 February 2017, the Fund (share class 1) returned 6.33%* as both equities and bonds performed well.

Review

Equities performed strongly during the 12 months to 28 February 2017, with the MSCI World Index returning 37.35% in Sterling terms. The economic backdrop was positive for equity markets worldwide, as the leading central banks maintained supportive monetary policy while data releases highlighted an improving economic outlook in the US and nascent signs of recovery in Europe. The two most significant events that influenced equity markets during the year were both political – the UK referendum on the EU and the US presidential election. The historic vote to leave the European Union in late June triggered a sharp devaluation in Sterling on the foreign exchange markets, with Sterling falling to its lowest point against the US Dollar since 1985. This has significantly enhanced returns from overseas equity markets for UK-based investors. In November, Donald Trump surprisingly won the US presidential election and the result triggered a rally in equity markets worldwide as investors began to price in both higher inflation and interest rates with the Republican proposing a large-scale programme of infrastructure and defence spending, combined with tax cuts. Over the reporting year, the US was the best performing major equity market in Sterling terms.

Bonds performed well over the reporting period, even though healthy gains in the first half were eroded in the second. After rallying on general concerns about global growth, government bonds came under pressure from September as expectations for inflation began to rise. The European Central Bank (ECB) responded by trimming its quantitative easing policy, while the US Federal Reserve (the Fed) raised interest rates in December. Corporate bonds defied many expectations by posting solid gains over the period. To this end they were helped by the announcement by both the ECB and the Bank of England (BoE) that high-quality company debt was to be included in their quantitative easing programmes for the first time.

Outlook

The upswing in global growth has come at the same time as inflation has increased, with both producer and consumer prices rising on the back of the earlier stabilisation, and more recent pick-up, in commodity prices. We expect the global reflationary environment will be sustained through 2017 and that it ought to be supportive of equity sectors that are more closely tied to the economic cycle. For corporate bonds, the supply and demand imbalance that is seeing yield-hungry investors chase ever fewer bonds will be supportive of the market. For the moment, security selection will be particularly important given the political factors that may buffet European issuers during a summer of important elections.

April 2017

* Fund performance figures – share class 1, source Lipper, net of fees, net income reinvested in GBP, as at 28 February 2017.

As noted above, the performance figures in this commentary have been sourced from an external party and are based on published prices. The performance figures quoted in the comparative tables on pages 57 and 58 are based on the net asset value per the published accounts and may be different due to post year end accounting adjustments.

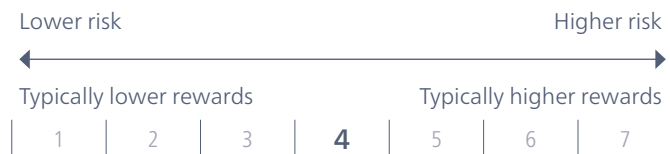
Any opinions expressed are those of the Fund manager. They should not be viewed as a guarantee of a return from an investment in the Funds. The content of the commentary should not be viewed as a recommendation to invest nor buy or sell any securities. Past performance is not a guide to the future. The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

Material Portfolio Changes

Purchases	Sales
Aviva Investors Sterling Liquidity Fund Class 3, Income shares, GBP	Aviva Investors Sterling Liquidity Fund Class 3, Income shares, GBP
Aviva Investors Global Investment Grade Corporate Bond Fund Class 1h, Accumulation shares, GBP	Aviva Investors – Global Investment Grade Corporate Bond Fund Class Zyh, Accumulation shares, GBP
Aviva Investors Multi-Strategy Target Return Fund Class 8, Accumulation shares, GBP	US Treasury Inflation Linked 0.63% 15/01/2026
US Treasury Inflation Linked 0.13% 15/07/2026	Blackrock Continental European Equity Tracker Fund Class L Accumulating GBP
US Treasury Inflation Linked 0.63% 15/01/2026	BlackRock North American Equity Tracker Fund Class L Accumulation GBP
Aviva Investors – Global Investment Grade Corporate Bond Fund Class Zyh, Accumulation shares, GBP	Aviva Investors Multi-Strategy Target Income Fund Class 8, Income shares, GBP
Aviva Investors European Equity Income Fund Class Zy, Accumulation shares, GBP	Aviva Investors Global Investment Grade Corporate Bond Fund Class 1h, Accumulation shares, GBP
iShares MSCI UCITS ETF Fund	Aviva Investors Multi-Strategy Target Return Fund Class 3, Accumulation shares, GBP
Aviva Investors Multi-Strategy Target Income Fund Class 8, Income shares, GBP	iShares MSCI UCITS ETF Fund
BlackRock North American Equity Tracker Fund Class L Accumulation GBP	BlackRock Japan Equity Tracker Fund Class L Accumulation GBP

AVIVA INVESTORS MULTI-ASSET FUND I (CONTINUED)

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	2017 p per share	2016 p per share	2015 p per share
Change in net assets per share			
Opening net asset value per share	113.67	115.30	106.41
Return before operating charges [†]	8.93	0.02	10.69
Operating charges	(1.76)	(1.65)	(1.80)
Return after operating charges [†]	7.17	(1.63)	8.89
Distributions	(0.03)	(0.01)	(0.35)
Retained distributions on accumulation shares	0.03	0.01	0.35
Closing net asset value per share	120.84	113.67	115.30
† after direct transaction costs of	–	–	–
Performance			
Return after charges	6.31%	(1.41)%	8.35%
Other information			
Closing net asset value (£000)	2,213	1,795	1,667
Closing number of shares	1,831,638	1,578,943	1,446,208
Operating charges (%) [†]	1.49%	1.45%	1.63%
Direct transaction costs (%) [†]	–	–	–
Prices[™]			
Highest share price	121.10	117.90	115.32
Lowest share price	112.98	111.09	106.13

Class 3 Accumulation	2017 p per share	2016 p per share	2015 p per share
Change in net assets per share			
Opening net asset value per share	116.90	117.91	108.16
Return before operating charges [†]	9.05	(0.14)	10.62
Operating charges	(0.97)	(0.87)	(0.87)
Return after operating charges [†]	8.08	(1.01)	9.75
Distributions	(0.72)	(0.64)	(1.04)
Retained distributions on accumulation shares	0.72	0.64	1.04
Closing net asset value per share	124.98	116.90	117.91
† after direct transaction costs of	–	–	–
Performance			
Return after charges	6.91%	(0.86)%	9.01%
Other information			
Closing net asset value (£000)	48,069	27,293	13,161
Closing number of shares	38,461,958	23,346,360	11,161,910
Operating charges (%) [†]	0.79%	0.74%	0.78%
Direct transaction costs (%) [†]	–	–	–
Prices[™]			
Highest share price	125.06	120.69	117.93
Lowest share price	116.43	114.01	107.89

Class 4 Accumulation	2017 p per share	2016 p per share	2015 p per share
Change in net assets per share			
Opening net asset value per share	115.57	116.78	107.41
Return before operating charges [†]	8.97	(0.13)	10.63
Operating charges	(1.19)	(1.08)	(1.26)
Return after operating charges [†]	7.78	(1.21)	9.37
Distributions	(0.52)	(0.41)	(0.74)
Retained distributions on accumulation shares	0.52	0.41	0.74
Closing net asset value per share	123.35	115.57	116.78
† after direct transaction costs of	–	–	–
Performance			
Return after charges	6.73%	(1.04)%	8.72%
Other information			
Closing net asset value (£000)	10,425	10,316	161
Closing number of shares	8,451,180	8,926,276	137,747
Operating charges (%) [†]	0.99%	0.94%	1.13%
Direct transaction costs (%) [†]	–	–	–
Prices[™]			
Highest share price	123.45	119.49	116.80
Lowest share price	115.04	112.80	107.14

Class R3 Accumulation	2017 p per share	2016 p per share	2015 p per share
Change in net assets per share			
Opening net asset value per share	114.66	115.62	106.15
Return before operating charges [†]	8.86	(0.16)	10.45
Operating charges	(0.89)	(0.80)	(0.98)
Return after operating charges [†]	7.97	(0.96)	9.47
Distributions	(0.76)	(0.66)	(0.92)
Retained distributions on accumulation shares	0.76	0.66	0.92
Closing net asset value per share	122.63	114.66	115.62
† after direct transaction costs of	–	–	–
Performance			
Return after charges	6.95%	(0.83)%	8.92%
Other information			
Closing net asset value (£000)	45,779	26,944	13,494
Closing number of shares	37,330,310	23,498,243	11,671,124
Operating charges (%) [†]	0.74%	0.70%	0.88%
Direct transaction costs (%) [†]	–	–	–
Prices[™]			
Highest share price	122.72	118.34	115.63
Lowest share price	114.22	111.80	105.89

COMPARATIVE TABLES (CONTINUED)

Class 9 Accumulation	2017 p per share	2016 p per share	2015* p per share
Change in net assets per share			
Opening net asset value per share (at launch)	100.32	100.85	100.00
Return before operating charges [†]	7.65	(0.18)	1.20
Operating charges	(0.34)	(0.35)	(0.35)
Return after operating charges [†]	7.31	(0.53)	0.85
Distributions	(0.99)	(0.86)	–
Retained distributions on accumulation shares	0.99	0.86	–
Closing net asset value per share	107.63	100.32	100.85
[†] after direct transaction costs of	–	–	–
Performance			
Return after charges	7.29%	(0.53)%	0.85%
Other information			
Closing net asset value (£000)	2,527	76	77
Closing number of shares	2,347,129	76,000	76,000
Operating charges (%) [‡]	0.35%	0.35%	0.35%
Direct transaction costs (%) [#]	–	–	–
Prices[≈]			
Highest share price	107.71	103.28	100.86
Lowest share price	100.02	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	28.02.17	28.02.16
Class 1	1.49%	1.45%
Class 3	0.79%	0.75%
Class 4	0.99%	0.95%
Class R3	0.74%	0.70%
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 0.24% (2016: 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.

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 2017

Investment	Currency	Holding	Market Value £000	% of Net Assets
Collective Investment Schemes 56.80% (69.09%)				
Aviva Investors Emerging Markets Equity Income Fund Class Zy, Accumulation shares, GBP [†]	GBP	1,977	2,626	2.41
Aviva Investors Emerging Markets Local Currency Bond Fund Class Ia, Income shares, GBP [†]	GBP	17,358	1,727	1.58
Aviva Investors European Equity Income Fund Class Zy, Accumulation shares, GBP [†]	GBP	2,780	3,452	3.17
Aviva Investors Global Equity Endurance Fund Class Zy, Accumulation shares, GBP [†]	GBP	1,369	1,510	1.39
Aviva Investors Global High Yield Bond Fund Class Ih, Accumulation shares, GBP [†]	GBP	12,457	1,703	1.56
Aviva Investors Global Investment Grade Corporate Bond Fund Class Ih, Accumulation shares, GBP [†]	GBP	138,337	14,785	13.56
Aviva Investors Multi-Strategy Target Income Fund Class 8, Income shares, GBP [†]	GBP	2,493,404	2,461	2.26
Aviva Investors Multi-Strategy Target Return Fund Class 8, Accumulation shares, GBP [†]	GBP	18,743,038	20,668	18.96
Aviva Investors Property Trust Class 1, Accumulation shares, GBP [†]	GBP	1,697,485	2,778	2.55
Aviva Investors UK Index Tracking Fund Class 3, Accumulation shares, GBP [†]	GBP	579,051	1,329	1.22
BlackRock Japan Equity Tracker Fund Class L Accumulating GBP	GBP	799,831	1,632	1.49
BlackRock North American Equity Tracker Fund Class L Accumulating GBP	GBP	2,278,642	7,250	6.65
Collective Investment Schemes total			61,921	56.80
Government Bonds 11.47% (6.84%)				
United States of America 11.47% (6.84%)				
US Treasury Inflation Linked 0.13% 15/07/2026	USD	\$15,708,900	12,510	11.47
Government Bonds total			12,510	11.47
Forward Currency Contracts (0.15%) ((0.42%))				
Buy GBP 11,764,774 sell USD 14,825,163 dated 15/03/2017			(167)	(0.15)
Forward Currency Contracts total			(167)	(0.15)
Futures 0.14% (0.11%)				
Australia 10 Year Bond 15/03/2017	AUD	154	121	0.11
US 10 Year Note 21/06/2017	USD	122	30	0.03
Futures total			151	0.14
Liquidity Funds 30.09% (21.23%)¹				
Aviva Investors Sterling Liquidity Fund Class 3, Income shares, GBP [†]	GBP	32,800,000	32,800	30.09
Liquidity Funds total			32,800	30.09
Investment assets ²			107,215	98.35
Net other assets			1,798	1.65
Net assets			109,013	100.00

All holdings are ordinary shares or stock units and admitted to an official stock exchange unless otherwise stated.
The comparative percentage figures in brackets are as at 28 February 2016.

[†] Investment in or managed by a related party.

¹ Cash Equivalents.

² Includes Cash Equivalents.

STATEMENT OF TOTAL RETURN

For the year ended 28 February 2017

	Notes	£000	Year ended 28.02.17 £000	£000	Year ended 28.02.16 £000
Income					
Net capital gains/(losses)	2		4,886		(560)
Revenue	3	1,031		580	
Expenses					
Net revenue before taxation	4	(485)		(294)	
Taxation	5	(57)		(24)	
Net revenue after taxation					
			489		262
Total return before distributions					
			5,375		(298)
Distributions	6		(489)		(264)
Change in net assets attributable to shareholders from investment activities					
			4,886		(562)

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

For the year ended 28 February 2017

	£000	Year ended 28.02.17 £000	£000	Year ended 28.02.16 £000
Opening net assets attributable to shareholders		66,424		28,560
Movement due to issue and cancellation of shares:				
Amounts receivable on issue of shares	42,045		43,056	
Amounts payable on cancellation of shares	(4,924)		(4,952)	
		37,121		38,104
Change in net assets attributable to shareholders from investment activities (see above)				
		4,886		(562)
Retained distribution on accumulation shares		582		322
Closing net assets attributable to shareholders				
		109,013		66,424

BALANCE SHEET

As at 28 February 2017

	Notes	As at 28.02.17 £000	As at 28.02.16 £000
Assets:			
Investments		74,582	50,596
Current assets:			
Debtors	8	968	1,437
Cash and bank balances	9	982	1,025
Cash equivalents	10	32,800	14,100
Total assets		109,332	67,158
Liabilities:			
Investment liabilities		(167)	(362)
Creditors:			
Other creditors	11	(152)	(372)
Total liabilities		(319)	(734)
Net assets attributable to shareholders		109,013	66,424

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting basis and policies

Please see pages 5 to 7 for accounting basis and policies.

2 Net capital gains/(losses)

	Year ended 28.02.17 £000	Year ended 28.02.16 £000
Net capital gains/(losses) on investments during the year comprise:		
Currency gains	23	40
Derivative contracts (losses)/gains	(486)	34
Expenses relating to the purchase and sale of investments	(5)	(7)
Forward currency contracts losses	(845)	(332)
Non-derivative securities gains/(losses)	6,199	(295)
Net capital gains/(losses)*	4,886	(560)

* Total realised gains for the year were £1,544,000 (2016: £275,000) and the movement in unrealised gains/(losses) was £3,342,000 (2016: £(835,000)). Included in realised gains for the year were unrealised gains/(losses) recognised in previous periods.

3 Revenue

	Year ended 28.02.17 £000	Year ended 28.02.16 £000
Bank and deposit interest	–	20
Franked components of dividend distributions	262	167
Interest on debt securities	180	23
Interest on derivatives	219	84
Investment manager rebates*	65	96
Overseas dividends	–	5
Revenue from offshore funds	81	64
Unfranked components of dividend distributions	224	121
Total revenue	1,031	580

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4 Expenses

	Year ended 28.02.17 £000	Year ended 28.02.16 £000
Payable to the Authorised Corporate Director ("ACD"), associates of the ACD or agents of either of them:		
ACD's periodic charge	400	241
Registration fees	49	29
Expenses fee rebate by ACD	(1)	–
	448	270
Payable to the Depositary, associates of the Depositary or agents of either of them:		
Depositary's fee	12	7
Interest payable	–	1
Safe custody fee	9	4
	21	12
Other expenses:		
Audit fee*	12	10
Printing & postage expenses	1	1
Statement fees	3	1
	16	12
Total expenses	485	294

* The audit fee was £9,168 (2016: £9,050) net of VAT.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5 Taxation**a Analysis of tax charge**

	Year ended 28.02.17 £000	Year ended 28.02.16 £000
Corporation tax	51	21
Overseas tax suffered	6	3
Total current tax (see note 5b)	57	24

b Factors affecting current tax charge

The tax assessed for the year is lower (2016: lower) than the standard rate of corporation tax in the UK for an Authorised Investment Fund (20%) (2016: 20%).

