

# AVIVA INVESTORS SELECT FUNDS ICVC

## Annual Report and Financial Statements

For the year ended 28 February 2023



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\* These items (as well as each sub-fund's Investment Objective, Investment Policy, Fund Manager's Report, Portfolio Statement and Material Portfolio Changes) comprise the Authorised Corporate Director's Report for the purposes of the rules contained in the Collective Investment Schemes Sourcebook ("the Regulations").

## COMPANY INFORMATION

### AUTHORISED CORPORATE DIRECTOR

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

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

### DIRECTORS

I Buckle (resigned 13 May 2022)  
M Craston  
M White  
A Coates  
K McClellan  
D Macmillan (resigned 31 March 2022)  
B Fowler  
S Winstanley  
J Adamson (appointed 9 May 2022)  
M Bell (appointed 10 May 2022)

### REGISTRAR AND ADMINISTRATOR

SS&C Financial Services Europe Limited  
SS&C House  
St Nicholas Lane  
Basildon  
Essex, SS15 5FS

### FUND ACCOUNTING AND PRICING AGENT

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

### INVESTMENT MANAGER

River Road Asset Management LLC  
462 South Fourth Street  
Louisville KY 40202 USA

The ultimate parent company of River Road Asset Management LLC is Affiliated Managers Group.

### DEPOSITARY

J.P. Morgan Europe Limited  
25 Bank Street  
Canary Wharf  
London, E14 5JP

J.P. Morgan Europe Limited is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

### INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP  
7 More London Riverside  
London, SE1 2RT

PricewaterhouseCoopers LLP have been reappointed as auditors of the Company.

## REPORT OF THE AUTHORISED CORPORATE DIRECTOR

### THE COMPANY

Aviva Investors Select Funds ICVC ("the Company") is an Open-Ended Investment Company (OEIC) with variable capital incorporated in England and Wales since 18 August 2004. The property of the Company is entrusted to J.P. Morgan Europe Limited ("the Depositary"). The shareholders are not liable for any debts of the Company.

The object of the Company is to invest the scheme property in transferable securities, money-market instruments, deposits, units in collective investment schemes, derivative instruments and forward transactions, in accordance with the FCA Rules applicable to the Company and each Fund according to the type of authorisation of the Company as stated in the Instrument of Incorporation with the aim of spreading investment risk and giving its shareholders the benefit of the results of the management of the property.

The Company has an umbrella structure which means that it contains a number of sub-funds ("Funds"), each with a different investment objective. In the financial statements you will find an investment review for the two Funds in the Aviva Investors Select Funds ICVC that are available for investment which includes details of the investment objectives.

### AUTHORISED STATUS

From 18 August 2004 the Company was authorised as an Open-Ended Investment Company under Regulation 9 of the Open-Ended Investment Companies Regulations 1996 (superseded by Regulation 12 of the Open-Ended Investment Companies Regulations 2001) ("Regulations").

The Company is authorised to operate as a "UCITS Scheme" for the purposes of the COLL sourcebook and as an "umbrella" company for the purposes of the OEIC Regulations.

### THE FINANCIAL STATEMENTS

We are pleased to present the annual financial statements of the Company for the year ended 28 February 2023. As required by the Regulations, information for each of the Funds has been included in these financial statements. On the following pages we review the performance of each of those Funds during the year. We hope that you find our review useful and informative.

### ANNUAL GENERAL MEETINGS

The Company will not be holding any Annual General Meetings.

### SIGNIFICANT INFORMATION

#### Changes to the Prospectus

On 17 October 2022, we amended the Prospectus of the Aviva Investors Select Funds ICVC to reflect:

- a) economies of scale discounts which the authorised corporate director is proposing to apply to the annual management charge of certain share classes within certain sub-funds of the above scheme; and
- b) that going forward charges related to the disbursements and expenses of tax, legal and other professional advisers in relation to litigation pursued for, or on behalf of, the scheme or its sub-fund(s) will be taken directly out of scheme property.

## STATEMENT OF CROSS HOLDINGS

There are no cross holdings as at 28 February 2023.

## POLICIES AND RISKS

### ACCOUNTING POLICIES

#### a Basis of accounting

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

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

#### b Share classes

The Funds have four types of share classes; Retail shares (class 1), Institutional shares (class 2 and class 5) and shares held by Associated undertakings of Aviva Plc (class 3). 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. Some shares classes are priced in currencies other than Sterling.

#### c Recognition of revenue

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

Special dividends are treated as either revenue or capital depending on the facts of each particular case.

#### 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 Basis of valuation of investments

#### Quoted investments

The quoted investments of the Company have been valued at close of business bid value on the last working day of the accounting period.

The ACD is comfortable that there is no material difference between the value of the financial assets and liabilities, as shown in the balance sheet, and their fair value.

#### 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.

#### 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

Collective investment schemes operated by the ACD are valued at their cancellation price for dual priced funds and their single price for single priced funds. Other collective investment schemes are valued at their bid price for dual priced funds and their single price for single priced funds.

#### g Exchange rates

Assets and liabilities held in foreign currencies are translated at the rate ruling at midday on the last working day of the accounting period. Revenue and expenditure items are translated at the rate ruling at the date of transaction.

#### h 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.

#### i 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.

## POLICIES AND RISKS (CONTINUED)

### DISTRIBUTION POLICIES

#### a Distribution policy

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

#### b Treatment of stock dividends

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

#### c Treatment of management expenses

All expenses, except ACD's periodic charge/Fund Management Fee and 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.

For the purposes of the distribution, the ACD's periodic charge of the Aviva Investors US Equity Income Fund and the Aviva Investors US Equity Income Fund II is deducted from capital.

To take account of the relief obtained in respect of charging the Fund Management Fee to capital, a notional tax charge is deducted from the revenue account, and a corresponding notional tax credit is added to the capital account.

### 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.

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.

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

#### a Foreign Currency Risk

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

#### b Interest Rate Risk

The value of debt securities may be affected by interest rate movements or the expectation of such movements in the future. Interest receivable on bank deposits or payable on bank overdraft positions will be affected by fluctuations in interest rates. The 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. 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 COLL, 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 Swaps and Derivatives Association (ISDA) Master Agreements 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.

#### 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.

#### g Operational Risk

There is a risk that due to the impact of COVID-19, processes, people or systems (including those of third party suppliers) become inadequate or fail. This is managed through strict adherence to standard operating procedures, rigorous oversight and internal governance standards, systems and reporting which have been enhanced during the current crisis.

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



## AVIVA INVESTORS US EQUITY INCOME FUND

### INVESTMENT OBJECTIVE

The Fund aims to grow your investment by providing combined income and capital growth greater than that of the Russell® 3000 Value Index over any given 5 year period, by investing in shares of companies listed on North American stock exchanges.

Within this combined aim, the Fund seeks to deliver an income of at least 125% of the income of the Russell® 3000 Value Index over any given 12-month period.

Both the income and combined return aims are measured before the deduction of Fund charges and tax.

### INVESTMENT POLICY

#### Core investment

Typically, at least 80% of the Fund will be invested in shares of companies listed on North American stock exchanges.

#### Other investments

The Fund may also invest in other shares, other funds, cash and deposits.

#### Strategy

The Fund is actively managed, and the Investment Manager will look to identify quality companies, which engage strongly with their shareholders, and which the Investment Manager believes will pay a high and growing dividend.