The differences are explained below:

	Year ended 28.02.17 £000	Year ended 28.02.16 £000
Net revenue before taxation	546	286
Corporation tax at 20%	109	57
Effects of:		
Double taxation relief	(6)	(3)
Franked distributions not subject to corporation tax	(52)	(33)
Overseas tax suffered	6	3
	(52)	(33)
Current tax charge (see note 5a)	57	24

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 (2016: £nil).

6 Distributions

	Year ended 28.02.17 £000	Year ended 28.02.16 £000
The distributions take account of revenue received on the issue of shares and revenue deducted on the cancellation of shares, and comprise:		
Interim distribution	148	75
Final distribution	434	247
	582	322
Add: Revenue deducted on cancellation of shares	12	10
Deduct: Revenue received on issue of shares	(105)	(68)
Total distributions	489	264
Reconciliation of distributions for the year to net revenue after taxation		
Distributions for the year	489	264
Equalisation on conversions	–	(2)
Net revenue after taxation	489	262

Details of the distributions per share are set out in the distribution tables on page 70.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7 Fair value hierarchy

Valuation technique	As at 28.02.17		As at 28.02.16	
	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Quoted prices for identical instruments in active markets	12,661	–	147	(68)
Prices of recent transactions for identical instruments	94,721	–	59,994	–
Valuation techniques using observable market data	–	(167)	4,555	(294)
Total	107,382	(167)	64,696	(362)

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 28.02.17 £000	As at 28.02.16 £000
Accrued revenue	15	26
Amounts receivable on issue of shares	900	164
Income tax recoverable	53	38
Sales awaiting settlement	–	1,209
Total debtors	968	1,437

9 Cash and bank balances

	As at 28.02.17 £000	As at 28.02.16 £000
Amounts held at futures clearing houses and brokers	251	266
Cash and bank balances	731	759
Total cash and bank balances	982	1,025

10 Cash equivalents

	As at 28.02.17 £000	As at 28.02.16 £000
Aviva Investors Sterling Liquidity Fund	32,800	14,100
Total cash equivalents	32,800	14,100

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11 Other creditors

	As at 28.02.17 £000	As at 28.02.16 £000
Accrued expenses	59	41
Amounts payable for cancellation of shares	33	32
Corporation tax payable	51	27
Overseas tax provision	9	2
Purchases awaiting settlement	–	270
Total creditors	152	372

12 Contingent liabilities and commitments

There were no contingent liabilities or commitments at the year end (2016: £nil).

13 Related party transactions

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

ACD periodic charges paid to Aviva Investors UK Fund Services Limited ("the ACD") are shown in note 4 and details of shares issued and cancelled by the ACD are shown in the statement of change in net assets attributable to shareholders. The balance due to the ACD at the year end in respect of ACD periodic charges was £37,000 (2016: £24,000). 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 £404,000 (2016: £215,000). The amount outstanding at the year end was £303,000 (2016: £162,000). 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 £100,942,000 (2016: £81,127,000) and £64,647,000 (2016: £46,495,000) respectively. The income received during the year amounted to £446,000 (2016: £179,000). The rebates from ACD during the year amounted to £48,000 (2016: £82,000).

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

	Holdings at 28.02.17 (shares)	Movement (shares)	Holdings at 28.02.16 (shares)
ACD and related parties (share class 1 Accumulation shares)	11,080	11,080	–
ACD and related parties (share class 3 Accumulation shares)	38,461,958	15,115,598	23,346,360
ACD and related parties (share class R3 Accumulation shares)	18,500,166	6,339,438	12,160,728
ACD and related parties (share class 9 Accumulation shares)	2,347,129	2,271,129	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%

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 57 and 58. The distributions per share class are given in the distribution tables on page 70. 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 28.02.16	Number of shares issued	Number of shares cancelled	Number of shares converted	Number of shares in issue at 28.02.17
Share Class 1	1,578,943	532,076	(256,031)	(23,350)	1,831,638
Share Class 3	23,346,360	16,423,141	(1,307,543)	–	38,461,958
Share Class 4	8,926,276	269,418	(744,514)	–	8,451,180
Share Class R3	23,498,243	15,433,049	(1,624,126)	23,144	37,330,310
Share Class 9	76,000	2,466,180	(195,051)	–	2,347,129

16 Counterparty exposure

Financial derivative exposure

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

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

	Forward currency contracts £000	Futures contracts £000	Total £000
28.02.16			
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)
Total	(278)	147	(131)

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

Collateral

At the year end date no collateral was held or pledged by the company or on behalf of the counterparties in respect of the above (2016: £nil).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

17 Derivatives and other financial instruments

The policies applied in the management of financial instruments are set out on pages 6 and 7.

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 (2016: £nil).

Currency risk

At the year end date, 0.98% (2016: (2.00)%) of the net assets of the Fund were denominated in currencies other than sterling and as such the currency risk is not considered significant.

Interest rate risk

At the year end date 42.47% (2016: 22.77%) of the net assets of the Fund were interest bearing. If interest rates were to change by 1.00%, the value of the Fund would change by 0.42% (2016: 0.23%).

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

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

The 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
Financial Assets				
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
Financial Liabilities				
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)
Total	15,125	–	51,299	66,424

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 16.70% (2016: 18.47%) of the assets of the Fund were invested in CIS which predominantly invest in debt securities.

Market price risk

At the year end date, 68.27% (2016: 75.93%) of the net assets of the Fund were invested in CIS (which primarily invest in stocks admitted to an official stock exchange) and debt securities. If the market value were to change by 10%, the value of the Fund would change by 6.83% (2016: 7.59%).

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.

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

28.02.16	Principal before costs £000	Commissions £000	Taxes £000	Total after costs £000	Commissions as % of principal	Taxes as % of principal
Purchases (excluding in-specie transfers and corporate actions)						
Equities	1,086	–	–	1,086	0.00%	0.00%
Bonds	29,184	–	–	29,184	0.00%	0.00%
Funds	71,359	–	–	71,359	0.00%	0.00%
	101,629	–	–	101,629		
Sales (excluding in-specie transfers and corporate actions)						
Equities	1,103	–	–	1,103	0.00%	0.00%
Bonds	10,700	–	–	10,700	0.00%	0.00%
Funds	49,005	–	–	49,005	0.00%	0.00%
	60,808	–	–	60,808		
Total		–	–			
Percentage of fund average net assets		0.00%	0.00%			

Dealing spread

As at 28 February 2017, the average portfolio dealing spread was 0.01% (2016: 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 (2016: £nil).

DISTRIBUTION TABLES

Final distribution payable in pence per share for the six months ended 28 February 2017

Accumulation shares		Net revenue	Equalisation	Final distribution payable 30 April 2017	Final distribution paid 30 April 2016
Share Class 1	Group 1	0.0327	–	0.0327	0.0067
	Group 2	0.0000	0.0327	0.0327	0.0067
Share Class 3	Group 1	0.5003	–	0.5003	0.4505
	Group 2	0.1650	0.3353	0.5003	0.4505
Share Class 4	Group 1	0.3977	–	0.3977	0.3558
	Group 2	0.0684	0.3293	0.3977	0.3558
Share Class R3	Group 1	0.5147	–	0.5147	0.4646
	Group 2	0.1714	0.3433	0.5147	0.4646
Share Class 9	Group 1	0.6367	–	0.6367	0.5378
	Group 2	0.0503	0.5864	0.6367	0.5378

Final distribution

Group 1 shares are those shares purchased at or before 2pm on 31 August 2016.

Group 2 shares are those shares purchased after 2pm on 31 August 2016.

Interim distribution paid in pence per share for the six months ended 31 August 2016

Accumulation shares		Net revenue	Equalisation	Interim distribution paid 31 October 2016	Interim distribution paid 31 October 2015
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	0.2215	–	0.2215	0.1877
	Group 2	0.0164	0.2051	0.2215	0.1877
Share Class 4	Group 1	0.1218	–	0.1218	0.0576
	Group 2	0.0000	0.1218	0.1218	0.0576
Share Class R3	Group 1	0.2418	–	0.2418	0.1955
	Group 2	0.0174	0.2244	0.2418	0.1955
Share Class 9	Group 1	0.3544	–	0.3544	0.3228
	Group 2	0.1630	0.1914	0.3544	0.3228

Interim distribution

Group 1 shares are those shares purchased at or before 2pm on 28 February 2016.

Group 2 shares are those shares purchased after 2pm on 28 February 2016.

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

Performance

Over the period ended 28 February 2017, the Fund (share class 1) returned 12.12%* as both equities and bonds performed well.

Review

Equities performed strongly during the 12 months to 28 February 2017, with the MSCI World Index returning 37.35% in Sterling terms. The economic backdrop was positive for equity markets worldwide, as the leading central banks maintained supportive monetary policy while data releases highlighted an improving economic outlook in the US and nascent signs of recovery in Europe. The two most significant events that influenced equity markets during the year were both political – the UK referendum on the EU and the US presidential election. The historic vote to leave the European Union in late June triggered a sharp devaluation in Sterling on the foreign exchange markets, with Sterling falling to its lowest point against the US Dollar since 1985. This has significantly enhanced returns from overseas equity markets for UK-based investors. In November, Donald Trump surprisingly won the US presidential election and the result triggered a rally in equity markets worldwide as investors began to price in both higher inflation and interest rates with the Republican proposing a large-scale programme of infrastructure and defence spending, combined with tax cuts. Over the reporting year, the US was the best performing major equity market in Sterling terms.

Bonds performed well over the reporting period, even though healthy gains in the first half were eroded in the second. After rallying on general concerns about global growth, government bonds came under pressure from September as expectations for inflation began to rise. The European Central Bank (ECB) responded by trimming its quantitative easing policy, while the US Federal Reserve (the Fed) raised interest rates in December. Corporate bonds defied many expectations by posting solid gains over the period. To this end they were helped by the announcement by both the ECB and the Bank of England (BoE) that high-quality company debt was to be included in their quantitative easing programmes for the first time.

Outlook

The upswing in global growth has come at the same time as inflation has increased, with both producer and consumer prices rising on the back of the earlier stabilisation, and more recent pick-up, in commodity prices. We expect the global reflationary environment will be sustained through 2017 and that it ought to be supportive of equity sectors that are more closely tied to the economic cycle. For corporate bonds, the supply and demand imbalance that is seeing yield-hungry investors chase ever fewer bonds will be supportive of the market. For the moment, security selection will be particularly important given the political factors that may buffet European issuers during a summer of important elections.

April 2017

* Fund performance figures – share class 1, source Lipper, net of fees, net income reinvested in GBP, as at 28 February 2017.

As noted above, the performance figures in this commentary have been sourced from an external party and are based on published prices. The performance figures quoted in the comparative tables on pages 73 and 74 are based on the net asset value per the published accounts and may be different due to post year end accounting adjustments.

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

Material Portfolio Changes

Purchases	Sales
Aviva Investors Sterling Liquidity Fund Class 3, Income shares, GBP	Aviva Investors Sterling Liquidity Fund Class 3, Income shares, GBP
Aviva Investors Global Investment Grade Corporate 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 8, Accumulation shares, GBP	BlackRock Continental European Equity Tracker Fund Class L Accumulating GBP
US Treasury Inflation Linked 0.13% 15/07/2026	US Treasury Inflation Linked 0.63% 15/01/2026
Aviva Investors European Equity Income Fund Class Zy, Accumulation shares, GBP	iShares MSCI Europe ex-UK UCITS ETF
iShares MSCI Europe ex-UK UCITS ETF	Aviva Investors Multi-Strategy Target Return Fund Class 3, Accumulation shares
BlackRock North American Equity Tracker Fund Class L Accumulating GBP	Aviva Investors Multi-Strategy Target Income Fund Class 8, Income shares, GBP
US Treasury Inflation Linked 0.63% 15/01/2026	Aviva Investors Global Investment Grade Corporate Bond Fund Class Ih, Accumulation shares, GBP
Aviva Investors Global Investment Grade Corporate Bond Fund Class Zyh, Accumulation shares, GBP	BlackRock North American Equity Tracker Fund Class L Accumulating GBP
Aviva Investors Global Equity Endurance Fund Class Zy, Accumulation shares, GBP	BlackRock Japan Equity Tracker Fund Class L Accumulating GBP

AVIVA INVESTORS MULTI-ASSET FUND II (CONTINUED)

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	2017 p per share	2016 p per share	2015 p per share
Change in net assets per share			
Opening net asset value per share	127.20	129.86	116.72
Return before operating charges [†]	17.33	(0.85)	15.01
Operating charges	(1.96)	(1.81)	(1.87)
Return after operating charges [†]	15.37	(2.66)	13.14
Distributions	(0.71)	(0.65)	(0.27)
Retained distributions on accumulation shares	0.71	0.65	0.27
Closing net asset value per share	142.57	127.20	129.86
[†] after direct transaction costs of	–	(0.03)	–
Performance			
Return after charges	12.08%	(2.05)%	11.26%
Other information			
Closing net asset value (£000)	41,094	38,891	42,455
Closing number of shares	28,824,708	30,575,370	32,693,246
Operating charges (%) [†]	1.44%	1.41%	1.54%
Direct transaction costs (%) [†]	–	0.02%	–
Prices[™]			
Highest share price	142.59	134.71	129.94
Lowest share price	126.48	122.51	116.09

Class 3 Accumulation	2017 p per share	2016 p per share	2015 p per share
Change in net assets per share			
Opening net asset value per share	132.81	135.05	120.40
Return before operating charges [†]	17.52	(1.31)	15.52
Operating charges	(1.05)	(0.93)	(0.87)
Return after operating charges [†]	16.47	(2.24)	14.65
Distributions	(1.13)	(1.21)	(1.31)
Retained distributions on accumulation shares	1.13	1.21	1.31
Closing net asset value per share	149.28	132.81	135.05
[†] after direct transaction costs of	–	(0.03)	–
Performance			
Return after charges	12.40%	(1.66)%	12.17%
Other information			
Closing net asset value (£000)	196,948	129,835	84,443
Closing number of shares	131,932,795	97,760,055	62,527,146
Operating charges (%) [†]	0.74%	0.70%	0.69%
Direct transaction costs (%) [†]	–	0.02%	–
Prices[™]			
Highest share price	149.30	140.24	135.14
Lowest share price	132.36	127.95	119.76

Class 4 Accumulation	2017 p per share	2016 p per share	2015 p per share
Change in net assets per share			
Opening net asset value per share	133.11	135.52	121.22
Return before operating charges [†]	17.68	(1.19)	15.62
Operating charges	(1.34)	(1.22)	(1.32)
Return after operating charges [†]	16.34	(2.41)	14.30
Distributions	(0.97)	(1.06)	(0.91)
Retained distributions on accumulation shares	0.97	1.06	0.91
Closing net asset value per share	149.45	133.11	135.52
[†] after direct transaction costs of	–	(0.03)	–
Performance			
Return after charges	12.28%	(1.78)%	11.80%
Other information			
Closing net asset value (£000)	851	765	778
Closing number of shares	569,716	574,685	574,144
Operating charges (%) [†]	0.94%	0.91%	1.04%
Direct transaction costs (%) [†]	–	0.02%	–
Prices[™]			
Highest share price	149.48	140.67	135.60
Lowest share price	132.58	128.24	120.56

Class R3 Accumulation	2017 p per share	2016 p per share	2015 p per share
Change in net assets per share			
Opening net asset value per share	122.70	124.73	111.31
Return before operating charges [†]	16.18	(1.22)	14.35
Operating charges	(0.91)	(0.81)	(0.93)
Return after operating charges [†]	15.27	(2.03)	13.42
Distributions	(1.09)	(1.16)	(1.11)
Retained distributions on accumulation shares	1.09	1.16	1.11
Closing net asset value per share	137.97	122.70	124.73
[†] after direct transaction costs of	–	(0.02)	–
Performance			
Return after charges	12.44%	(1.63)%	12.06%
Other information			
Closing net asset value (£000)	197,648	110,296	55,455
Closing number of shares	143,249,460	89,889,074	44,458,204
Operating charges (%) [†]	0.69%	0.66%	0.79%
Direct transaction costs (%) [†]	–	0.02%	–
Prices[™]			
Highest share price	137.99	129.52	124.81
Lowest share price	122.31	118.21	110.71

COMPARATIVE TABLES (CONTINUED)

Class 9 Accumulation	2017 p per share	2016 p per share	2015* p per share
Change in net assets per share			
Opening net asset value per share (at launch)	100.05	101.45	100.00
Return before operating charges [‡]	13.12	(1.05)	1.60
Operating charges	(0.36)	(0.35)	(0.15)
Return after operating charges [‡]	12.76	(1.40)	1.45
Distributions	(1.18)	(1.20)	–
Retained distributions on accumulation shares	1.18	1.20	–
Closing net asset value per share	112.81	100.05	101.45
[†] after direct transaction costs of	–	(0.02)	–
Performance			
Return after charges	12.75%	(1.38)%	1.45%
Other information			
Closing net asset value (£000)	31,946	2,394	77
Closing number of shares	28,319,180	2,392,987	76,000
Operating charges (%) [‡]	0.35%	0.35%	0.35%
Direct transaction costs (%) [#]	–	0.02%	–
Prices[≈]			
Highest share price	112.82	105.39	101.51
Lowest share price	99.81	96.37	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	28.02.17	28.02.16
Class 1	1.44%	1.41%
Class 3	0.74%	0.70%
Class 4	0.94%	0.91%
Class R3	0.69%	0.66%
Class 9	0.35%	0.35%

* The Ongoing Charges Figure (OCF) is calculated as the ratio of the total ongoing charges to the average net asset value of the Fund over the year. The OCF is made up of the Annual Management Charge and other operating costs deducted from the assets of the Fund during the year, except for those payments that are explicitly excluded (performance fees). The OCF on share class 9 is restricted to the Annual Management Charge. The OCF on all other share classes includes a synthetic element of 0.21% (2016: 0.16%) in respect of the underlying investments. There is a cap on all other operating expenses of 0.25%, however in the current year, all other operating expenses were less than this capped amount.

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

PORTFOLIO STATEMENT

As at 28 February 2017

Investment	Currency	Holding	Market Value £000	% of Net Assets
Collective Investment Schemes 69.96% (77.82%)				
Aviva Investors Emerging Markets Equity Income Fund Class Zy, Accumulation shares, GBP [†]	GBP	17,617	23,404	5.00
Aviva Investors Emerging Markets Local Currency Bond Fund Class Ia, Income shares, GBP [†]	GBP	160,386	15,955	3.40
Aviva Investors European Equity Income Fund Class Zy, Accumulation shares, GBP [†]	GBP	24,424	30,321	6.47
Aviva Investors Global Equity Endurance Fund Class Zy, Accumulation shares, GBP [†]	GBP	12,912	14,240	3.04
Aviva Investors Global High Yield Bond Fund Class Ih, Accumulation shares, GBP [†]	GBP	115,139	15,742	3.36
Aviva Investors Global Investment Grade Corporate Bond Fund Class Ih, Accumulation shares, GBP [†]	GBP	392,616	41,961	8.96
Aviva Investors Multi-Strategy Target Income Fund Class 8, Income shares, GBP [†]	GBP	7,267,080	7,173	1.53
Aviva Investors Multi-Strategy Target Return Fund Class 8, Accumulation shares, GBP [†]	GBP	63,359,392	69,866	14.91
Aviva Investors Property Trust Class 1, Accumulation shares, GBP [†]	GBP	5,972,334	9,775	2.09
Aviva Investors UK Index Tracking Fund Class 3, Accumulation shares, GBP [†]	GBP	4,810,688	11,038	2.35
BlackRock Japan Equity Tracker Fund Class L Accumulating GBP	GBP	7,014,034	14,326	3.06
BlackRock North American Equity Tracker Fund Class L Accumulating GBP	GBP	23,231,064	73,968	15.79
Collective Investment Schemes total			327,769	69.96
Government Bonds 7.37% (4.46%)				
United States of America 7.37% (4.46%)				
US Treasury Inflation Linked 0.13% 15/07/2026	USD	\$43,352,800	34,526	7.37
Government Bonds total			34,526	7.37
Forward Currency Contracts (0.10%) ((0.61%))				
Buy GBP 32,452,442 sell USD 40,913,918 dated 15/03/2017			(477)	(0.10)
Forward Currency Contracts total			(477)	(0.10)
Futures 0.09% (0.00%)				
Australia 10 Year Bond 15/03/2017	AUD	437	348	0.07
US 10 Year Note 21/06/2017	USD	346	86	0.02
Futures total			434	0.09
Liquidity Funds 20.62% (15.98%)¹				
Aviva Investors Sterling Liquidity Fund Class 3, Income shares, GBP [†]	GBP	96,600,000	96,600	20.62
Liquidity Funds total			96,600	20.62
Investment assets ²			458,852	97.94
Net other assets			9,635	2.06
Net assets			468,487	100.00

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

The comparative percentage figures in brackets are as at 28 February 2016.

[†] Investment in or managed by a related party.

¹ Cash Equivalents.

² Includes Cash Equivalents.

STATEMENT OF TOTAL RETURN

For the year ended 28 February 2017

	Notes	£000	Year ended 28.02.17 £000	£000	Year ended 28.02.16 £000
Income					
Net capital gains/(losses)	2		38,413		(5,948)
Revenue	3	4,989		3,435	
Expenses					
	4	(2,100)		(1,505)	
Net revenue before taxation		2,889		1,930	
Taxation	5	(71)		(13)	
Net revenue after taxation			2,818		1,917
Total return before distributions			41,231		(4,031)
Distributions	6		(2,818)		(1,919)
Change in net assets attributable to shareholders from investment activities			38,413		(5,950)

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

For the year ended 28 February 2017

	£000	Year ended 28.02.17 £000	£000	Year ended 28.02.16 £000
Opening net assets attributable to shareholders		282,181		183,208
Movement due to issue and cancellation of shares:				
Amounts receivable on issue of shares	151,639		106,921	
Amounts payable on cancellation of shares	(7,100)		(4,316)	
		144,539		102,605
Change in net assets attributable to shareholders from investment activities (see above)		38,413		(5,950)
Retained distribution on accumulation shares		3,354		2,318
Closing net assets attributable to shareholders		468,487		282,181

BALANCE SHEET

As at 28 February 2017

	Notes	As at 28.02.17 £000	As at 28.02.16 £000
Assets:			
Investments		362,729	232,696
Current assets:			
Debtors	8	3,605	2,983
Cash and bank balances	9	6,611	4,984
Cash equivalents	10	96,600	45,100
Total assets		469,545	285,763
Liabilities:			
Investment liabilities		(477)	(2,234)
Creditors:			
Other creditors	11	(581)	(1,348)
Total liabilities		(1,058)	(3,582)
Net assets attributable to shareholders		468,487	282,181

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting basis and policies

Please see pages 5 to 7 for accounting basis and policies.

2 Net capital gains/(losses)

	Year ended 28.02.17 £000	Year ended 28.02.16 £000
Net capital gains/(losses) on investments during the year comprise:		
Currency gains	92	83
Derivative contracts losses	(1,327)	(742)
Expenses relating to the purchase and sale of investments	(6)	(7)
Forward currency contracts losses	(3,264)	(1,817)
Non-derivative securities gains/(losses)	42,918	(3,465)
Net capital gains/(losses)*	38,413	(5,948)

* Total realised gains for the year were £5,738,000 (2016: £4,578,000) and the movement in total unrealised gains/(losses) was £32,675,000 (2016: £(10,526,000)). Included in realised gains for the year were unrealised gains/(losses) recognised in previous periods.

3 Revenue

	Year ended 28.02.17 £000	Year ended 28.02.16 £000
Bank and deposit interest	7	83
Franked components of dividend distributions	1,944	1,569
Interest on debt securities	512	72
Interest on derivatives	634	269
Investment manager rebates*	392	410
Overseas dividends	–	42
Revenue from offshore funds	704	407
Unfranked components of dividend distributions	796	583
Total revenue	4,989	3,435

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4 Expenses

	Year ended 28.02.17 £000	Year ended 28.02.16 £000
Payable to the Authorised Corporate Director ("ACD"), associates of the ACD or agents of either of them:		
ACD's periodic charge	1,830	1,302
Registration fees	191	125
Expenses fee rebate by ACD	(33)	–
	1,988	1,427
Payable to the Depositary, associates of the Depositary or agents of either of them:		
Depositary's fee	47	32
Interest payable	1	4
Safe custody fee	36	22
	84	58
Other expenses:		
Audit fee*	12	10
Printing & postage expenses	5	4
Statement fees	11	6
	28	20
Total expenses	2,100	1,505

* The audit fee was £9,168 (2016: £9,050) net of VAT.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5 Taxation**a Analysis of tax charge**

	Year ended 28.02.17 £000	Year ended 28.02.16 £000
Corporation tax	53	–
Overseas tax suffered	18	13
Total current tax (see note 5b)	71	13

b Factors affecting current tax charge

The tax assessed for the year is lower (2016: lower) than the standard rate of corporation tax in the UK for an Authorised Investment Fund (20%) (2016: 20%).

The differences are explained below:

	Year ended 28.02.17 £000	Year ended 28.02.16 £000
Net revenue before taxation	2,889	1,930
Corporation tax at 20%	578	386
Effects of:		
Franked distributions not subject to corporation tax	(389)	(314)
Movement in excess expenses	(118)	(64)
Overseas dividends not subject to corporation tax	–	(8)
Overseas tax suffered	18	13
Double taxation relief	(18)	–
	(507)	(373)
Current tax charge (see note 5a)	71	13

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 (2016: £nil).

After claiming relief against accrued income taxable on receipt, the Fund has unrelieved excess expenses of £nil (2016: £592,000) creating a potential deferred tax asset of £nil (2016: £118,000). 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 28.02.17 £000	Year ended 28.02.16 £000
The distributions take account of revenue received on the issue of shares and revenue deducted on the cancellation of shares, and comprise:		
Interim distribution	844	589
Final distribution	2,510	1,729
	3,354	2,318
Add: Revenue deducted on cancellation of shares	22	15
Deduct: Revenue received on issue of shares	(558)	(414)
Total distributions	2,818	1,919
Reconciliation of distributions for the year to net revenue after taxation		
Distributions for the year	2,818	1,919
Equalisation on conversions	–	(2)
Net revenue after taxation	2,818	1,917

Details of the distributions per share are set out in the distribution tables on page 86.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7 Fair value hierarchy

Valuation technique	As at 28.02.17		As at 28.02.16	
	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Quoted prices for identical instruments in active markets	34,960	–	415	(426)
Prices of recent transactions for identical instruments	424,369	–	264,709	–
Valuation techniques using observable market data	–	(477)	12,672	(1,808)
Total	459,329	(477)	277,796	(2,234)

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 28.02.17 £000	As at 28.02.16 £000
Accrued revenue	44	89
Accrued management fee rebates	120	98
Amounts receivable on issue of shares	3,274	1,397
Income tax recoverable	167	120
Sales awaiting settlement	–	1,279
Total debtors	3,605	2,983

9 Cash and bank balances

	As at 28.02.17 £000	As at 28.02.16 £000
Amounts held at futures clearing houses and brokers	713	1,247
Cash and bank balances	5,898	3,737
Total cash and bank balances	6,611	4,984

10 Cash equivalents

	As at 28.02.17 £000	As at 28.02.16 £000
Aviva Investors Sterling Liquidity Fund	96,600	45,100
Total cash equivalents	96,600	45,100

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11 Other creditors

	As at 28.02.17 £000	As at 28.02.16 £000
Accrued expenses	216	148
Amounts payable for cancellation of shares	287	–
Corporation tax payable	53	–
Overseas tax provision	25	–
Purchases awaiting settlement	–	1,200
Total creditors	581	1,348

12 Contingent liabilities and commitments

There were no contingent liabilities or commitments at the year end (2016: £nil).

13 Related party transactions

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

ACD periodic charges paid to Aviva Investors UK Fund Services Limited ("the ACD") are shown in note 4 and details of shares issued and cancelled by the ACD are shown in the statement of change in net assets attributable to shareholders. The balance due to the ACD at the year end in respect of ACD periodic charges was £168,000 (2016: £110,000). Any balance due from the ACD in respect of issues is shown in note 8. Any balance due to the ACD in respect of cancellations is shown in note 11.

Distributions payable to the ACD and related parties of the ACD during the year amounted to £2,366,000 (2016: £1,650,000). The amount outstanding at the year end was £1,726,000 (2016: £1,181,000). 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 £388,932,000 (2016: £254,989,000) and £239,263,000 (2016: £139,442,000) respectively. The income received during the year amounted to £2,117,000 (2016: £996,000). The rebates from ACD during the year amounted to £249,000 (2016: £281,000).

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

	Holdings at 28.02.17 (shares)	Movement (shares)	Holdings at 28.02.16 (shares)
ACD and related parties (share class 3 Accumulation shares)	131,932,795	34,172,740	97,760,055
ACD and related parties (share class R3 Accumulation shares)	65,780,057	20,038,888	45,741,169
ACD and related parties (share class 9 Accumulation shares)	28,319,180	25,926,193	2,392,987

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

14 Shareholder funds

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

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

The net asset value per share class, the net asset value per share and the number of shares in the class are shown on pages 73 and 74. The distributions per share class are given in the distribution tables on page 86. 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 28.02.16	Number of shares issued	Number of shares cancelled	Number of shares converted	Number of shares in issue at 28.02.17
Share Class 1 Accumulation	30,575,370	389,343	(1,985,218)	(154,787)	28,824,708
Share Class 3 Accumulation	97,760,055	35,700,092	(1,527,352)	–	131,932,795
Share Class 4 Accumulation	574,685	–	(4,969)	–	569,716
Share Class R3 Accumulation	89,889,074	55,039,110	(1,839,082)	160,358	143,249,460
Share Class 9 Accumulation	2,392,987	26,044,955	(118,762)	–	28,319,180

16 Counterparty exposure

Financial derivative exposure

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

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

	Forward currency contracts £000	Futures contracts £000	Total £000
28.02.16			
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)
Total	(1,727)	415	(1,312)

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

Collateral

At the year end date no collateral was held or pledged by the company or on behalf of the counterparties in respect of the above (2016: £nil).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

17 Derivatives and other financial instruments

The policies applied in the management of financial instruments are set out on pages 6 and 7.

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 (2016: £nil).

Currency risk

At the year end date, 0.64% (2016: (4.49)%) of the net assets of the Fund were denominated in currencies other than sterling and as such, the currency risk is not considered significant.

Interest rate risk

At the year end date 29.40% (2016: 17.75%) of the net assets of the Fund were interest bearing. If interest rates were to change by 1.00%, the value of the Fund would change by 0.29% (2016: 0.18%).

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

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

The 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
Financial Assets				
Sterling	49,031	–	247,161	296,192
Australian Dollar	48	–	414	462
Euro	764	–	–	764
Hong Kong Dollar	200	–	–	200
US Dollar	41	–	12,600	12,641
Financial Liabilities				
Sterling	–	–	(1,347)	(1,347)
Euro	–	–	(7,294)	(7,294)
Hong Kong Dollar	–	–	(89)	(89)
Japanese Yen	–	–	(7,598)	(7,598)
US Dollar	–	–	(11,750)	(11,750)
Total	50,084	–	232,097	282,181

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 15.72% (2016: 15.03%) of the assets of the Fund were invested in CIS which predominantly invest in debt securities.

Market price risk

At the year end date, 77.33% (2016: 82.28%) of the net assets of the Fund were invested in CIS (which primarily invest in stocks admitted to an official stock exchange) and debt securities. If the market value were to change by 10%, the value of the Fund would change by 7.73% (2016: 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.

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

28.02.16	Principal before costs £000	Commissions £000	Taxes £000	Total after costs £000	Commissions as % of principal	Taxes as % of principal
Purchases (excluding in-specie transfers and corporate actions)						
Equities	(9,208)	(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%
	<u>(353,392)</u>	<u>(3)</u>	<u>(48)</u>	<u>(353,443)</u>		
Sales (excluding in-specie transfers and corporate actions)						
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%
	<u>229,453</u>	<u>(3)</u>	<u>–</u>	<u>229,450</u>		
Total		<u>(6)</u>	<u>(48)</u>			
Percentage of fund average net assets		<u>0.00%</u>	<u>0.02%</u>			

Dealing spread

As at 28 February 2017, the average portfolio dealing spread was nil (2016: 0.06%). This spread represents the difference between the values determined retrospectively by reference to the bid and offer prices of investments expressed as a percentage of the value determined by reference to the offer price.