The process for making these decisions will entail careful analysis of each company's business model, balance sheet, dividend prospects and valuation, with a view to discovering undervalued companies that demonstrate characteristics which would allow them to generate sustainable future growth. The investment philosophy, known as "Absolute Value®", supports high conviction investment, typically in companies with a minimum market capitalisation (total market value of a company's outstanding shares) of \$300m at the time of investment. In addition, the Fund has limited exclusions based on Aviva Investors' UK Responsible Investment policy. Further information on the Aviva Investors UK Responsible Investment policy is available on our website and in the Prospectus.

#### Performance & Risk Measurement

The Fund's combined growth and income targets are measured against the Russell® 3000 Value Index (the "Index").

The Fund does not base its investment process upon the Index, so will not hold every company in the Index and will also hold companies that do not form part of it.

The Fund uses a "tracking error" to measure the consistency of the Fund's returns and the returns of the Index. In general, the lower the tracking error, the more consistent the Fund's returns are relative to the Index, and vice-versa. The Fund is expected to have an average yearly tracking error of between 2% and 6% when compared to the Index. In certain conditions the Fund may be outside of this range.

The Index is a subset of the Russell® 3000 Index, which contains a range of U.S. companies with an average market capitalisation value of around \$1.5 billion. The companies included in the "value" index are selected based on a "probability" of each company's value increasing in the future.

The Index has been selected as a benchmark for the performance targets and risk measurement as the Fund's portfolio will be constructed by investing in companies which demonstrate similar value characteristics, and it is therefore an appropriate basis for the Fund's income and capital performance aims.

### FUND MANAGER'S REPORT

#### Performance

Over the twelve months ended 28 February 2023 the Fund (share class 1, net of fees) returned 7.53%. The Fund's benchmark, the Russell® 3000 Value Index, returned 7.60% over the same period.

The tracking error at the year end was 4.68%.

The Portfolio Turnover Ratio for the year end was 8.38%.

The anticipated level of tracking error is shown in the Performance & Risk Measurement section of the above Investment Policy.

#### Review

In Q1 2022, any remaining argument that the spike in inflation was 'transitory' was largely scuttled. According to the U.S. Bureau of Labor Statistics, the Consumer Price Index rose +8.5% in the 12 months ending in March 2022, the largest annual increase in four decades. Increased prices for gasoline, shelter, and food were the largest contributors to the surge, but used car prices finally rolled over. Fueled first by the global supply chain disruptions and then by the war in Ukraine, commodity prices surged with the Bloomberg Commodity Index up +25%, the Brent Crude up +35%, and the Producer Price Index hitting a series high of +11.2%. According to Bank of America/Merrill Lynch, the S&P 500 Energy sector posted its strongest quarterly outperformance (+44%) at the time since it began collecting data in 1970. In response to the accelerating decline in purchasing power of the dollar, central bank officials increased the federal funds rate by +25 bps and openly discussed balance sheet reduction in mid-March. The sudden tightening in monetary policy prompted a sharp spike in longer term interest rates, as the rate on two-year U.S. Treasuries more than tripled to 2.43% and the five-year Treasury rate doubled to 2.55%, resulting in the worst quarterly performance for bonds in 40 years at the time.

The post-COVID-19 bull market came to a sudden halt in the first half of 2022 as the S&P 500 declined more than 20% from its peak in the market's worst start to a year since 1962. Federal Reserve officials increased interest rates numerous times in 2022, yet reported inflation was still accelerating as the Consumer Price Index (CPI) was up over +8% over the prior 12 months, the highest reading since then Fed Chairman Paul Volcker finally whipped inflation 41 years ago. Fed Chairman Jerome Powell et al. elected to increase the Federal funds rate at the fastest pace in decades. While the data supports an aggressive approach, this response only amplified investors' concerns the Fed was still scrambling to catch up with inflation and the opportunity to rein in prices without prompting an economic 'hard landing' may already have passed. Fixed income markets signaled concerns about the economy with the yield curve inverted and corporate spreads widening. In August 2022, S&P's composite PMI measure, which combines both manufacturing and services activity, contracted by the sharpest amount since May 2020, and the Atlanta Fed GDPNow projection for Q3 GDP growth dropped to a measly +0.3%, making it highly possible that economic activity has declined for three quarters in a row at the time.

Fed officials continued their relentless battle against inflation in Q3, even as the impacts of their earlier interventions started to be felt. Over two meetings, the FOMC raised the fed funds target range by 150 bps to 3.00%-3.25%, the highest level since the beginning of 2008, and the fastest increase in the policy rate since December 1980. In September, quantitative tightening ramped to its full potential of \$95 B per month in balance sheet reduction.

## AVIVA INVESTORS US EQUITY INCOME FUND (CONTINUED)

### FUND MANAGER'S REPORT (CONTINUED)

#### Review (continued)

This aggressive policy response stands in stark contrast to more measured moves in Europe, the United Kingdom, and Japan which has resulted in dramatic currency movements as the Euro/USD moved below parity, the British Pound very nearly so, and the Yen's collapse prompted the Bank of Japan to intervene. Fed Chairman Jerome Powell seems inured to the evident strains in the global financial system and appears willing to risk recession in his pursuit of 2% inflation. In that vein, the Fed's preferred measure of inflation, the PCE Deflator, continued to move higher throughout the quarter, fueling concern that absent a crisis, monetary policy would tighten even further after the election. However, there were early signs inflationary pressure was easing as the Atlanta Fed's Flexible CPI dropped from recent highs, and the University of Michigan inflation expectations index moved notably lower at the time.

With its announcement of a 50 bps increase in the fed funds target rate in December, the Fed put the bow on its most aggressively hawkish year in a generation. Over the span of 273 days and seven meetings, it moved the target interest rate from zero to 4.25%-4.50%, the highest level since 2007. In addition, Fed officials started to pare down the nearly \$9 T in assets that had accumulated on the central bank's balance sheet, allowing it to shrink by more than \$400 B from the April peak. As the quarter progressed, the impacts of this relentless battle against inflation started to register across the global economy – yield curves inverted, inflationary pressure began to ebb, the University of Michigan noted inflationary concerns were easing, the U.S. housing market cooled down sharply, and global recession concerns grew. Apparently of the belief that much of the heavy lifting is now behind them, Fed officials communicated that they plan to take a more measured, data dependent course in 2023.

In the period, mid cap stocks outperformed large and small cap, as the Russell Midcap index returned -4.99% versus -8.21% and -6.02% for the Russell 1000 and Russell 2000 indexes, respectively. Value stocks outperformed their growth peers. Among small caps, the Russell 2000 Value outperformed the Russell 2000 Growth by +352 bps. Among large caps, the Russell 1000 Value outperformed the Russell 1000 Growth by +1,053 bps.

The largest positive drivers of relative return were stock selection in Financials (+72 bps) and Utilities (+49 bps). The Portfolio holdings in the Financials sector tend to be more focused on insurance than banking, a fact which contributed positively to relative results in the period. Among the insurance holdings of note were Progressive Corp. (PGR: +36%) and Axis Capital Holdings Ltd. (AXS: +15%), both of which benefited from continued improvement in the industry's pricing power. Results were mixed among holdings in the Utilities sector but the Portfolio's largest position in the sector, AES Corp. (AES: +20%), was a standout in the period and was responsible for the positive stock selection. AES is increasingly recognized for its aggressive efforts to de-carbonize its generation capacity and success in leveraging its independence to partner with large electricity consumers that are pursuing their own carbon reduction goals.