19 Post balance sheet events

There are no post balance sheet events which require adjustment or disclosure at the year end (2016: £nil).

DISTRIBUTION TABLES

Final distribution payable in pence per share for the six months ended 28 February 2017

Accumulation shares		Net revenue	Equalisation	Final distribution payable 30 April 2017	Final distribution paid 30 April 2016
Share Class 1	Group 1	0.7128	–	0.7128	0.6471
	Group 2	0.1895	0.5233	0.7128	0.6471
Share Class 3	Group 1	0.7746	–	0.7746	0.8239
	Group 2	0.1907	0.5839	0.7746	0.8239
Share Class 4	Group 1	0.7598	–	0.7598	0.8181
	Group 2	0.1714	0.5884	0.7598	0.8181
Share Class R3	Group 1	0.7412	–	0.7412	0.7824
	Group 2	0.1899	0.5513	0.7412	0.7824
Share Class 9	Group 1	0.7662	–	0.7662	0.7579
	Group 2	0.2026	0.5636	0.7662	0.7579

Final distribution

Group 1 shares are those shares purchased at or before 2pm on 31 August 2016.

Group 2 shares are those shares purchased after 2pm on 31 August 2016.

Interim distribution paid in pence per share for the six months ended 31 August 2016

Accumulation shares		Net revenue	Equalisation	Interim distribution paid 31 October 2016	Interim distribution paid 31 October 2015
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	0.3512	–	0.3512	0.3908
	Group 2	0.0000	0.3512	0.3512	0.3908
Share Class 4	Group 1	0.2137	–	0.2137	0.2375
	Group 2	0.0000	0.2137	0.2137	0.2375
Share Class R3	Group 1	0.3517	–	0.3517	0.3761
	Group 2	0.0049	0.3468	0.3517	0.3761
Share Class 9	Group 1	0.4155	–	0.4155	0.4381
	Group 2	0.0474	0.3681	0.4155	0.4381

Interim distribution

Group 1 shares are those shares purchased at or before 2pm on 28 February 2016.

Group 2 shares are those shares purchased after 2pm on 28 February 2016.

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

Performance

Over the period ended 28 February 2017, the Fund (share class 1) returned 18.43%* as both equities and bonds performed well.

Review

Equities performed strongly during the 12 months to 28 February 2017, with the MSCI World Index returning 37.35% in Sterling terms. The economic backdrop was positive for equity markets worldwide, as the leading central banks maintained supportive monetary policy while data releases highlighted an improving economic outlook in the US and nascent signs of recovery in Europe. The two most significant events that influenced equity markets during the year were both political – the UK referendum on the EU and the US presidential election. The historic vote to leave the European Union in late June triggered a sharp devaluation in Sterling on the foreign exchange markets, with Sterling falling to its lowest point against the US Dollar since 1985. This has significantly enhanced returns from overseas equity markets for UK-based investors. In November, Donald Trump surprisingly won the US presidential election and the result triggered a rally in equity markets worldwide as investors began to price in both higher inflation and interest rates with the Republican proposing a large-scale programme of infrastructure and defence spending, combined with tax cuts. Over the reporting year, the US was the best performing major equity market in Sterling terms.

Bonds performed well over the reporting period, even though healthy gains in the first half were eroded in the second. After rallying on general concerns about global growth, government bonds came under pressure from September as expectations for inflation began to rise. The European Central Bank (ECB) responded by trimming its quantitative easing policy, while the US Federal Reserve (the Fed) raised interest rates in December. Corporate bonds defied many expectations by posting solid gains over the period. To this end they were helped by the announcement by both the ECB and the Bank of England (BoE) that high-quality company debt was to be included in their quantitative easing programmes for the first time.

Outlook

The upswing in global growth has come at the same time as inflation has increased, with both producer and consumer prices rising on the back of the earlier stabilisation, and more recent pick-up, in commodity prices. We expect the global reflationary environment will be sustained through 2017 and that it ought to be supportive of equity sectors that are more closely tied to the economic cycle. For corporate bonds, the supply and demand imbalance that is seeing yield-hungry investors chase ever fewer bonds will be supportive of the market. For the moment, security selection will be particularly important given the political factors that may buffet European issuers during a summer of important elections.

April 2017

* Fund performance figures – share class 1, source Lipper, net of fees, net income reinvested in GBP, as at 28 February 2017.

As noted above, the performance figures in this commentary have been sourced from an external party and are based on published prices. The performance figures quoted in the comparative tables on pages 89 and 90 are based on the net asset value per the published accounts and may be different due to post year end accounting adjustments.

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

Material Portfolio Changes

Purchases	Sales
Aviva Investors Sterling Liquidity Fund Class 3, Income shares, GBP	Aviva Investors Sterling Liquidity Fund Class 3, Income shares, GBP
Aviva Investors European Equity Income Fund Class Zy, Accumulation shares, GBP	BlackRock Continental European Equity Tracker Fund Class L Accumulating GBP
iShares MSCI Europe ex-UK UCITS ETF	iShares MSCI Europe ex-UK UCITS ETF
Aviva Investors Multi-Strategy Target Return Fund Class 8, Accumulation shares, GBP	BlackRock North American Equity Tracker Fund Class L Accumulating GBP
Aviva Investors Global Investment Grade Corporate Bond Fund Class lh, Accumulation shares, GBP	Aviva Investors Global Investment Grade Corporate Bond Fund Class Zyh, Accumulation shares, GBP
BlackRock North American Equity Tracker Fund Class L Accumulating GBP	US Treasury Inflation Linked 0.63% 15/01/2026
US Treasury Inflation Linked 0.13% 15/07/2026	BlackRock Japan Equity Tracker Fund Class L Accumulating GBP
Aviva Investors Global Equity Endurance Fund Class Zy, Accumulation shares, GBP	Aviva Investors Multi-Strategy Target Return Fund Class 8, Accumulation shares, GBP
US Treasury Inflation Linked 0.63% 15/01/2026	Aviva Investors Multi-Strategy Target Return Fund Class 3, Accumulation shares, GBP
Aviva Investors Emerging Markets Equity Income Fund Class Zy, Accumulation shares, GBP	Aviva Investors Multi-Strategy Target Income Fund Class 8, Income shares, GBP

AVIVA INVESTORS MULTI-ASSET FUND III (CONTINUED)

Synthetic Risk and Reward Indicator

The Fund has been allocated a risk number based on the 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	2017 p per share	2016 p per share	2015 p per share
Change in net assets per share			
Opening net asset value per share	125.58	130.16	114.90
Return before operating charges [†]	25.80	(2.79)	17.07
Operating charges	(1.95)	(1.79)	(1.81)
Return after operating charges [†]	23.13	(4.58)	15.26
Distributions	(1.06)	(0.56)	(0.26)
Retained distributions on accumulation shares	1.06	0.56	0.26
Closing net asset value per share	148.71	125.58	130.16
[†] after direct transaction costs of	(0.01)	(0.03)	(0.01)
Performance			
Return after charges	18.42%	(3.52)%	13.28%
Other information			
Closing net asset value (£000)	10,275	8,341	10,807
Closing number of shares	6,909,613	6,642,333	8,302,917
Operating charges (%) [†]	1.41%	1.40%	1.51%
Direct transaction costs (%) [†]	0.01%	0.02%	0.01%
Prices[™]			
Highest share price	148.80	136.46	130.21
Lowest share price	125.57	118.67	113.85

Class 3 Accumulation	2017 p per share	2016 p per share	2015 p per share
Change in net assets per share			
Opening net asset value per share	129.69	133.51	116.85
Return before operating charges [†]	25.29	(2.92)	17.48
Operating charges	(1.02)	(0.90)	(0.82)
Return after operating charges [†]	24.27	(3.82)	16.66
Distributions	(1.42)	(1.48)	(1.32)
Retained distributions on accumulation shares	1.42	1.48	1.32
Closing net asset value per share	153.96	129.69	133.51
[†] after direct transaction costs of	(0.01)	(0.03)	(0.01)
Performance			
Return after charges	18.71%	(2.86)%	14.26%
Other information			
Closing net asset value (£000)	343,971	228,652	169,331
Closing number of shares	223,418,660	176,301,108	126,828,487
Operating charges (%) [†]	0.71%	0.68%	0.66%
Direct transaction costs (%) [†]	0.01%	0.02%	0.01%
Prices[™]			
Highest share price	153.98	140.12	133.56
Lowest share price	129.70	122.52	115.92

Class 4 Accumulation	2017 p per share	2016 p per share	2015 p per share
Change in net assets per share			
Opening net asset value per share	128.14	132.19	116.10
Return before operating charges [†]	25.14	(2.88)	17.32
Operating charges	(1.29)	(1.17)	(1.23)
Return after operating charges [†]	23.85	(4.05)	16.09
Distributions	(1.28)	(1.19)	(0.88)
Retained distributions on accumulation shares	1.28	1.19	0.88
Closing net asset value per share	151.99	128.14	132.19
[†] after direct transaction costs of	(0.01)	(0.03)	(0.01)
Performance			
Return after charges	18.61%	(3.06)%	13.86%
Other information			
Closing net asset value (£000)	11,129	10,216	11,172
Closing number of shares	7,322,236	7,972,578	8,451,051
Operating charges (%) [†]	0.91%	0.90%	1.01%
Direct transaction costs (%) [†]	0.01%	0.02%	0.01%
Prices[™]			
Highest share price	152.02	138.68	132.24
Lowest share price	128.15	121.07	115.12

Class R3 Accumulation	2017 p per share	2016 p per share	2015 p per share
Change in net assets per share			
Opening net asset value per share	127.69	131.40	115.12
Return before operating charges [†]	24.87	(2.88)	17.20
Operating charges	(0.93)	(0.83)	(0.92)
Return after operating charges [†]	23.94	(3.71)	16.28
Distributions	(1.44)	(1.50)	(1.18)
Retained distributions on accumulation shares	1.44	1.50	1.18
Closing net asset value per share	151.63	127.69	131.40
[†] after direct transaction costs of	(0.01)	(0.03)	(0.01)
Performance			
Return after charges	18.75%	(2.82)%	14.14%
Other information			
Closing net asset value (£000)	286,024	181,701	110,001
Closing number of shares	188,636,968	142,301,850	83,713,797
Operating charges (%) [†]	0.66%	0.64%	0.76%
Direct transaction costs (%) [†]	0.01%	0.02%	0.01%
Prices[™]			
Highest share price	151.64	137.89	131.45
Lowest share price	127.70	120.62	114.18

COMPARATIVE TABLES (CONTINUED)

	2017	2016	2015*
Class 9 Accumulation	p per share	p per share	p per share
Change in net assets per share			
Opening net asset value per share (at launch)	99.22	101.92	100.00
Return before operating charges [‡]	19.28	(2.35)	1.94
Operating charges	(0.38)	(0.35)	(0.02)
Return after operating charges [‡]	18.90	(2.70)	1.92
Distributions	(1.39)	(1.34)	–
Retained distributions on accumulation shares	1.39	1.34	–
Closing net asset value per share	118.12	99.22	101.92
† after direct transaction costs of	(0.01)	(0.02)	(0.01)
Performance			
Return after charges	19.05%	(2.65)%	1.92%
Other information			
Closing net asset value (£000)	1,086	169	78
Closing number of shares	919,361	169,930	76,000
Operating charges (%) [‡]	0.35%	0.35%	0.35%
Direct transaction costs (%) [#]	0.01%	0.02%	0.01%
Prices[≈]			
Highest share price	118.12	107.01	101.96
Lowest share price	99.24	93.73	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.

The net asset value per share price is based on the net asset value in the published accounts and may be different due to post year end accounting adjustments.

Ongoing Charges Figure*

Share class	28.02.17	28.02.16
Class 1	1.41%	1.40%
Class 3	0.71%	0.68%
Class 4	0.91%	0.90%
Class R3	0.66%	0.64%
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 0.18% (2016: 0.15%) in respect of the underlying investments. There is a cap on all other operating expenses of 0.25%, however in the current year, all other operating expenses were less than this capped amount.

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

PORTFOLIO STATEMENT

As at 28 February 2017

Investment	Currency	Holding	Market Value £000	% of Net Assets
Collective Investment Schemes 82.84% (90.29%)				
Aviva Investors Emerging Markets Equity Income Fund Class Zy, Accumulation shares, GBP [†]	GBP	36,780	48,860	7.49
Aviva Investors Emerging Markets Local Currency Bond Fund Class Ia, Income shares, GBP [†]	GBP	326,150	32,445	4.97
Aviva Investors European Equity Income Fund Class Zy, Accumulation shares, GBP [†]	GBP	51,567	64,015	9.81
Aviva Investors Global Equity Endurance Fund Class Zy, Accumulation shares, GBP [†]	GBP	26,538	29,268	4.49
Aviva Investors Global High Yield Bond Fund Class Ih, Accumulation shares, GBP [†]	GBP	233,199	31,884	4.89
Aviva Investors Global Investment Grade Corporate Bond Fund Class Ih, Accumulation shares, GBP [†]	GBP	367,783	39,307	6.02
Aviva Investors Multi-Strategy Target Income Fund Class 8, Income shares, GBP [†]	GBP	7,154,522	7,062	1.08
Aviva Investors Multi-Strategy Target Return Fund Class 8, Accumulation shares, GBP [†]	GBP	66,274,980	73,081	11.20
Aviva Investors Property Trust Class 1, Accumulation shares, GBP [†]	GBP	4,692,628	7,680	1.18
Aviva Investors UK Index Tracking Fund Class 3, Accumulation shares, GBP [†]	GBP	9,797,830	22,482	3.44
BlackRock Japan Equity Tracker Fund Class L Accumulating GBP	GBP	14,755,213	30,138	4.62
BlackRock North American Equity Tracker Fund Class L Accumulating GBP	GBP	48,467,613	154,321	23.65
Collective Investment Schemes total			540,543	82.84
Government Bonds 4.52% (1.47%)				
United States of America 4.52% (1.47%)				
US Treasury Inflation Linked 0.13% 15/07/2026	USD	\$37,001,800	29,468	4.52
Government Bonds total			29,468	4.52
Forward Currency Contracts (0.06)% ((0.85)%)				
Buy GBP 27,706,786 sell USD 34,920,188 dated 15/03/2017			(399)	(0.06)
Forward Currency Contracts total			(399)	(0.06)
Futures 0.05% ((0.15)%)				
Australia 10 Year Bond 15/03/2017	AUD	369	285	0.04
US 10 Year Note 21/06/2017	USD	292	73	0.01
Futures total			358	0.05
Liquidity Funds 11.62% (7.32%)¹				
Aviva Investors Sterling Liquidity Fund Class 3, Income shares, GBP [†]	GBP	75,800,000	75,800	11.62
Liquidity Funds total			75,800	11.62
Investment assets ²			645,770	98.97
Net other assets			6,712	1.03
Net assets			652,482	100.00

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

The comparative percentage figures in brackets are as at 28 February 2016.

[†] Investment in or managed by a related party.

¹ Cash Equivalents.

² Includes Cash Equivalents.

STATEMENT OF TOTAL RETURN

For the year ended 28 February 2017

	Notes	£000	Year ended 28.02.17 £000	£000	Year ended 28.02.16 £000
Income					
Net capital gains/(losses)	2		83,452		(14,350)
Revenue	3	8,037		5,954	
Expenses	4	(2,764)		(1,975)	
Net revenue before taxation		5,273		3,979	
Taxation	5	(111)		(19)	
Net revenue after taxation			5,162		3,960
Total return before distributions			88,614		(10,390)
Distributions	6		(5,162)		(3,965)
Change in net assets attributable to shareholders from investment activities			83,452		(14,355)

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

For the year ended 28 February 2017

	£000	Year ended 28.02.17 £000	£000	Year ended 28.02.16 £000
Opening net assets attributable to shareholders		429,079		301,389
Movement due to issue and cancellation of shares:				
Amounts receivable on issue of shares	151,063		141,012	
Amounts payable on cancellation of shares	(16,925)		(3,622)	
		134,138		137,390
Change in net assets attributable to shareholders from investment activities (see above)		83,452		(14,355)
Retained distribution on accumulation shares		5,813		4,655
Closing net assets attributable to shareholders		652,482		429,079

BALANCE SHEET

As at 28 February 2017

	Notes	As at 28.02.17 £000	As at 28.02.16 £000
Assets:			
Investments		570,369	394,289
Current assets:			
Debtors	8	5,998	5,727
Cash and bank balances	9	3,375	7,588
Cash equivalents	10	75,800	31,400
Total assets		655,542	439,004
Liabilities:			
Investment liabilities		(399)	(4,848)
Creditors:			
Bank overdrafts		–	(124)
Other creditors	11	(2,661)	(4,953)
Total liabilities		(3,060)	(9,925)
Net assets attributable to shareholders		652,482	429,079

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting basis and policies

Please see pages 5 to 7 for accounting basis and policies.

2 Net capital gains/(losses)

	Year ended 28.02.17 £000	Year ended 28.02.16 £000
Net capital gains/(losses) on investments during the year comprise:		
Currency gains/(losses)	86	(17)
Derivative contracts losses	(1,134)	(2,387)
Expenses relating to the purchase and sale of investments	(7)	(8)
Forward currency contracts losses	(4,316)	(3,527)
Non-derivative securities gains/(losses)	88,823	(8,411)
Net capital gains/(losses)*	83,452	(14,350)

* Total realised gains for the year were £11,404,000 (2016: £5,702,000) and the movement in unrealised gains/(losses) was £72,048,000 (2016: £(20,052,000)). Included in realised gains for the year were unrealised gains/(losses) recognised in previous periods.

3 Revenue

	Year ended 28.02.17 £000	Year ended 28.02.16 £000
Bank and deposit interest	5	92
Franked components of dividend distributions	4,296	4,047
Interest on debt securities	224	65
Interest on derivatives	482	281
Investment manager rebates*	708	586
Overseas dividends	–	98
Revenue from offshore funds	1,520	785
Unfranked components of dividend distributions	802	–
Total revenue	8,037	5,954

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4 Expenses

	Year ended 28.02.17 £000	Year ended 28.02.16 £000
Payable to the Authorised Corporate Director ("ACD"), associates of the ACD or agents of either of them:		
ACD's periodic charge	2,365	1,696
Registration fees	247	166
Expenses fee rebate by ACD	(1)	–
	2,611	1,862
Payable to the Depositary, associates of the Depositary or agents of either of them:		
Depositary's fee	61	47
Interest payable	2	7
Safe custody fee	53	33
	116	87
Other expenses:		
Audit fee*	12	10
Printing & postage expenses	8	6
Professional fees	–	(1)
Statement fees	17	11
	37	26
Total expenses	2,764	1,975

* The audit fee was £9,168 (2016: £9,050) net of VAT.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5 Taxation**a Analysis of tax charge**

	Year ended 28.02.17 £000	Year ended 28.02.16 £000
Corporation tax	90	–
Overseas tax suffered	21	19
Total current tax (see note 5b)	111	19

b Factors affecting current tax charge

The tax assessed for the year is lower (2016: lower) than the standard rate of corporation tax in the UK for an Authorised Investment Fund (20%) (2016: 20%).

The differences are explained below:

	Year ended 28.02.17 £000	Year ended 28.02.16 £000
Net revenue before taxation	5,273	3,979
Corporation tax at 20%	1,055	796
Effects of:		
Movement in excess expenses	(106)	34
Overseas dividends not subject to corporation tax	–	(21)
Overseas tax suffered	21	19
UK dividends not subject to corporation tax	(859)	(809)
	(944)	(777)
Current tax charge (see note 5a)	111	19

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 (2016: £nil).

After claiming relief against accrued income taxable on receipt, the Fund has unrelieved excess expenses of £nil (2016: £1,084,000) creating a potential deferred tax asset of £nil (2016: £217,000). 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 28.02.17 £000	Year ended 28.02.16 £000
The distributions take account of revenue received on the issue of shares and revenue deducted on the cancellation of shares, and comprise:		
Interim distribution	1,483	1,150
Final distribution	4,330	3,505
	5,813	4,655
Add: Revenue deducted on cancellation of shares	75	24
Deduct: Revenue received on issue of shares	(726)	(714)
Total distributions	5,162	3,965
Reconciliation of distributions for the year to net revenue after taxation		
Distributions for the year	5,162	3,965
Equalisation on conversions	–	(5)
Net revenue after taxation	5,162	3,960

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7 Fair value hierarchy

Valuation technique	As at 28.02.17		As at 28.02.16	
	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Quoted prices for identical instruments in active markets	29,826	–	266	(915)
Prices of recent transactions for identical instruments	616,343	–	418,843	–
Valuation techniques using observable market data	–	(399)	6,580	(3,933)
Total	646,169	(399)	425,689	(4,848)

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 28.02.17 £000	As at 28.02.16 £000
Accrued revenue	34	66
Accrued management fee rebates	222	166
Amounts receivable on issue of shares	5,574	1,963
Income tax recoverable	168	132
Sales awaiting settlement	–	3,400
Total debtors	5,998	5,727

9 Cash and bank balances

	As at 28.02.17 £000	As at 28.02.16 £000
Amounts held at futures clearing houses and brokers	611	2,172
Cash and bank balances	2,764	5,416
Total cash and bank balances	3,375	7,588

10 Cash equivalents

	As at 28.02.17 £000	As at 28.02.16 £000
Aviva Investors Sterling Liquidity Fund	75,800	31,400
Total cash equivalents	75,800	31,400

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11 Other creditors

	As at 28.02.17 £000	As at 28.02.16 £000
Accrued expenses	287	199
Amounts payable for cancellation of shares	14	154
Corporation tax payable	90	–
Overseas tax provision	20	–
Purchases awaiting settlement	2,250	4,600
Total creditors	2,661	4,953

12 Contingent liabilities and commitments

There were no contingent liabilities or commitments at the year end (2016: £nil).

13 Related party transactions

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

ACD periodic charges paid to Aviva Investors UK Fund Services Limited ("the ACD") are shown in note 4 and details of shares issued and cancelled by the ACD are shown in the statement of change in net assets attributable to shareholders. The balance due to the ACD at the year end in respect of ACD periodic charges was £216,000 (2016: £142,000). 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 £3,946,000 (2016: £3,148,000). The amount outstanding at the year end was £2,933,000 (2016: £2,347,000). 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 £452,645,000 (2016: £281,345,000) and £252,842,000 (2016: £142,200,000) respectively. The income received during the year amounted to £3,274,000 (2016: £1,671,000). The rebates from ACD during the year amounted to £392,000 (2016: £305,000).

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

	Holdings at 28.02.17 (shares)	Movement (shares)	Holdings at 28.02.16 (shares)
ACD and related parties (share class 1 Accumulation shares)	–	(664)	664
ACD and related parties (share class 3 Accumulation shares)	223,418,660	47,117,552	176,301,108
ACD and related parties (share class 4 Accumulation shares)	21,357	20,468	889
ACD and related parties (share class R3 Accumulation shares)	67,480,352	22,888,174	44,592,178
ACD and related parties (share class 9 Accumulation shares)	919,361	749,431	169,930

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

14 Shareholder funds

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

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

The net asset value per share class, the net asset value per share and the number of shares in the class are shown on pages 89 and 90. The distributions per share class are given in the distribution tables on page 102. 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 28.02.16	Number of shares issued	Number of shares cancelled	Number of shares converted	Number of shares in issue at 28.02.17
Share Class 1 Accumulation	6,642,333	832,391	(275,337)	(289,774)	6,909,613
Share Class 3 Accumulation	176,301,108	50,533,040	(3,415,488)	–	223,418,660
Share Class 4 Accumulation	7,972,578	168,043	(818,385)	–	7,322,236
Share Class R3 Accumulation	142,301,850	53,705,666	(7,655,481)	284,933	188,636,968
Share Class 9 Accumulation	169,930	784,485	(35,054)	–	919,361

16 Counterparty exposure

Financial derivative exposure

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

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

	Forward currency contracts £000	Futures contracts £000	Total £000
28.02.16			
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)
Total	(3,648)	266	(3,382)

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

Collateral

At the year end date no collateral was held or pledged by the company or on behalf of the counterparties in respect of the above (2016: £nil).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

17 Derivatives and other financial instruments

The policies applied in the management of financial instruments are set out on pages 6 and 7.

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 (2016: £nil).

Currency risk

At the year end date, 0.39% (2016: (7.63)%) of the net assets of the Fund were denominated in currencies other than sterling. As such, the currency risk is not considered significant.

Interest rate risk

At the year end date 16.65% (2016: 9.06%) of the net assets of the Fund were interest bearing. If interest rates were to change by 1.00%, the value of the Fund would change by 0.17% (2016: 0.10%).

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

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

The 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
Financial Assets				
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
Financial Liabilities				
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)
Total	38,864	–	390,215	429,079

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 15.88% (2016: 11.34%) 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, 87.36% (2016: 91.76%) of the net assets of the Fund were invested in CIS (which primarily invest in stocks admitted to an official stock exchange) and debt securities. If the market value were to change by 10%, the value of the Fund would change by 8.74% (2016: 9.18%).

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.

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

28.02.16	Principal before costs £000	Commissions £000	Taxes £000	Total after costs £000	Commissions as % of principal	Taxes as % of principal
Purchases (excluding in-specie transfers and corporate actions)						
Equities	(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)		
Sales (excluding in-specie transfers and corporate actions)						
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		
Total		(23)	(40)			
Percentage of fund average net assets		0.01%	0.01%			

Dealing spread

As at 28 February 2017, the average portfolio dealing spread was nil (2016: 0.08%). This spread represents the difference between the values determined retrospectively by reference to the bid and offer prices of investments expressed as a percentage of the value determined by reference to the offer price.

19 Post balance sheet events

There are no post balance sheet events which require adjustment or disclosure at the year end (2016: £nil).

DISTRIBUTION TABLES

Final distribution payable in pence per share for the six months ended 28 February 2017

Accumulation shares		Net revenue	Equalisation	Final distribution payable 30 April 2017	Final distribution paid 30 April 2016
Share Class 1	Group 1	1.0627	–	1.0627	0.5602
	Group 2	0.2126	0.8501	1.0627	0.5602
Share Class 3	Group 1	1.0140	–	1.0140	1.0599
	Group 2	0.1923	0.8217	1.0140	1.0599
Share Class 4	Group 1	1.0243	–	1.0243	0.9292
	Group 2	0.2630	0.7613	1.0243	0.9292
Share Class R3	Group 1	1.0112	–	1.0112	1.0705
	Group 2	0.2024	0.8088	1.0112	1.0705
Share Class 9	Group 1	0.9172	–	0.9172	0.8905
	Group 2	0.0597	0.8575	0.9172	0.8905

Final distribution

Group 1 shares are those shares purchased at or before 2pm on 31 August 2016.

Group 2 shares are those shares purchased after 2pm on 31 August 2016.

Interim distribution paid in pence per share for the six months ended 31 August 2016

Accumulation shares		Net revenue	Equalisation	Interim distribution paid 31 October 2016	Interim distribution paid 31 October 2015
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	0.4039	–	0.4039	0.4155
	Group 2	0.0000	0.4039	0.4039	0.4155
Share Class 4	Group 1	0.2581	–	0.2581	0.2604
	Group 2	0.0000	0.2581	0.2581	0.2604
Share Class R3	Group 1	0.4323	–	0.4323	0.4247
	Group 2	0.0000	0.4323	0.4323	0.4247
Share Class 9	Group 1	0.4726	–	0.4726	0.4532
	Group 2	0.0596	0.4130	0.4726	0.4532

Interim distribution

Group 1 shares are those shares purchased at or before 2pm on 28 February 2016.

Group 2 shares are those shares purchased after 2pm on 28 February 2016.

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

Performance

Over the period ended 28 February 2017, the Fund (share class 1) returned 21.87%* as both equities and bonds performed well.

Review

Equities performed strongly during the 12 months to 28 February 2017, with the MSCI World Index returning 37.35% in Sterling terms. The economic backdrop was positive for equity markets worldwide, as the leading central banks maintained supportive monetary policy while data releases highlighted an improving economic outlook in the US and nascent signs of recovery in Europe. The two most significant events that influenced equity markets during the year were both political – the UK referendum on the EU and the US presidential election. The historic vote to leave the European Union in late June triggered a sharp devaluation in Sterling on the foreign exchange markets, with Sterling falling to its lowest point against the US Dollar since 1985. This has significantly enhanced returns from overseas equity markets for UK-based investors. In November, Donald Trump surprisingly won the US presidential election and the result triggered a rally in equity markets worldwide as investors began to price in both higher inflation and interest rates with the Republican proposing a large-scale programme of infrastructure and defence spending, combined with tax cuts. Over the reporting year, the US was the best performing major equity market in Sterling terms.

Bonds performed well over the reporting period, even though healthy gains in the first half were eroded in the second. After rallying on general concerns about global growth, government bonds came under pressure from September as expectations for inflation began to rise. The European Central Bank (ECB) responded by trimming its quantitative easing policy, while the US Federal Reserve (the Fed) raised interest rates in December. Corporate bonds defied many expectations by posting solid gains over the period. To this end they were helped by the announcement by both the ECB and the Bank of England (BoE) that high-quality company debt was to be included in their quantitative easing programmes for the first time.

Outlook

The upswing in global growth has come at the same time as inflation has increased, with both producer and consumer prices rising on the back of the earlier stabilisation, and more recent pick-up, in commodity prices. We expect the global reflationary environment will be sustained through 2017 and that it ought to be supportive of equity sectors that are more closely tied to the economic cycle. For corporate bonds, the supply and demand imbalance that is seeing yield-hungry investors chase ever fewer bonds will be supportive of the market. For the moment, security selection will be particularly important given the political factors that may buffet European issuers during a summer of important elections.

April 2017

* Fund performance figures – share class 1, source Lipper, net of fees, net income reinvested in GBP, as at 28 February 2017.

As noted above, the performance figures in this commentary have been sourced from an external party and are based on published prices. The performance figures quoted in the comparative tables on pages 105 and 106 are based on the net asset value per the published accounts and may be different due to post year end accounting adjustments.

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

Material Portfolio Changes

Purchases	Sales
Aviva Investors Sterling Liquidity Fund Class 3, Income Shares, GBP	Aviva Investors Sterling Liquidity Fund Class 3, Income Shares, GBP
Aviva Investors European Equity Income Fund Class Zy, Accumulation shares, GBP	BlackRock Continental European Equity Tracker Fund Class L Accumulating GBP
iShares MSCI UCITS ETF Fund	iShares MSCI UCITS ETF Fund
BlackRock North American Equity Tracker Fund Class L Accumulating GBP	BlackRock North American Equity Tracker Fund Class L Accumulating GBP
Aviva Investors Global Equity Endurance Fund Class Zy, Accumulation shares, GBP	Aviva Investors Multi-Strategy Target Return Fund Class 8, Accumulation shares, GBP
Aviva Investors Multi-Strategy Target Return Fund Class 8, Accumulation shares, GBP	BlackRock Japan Equity Tracker Fund Class L Accumulating GBP
Aviva Investors Global Investment Grade Corporate Bond Fund Class 1h, Accumulation shares, GBP	Aviva Investors Global Investment Grade Corporate Bond Fund Class Zyh, Accumulation shares, GBP
Aviva Investors Global High Yield Bond Fund Class 1h, Accumulation shares, GBP	US Treasury Inflation Indexed 0.63% 15/01/2026
Aviva Investors Emerging Markets Equity Income Fund Class Zy, Accumulation shares, GBP	BlackRock Pacific ex Japan Equity Tracker Fund Class L Accumulating GBP
Aviva Investors Emerging Markets Local Currency Bond Fund Class 1a, Income shares, GBP	Aviva Investors Multi-Strategy Target Return Fund Class 3, Accumulation shares, GBP

AVIVA INVESTORS MULTI-ASSET FUND IV (CONTINUED)

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	2017 p per share	2016 p per share	2015 p per share
Change in net assets per share			
Opening net asset value per share	134.44	141.48	122.96
Return before operating charges [†]	31.55	(5.13)	20.45
Operating charges	(2.06)	(1.91)	(1.93)
Return after operating charges [†]	29.49	(7.04)	18.52
Distributions	(0.89)	(0.77)	(0.60)
Retained distributions on accumulation shares	0.89	0.77	0.60
Closing net asset value per share	163.93	134.44	141.48
[†] after direct transaction costs of	(0.01)	(0.01)	–
Performance			
Return after charges	21.94%	(4.98)%	15.06%
Other information			
Closing net asset value (£000)	45,653	56,452	59,753
Closing number of shares	27,848,537	41,991,001	42,234,156
Operating charges (%) [†]	1.38%	1.37%	1.49%
Direct transaction costs (%) [†]	0.01%	0.01%	–
Prices[™]			
Highest share price	163.98	149.66	141.54
Lowest share price	134.19	125.86	121.60