The holdings with the highest contribution to active return in the Portfolio were Progressive Corp. (PGR: +36%, +107 bps), AES Corp. (AES: +20%, +76 bps), and Marathon Petroleum Corp. (MPC: +25%, +75 bps).

The largest negative drivers of relative return were stock selection in Energy (-129 bps) and the overweight in Information Technology (-57 bps). The underperformance in Energy was largely driven by the low beta approach which generally characterizes our positioning in the sector. Our focus on dividends leads us to look for opportunities among companies that can generate consistent cash flows from the volume of energy demanded rather than the more volatile cash flows that are generated by the massive price swings. As such we were pleased to see the sector was the top performer in the period, but not surprised that our conservative positions underperformed their benchmark peers. Among Information Technology holdings, the largest position in the Portfolio, Oracle Corp. (ORCL: +17%), had a strong showing in the period, but this was overshadowed by the adverse results of the positions in Corning Inc. (GLW: -13%), QUALCOMM Inc. (QCOM: -27%), and Fidelity National Information Systems Inc. (FIS: -32%).

The holdings with the lowest contribution to active return in the Portfolio were Verizon Communications Inc. (VZ: -23%, -75 bps), Truist Financial Corp. (TFC: -21%, -62 bps), and Fidelity National Information Services Inc. (FIS: -32%, -56 bps).

As of February 28, the Portfolio held a total of 49 positions. During the period, we established 10 new positions and eliminated 9.

#### Outlook

We expect the first half of 2023 will prove to be volatile as monetary policy becomes less predictable and more reactionary to incremental data. We anticipate that this will lead to an explosion of diverging viewpoints about what each data point portends for upcoming policy decisions and how exactly the Fed will, or should, react. In the end, we expect the fed funds rate will be higher in June than it was at the start of the year, but we still believe that the proper question is not how many times, or when, the Fed will raise rates in 2023, but instead what will be the extent of the economic slowdown that this tightening engenders? Fed Chairman Jerome Powell has been firm in his position that policymakers are prepared to push the economy into a shallow recession to bring inflation under control, and we think it prudent to take him at his word. Compounding this uncertainty, as the impact of higher rates slowly takes hold, the probability of financial disruptions (including the recent bank run at SVB) escalate. Lastly, investors appear to have become inured to the immense risks that the war in Ukraine still presents to the global economy, especially if the pace of the conflict reaccelerates in the spring.

## AVIVA INVESTORS US EQUITY INCOME FUND (CONTINUED)

### FUND MANAGER'S REPORT (CONTINUED)

#### Outlook (continued)

As we noted in Q3, we cannot know how this event will resolve itself, and it is natural to hope that Vladimir Putin or his replacement will step back and sue for peace, but sadly, this wildcard could continue to ravage lives and linger over markets for much of 2023. We believe a cocktail of forces, namely slowing economic growth, higher interest rates, losses on speculative asset classes, and a systematic decline in trust, will drive outperformance for both value and dividend focused portfolios in the coming years.

#### March 2023

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As noted above, the performance figures in this commentary have been sourced from Lipper and are based on published prices. The performance figures quoted in the comparative tables on pages 10 to 12 are based on the net asset value per the published accounts and may be different due to post year end accounting adjustments.

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

#### Performance History – Income Shares

Calendar year	Share Class 1 %	Share Class 2 (GBP) %	Share Class 2 (USD) %	Share Class 5 %	Benchmark* %
31.12.17 to 31.12.18	-2.60	-2.20	-7.50	-2.10	-2.90
31.12.18 to 31.12.19	18.10	18.60	22.70	18.70	21.40
31.12.19 to 31.12.20	-3.40	-3.20	-0.20	-3.10	2.90
31.12.20 to 31.12.21	23.20	23.50	21.90	23.60	26.53
31.12.21 to 31.12.22	6.13	6.39	6.39	6.60	3.61

\* Benchmark – Russell® 3000 Value Index.

#### Performance History – Accumulation Shares

Calendar year	Share Class 1 %	Share Class 2 (GBP) %	Share Class 3 %	Share Class 5 %	Benchmark* %
31.12.17 to 31.12.18	-2.60	-2.20	-1.80	-2.10	-2.90
31.12.18 to 31.12.19	18.10	18.60	19.00	17.80	21.40
31.12.19 to 31.12.20	-3.40	-3.20	-2.80	-3.10	-2.90
31.12.20 to 31.12.21	23.20	23.50	24.00	23.60	26.53
31.12.21 to 31.12.22	6.13	6.39	6.50	6.61	3.61

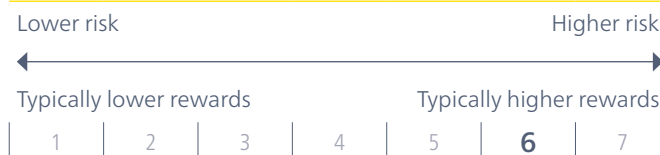
\* Benchmark – Russell® 3000 Value Index.

Source for all data: Aviva Investors/Lipper, a Thomson Reuters company, this is based on index provider data where applicable. Fund return data is mid to mid, net income reinvested, net of all ongoing charges and fees in sterling, net of tax payable by the Fund to 31 December 2022. The figures do not include the effect of the Entry Charge and any Exit Charge.

#### Material Portfolio Changes

Purchases	Sales
American Tower, REIT	Marathon Petroleum
Cogent Communications Holdings	Atlantica Sustainable Infrastructure
Watsco	AbbVie
Micron Technology	Cisco Systems
Texas Instruments	STORE Capital
STORE Capital	Magna International
Baxter International	Progressive
Cable One	NortonLifeLock
Oracle	Sysco
Kroger	Fidelity National Financial

#### Synthetic Risk and Reward Indicator



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

- This indicator is based on historical data, calculated using European Union rules, and may not be a reliable indication of the future risk profile of the Fund.
- Investment may be restricted to a limited number of holdings, industries, or Countries. The Fund share price may be more exposed to specific events and as a result may experience large daily price changes.
- The risk and reward category shown is not guaranteed to remain unchanged and may change over time. The lowest category does not mean 'risk free'.
- Further information on the risks applicable to the Fund is detailed in the Fund's Key Investor Information Document, and a full description is set out in the Prospectus, both of which are available on the internet at [www.avivainvestors.com](http://www.avivainvestors.com) or from the ACD on request.

## COMPARATIVE TABLES

Class 1 Income	2023 p per share	2022 p per share	2021 p per share
<b>Change in net assets per share</b>			
Opening net asset value per share	223.85	189.47	182.75
Return before operating charges <sup>†</sup>	15.91	42.14	14.49
Operating charges	(2.36)	(2.28)	(2.02)
Return after operating charges <sup>†</sup>	13.55	39.86	12.47
Distributions	(6.27)	(5.48)	(5.75)
Closing net asset value per share	231.13	223.85	189.47
<sup>†</sup> after direct transaction costs of	(0.05)	(0.04)	(0.11)
<b>Performance</b>			
Return after operating charges	6.05%	21.04%	6.82%
<b>Other information</b>			
Closing net asset value (£000)	507	609	500
Closing number of shares	219,172	271,929	264,109
Operating charges (%) <sup>†</sup>	1.00%	1.05%	1.13%
Direct transaction costs (%) <sup>‡</sup>	0.02%	0.02%	0.06%
<b>Prices<sup>®</sup></b>			
Highest share price	253.01	230.87	199.04
Lowest share price	217.13	190.11	146.28