Class 3 Accumulation	2017 p per share	2016 p per share	2015 p per share
Change in net assets per share			
Opening net asset value per share	140.33	146.63	126.37
Return before operating charges [†]	32.86	(5.34)	21.12
Operating charges	(1.07)	(0.96)	(0.86)
Return after operating charges [†]	31.79	(6.30)	20.26
Distributions	(1.83)	(1.82)	(1.76)
Retained distributions on accumulation shares	1.83	1.82	1.76
Closing net asset value per share	172.12	140.33	146.63
[†] after direct transaction costs of	(0.02)	(0.01)	–
Performance			
Return after charges	22.65%	(4.30)%	16.03%
Other information			
Closing net asset value (£000)	160,880	110,601	80,414
Closing number of shares	93,469,165	78,814,299	54,840,362
Operating charges (%) [†]	0.68%	0.68%	0.64%
Direct transaction costs (%) [†]	0.01%	0.01%	–
Prices[™]			
Highest share price	172.17	155.26	146.69
Lowest share price	140.35	131.34	125.10

Class 4 Accumulation	2017 p per share	2016 p per share	2015 p per share
Change in net assets per share			
Opening net asset value per share	138.91	145.45	125.79
Return before operating charges [†]	32.54	(5.27)	20.98
Operating charges	(1.37)	(1.27)	(1.32)
Return after operating charges [†]	31.17	(6.54)	19.66
Distributions	(1.55)	(1.50)	(1.28)
Retained distributions on accumulation shares	1.55	1.50	1.28
Closing net asset value per share	170.08	138.91	145.45
[†] after direct transaction costs of	(0.02)	(0.01)	–
Performance			
Return after charges	22.44%	(4.50)%	15.63%
Other information			
Closing net asset value (£000)	2,380	1,887	2,042
Closing number of shares	1,399,544	1,358,539	1,404,070
Operating charges (%) [†]	0.88%	0.87%	0.99%
Direct transaction costs (%) [†]	0.01%	0.01%	–
Prices[™]			
Highest share price	170.12	153.95	145.51
Lowest share price	138.87	130.02	124.47

Class R3 Accumulation	2017 p per share	2016 p per share	2015 p per share
Change in net assets per share			
Opening net asset value per share	131.46	137.31	118.45
Return before operating charges [†]	30.74	(5.00)	19.80
Operating charges	(0.94)	(0.85)	(0.94)
Return after operating charges [†]	29.80	(5.85)	18.86
Distributions	(1.74)	(1.75)	(1.53)
Retained distributions on accumulation shares	1.74	1.75	1.53
Closing net asset value per share	161.26	131.46	137.31
[†] after direct transaction costs of	(0.01)	(0.01)	–
Performance			
Return after charges	22.67%	(4.26)%	15.92%
Other information			
Closing net asset value (£000)	129,774	65,462	28,998
Closing number of shares	80,473,103	49,796,302	21,117,857
Operating charges (%) [†]	0.63%	0.62%	0.74%
Direct transaction costs (%) [†]	0.01%	0.01%	–
Prices[™]			
Highest share price	161.30	145.38	137.37
Lowest share price	131.48	123.04	117.24

COMPARATIVE TABLES (CONTINUED)

Class 9 Accumulation	2017 p per share	2016 p per share	2015* p per share
Change in net assets per share			
Opening net asset value per share (at launch)	98.10	102.28	100.00
Return before operating charges [†]	22.91	(3.83)	2.30
Operating charges	(0.38)	(0.35)	(0.02)
Return after operating charges [†]	22.53	(4.18)	2.28
Distributions	(1.55)	(1.50)	–
Retained distributions on accumulation shares	1.55	1.50	–
Closing net asset value per share	120.63	98.10	102.28
[†] after direct transaction costs of	(0.01)	(0.01)	–
Performance			
Return after charges	22.97%	(4.09)%	2.28%
Other information			
Closing net asset value (£000)	29,289	3,215	78
Closing number of shares	24,279,883	3,276,893	76,000
Operating charges (%) [†]	0.35%	0.35%	0.35%
Direct transaction costs (%) [#]	0.01%	0.01%	–
Prices[≈]			
Highest share price	120.66	108.34	102.32
Lowest share price	98.12	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. The net asset value per share is based on the net asset value in the published accounts and may be different due to post year end accounting adjustments.

Ongoing Charges Figure*

Share class	28.02.17	28.02.16
Class 1	1.38%	1.38%
Class 3	0.68%	0.68%
Class 4	0.88%	0.88%
Class R3	0.63%	0.63%
Class 9	0.35%	0.35%

* The Ongoing Charges Figure (OCF) is calculated as the ratio of the total ongoing charges to the average net asset value of the Fund over the year. The OCF is made up of the Annual Management Charge and other operating costs deducted from the assets of the Fund during the year, except for those payments that are explicitly excluded (performance fees). The OCF on share class 9 is restricted to the Annual Management Charge. The OCF on all other share classes includes a synthetic element of 0.15% (2016: 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.

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 2017

Investment	Currency	Holding	Market Value £000	% of Net Assets
Collective Investment Schemes 90.08% (94.01%)				
Aviva Investors Emerging Markets Equity Income Fund Class Zy, Accumulation shares, GBP [†]	GBP	25,888	34,391	9.35
Aviva Investors Emerging Markets Local Currency Bond Fund Class Ia, Income shares, GBP [†]	GBP	226,218	22,504	6.12
Aviva Investors European Equity Income Fund Class Zy, Accumulation shares, GBP [†]	GBP	36,197	44,935	12.21
Aviva Investors Global Equity Endurance Fund Class Zy, Accumulation shares, GBP [†]	GBP	18,935	20,882	5.67
Aviva Investors Global High Yield Bond Fund Class Ih, Accumulation shares, GBP [†]	GBP	166,296	22,737	6.18
Aviva Investors Global Investment Grade Corporate Bond Fund Class Ih, Accumulation shares, GBP [†]	GBP	108,846	11,633	3.16
Aviva Investors Multi-Strategy Target Income Fund Class 5, Income shares, GBP [†]	GBP	55	–	–
Aviva Investors Multi-Strategy Target Income Fund Class 8, Income shares, GBP [†]	GBP	2,818,846	2,782	0.76
Aviva Investors Multi-Strategy Target Return Fund Class 8, Accumulation shares, GBP [†]	GBP	22,012,241	24,273	6.60
Aviva Investors Property Trust Class 1, Accumulation shares, GBP [†]	GBP	1,901,886	3,113	0.84
Aviva Investors UK Index Tracking Fund Class 3, Accumulation shares, GBP [†]	GBP	7,158,755	16,426	4.46
BlackRock Japan Equity Tracker Fund Class L Accumulating GBP	GBP	10,271,493	20,954	5.69
BlackRock North American Equity Tracker Fund Class L Accumulating GBP	GBP	33,578,123	106,846	29.04
Collective Investment Schemes total			331,476	90.08
Government Bonds 2.36% (0.45%)				
United States of America 2.36% (0.45%)				
US Treasury Inflation Linked 0.13% 15/07/2026	USD	\$10,913,900	8,692	2.36
Government Bonds total			8,692	2.36
Forward Currency Contracts (0.03)% ((1.00)%)				
Buy GBP 8,171,285 sell USD 10,299,917 dated 15/03/2017			(119)	(0.03)
Forward Currency Contracts total			(119)	(0.03)
Futures 0.03% ((0.25)%)				
Australia 10 Year Bond 15/03/2017	AUD	107	82	0.02
US 10 Year Note 21/06/2017	USD	84	22	0.01
Futures total			104	0.03
Liquidity Funds 6.60% (4.04%)¹				
Aviva Investors Sterling Liquidity Fund Class 3, Income shares, GBP [†]	GBP	24,300,000	24,300	6.60
Liquidity Funds total			24,300	6.60
Investment assets ²			364,453	99.04
Net other assets			3,523	0.96
Net assets			367,976	100.00

All holdings are ordinary shares or stock units and admitted to an official stock exchange unless otherwise stated.
The comparative percentage figures in brackets are as at 28 February 2016.

[†] Investment in or managed by a related party.

¹ Cash Equivalents.

² Includes Cash Equivalents.

STATEMENT OF TOTAL RETURN

For the year ended 28 February 2017

	Notes	£000	Year ended 28.02.17 £000	£000	Year ended 28.02.16 £000
Income					
Net capital gains/(losses)	2		56,052		(11,609)
Revenue	3	4,955		3,639	
Expenses	4	(1,881)		(1,493)	
Net revenue before taxation		3,074		2,146	
Taxation	5	(5)		(12)	
Net revenue after taxation			3,069		2,134
Total return before distributions			59,121		(9,475)
Distributions	6		(3,098)		(2,136)
Change in net assets attributable to shareholders from investment activities			56,023		(11,611)

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

For the year ended 28 February 2017

	£000	Year ended 28.02.17 £000	£000	Year ended 28.02.16 £000
Opening net assets attributable to shareholders		237,617		171,285
Movement due to issue and cancellation of shares:				
Amounts receivable on issue of shares	83,511		79,021	
Amounts payable on cancellation of shares	(12,705)		(3,662)	
		70,806		75,359
Change in net assets attributable to shareholders from investment activities (see above)		56,023		(11,611)
Retained distribution on accumulation shares		3,530		2,584
Closing net assets attributable to shareholders		367,976		237,617

BALANCE SHEET

As at 28 February 2017

	Notes	As at 28.02.17 £000	As at 28.02.16 £000
Assets:			
Investments		340,272	224,703
Current assets:			
Debtors	8	2,383	3,246
Cash and bank balances	9	3,661	6,269
Cash equivalents	10	24,300	9,600
Total assets		370,616	243,818
Liabilities:			
Investment liabilities		(119)	(3,213)
Creditors:			
Other creditors	11	(2,521)	(2,988)
Total liabilities		(2,640)	(6,201)
Net assets attributable to shareholders		367,976	237,617

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting basis and policies

Please see pages 5 to 7 for accounting basis and policies.

2 Net capital gains/(losses)

	Year ended 28.02.17 £000	Year ended 28.02.16 £000
Net capital gains/(losses) on investments during the year comprise:		
Currency gains/(losses)	31	(111)
Derivative contracts losses	(258)	(1,657)
Expenses relating to the purchase and sale of investments	(5)	(8)
Forward currency contracts losses	(2,338)	(2,118)
Non-derivative securities gains/(losses)	58,622	(7,715)
Net capital gains/(losses)*	56,052	(11,609)

* Total realised gains for the year were £5,499,000 (2016: £1,589,000) and the movement in unrealised gains/(losses) was £50,553,000 (2016: £(13,198,000)). Included in realised gains for the year were unrealised gains/(losses) recognised in previous periods.

3 Revenue

	Year ended 28.02.17 £000	Year ended 28.02.16 £000
Bank and deposit interest	–	30
Franked components of dividend distributions	2,896	2,409
Interest on debt securities	121	14
Interest on derivatives	134	80
Investment manager rebates*	452	303
Revenue from offshore funds	1,044	588
Unfranked components of dividend distributions	308	215
Total revenue	4,955	3,639

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4 Expenses

	Year ended 28.02.17 £000	Year ended 28.02.16 £000
Payable to the Authorised Corporate Director ("ACD"), associates of the ACD or agents of either of them:		
ACD's periodic charge	1,661	1,312
Registration fees	148	108
Expenses fee rebate by ACD	(23)	–
	1,786	1,420
Payable to the Depositary, associates of the Depositary or agents of either of them:		
Depositary's fee	40	28
Interest payable	1	5
Safe custody fee	29	19
	70	52
Other expenses:		
Audit fee*	11	10
Printing & postage expenses	4	4
Statement fees	10	7
	25	21
Total expenses	1,881	1,493

* The audit fee was £9,168 (2016: £9,050) net of VAT.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5 Taxation**a Analysis of tax charge**

	Year ended 28.02.17 £000	Year ended 28.02.16 £000
Overseas tax suffered	5	12
Total current tax (see note 5b)	5	12

b Factors affecting current tax charge

The tax assessed for the year is lower (2016: lower) than the standard rate of corporation tax in the UK for an Authorised Investment Fund (20%) (2016: 20%).

The differences are explained below:

	Year ended 28.02.17 £000	Year ended 28.02.16 £000
Net revenue before taxation	3,074	2,146
Corporation tax at 20%	615	429
Effects of:		
Franked distributions not subject to corporation tax	(579)	(482)
Movement in excess expenses	(36)	67
Overseas dividends not subject to corporation tax	–	(14)
Overseas tax suffered	5	12
	(610)	(417)
Current tax charge (see note 5a)	5	12

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 (2016: £nil).

After claiming relief against accrued income taxable on receipt, the Fund has unrelieved excess expenses of £2,186,000 (2016: £2,364,000) creating a potential deferred tax asset of £437,000 (2016: £473,000). 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 28.02.17 £000	Year ended 28.02.16 £000
The distributions take account of revenue received on the issue of shares and revenue deducted on the cancellation of shares, and comprise:		
Interim distribution	791	447
Final distribution	2,738	2,137
	3,529	2,584
Add: Revenue deducted on cancellation of shares	55	19
Deduct: Revenue received on issue of shares	(486)	(467)
Total distributions	3,098	2,136
Reconciliation of distributions for the year to net revenue after taxation		
Distributions for the year	3,098	2,136
Equalisation on conversions	(29)	(2)
Net revenue after taxation	3,069	2,134

Details of the distributions per share are set out in the distribution tables on page 118.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7 Fair value hierarchy

Valuation technique	As at 28.02.17		As at 28.02.16	
	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Quoted prices for identical instruments in active markets	8,796	–	45	(628)
Prices of recent transactions for identical instruments	355,776	–	232,995	–
Valuation techniques using observable market data	–	(119)	1,263	(2,585)
Total	364,572	(119)	234,303	(3,213)

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 28.02.17 £000	As at 28.02.16 £000
Accrued revenue	14	29
Accrued management fee rebates	110	76
Amounts receivable on issue of shares	2,194	592
Income tax recoverable	65	49
Sales awaiting settlement	–	2,500
Total debtors	2,383	3,246

9 Cash and bank balances

	As at 28.02.17 £000	As at 28.02.16 £000
Amounts held at futures clearing houses and brokers	181	1,614
Cash and bank balances	3,480	4,655
Total cash and bank balances	3,661	6,269

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 Cash equivalents

	As at 28.02.17 £000	As at 28.02.16 £000
Aviva Investors Sterling Liquidity Fund	24,300	9,600
Total cash equivalents	24,300	9,600

11 Other creditors

	As at 28.02.17 £000	As at 28.02.16 £000
Accrued expenses	182	140
Amounts payable for cancellation of shares	83	348
Overseas tax provision	6	–
Purchases awaiting settlement	2,250	2,500
Total creditors	2,521	2,988

12 Contingent liabilities and commitments

There were no contingent liabilities or commitments at the year end (2016: £nil).

13 Related party transactions

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

ACD periodic charges paid to Aviva Investors UK Fund Services Limited ("the ACD") are shown in note 4 and details of shares issued and cancelled by the ACD are shown in the statement of change in net assets attributable to shareholders. The balance due to the ACD at the year end in respect of ACD periodic charges was £137,000 (2016: £105,000). Any balance due from the ACD in respect of issues is shown in note 8. Any balance due to the ACD in respect of cancellations is shown in note 11.

Distributions payable to the ACD and related parties of the ACD during the year amounted to £2,487,000 (2016: £1,790,000). The amount outstanding at the year end was £1,901,000 (2016: £1,448,000). 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 £244,847,000 (2016: £136,676,000) and £130,495,000 (2016: £65,557,000) respectively. The income received during the year amounted to £1,902,000 (2016: £1,023,000). The rebates from ACD during the year amounted to £238,000 (2016: £99,000).