Class 2 Income	2023 p per share	2022 p per share	2021 p per share
<b>Change in net assets per share</b>			
Opening net asset value per share	238.19	201.10	193.49
Return before operating charges <sup>†</sup>	16.93	44.80	15.35
Operating charges	(1.88)	(1.88)	(1.65)
Return after operating charges <sup>†</sup>	15.05	42.92	13.70
Distributions	(6.67)	(5.83)	(6.09)
Closing net asset value per share	246.57	238.19	201.10
<sup>†</sup> after direct transaction costs of	(0.05)	(0.05)	(0.11)
<b>Performance</b>			
Return after operating charges	6.32%	21.34%	7.08%
<b>Other information</b>			
Closing net asset value (£000)	8,574	16,908	43,356
Closing number of shares	3,477,251	7,098,526	21,559,132
Operating charges (%) <sup>†</sup>	0.75%	0.81%	0.88%
Direct transaction costs (%) <sup>‡</sup>	0.02%	0.02%	0.06%
<b>Prices<sup>®</sup></b>			
Highest share price	269.56	245.63	211.19
Lowest share price	231.23	201.78	154.90

Class 1 Accumulation	2023 p per share	2022 p per share	2021 p per share
<b>Change in net assets per share</b>			
Opening net asset value per share	299.87	247.54	231.38
Return before operating charges <sup>†</sup>	21.25	55.34	18.75
Operating charges	(3.19)	(3.01)	(2.59)
Return after operating charges <sup>†</sup>	18.06	52.33	16.16
Distributions	(8.46)	(7.23)	(7.36)
Retained distributions on accumulation shares	8.46	7.23	7.36
Closing net asset value per share	317.93	299.87	247.54
<sup>†</sup> after direct transaction costs of	(0.06)	(0.06)	(0.14)
<b>Performance</b>			
Return after operating charges	6.02%	21.14%	6.98%
<b>Other information</b>			
Closing net asset value (£000)	480	663	587
Closing number of shares	150,922	220,998	237,299
Operating charges (%) <sup>†</sup>	1.00%	1.05%	1.13%
Direct transaction costs (%) <sup>‡</sup>	0.02%	0.02%	0.06%
<b>Prices<sup>®</sup></b>			
Highest share price	341.07	306.89	258.18
Lowest share price	292.70	248.35	185.21

Class 2 Accumulation	2023 p per share	2022 p per share	2021 p per share
<b>Change in net assets per share</b>			
Opening net asset value per share	318.64	262.38	244.64
Return before operating charges <sup>†</sup>	22.59	58.70	19.85
Operating charges	(2.55)	(2.44)	(2.11)
Return after operating charges <sup>†</sup>	20.04	56.26	17.74
Distributions	(9.00)	(7.67)	(7.79)
Retained distributions on accumulation shares	9.00	7.67	7.79
Closing net asset value per share	338.68	318.64	262.38
<sup>†</sup> after direct transaction costs of	(0.07)	(0.06)	(0.14)
<b>Performance</b>			
Return after operating charges	6.29%	21.44%	7.25%
<b>Other information</b>			
Closing net asset value (£000)	1,412	1,193	1,467
Closing number of shares	416,900	374,287	558,923
Operating charges (%) <sup>†</sup>	0.75%	0.81%	0.88%
Direct transaction costs (%) <sup>‡</sup>	0.02%	0.02%	0.06%
<b>Prices<sup>®</sup></b>			
Highest share price	362.85	326.06	273.57
Lowest share price	311.26	263.24	195.85

## COMPARATIVE TABLES (CONTINUED)

Class 2 Income (USD)	2023 c per share	2022 c per share	2021 c per share
<b>Change in net assets per share</b>			
Opening net asset value per share	199.19	174.87	155.63
Return before operating charges <sup>†</sup>	(6.52)	30.86	25.60
Operating charges	(1.43)	(1.59)	(1.35)
Return after operating charges <sup>†</sup>	(7.95)	29.27	24.25
Distributions	(5.05)	(4.95)	(5.01)
Closing net asset value per share	186.19	199.19	174.87
<sup>†</sup> after direct transaction costs of	(0.04)	(0.04)	(0.09)
<b>Performance</b>			
Return after operating charges	(3.99)%	16.74%	15.58%
<b>Other information</b>			
Closing net asset value (£000)	8,288	8,249	8,048
Closing number of shares	5,384,130	5,546,883	6,409,955
Operating charges (%) <sup>†</sup>	0.75%	0.80%	0.88%
Direct transaction costs (%) <sup>#</sup>	0.02%	0.02%	0.06%
<b>Prices<sup>®</sup></b>			
Highest share price	206.34	209.32	182.52
Lowest share price	170.65	175.61	111.37

Class 5 Income	2023 p per share	2022 p per share	2021 p per share
<b>Change in net assets per share</b>			
Opening net asset value per share	240.13	202.43	194.61
Return before operating charges <sup>†</sup>	17.07	45.06	15.48
Operating charges	(1.40)	(1.49)	(1.53)
Return after operating charges <sup>†</sup>	15.67	43.57	13.95
Distributions	(6.69)	(5.87)	(6.13)
Closing net asset value per share	249.11	240.13	202.43
<sup>†</sup> after direct transaction costs of	(0.05)	(0.05)	(0.11)
<b>Performance</b>			
Return after operating charges	6.53%	21.52%	7.17%
<b>Other information</b>			
Closing net asset value (£000)	38,260	40,527	20,149
Closing number of shares	15,358,546	16,877,378	9,953,551
Operating charges (%) <sup>†</sup>	0.55%	0.65%	0.80%
Direct transaction costs (%) <sup>#</sup>	0.02%	0.02%	0.06%
<b>Prices<sup>®</sup></b>			
Highest share price	272.01	247.60	212.57
Lowest share price	233.26	203.12	155.81

Class 3 Accumulation	2023 p per share	2022 p per share	2021 p per share
<b>Change in net assets per share</b>			
Opening net asset value per share	330.74	271.39	252.16
Return before operating charges <sup>†</sup>	23.39	60.96	20.56
Operating charges	(2.20)	(1.61)	(1.33)
Return after operating charges <sup>†</sup>	21.19	59.35	19.23
Distributions	(9.36)	(7.97)	(8.05)
Retained distributions on accumulation shares	9.36	7.97	8.05
Closing net asset value per share	351.93	330.74	271.39
<sup>†</sup> after direct transaction costs of	(0.07)	(0.06)	(0.15)
<b>Performance</b>			
Return after operating charges	6.41%	21.87%	7.63%
<b>Other information</b>			
Closing net asset value (£000)	1	1	105
Closing number of shares	332	332	38,583
Operating charges (%) <sup>†</sup>	0.53%	0.54%	0.53%
Direct transaction costs (%) <sup>#</sup>	0.02%	0.02%	0.06%
<b>Prices<sup>®</sup></b>			
Highest share price	376.79	338.44	282.86
Lowest share price	323.17	272.29	201.92

## COMPARATIVE TABLES (CONTINUED)

	2023 p per share	2022 p per share	2021 p per share
<b>Class 5 Accumulation</b>			
<b>Change in net assets per share</b>			
Opening net asset value per share	320.60	263.60	245.58
Return before operating charges <sup>†</sup>	22.73	58.97	19.97
Operating charges	(1.89)	(1.97)	(1.95)
Return after operating charges <sup>†</sup>	20.84	57.00	18.02
Distributions	(9.05)	(7.71)	(7.83)
Retained distributions on accumulation shares	9.05	7.71	7.83
Closing net asset value per share	341.44	320.60	263.60
<sup>†</sup> after direct transaction costs of	(0.07)	(0.06)	(0.15)
<b>Performance</b>			
Return after operating charges	6.50%	21.62%	7.34%
<b>Other information</b>			
Closing net asset value (£000)	905	925	670
Closing number of shares	265,015	288,489	254,043
Operating charges (%) <sup>‡</sup>	0.55%	0.65%	0.80%
Direct transaction costs (%) <sup>#</sup>	0.02%	0.02%	0.06%
<b>Prices<sup>≈</sup></b>			
Highest share price	365.42	328.04	274.82
Lowest share price	313.36	264.46	196.62

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

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

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

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

<sup>≈</sup> The high and low prices disclosed are the high and low prices for the accounting period and not the calendar year. 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	28.02.23	28.02.22
Class 1	1.00%	1.00%
Class 2	0.75%	0.75%
Class 2 (USD)	0.75%	0.75%
Class 3	0.53%	0.53%
Class 5	0.55%	0.55%

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

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

## PORTFOLIO STATEMENT

As at 28 February 2023

Investment	Currency	Holding	Market Value £000	% of Net Assets
<b>Equities 94.53% (95.63%)</b>				
<b>Communication Services 10.43% (8.82%)</b>				
<b>Diversified Telecommunication Services 4.88% (3.59%)</b>				
Cogent Communications Holdings	USD	23,916	1,279	2.19
Verizon Communications	USD	49,072	1,573	2.69
			2,852	4.88
<b>Media 5.55% (5.23%)</b>				
Cable One	USD	1,058	604	1.04
Comcast 'A'	USD	57,675	1,769	3.03
Interpublic Group	USD	29,516	866	1.48
			3,239	5.55
<b>Communication Services total</b>			<b>6,091</b>	<b>10.43</b>
<b>Consumer Discretionary 5.16% (6.51%)</b>				
<b>Auto Components 0.00% (1.56%)</b>				
<b>Distributors 0.60% (0.94%)</b>				
Genuine Parts	USD	2,395	349	0.60
			349	0.60
<b>Household Durables 0.63% (0.00%)</b>				
MDC Holdings	USD	12,034	368	0.63
			368	0.63
<b>Multiline Retail 2.59% (2.41%)</b>				
Target	USD	10,876	1,513	2.59
			1,513	2.59
<b>Speciality Retail 1.34% (1.60%)</b>				
Advance Auto Parts	USD	6,573	787	1.34
			787	1.34
<b>Consumer Discretionary total</b>			<b>3,017</b>	<b>5.16</b>
<b>Consumer Staples 10.44% (11.22%)</b>				
<b>Beverages 1.68% (1.76%)</b>				
PepsiCo	USD	6,836	980	1.68
			980	1.68
<b>Food &amp; Staples Retailing 2.87% (3.68%)</b>				
Kroger	USD	20,155	718	1.23
Sysco	USD	15,568	959	1.64
			1,677	2.87
<b>Food Products 1.14% (1.03%)</b>				
J M Smucker	USD	5,457	666	1.14
			666	1.14
<b>Household Products 2.20% (2.20%)</b>				
Kimberly-Clark	USD	12,453	1,286	2.20
			1,286	2.20
<b>Personal Products 2.55% (2.55%)</b>				
Unilever, ADR	USD	36,094	1,488	2.55
			1,488	2.55
<b>Consumer Staples total</b>			<b>6,097</b>	<b>10.44</b>



## PORTFOLIO STATEMENT (CONTINUED)

As at 28 February 2023

Investment	Currency	Holding	Market Value £000	% of Net Assets
<b>Energy 5.87% (7.00%)</b>				
<b>Oil, Gas &amp; Consumable Fuels 5.87% (7.00%)</b>				
Kinder Morgan	USD	121,349	1,710	2.93
Williams	USD	69,059	1,717	2.94
			3,427	5.87
<b>Energy total</b>			<b>3,427</b>	<b>5.87</b>
<b>Financials 17.82% (20.01%)</b>				
<b>Banks 8.35% (10.19%)</b>				
M&T Bank	USD	7,428	952	1.63
PNC Financial Services Group	USD	5,701	743	1.27
Truist Financial	USD	38,082	1,477	2.53
US Bancorp	USD	43,398	1,710	2.92
			4,882	8.35
<b>Insurance 9.47% (9.82%)</b>				
Axis Capital Holdings	USD	20,113	1,009	1.73
Chubb	USD	5,447	949	1.62
CNA Financial	USD	12,958	468	0.80
Fidelity National Financial	USD	17,608	580	0.99
Progressive	USD	15,989	1,896	3.25
Willis Towers Watson	USD	3,257	630	1.08
			5,532	9.47
<b>Financials total</b>			<b>10,414</b>	<b>17.82</b>
<b>Health Care 12.52% (13.09%)</b>				
<b>Biotechnology 3.83% (4.81%)</b>				
AbbVie	USD	9,366	1,190	2.03
Amgen	USD	5,490	1,050	1.80
			2,240	3.83
<b>Health Care Equipment &amp; Supplies 0.84% (0.42%)</b>				
Baxter International	USD	14,816	489	0.84
			489	0.84
<b>Health Care Providers &amp; Services 1.87% (2.03%)</b>				
Premier 'A'	USD	41,078	1,091	1.87
			1,091	1.87
<b>Pharmaceuticals 5.98% (5.83%)</b>				
Bristol-Myers Squibb	USD	28,791	1,640	2.81
Merck	USD	7,025	616	1.05
Pfizer	USD	37,030	1,241	2.12
			3,497	5.98
<b>Health Care total</b>			<b>7,317</b>	<b>12.52</b>
<b>Industrials 5.46% (3.95%)</b>				
<b>Air Freight &amp; Logistics 3.47% (3.95%)</b>				
United Parcel Service 'B'	USD	13,472	2,028	3.47
			2,028	3.47
<b>Trading Companies &amp; Distributors 1.99% (0.00%)</b>				
Watsco	USD	4,626	1,164	1.99
			1,164	1.99
<b>Industrials total</b>			<b>3,192</b>	<b>5.46</b>



## PORTFOLIO STATEMENT (CONTINUED)

As at 28 February 2023

Investment	Currency	Holding	Market Value £000	% of Net Assets
<b>Information Technology 15.33% (15.11%)</b>				
<b>Communications Equipment 1.39% (2.91%)</b>				
Cisco Systems	USD	20,368	814	1.39
			814	1.39
<b>Electronic Equipment, Instruments &amp; Components 3.11% (3.63%)</b>				
Corning	USD	64,870	1,818	3.11
			1,818	3.11
<b>IT Services 1.70% (2.18%)</b>				
CSG Systems International	USD	10,055	467	0.80
Fidelity National Information Services	USD	10,061	526	0.90
			993	1.70
<b>Semiconductors &amp; Semiconductor Equipment 4.51% (2.19%)</b>				
Micron Technology	USD	19,576	935	1.60
QUALCOMM	USD	7,605	776	1.33
Texas Instruments	USD	6,541	926	1.58
			2,637	4.51
<b>Software 4.62% (4.20%)</b>				
Oracle	USD	37,367	2,697	4.62
			2,697	4.62
<b>Information Technology total</b>			<b>8,959</b>	<b>15.33</b>
<b>Real Estate 2.57% (0.00%)</b>				
<b>Equity Real Estate Investment Trusts (REITs) 2.57% (0.00%)</b>				
American Tower	USD	9,195	1,503	2.57
			1,503	2.57
<b>Real Estate total</b>			<b>1,503</b>	<b>2.57</b>
<b>Utilities 8.93% (9.92%)</b>				
<b>Electric Utilities 1.68% (1.61%)</b>				
IDACORP	USD	11,476	980	1.68
			980	1.68
<b>Independent Power and Renewable Electricity Producers 6.28% (6.77%)</b>				
AES	USD	115,373	2,351	4.03
Vistra	USD	72,483	1,316	2.25
			3,667	6.28
<b>Multi-Utilities 0.97% (1.54%)</b>				
Black Hills	USD	11,195	568	0.97
			568	0.97
<b>Utilities total</b>			<b>5,215</b>	<b>8.93</b>
<b>Equities total</b>			<b>55,232</b>	<b>94.53</b>
Investment assets			55,232	94.53
Net other assets			3,195	5.47
<b>Net assets</b>			<b>58,427</b>	<b>100.00</b>