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

	Holdings at 28.02.17 (shares)	Movement (shares)	Holdings at 28.02.16 (shares)
ACD and related parties (share class 1 Accumulation shares)	4,149	(12,260,988)	12,265,137
ACD and related parties (share class 3 Accumulation shares)	93,469,165	14,654,866	78,814,299
ACD and related parties (share class 4 Accumulation shares)	252,672	(60,790)	313,462
ACD and related parties (share class R3 Accumulation shares)	33,413,707	17,092,067	16,321,640
ACD and related parties (share class 9 Accumulation shares)	24,279,883	21,002,990	3,276,893

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

14 Shareholder funds

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

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

The net asset value per share class, the net asset value per share and the number of shares in the class are shown on pages 105 and 106. The distributions per share class are given in the distribution tables on page 118. 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 28.02.16	Number of shares issued	Number of shares cancelled	Number of shares converted	Number of shares in issue at 28.02.17
Share Class 1 (Accumulation)	41,991,001	290,689	(3,264,158)	(11,168,995)	27,848,537
Share Class 3 (Accumulation)	78,814,299	17,494,963	(2,840,097)	–	93,469,165
Share Class 4 (Accumulation)	1,358,539	206,963	(165,958)	–	1,399,544
Share Class R3 (Accumulation)	49,796,302	21,375,007	(2,059,249)	11,361,043	80,473,103
Share Class 9 (Accumulation)	3,276,893	21,077,250	(74,260)	–	24,279,883

16 Counterparty exposure

Financial derivative exposure

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

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

	Forward currency contracts £000	Futures contracts £000	Total £000
28.02.16			
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)
Total	(2,383)	45	(2,338)

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

Collateral

At the year end date no collateral was held or pledged by the company or on behalf of the counterparties in respect of the above (2016: £nil).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

17 Derivatives and other financial instruments

The policies applied in the management of financial instruments are set out on pages 6 and 7.

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 (2016: £nil).

Currency risk

At the year end date, 0.20% (2016: (7.80)%) of the net assets of the Fund were denominated in currencies other than sterling and as such, the currency risk is not considered significant.

Interest rate risk

At the year end date 9.96% (2016: 2.64%) of the net assets of the Fund were interest bearing.

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 15.46% (2016: 10.23%) 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, 92.44% (2016: 94.46%) of the net assets of the Fund were invested in CIS (which primarily invest in stocks admitted to an official stock exchange) and debt securities. If the market value were to change by 10%, the value of the Fund would change by 9.24% (2016: 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.

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

18 Direct transaction costs (continued)

28.02.16	Principal before costs £000	Commissions £000	Taxes £000	Total after costs £000	Commissions as % of principal	Taxes as % of principal
Purchases (excluding in-specie transfers and corporate actions)						
Equities	(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)		
Sales (excluding in-specie transfers and corporate actions)						
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		
Total		(21)	–			
Percentage of fund average net assets		0.01%	0.00%			

Dealing spread

As at 28 February 2017, the average portfolio dealing spread was 0.03% (2016: 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 (2016: £nil).

DISTRIBUTION TABLES

Final distribution payable in pence per share for the six months ended 28 February 2017

Accumulation shares		Net revenue	Equalisation	Final distribution payable 30 April 2017	Final distribution paid 30 April 2016
Share Class 1	Group 1	0.8916	–	0.8916	0.7687
	Group 2	0.1577	0.7339	0.8916	0.7687
Share Class 3	Group 1	1.3249	–	1.3249	1.3921
	Group 2	0.2290	1.0959	1.3249	1.3921
Share Class 4	Group 1	1.1910	–	1.1910	1.2420
	Group 2	0.2554	0.9356	1.1910	1.2420
Share Class R3	Group 1	1.2236	–	1.2236	1.3364
	Group 2	0.2132	1.0104	1.2236	1.3364
Share Class 9	Group 1	1.0315	–	1.0315	1.0653
	Group 2	0.1880	0.8435	1.0315	1.0653

Final distribution

Group 1 shares are those shares purchased at or before 2pm on 31 August 2016.

Group 2 shares are those shares purchased after 2pm on 31 August 2016.

Interim distribution paid in pence per share for the six months ended 31 August 2016

Accumulation shares		Net revenue	Equalisation	Interim distribution paid 31 October 2016	Interim distribution paid 31 October 2015
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	0.5077	–	0.5077	0.4255
	Group 2	0.0000	0.5077	0.5077	0.4255
Share Class 4	Group 1	0.3572	–	0.3572	0.2568
	Group 2	0.0000	0.3572	0.3572	0.2568
Share Class R3	Group 1	0.5178	–	0.5178	0.4159
	Group 2	0.0000	0.5178	0.5178	0.4159
Share Class 9	Group 1	0.5225	–	0.5225	0.4320
	Group 2	0.0303	0.4922	0.5225	0.4320

Interim distribution

Group 1 shares are those shares purchased at or before 2pm on 28 February 2016.

Group 2 shares are those shares purchased after 2pm on 28 February 2016.

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

Performance

Over the period ended 28 February 2017, the Fund (share class 1) returned 27.99%* as both equities and bonds performed well.

Review

Equities performed strongly during the 12 months to 28 February 2017, with the MSCI World Index returning 37.35% in Sterling terms. The economic backdrop was positive for equity markets worldwide, as the leading central banks maintained supportive monetary policy while data releases highlighted an improving economic outlook in the US and nascent signs of recovery in Europe. The two most significant events that influenced equity markets during the year were both political – the UK referendum on the EU and the US presidential election. The historic vote to leave the European Union in late June triggered a sharp devaluation in Sterling on the foreign exchange markets, with Sterling falling to its lowest point against the US Dollar since 1985. This has significantly enhanced returns from overseas equity markets for UK-based investors. In November, Donald Trump surprisingly won the US presidential election and the result triggered a rally in equity markets worldwide as investors began to price in both higher inflation and interest rates with the Republican proposing a large-scale programme of infrastructure and defence spending, combined with tax cuts. Over the reporting year, the US was the best performing major equity market in Sterling terms.

Bonds performed well over the reporting period, even though healthy gains in the first half were eroded in the second. After rallying on general concerns about global growth, government bonds came under pressure from September as expectations for inflation began to rise. The European Central Bank (ECB) responded by trimming its quantitative easing policy, while the US Federal Reserve (the Fed) raised interest rates in December. Corporate bonds defied many expectations by posting solid gains over the period. To this end they were helped by the announcement by both the ECB and the Bank of England (BoE) that high-quality company debt was to be included in their quantitative easing programmes for the first time.

Outlook

The upswing in global growth has come at the same time as inflation has increased, with both producer and consumer prices rising on the back of the earlier stabilisation, and more recent pick-up, in commodity prices. We expect the global reflationary environment will be sustained through 2017 and that it ought to be supportive of equity sectors that are more closely tied to the economic cycle. For corporate bonds, the supply and demand imbalance that is seeing yield-hungry investors chase ever fewer bonds will be supportive of the market. For the moment, security selection will be particularly important given the political factors that may buffet European issuers during a summer of important elections.

April 2017

* Fund performance figures – share class 1, source Lipper, net of fees, net income reinvested in GBP, as at 28 February 2017.

As noted above, the performance figures in this commentary have been sourced from an external party and are based on published prices. The performance figures quoted in the comparative tables on pages 121 and 122 are based on the net asset value per the published accounts and may be different due to post year end accounting adjustments.

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

Material Portfolio Changes

Purchases	Sales
Aviva Investors Sterling Liquidity Fund Class 3, Income shares, GBP	Aviva Investors Sterling Liquidity Fund Class 3, Income shares, GBP
Aviva Investors European Equity Income Fund Class Zy, Accumulation shares, GBP	BlackRock Continental European Equity Tracker Fund Class L Accumulating GBP
iShares MSCI UCITS ETF	iShares MSCI UCITS ETF
BlackRock North American Equity Tracker Fund Class L Accumulating GBP	BlackRock North American Equity Tracker Fund Class L Accumulating GBP
Aviva Investors Global Equity Endurance Fund Class Zy, Accumulation shares, GBP	BlackRock Japan Equity Tracker Fund Class L Accumulating GBP
Aviva Investors Emerging Markets Local Currency Bond Fund Class Ia, Income shares, GBP	Aviva Investors Multi-Strategy Target Return Fund Class 8, Accumulation shares, GBP
Aviva Investors Global High Yield Bond Fund Class Ih, Accumulation shares, GBP	BlackRock Pacific ex Japan Equity Tracker Fund Class L Accumulating GBP
Aviva Investors Emerging Markets Equity Income Fund Class Zy, Accumulation shares, GBP	Aviva Investors Emerging Markets Equity Income Fund Class Zy, Accumulation shares, GBP
Aviva Investors Multi-Strategy Target Return Fund Class 8, Accumulation shares, GBP	Aviva Investors Multi-Strategy Target Income Fund Class 8, Income shares, GBP
BlackRock Continental European Equity Tracker Fund Class L Accumulating GBP	Aviva Investors Emerging Markets Local Currency Bond Fund Class Ia, Income shares, GBP

AVIVA INVESTORS MULTI-ASSET FUND V (CONTINUED)

Synthetic Risk and Reward Indicator

The Fund has been allocated a risk number based on the 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	2017 p per share	2016 p per share	2015 p per share
Change in net assets per share			
Opening net asset value per share	129.85	138.31	117.80
Return before operating charges [†]	37.45	(6.58)	22.37
Operating charges	(2.04)	(1.88)	(1.86)
Return after operating charges [†]	35.41	(8.46)	20.51
Distributions	(0.61)	(0.57)	(0.61)
Retained distributions on accumulation shares	0.61	0.57	0.61
Closing net asset value per share	165.26	129.85	138.31
† after direct transaction costs of	(0.01)	(0.01)	(0.01)
Performance			
Return after charges	27.27%	(6.12)%	17.41%
Other information			
Closing net asset value (£000)	10,854	9,017	10,015
Closing number of shares	6,567,660	6,944,316	7,241,989
Operating charges (%) [†]	1.37%	1.41%	1.50%
Direct transaction costs (%) [#]	0.01%	0.01%	0.01%
Prices[™]			
Highest share price	165.30	147.09	138.37
Lowest share price	129.87	119.72	115.82

Class 3 Accumulation	2017 p per share	2016 p per share	2015 p per share
Change in net assets per share			
Opening net asset value per share	136.12	143.96	121.57
Return before operating charges [†]	39.26	(6.88)	23.24
Operating charges	(1.05)	(0.96)	(0.85)
Return after operating charges [†]	38.21	(7.84)	22.39
Distributions	(1.62)	(1.59)	(1.74)
Retained distributions on accumulation shares	1.62	1.59	1.74
Closing net asset value per share	174.33	136.12	143.96
† after direct transaction costs of	(0.02)	(0.01)	(0.01)
Performance			
Return after charges	28.07%	(5.45)%	18.42%
Other information			
Closing net asset value (£000)	36,703	23,378	14,988
Closing number of shares	21,053,452	17,174,715	10,410,984
Operating charges (%) [†]	0.67%	0.69%	0.65%
Direct transaction costs (%) [#]	0.01%	0.01%	0.01%
Prices[™]			
Highest share price	174.38	153.26	144.02
Lowest share price	136.15	125.47	119.66

Class 4 Accumulation	2017 p per share	2016 p per share	2015 p per share
Change in net assets per share			
Opening net asset value per share	132.03	139.93	118.59
Return before operating charges [†]	38.07	(6.67)	22.60
Operating charges	(1.32)	(1.23)	(1.26)
Return after operating charges [†]	36.75	(7.90)	21.34
Distributions	(1.29)	(1.25)	(1.25)
Retained distributions on accumulation shares	1.29	1.25	1.25
Closing net asset value per share	168.78	132.03	139.93
† after direct transaction costs of	(0.02)	(0.01)	(0.01)
Performance			
Return after charges	27.83%	(5.65)%	17.99%
Other information			
Closing net asset value (£000)	211	157	167
Closing number of shares	124,927	119,095	119,095
Operating charges (%) [†]	0.87%	0.91%	1.00%
Direct transaction costs (%) [#]	0.01%	0.01%	0.01%
Prices[™]			
Highest share price	168.83	148.91	139.99
Lowest share price	132.06	121.71	116.67

Class R3 Accumulation	2017 p per share	2016 p per share	2015 p per share
Change in net assets per share			
Opening net asset value per share	126.23	133.45	112.81
Return before operating charges [†]	36.39	(6.38)	21.56
Operating charges	(0.90)	(0.84)	(0.92)
Return after operating charges [†]	35.49	(7.22)	20.64
Distributions	(1.54)	(1.52)	(1.50)
Retained distributions on accumulation shares	1.54	1.52	1.50
Closing net asset value per share	161.72	126.23	133.45
† after direct transaction costs of	(0.01)	(0.01)	(0.01)
Performance			
Return after charges	28.12%	(5.41)%	18.30%
Other information			
Closing net asset value (£000)	31,938	18,611	11,276
Closing number of shares	19,749,373	14,743,158	8,449,387
Operating charges (%) [†]	0.62%	0.65%	0.75%
Direct transaction costs [#]	0.01%	0.01%	0.01%
Prices[™]			
Highest share price	161.76	142.06	133.51
Lowest share price	126.26	116.35	111.02

COMPARATIVE TABLES (CONTINUED)

Class 9 Accumulation	2017 p per share	2016 p per share	2015* p per share
Change in net assets per share			
Opening net asset value per share (at launch)	97.59	102.95	100.00
Return before operating charges [‡]	28.12	(5.01)	3.31
Operating charges	(0.41)	(0.35)	(0.36)
Return after operating charges [‡]	27.71	(5.36)	2.95
Distributions	(1.43)	(1.38)	(0.04)
Retained distributions on accumulation shares	1.43	1.38	0.04
Closing net asset value per share	125.30	97.59	102.95
[†] after direct transaction costs of	(0.01)	(0.01)	(0.01)
Performance			
Return after charges	28.39%	(5.21)%	2.95%
Other information			
Closing net asset value (£000)	7,290	526	78
Closing number of shares	5,817,779	538,841	76,000
Operating charges (%) [‡]	0.35%	0.35%	0.35%
Direct transaction costs (%) [#]	0.01%	0.01%	0.01%
Prices[≈]			
Highest share price	125.33	109.63	102.99
Lowest share price	97.61	89.94	100.00

* From 9 February 2015 (date of launch) to 8 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. The net asset value per share is based on the net asset value in the published accounts and may be different due to post year end accounting adjustments.

Ongoing Charges Figure*

Share class	28.02.17	28.02.16
Class 1	1.37%	1.39%
Class 3	0.67%	0.69%
Class 4	0.87%	0.89%
Class R3	0.62%	0.64%
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 0.12% (2016: 0.13%) in respect of the underlying investments. There is a cap on all other operating expenses of 0.25%, however in the current year, all other operating expenses were less than this capped amount.

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

PORTFOLIO STATEMENT

As at 28 February 2017

Investment	Currency	Holding	Market Value £000	% of Net Assets
Collective Investment Schemes 87.47% (92.53%)				
Aviva Investors Emerging Markets Equity Income Fund Class Zy, Accumulation shares, GBP [†]	GBP	7,342	9,754	11.21
Aviva Investors Emerging Markets Local Currency Bond Fund Class Ia, Income shares, GBP [†]	GBP	66,692	6,634	7.63
Aviva Investors European Equity Income Fund Class Zy, Accumulation shares, GBP [†]	GBP	10,597	13,155	15.12
Aviva Investors Global Equity Endurance Fund Class Zy, Accumulation shares, GBP [†]	GBP	5,334	5,882	6.76
Aviva Investors Global High Yield Bond Fund Class Ih, Accumulation shares, GBP [†]	GBP	47,392	6,480	7.45
Aviva Investors Multi-Strategy Target Income Fund Class 8, Income shares, GBP [†]	GBP	369,549	365	0.42
Aviva Investors Multi-Strategy Target Return Fund Class 8, Accumulation shares, GBP [†]	GBP	2,987,055	3,294	3.79
BlackRock Japan Equity Tracker Fund Class L Accumulating GBP	GBP	2,864,213	5,843	6.72
BlackRock North American Equity Tracker Fund Class L Accumulating GBP	GBP	7,757,707	24,685	28.37
Collective Investment Schemes total			76,092	87.47
Forward Currency Contracts 0.11% ((1.10)%)				
Buy USD 7,018,385 sell GBP 5,557,582 dated 15/03/2017			91	0.11
Forward Currency Contracts total			91	0.11
Futures 0.69% ((0.61)%)				
FTSE 100 Index 17/03/2017	GBP	62	249	0.29
S&P 500 Emini Index 17/03/2017	USD	65	353	0.40
Futures total			602	0.69
Liquidity Funds 11.03% (2.52%)¹				
Aviva Investors Sterling Liquidity Fund Class 3, Income shares, GBP [†]	GBP	9,600,000	9,600	11.03
Liquidity Funds total			9,600	11.03
Investment assets ²			86,385	99.30
Net other assets			611	0.70
Net assets			86,996	100.00

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

The comparative percentage figures in brackets are as at 28 February 2016.

[†] Investment in or managed by a related party.

¹ Cash Equivalents.