All holdings are ordinary shares or stock units and admitted to an official stock exchange unless otherwise stated.  
The comparative percentage figures in brackets are as at 28 February 2022.

## STATEMENT OF TOTAL RETURN

### For the year ended 28 February 2023

	Notes	£000	Year ended 28.02.23 £000	£000	Year ended 28.02.22 £000
Income					
Net capital gains	2		3,412		12,926
Revenue	3	2,035		2,048	
Expenses	4	(429)		(527)	
Net revenue before taxation		1,606		1,521	
Taxation	5	(256)		(217)	
Net revenue after taxation			1,350		1,304
<b>Total return before distributions</b>			<b>4,762</b>		<b>14,230</b>
Distributions	6		(1,770)		(1,830)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>2,992</b>		<b>12,400</b>

## STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

### For the year ended 28 February 2023

	£000	Year ended 28.02.23 £000	£000	Year ended 28.02.22 £000
<b>Opening net assets attributable to shareholders</b>		<b>69,075</b>		<b>74,882</b>
Movement due to issue and cancellation of shares:				
Amounts receivable on issue of shares	1,402		398	
Amounts payable on cancellation of shares	(15,121)		(18,681)	
		(13,719)		(18,283)
Dilution adjustment		6		4
Change in net assets attributable to shareholders from investment activities (see above)		2,992		12,400
Retained distribution on accumulation shares		73		72
<b>Closing net assets attributable to shareholders</b>		<b>58,427</b>		<b>69,075</b>

## BALANCE SHEET

As at 28 February 2023

	Notes	As at 28.02.23 £000	As at 28.02.22 £000
<b>Assets:</b>			
Investments	7	55,232	66,054
<b>Current assets:</b>			
Debtors	8	149	170
Cash and bank balances	9	3,566	3,622
<b>Total assets</b>		<b>58,947</b>	<b>69,846</b>
<b>Liabilities:</b>			
<b>Creditors:</b>			
Distribution payable		(377)	(513)
Other creditors	10	(143)	(258)
<b>Total liabilities</b>		<b>(520)</b>	<b>(771)</b>
<b>Net assets attributable to shareholders</b>		<b>58,427</b>	<b>69,075</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 1 Accounting basis and policies

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

### 2 Net capital gains

	Year ended 28.02.23 £000	Year ended 28.02.22 £000
<b>Net capital gains on investment during the year comprise:</b>		
Currency gains	86	61
Forward currency contracts losses	(13)	(3)
Non-derivative securities gains	3,339	12,868
<b>Net capital gains</b>	<b>3,412</b>	<b>12,926</b>

### 3 Revenue

	Year ended 28.02.23 £000	Year ended 28.02.22 £000
Bank and deposit interest	11	–
Overseas dividends	1,949	1,912
UK dividends	75	136
<b>Total revenue</b>	<b>2,035</b>	<b>2,048</b>

### 4 Expenses

	Year ended 28.02.23 £000	Year ended 28.02.22 £000
<b>Payable to the Authorised Corporate Director ("ACD"), associates of the ACD or agents of either of them:</b>		
Fund Management Fee	425	526
	425	526
<b>Payable to the Depositary, associates of the Depositary or agents of either of them:</b>		
Interest payable	3	–
	3	–
<b>Other expenses:</b>		
Dividend collection charges	1	1
	1	1
<b>Total expenses</b>	<b>429</b>	<b>527</b>

The audit fee was £12,133 (2022: £10,785) net of VAT. The audit fee forms part of the FMF.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

	Year ended 28.02.23 £000	Year ended 28.02.22 £000
Overseas tax suffered	256	217
<b>Total current tax (see note 5b)</b>	<b>256</b>	<b>217</b>

**b Factors affecting current tax charge**

The tax assessed for the year is lower (2022: lower) than the standard rate of corporation tax in the UK for an Authorised Investment Fund (20%) (2022: 20%).

The differences are explained below:

	Year ended 28.02.23 £000	Year ended 28.02.22 £000
<b>Net revenue before taxation</b>	<b>1,606</b>	<b>1,521</b>
Corporation tax at 20%	321	304
<b>Effects of:</b>		
Movement in excess management expenses	77	121
Overseas dividends not subject to corporation tax	(382)	(396)
Overseas tax suffered	256	217
UK dividends not subject to corporation tax	(15)	(27)
Tax relief for overseas tax suffered	(1)	(2)
<b>Current tax charge (see note 5a)</b>	<b>256</b>	<b>217</b>

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

**c Deferred tax**

There was no provision for deferred tax at the year end (2022: £nil).

After claiming relief against accrued income taxable on receipt, the Fund has unrelieved excess expenses of £12,389,573 (2022: £12,006,642) creating a potential deferred tax asset of £2,477,915 (2022: £2,401,328). It is unlikely that the Fund will generate taxable profits in the future to utilise these amounts and therefore no deferred tax asset has been recognised in the current or prior year.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 6 Distributions

	Year ended 28.02.23 £000	Year ended 28.02.22 £000
<b>The distributions take account of revenue received on the issue of shares and revenue deducted on the cancellation of shares, and comprise:</b>		
Net dividend distribution for the three months ended 28 May	432	399
Net dividend distribution for the three months ended 28 August	421	421
Net dividend distribution for the three months ended 28 November	462	432
Net dividend distribution for the three months ended 28 February	396	534
	1,711	1,786
Add: Revenue deducted on cancellation of shares	66	46
Deduct: Revenue received on issue of shares	(7)	(2)
<b>Total distributions</b>	<b>1,770</b>	<b>1,830</b>
<b>Reconciliations of distributions for the year to net revenue after taxation</b>		
Distributions for the year	1,770	1,830
ACD's periodic charge borne by the capital account	(425)	(526)
Tax relief on capitalised ACD's periodic charge	5	–
<b>Net revenue after taxation</b>	<b>1,350</b>	<b>1,304</b>

Details of the distributions per share are set out in the distribution tables on pages 24 to 27.

## 7 Fair value hierarchy

Valuation technique	Assets at 28.02.23 £000	Liabilities at 28.02.23 £000	Assets at 28.02.22 £000	Liabilities at 28.02.22 £000
Level 1: Quoted prices	55,232	–	66,054	–
<b>Total value</b>	<b>55,232</b>	<b>–</b>	<b>66,054</b>	<b>–</b>

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

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

The disclosure is split into the following categories:

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

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

**Level 3:** Valuation techniques using unobservable inputs.

As at the balance sheet date, the Fund held no level 2 or level 3 investments.

## 8 Debtors

	As at 28.02.23 £000	As at 28.02.22 £000
Accrued revenue	121	170
Amounts receivable on issue of shares	28	–
<b>Total debtors</b>	<b>149</b>	<b>170</b>

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**9 Cash and bank balances**

	As at 28.02.23 £000	As at 28.02.22 £000
Cash and bank balances	3,566	3,622
<b>Total cash and bank balances</b>	<b>3,566</b>	<b>3,622</b>

**10 Other creditors**

	As at 28.02.23 £000	As at 28.02.22 £000
Accrued expenses	64	72
Amounts payable for cancellation of shares	79	186
<b>Total other creditors</b>	<b>143</b>	<b>258</b>

**11 Contingent liabilities and commitments**

There were no contingent liabilities or commitments at the year end (2022: £nil).

**12 Related party transactions**

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

Fund Management Fee paid to Aviva Investors UK Fund Services Limited ("the ACD") are shown in note 4 and details of shares issued and cancelled by the ACD are shown in the statement of change in net assets attributable to shareholders. The balance due to the ACD at the year end in respect of Fund Management Fee was £64,239 (2022: £72,306). Any balance due from the ACD in respect of issues is shown in note 8. Any balance due to the ACD in respect of cancellations is shown in note 10.

Distributions payable to the ACD and related parties of the ACD during the year amounted to £3,689 (2022: £3,193). The amount outstanding at the year end was £935 (2022: £1,013). 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.

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

	Holdings at 28.02.23 (shares)	Movement (shares)	Holdings at 28.02.22 (shares)
ACD and related parties (Class 2 Income shares)	27,618	(70)	27,688
ACD and related parties (Class 2 Accumulation shares)	20,124	(70)	20,194
ACD and related parties (Class 3 Accumulation shares)	332	–	332

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

**13 Shareholder funds**

The Fund currently has four share classes: Class 1 (Retail), Class 2 and Class 5 (Institutional) and Class 3 (Associated undertakings of Aviva Plc). The Fund Management Fees are as follows:

Class 1: 1.00%

Class 2: 0.75%

Class 3: 0.53%

Class 5: 0.55%

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 10 to 12. The distributions per share class are given in the distribution tables on pages 24 to 27. All the share classes have the same rights on winding up.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**14 Shares in issue reconciliation**

	Number of shares in issue at 28.02.22	Number of shares issued	Number of shares cancelled	Number of shares converted	Number of shares in issue at 28.02.23
Class 1 Income shares	271,929	–	(69,469)	16,712	219,172
Class 2 Income shares	7,098,526	64,153	(389,895)	(3,295,533)	3,477,251
Class 2 Income (USD) shares	5,546,883	378,315	(541,068)	–	5,384,130
Class 5 Income shares	16,877,378	81,242	(4,847,769)	3,247,695	15,358,546
Class 1 Accumulation shares	220,998	–	(70,076)	–	150,922
Class 2 Accumulation shares	374,287	116,891	(35,166)	(39,112)	416,900
Class 3 Accumulation shares	332	–	–	–	332
Class 5 Accumulation shares	288,489	14,995	(77,280)	38,811	265,015

**15 Derivatives and other financial instruments**

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

**Fair value of financial assets and financial liabilities**

There is no significant difference between the carrying values of the financial assets and liabilities and their fair values (2022: £nil).

**Currency risk**

At the year end date, 95.46% (2022: 96.51%) of the net assets of the Fund were denominated in currencies other than sterling with the effect that the balance sheet and total return can be significantly affected by currency movements. If currency rates were to change by 10.00%, the value of the Fund would change by 9.55% (2022: 9.65%).

Currency	Net foreign currency assets					
	Monetary exposure £000		Non monetary exposure £000		Total £000	
	28.02.23	28.02.22	28.02.23	28.02.22	28.02.23	28.02.22
US Dollar	542	612	55,232	66,054	55,774	66,666

**Interest rate risk**

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

At the year end date 6.10% (2022: 5.25%) 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 base rate of the Depositary's delegated Custodian.

**Market price risk**

At the year end date, 94.53% (2022: 95.63%) of the net assets of the Fund were invested in ordinary shares or stock units or debt securities admitted to an official stock exchange. If the market value were to change by 10%, the value of the Fund would change by 9.45% (2022: 9.56%).

**16 Stock lending**

The Fund has not entered into stock lending arrangements in either the current or prior year.



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**17 Direct transaction costs**

In the case of shares, broker commissions, transfer taxes and 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. Dealing spreads vary considerably depending on the transaction value and market sentiment.

	Principal before costs £000	Commissions £000	Taxes £000	Total after costs £000	Commissions as % of principal	Taxes as % of principal
<b>28.02.23</b>						
<b>Purchases (excluding in-specie transfers and corporate actions)</b>						
Equities	(12,798)	(5)	–	(12,803)	0.04%	0.00%
	(12,798)	(5)	–	(12,803)		
<b>Sales (excluding in-specie transfers and corporate actions)</b>						
Equities	26,780	(8)	(1)	26,771	0.03%	0.00%
	26,780	(8)	(1)	26,771		
<b>Total</b>		(13)	(1)			
<b>Percentage of Fund average net assets</b>		0.02%	0.00%			

	Principal before costs £000	Commissions £000	Taxes £000	Total after costs £000	Commissions as % of principal	Taxes as % of principal
<b>28.02.22</b>						
<b>Purchases (excluding in-specie transfers and corporate actions)</b>						
Equities	(13,436)	(4)	–	(13,440)	0.03%	0.00%
	(13,436)	(4)	–	(13,440)		
<b>Sales (excluding in-specie transfers and corporate actions)</b>						
Equities	32,005	(9)	–	31,996	0.03%	0.00%
	32,005	(9)	–	31,996		
<b>Total</b>		(13)	–			
<b>Percentage of Fund average net assets</b>		0.02%	0.00%			

**Dealing spread**

As at 28 February 2023, the average portfolio dealing spread was 0.03% (2022: 0.03%). This spread represents the difference between the values determined retrospectively by reference to the bid and offer prices of investments expressed as a percentage of the value determined by reference to the offer price.

## DISTRIBUTION TABLES

## Final distribution payable in pence per share for the three months ended 28 February 2023

Income shares		Net revenue	Equalisation	Final distribution payable 28 April 2023	Final distribution paid 28 April 2022
Class 1	Group 1	1.5784	–	1.5784	1.7334
	Group 2	0.7647	0.8137	1.5784	1.7334
Class 2	Group 1	1.6833	–	1.6833	1.8438
	Group 2	1.1467	0.5366	1.6833	1.8438
Class 5	Group 1	1.6818	–	1.6818	1.8584
	Group 2	0.6345	1.0473	1.6818	1.8584

Accumulation shares		Net revenue	Equalisation	Final distribution payable 28 April 2023	Final distribution paid 28 April 2022
Class 1	Group 1	2.1565	–	2.1565	2.3040
	Group 2	1.1666	0.9899	2.1565	2.3040
Class 2	Group 1	2.2965	–	2.2965	2.4475
	Group 2	1.0634	1.2331	2.2965	2.4475
Class 3	Group 1	2.3751	–	2.3751	2.5409
	Group 2	2.3751	0.0000	2.3751	2.5409
Class 5	Group 1	2.3005	–	2.3005	2.4619
	Group 2	0.5158	1.7847	2.3005	2.4619

## Final distribution payable in cents per share for the three months ended 28 February 2023

Income shares		Net revenue	Equalisation	Final distribution payable 28 April 2023	Final distribution paid 28 April 2022
Class 2 (USD)	Group 1	1.2712	–	1.2712	1.5419
	Group 2	0.5299	0.7413	1.2712	1.5419

## Final Distribution

Group 1 shares are those shares purchased at or before 12:00 noon on 28 November 2022.