² Includes Cash Equivalents.

STATEMENT OF TOTAL RETURN

For the year ended 28 February 2017

	Notes	£000	Year ended 28.02.17 £000	£000	Year ended 28.02.16 £000
Income					
Net capital gains/(losses)	2		15,828		(3,110)
Revenue	3	1,051		741	
Expenses					
Net revenue before taxation	4	(417)		(308)	
Taxation	5	–		(3)	
Net revenue after taxation			634		430
Total return before distributions			16,462		(2,680)
Distributions	6		(634)		(430)
Change in net assets attributable to shareholders from investment activities			15,828		(3,110)

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

For the year ended 28 February 2017

	£000	Year ended 28.02.17 £000	£000	Year ended 28.02.16 £000
Opening net assets attributable to shareholders		51,689		36,524
Movement due to issue and cancellation of shares:				
Amounts receivable on issue of shares	23,765		21,294	
Amounts payable on cancellation of shares	(5,022)		(3,548)	
		18,743		17,746
Change in net assets attributable to shareholders from investment activities (see above)		15,828		(3,110)
Retained distribution on accumulation shares		736		529
Closing net assets attributable to shareholders		86,996		51,689

BALANCE SHEET

As at 28 February 2017

	Notes	As at 28.02.17 £000	As at 28.02.16 £000
Assets:			
Investments		76,785	48,005
Current assets:			
Debtors	8	285	1,178
Cash and bank balances	9	991	2,934
Cash equivalents	10	9,600	1,300
Total assets		87,661	53,417
Liabilities:			
Investment liabilities		–	(1,059)
Creditors:			
Bank overdrafts		(97)	–
Other creditors	11	(568)	(669)
Total liabilities		(665)	(1,728)
Net assets attributable to shareholders		86,996	51,689

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting basis and policies

Please see pages 5 to 7 for accounting basis and policies.

2 Net capital gains/(losses)

	Year ended 28.02.17 £000	Year ended 28.02.16 £000
Net capital gains/(losses) on investments during the year comprise:		
Currency gains	28	3
Derivative contracts gains/(losses)	2,004	(1,083)
Expenses relating to the purchase and sale of investments	(4)	(6)
Forward currency contracts gains/(losses)	101	(489)
Non-derivative securities gains/(losses)	13,699	(1,535)
Net capital gains/(losses)*	15,828	(3,110)

* Total realised gains for the year were £2,896,000 (2016: £399,000) and the movement in unrealised gains/(losses) was £12,932,000 (2016: (£3,509,000)). Included in realised gains for the year were unrealised gains/(losses) recognised in previous periods.

3 Revenue

	Year ended 28.02.17 £000	Year ended 28.02.16 £000
Bank and deposit interest	–	9
Franked components of dividend distributions	586	490
Interest on debt securities	25	6
Interest on derivatives	–	13
Investment manager rebates*	101	57
Overseas dividends	–	19
Revenue from offshore funds	301	128
Unfranked components of dividend distributions	38	19
Total revenue	1,051	741

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4 Expenses

	Year ended 28.02.17 £000	Year ended 28.02.16 £000
Payable to the Authorised Corporate Director ("ACD"), associates of the ACD or agents of either of them:		
ACD's periodic charge	356	260
Registration fees	35	25
Expenses fee rebate by ACD	(5)	–
	386	285
Payable to the Depositary, associates of the Depositary or agents of either of them:		
Depositary's fee	9	6
Interest payable	–	1
Safe custody fee	7	4
	16	11
Other expenses:		
Audit fee*	12	10
Printing & postage expenses	1	1
Professional fees	–	(1)
Statement fees	2	2
	15	12
Total expenses	417	308

* The audit fee was £9,168 (2016: £9,050) net of VAT.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5 Taxation**a Analysis of tax charge**

	Year ended 28.02.17 £000	Year ended 28.02.16 £000
Overseas tax suffered	–	3
Total current tax (see note 5b)	–	3

b Factors affecting current tax charge

The tax assessed for the year is lower (2016: lower) than the standard rate of corporation tax in the UK for an Authorised Investment Fund (20%) (2016: 20%).

The differences are explained below:

	Year ended 28.02.17 £000	Year ended 28.02.16 £000
Net revenue before taxation	634	433
Corporation tax at 20%	127	87
Effects of:		
Franked distributions not subject to corporation tax	(118)	(98)
Movement in excess expenses	(9)	15
Overseas dividends not subject to corporation tax	–	(4)
Overseas tax suffered	–	3
	(127)	(84)
Current tax charge (see note 5a)	–	3

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 (2016: £nil).

After claiming relief against accrued income taxable on receipt, the Fund has unrelieved excess expenses of £709,000 (2016: £757,000) creating a potential deferred tax asset of £142,000 (2016: £151,000). 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 28.02.17 £000	Year ended 28.02.16 £000
The distributions take account of revenue received on the issue of shares and revenue deducted on the cancellation of shares, and comprise:		
Interim distribution	148	72
Final distribution	588	457
	736	529
Add: Revenue deducted on cancellation of shares	22	29
Deduct: Revenue received on issue of shares	(124)	(128)
Total distributions	634	430
Reconciliation of distributions for the year to net revenue after taxation		
Distributions for the year	634	430
Net revenue after taxation	634	430

Details of the distributions per share are set out in the distribution tables on page 134.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7 Fair value hierarchy

Valuation technique	As at 28.02.17		As at 28.02.16	
	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Quoted prices for identical instruments in active markets	602	–	75	(389)
Prices of recent transactions for identical instruments	85,692	–	49,129	–
Valuation techniques using observable market data	91	–	101	(670)
Total	86,385	–	49,305	(1,059)

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 28.02.17 £000	As at 28.02.16 £000
Accrued revenue	3	5
Accrued management fee rebates	35	20
Amounts receivable on issue of shares	240	149
Income tax recoverable	7	4
Sales awaiting settlement	–	1,000
Total debtors	285	1,178

9 Cash and bank balances

	As at 28.02.17 £000	As at 28.02.16 £000
Amounts held at futures clearing houses and brokers	5	1,231
Cash and bank balances	986	1,703
Total cash and bank balances	991	2,934

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 Cash equivalents

	As at 28.02.17 £000	As at 28.02.16 £000
Aviva Investors Sterling Liquidity Fund	9,600	1,300
Total cash equivalents	9,600	1,300

11 Other creditors

	As at 28.02.17 £000	As at 28.02.16 £000
Accrued expenses	51	38
Amounts payable for cancellation of shares	17	31
Purchases awaiting settlement	500	600
Total creditors	568	669

12 Contingent liabilities and commitments

There were no contingent liabilities or commitments at the year end (2016: £nil).

13 Related party transactions

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

ACD periodic charges paid to Aviva Investors UK Fund Services Limited ("the ACD") are shown in note 4 and details of shares issued and cancelled by the ACD are shown in the statement of change in net assets attributable to shareholders. The balance due to the ACD at the year end in respect of ACD periodic charges was £32,000 (2016: £21,000). 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 £536,000 (2016: £382,000). The amount outstanding at the year end was £423,000 (2016: £326,000). 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 £61,777,000 (2016: £23,596,000) and £27,426,000 (2016: £7,297,000) respectively. The income received during the year amounted to £367,000 (2016: £157,000). The rebates from ACD during the year amounted to £50,000 (2016: £8,000).

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

	Holdings at 28.02.17 (shares)	Movement (shares)	Holdings at 28.02.16 (shares)
ACD and related parties (share class 3 Accumulation shares)	21,053,452	3,878,737	17,174,715
ACD and related parties (share class R3 Accumulation shares)	9,097,994	1,603,311	7,494,683
ACD and related parties (share class 9 Accumulation shares)	5,817,779	5,278,938	538,841

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

14 Shareholder funds

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

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

The net asset value per share class, the net asset value per share and the number of shares in the class are shown on pages 121 and 122. The distributions per share class are given in the distribution tables on page 134. 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 28.02.16	Number of shares issued	Number of shares cancelled	Number of shares converted	Number of shares in issue at 28.02.17
Share Class 1 (Accumulation)	6,944,316	127,264	(464,622)	(39,298)	6,567,660
Share Class 3 (Accumulation)	17,174,715	5,120,211	(1,241,474)	–	21,053,452
Share Class 4 (Accumulation)	119,095	15,881	(10,049)	–	124,927
Share Class R3 (Accumulation)	14,743,158	6,316,538	(1,350,674)	40,351	19,749,373
Share Class 9 (Accumulation)	538,841	5,603,511	(324,573)	–	5,817,779

16 Counterparty exposure

Financial derivative exposure

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

	Forward currency contracts £000	Futures contracts £000	Total £000
28.02.17			
Citibank	84	–	84
UBS	7	602	609
Total	91	602	693

	Forward currency contracts £000	Futures contracts £000	Total £000
28.02.16			
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)
Total	(569)	75	(494)

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

Collateral

At the year end date no collateral was held or pledged by the company or on behalf of the counterparties in respect of the above (2016: £nil).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

17 Derivatives and other financial instruments

The policies applied in the management of financial instruments are set out on pages 6 and 7.

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 (2016: £nil).

Currency risk

At the year end date, 7.09% (2016: (3.30)%) of the net assets of the Fund were denominated in currencies other than sterling and as such, the currency risk is not considered significant.

Interest rate risk

At the year end date 12.06% (2016: 8.19%) of the net assets of the Fund were interest bearing. If interest rates were to change by 1.00%, the value of the Fund would change by 0.12% (2016: 0.08%).

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

Currency 28.02.17	Floating Rate £000	Fixed Rate £000	None £000	Total £000
Financial Assets				
Sterling	10,324	–	76,626	86,950
US Dollar	267	–	6,001	6,268
Financial Liabilities				
Sterling	–	–	(6,125)	(6,125)
US Dollar	(97)	–	–	(97)
Total	10,494	–	76,502	86,996

The 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
Financial Assets				
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
Financial Liabilities				
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)
Total	4,234	–	47,455	51,689

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 15.08% (2016: 11.34%) 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, 87.47% (2016: 92.53%) of the net assets of the Fund were invested in CIS (which primarily invest in stocks admitted to an official stock exchange) and debt securities. If the market value were to change by 10%, the value of the Fund would change by 8.75% (2016: 9.25%).

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.

28.02.17	Principal before costs £000	Commissions £000	Taxes £000	Total after costs £000	Commissions as % of principal	Taxes as % of principal
Purchases (excluding in-specie transfers and corporate actions)						
Equities	(9,389)	(3)	–	(9,392)	0.03%	0.00%
Bonds	(32,300)	–	–	(32,300)	0.00%	0.00%
Funds	(38,177)	–	–	(38,177)	0.00%	0.00%
	<u>(79,866)</u>	<u>(3)</u>	<u>–</u>	<u>(79,869)</u>		
Sales (excluding in-specie transfers and corporate actions)						
Equities	9,376	(3)	–	9,373	0.03%	0.00%
Bonds	24,000	–	–	24,000	0.00%	0.00%
Funds	23,620	–	–	23,620	0.00%	0.00%
	<u>56,996</u>	<u>(3)</u>	<u>–</u>	<u>56,993</u>		
Total		<u>(6)</u>	<u>–</u>			
Percentage of fund average net assets		<u>0.01%</u>	<u>0.00%</u>			

28.02.16	Principal before costs £000	Commissions £000	Taxes £000	Total after costs £000	Commissions as % of principal	Taxes as % of principal
Purchases (excluding in-specie transfers and corporate actions)						
Equities	(4,631)	(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%
Purchases (include corporate actions activity only)						
Bonds	(1,400)	–	–	(1,400)	0.00%	0.00%
	<u>(49,277)</u>	<u>(1)</u>	<u>–</u>	<u>(49,278)</u>		
Sales (excluding in-specie transfers and corporate actions)						
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%
	<u>29,414</u>	<u>(3)</u>	<u>–</u>	<u>29,411</u>		
Total		<u>(4)</u>	<u>–</u>			
Percentage of fund average net assets		<u>0.01%</u>	<u>0.00%</u>			

Dealing spread

As at 28 February 2017, the average portfolio dealing spread was 0.03% (2016: 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 (2016: £nil).

DISTRIBUTION TABLES

Final distribution payable in pence per share for the six months ended 28 February 2017

Accumulation shares		Net revenue	Equalisation	Final distribution payable 30 April 2017	Final distribution paid 30 April 2016
Share Class 1	Group 1	0.6120	–	0.6120	0.5703
	Group 2	0.0870	0.5250	0.6120	0.5703
Share Class 3	Group 1	1.2374	–	1.2374	1.3166
	Group 2	0.2407	0.9967	1.2374	1.3166
Share Class 4	Group 1	1.0641	–	1.0641	1.1477
	Group 2	0.0816	0.9825	1.0641	1.1477
Share Class R3	Group 1	1.1575	–	1.1575	1.2518
	Group 2	0.2245	0.9330	1.1575	1.2518
Share Class 9	Group 1	0.9864	–	0.9864	1.0413
	Group 2	0.1797	0.8067	0.9864	1.0413

Final distribution

Group 1 shares are those shares purchased at or before 2pm on 31 August 2016.

Group 2 shares are those shares purchased after 2pm on 31 August 2016.

Interim distribution paid in pence per share for the six months ended 31 August 2016

Accumulation shares		Net revenue	Equalisation	Interim distribution paid 31 October 2016	Interim distribution paid 31 October 2015
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	0.3796	–	0.3796	0.2740
	Group 2	0.0000	0.3796	0.3796	0.2740
Share Class 4	Group 1	0.2242	–	0.2242	0.1061
	Group 2	0.0000	0.2242	0.2242	0.1061
Share Class R3	Group 1	0.3864	–	0.3864	0.2699
	Group 2	0.0000	0.3864	0.3864	0.2699
Share Class 9	Group 1	0.4461	–	0.4461	0.3341
	Group 2	0.0118	0.4343	0.4461	0.3341

Interim distribution

Group 1 shares are those shares purchased at or before 2pm on 28 February 2016.

Group 2 shares are those shares purchased after 2pm on 28 February 2016.

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 2017 on behalf of Aviva Investors UK Fund Services Limited in accordance with the requirements of the Collective Investment Schemes Sourcebook of the Financial Conduct Authority.

I K Buckle
Director

S Ebenston
Director
29 June 2017

STATEMENT OF THE DEPOSITARY'S RESPONSIBILITIES

The Depositary is responsible for the safe keeping of all the property of the company (other than tangible moveable property) which is entrusted to it and for the collection of income that arises from that property.

It is the duty of the Depositary to take reasonable care to ensure that the Company is managed by the Authorised Corporate Director in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook ("the COLL Sourcebook"), the Open-Ended Investment Companies Regulations 2001 (SI 2001/1228) ("the OEIC Regulations") and the Company's Instrument of Incorporation and Prospectus, as appropriate, in relation to the pricing of, and dealings in, shares in the Company; the application of income of the Company; and the investment and borrowing powers of the Company.

DEPOSITARY'S REPORT TO THE SHAREHOLDERS

Having carried out such procedures as we consider necessary to discharge our responsibilities as Depositary of the Company, it is our opinion, based on the information available to us and the explanations provided, that in all material respects the Authorised Corporate Director:

- (i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Company's shares and the application of the Company's income in accordance with the COLL Sourcebook, as appropriate, and, where applicable, the OEIC Regulations and the Company's Instrument of Incorporation and Prospectus; and
- (ii) has observed the investment and borrowing powers and restrictions applicable to the Company.

Citibank Europe plc, UK Branch
London
29 June 2017

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 2017 and of the net revenue and the net capital gains 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 2017;
- 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and applicable law), the Statement of Recommended Practice '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 135, 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
29 June 2017

(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.

SECURITIES FINANCING TRANSACTIONS REGULATION DISCLOSURE (UNAUDITED)

None of the Funds in the Company currently undertakes securities financing transactions (as defined in Article 3 of Regulation (EU) 2015/2365) or uses total return swaps.

GENERAL INFORMATION

Investments in Aviva Investors Portfolio Funds ICVC are intended to be medium to long term investments and should not be considered as a short term investment.

Past performance is not a guide to the future.

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

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

Please refer to the Prospectus (which is available on the internet at www.avivainvestors.com or from the ACD on request) for a full description of the risks involved when investing in the Funds.

Performance figures detailed in each Fund's review have been sourced from Lipper. All other performance figures have been sourced from the Investment Manager.

Any future returns and opinions expressed are those of the Investment Manager and should not be relied upon as indicating any guarantee of return from investment in the Funds.

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

Publication of Prices

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