Group 2 shares are those shares purchased after 12:00 noon on 28 November 2022.

## DISTRIBUTION TABLES (CONTINUED)

## Interim distribution paid in pence per share for the three months ended 28 November 2022

Income shares		Net revenue	Equalisation	Interim distribution paid 28 January 2023	Interim distribution paid 28 January 2022
Class 1	Group 1	1.7034	–	1.7034	1.3484
	Group 2	0.7897	0.9137	1.7034	1.3484
Class 2	Group 1	1.8154	–	1.8154	1.4333
	Group 2	0.2608	1.5546	1.8154	1.4333
Class 5	Group 1	1.8192	–	1.8192	1.4439
	Group 2	0.0147	1.8045	1.8192	1.4439

Accumulation shares		Net revenue	Equalisation	Interim distribution paid 28 January 2023	Interim distribution paid 28 January 2022
Class 1	Group 1	2.3106	–	2.3106	1.7810
	Group 2	1.3672	0.9434	2.3106	1.7810
Class 2	Group 1	2.4591	–	2.4591	1.8906
	Group 2	0.6959	1.7632	2.4591	1.8906
Class 3	Group 1	2.5711	–	2.5711	1.9773
	Group 2	2.5711	0.0000	2.5711	1.9773
Class 5	Group 1	2.4772	–	2.4772	1.9008
	Group 2	2.4772	0.0000	2.4772	1.9008

## Interim distribution paid in cents per share for the three months ended 28 November 2022

Income shares		Net revenue	Equalisation	Interim distribution paid 28 January 2023	Interim distribution paid 28 January 2022
Class 2 (USD)	Group 1	1.3708	–	1.3708	1.1929
	Group 2	0.7197	0.6511	1.3708	1.1929

## Interim Distribution

Group 1 shares are those shares purchased at or before 12:00 noon on 28 August 2022.

Group 2 shares are those shares purchased after 12:00 noon on 28 August 2022.

## DISTRIBUTION TABLES (CONTINUED)

## Interim distribution paid in pence per share for the three months ended 28 August 2022

Income shares		Net revenue	Equalisation	Interim distribution paid 28 October 2022	Interim distribution paid 28 October 2021
Class 1	Group 1	1.5256	–	1.5256	1.2523
	Group 2	0.6726	0.8530	1.5256	1.2523
Class 2	Group 1	1.6250	–	1.6250	1.3304
	Group 2	0.9869	0.6381	1.6250	1.3304
Class 5	Group 1	1.6364	–	1.6364	1.3396
	Group 2	0.7008	0.9356	1.6364	1.3396

Accumulation shares		Net revenue	Equalisation	Interim distribution paid 28 October 2022	Interim distribution paid 28 October 2021
Class 1	Group 1	2.0562	–	2.0562	1.6448
	Group 2	0.2041	1.8521	2.0562	1.6448
Class 2	Group 1	2.1869	–	2.1869	1.7450
	Group 2	0.9067	1.2802	2.1869	1.7450
Class 3	Group 1	2.2787	–	2.2787	1.8085
	Group 2	2.2787	0.0000	2.2787	1.8085
Class 5	Group 1	2.2020	–	2.2020	1.7536
	Group 2	2.2020	0.0000	2.2020	1.7536

## Interim distribution paid in cents per share for the three months ended 28 August 2022

Income shares		Net revenue	Equalisation	Interim distribution paid 28 October 2022	Interim distribution paid 28 October 2021
Class 2 (USD)	Group 1	1.2008	–	1.2008	1.1384
	Group 2	0.7733	0.4275	1.2008	1.1384

## Interim Distribution

Group 1 shares are those shares purchased at or before 12:00 noon on 28 May 2022.

Group 2 shares are those shares purchased after 12:00 noon on 28 May 2022.

## DISTRIBUTION TABLES (CONTINUED)

## Interim distribution paid in pence per share for the three months ended 28 May 2022

Income shares		Net revenue	Equalisation	Interim distribution paid 28 July 2022	Interim distribution paid 28 July 2021
Class 1	Group 1	1.4628	–	1.4628	1.1473
	Group 2	0.4154	1.0474	1.4628	1.1473
Class 2	Group 1	1.5414	–	1.5414	1.2181
	Group 2	0.6005	0.9409	1.5414	1.2181
Class 5	Group 1	1.5545	–	1.5545	1.2263
	Group 2	0.9576	0.5969	1.5545	1.2263

Accumulation shares		Net revenue	Equalisation	Interim distribution paid 28 July 2022	Interim distribution paid 28 July 2021
Class 1	Group 1	1.9395	–	1.9395	1.4984
	Group 2	0.8802	1.0593	1.9395	1.4984
Class 2	Group 1	2.0616	–	2.0616	1.5888
	Group 2	0.9703	1.0913	2.0616	1.5888
Class 3	Group 1	2.1370	–	2.1370	1.6397
	Group 2	2.1370	0.0000	2.1370	1.6397
Class 5	Group 1	2.0748	–	2.0748	1.5963
	Group 2	1.0113	1.0635	2.0748	1.5963

## Interim distribution paid in cents per share for the three months ended 28 May 2022

Income shares		Net revenue	Equalisation	Interim distribution paid 28 July 2022	Interim distribution paid 28 July 2021
Class 2 (USD)	Group 1	1.2119	–	1.2119	1.0782
	Group 2	0.0001	1.2118	1.2119	1.0782

## Interim Distribution

Group 1 shares are those shares purchased at or before 12:00 noon on 28 February 2022.

Group 2 shares are those shares purchased after 12:00 noon on 28 February 2022.

## 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 US EQUITY INCOME FUND II

### INVESTMENT OBJECTIVE

The Fund aims to grow your investment by providing combined income and capital growth greater than that of the Russell® 3000 Value Index over any given 5 year period, by investing in shares of companies listed on North American stock exchanges.

Within this combined aim, the Fund seeks to deliver an income of at least 125% of the income of the Russell® 3000 Value Index over any given 12-month period.

Both the income and combined return aims are measured before the deduction of Fund charges and tax.

### INVESTMENT POLICY

#### Core investment

Typically, at least 80% of the Fund will be invested in shares of companies listed on North American stock exchanges.

#### Other investments

The Fund may also invest in other shares, other funds, cash and deposits.

#### Strategy

The Fund is actively managed, and the Investment Manager will look to identify quality companies, which engage strongly with their shareholders, and which the Investment Manager believes will pay a high and growing dividend.

The process for making these decisions will entail careful analysis of each company's business model, balance sheet, dividend prospects and valuation, with a view to discovering undervalued companies that demonstrate characteristics which would allow them to generate sustainable future growth. The investment philosophy, known as "Absolute Value®", supports high conviction investment, typically in companies with a minimum market capitalisation (total market value of a company's outstanding shares) of \$1 billion at the time of investment. In addition, the Fund has limited exclusions based on Aviva Investors' UK Responsible Investment policy. Further information on the Aviva Investors UK Responsible Investment policy is available on our website and in the Prospectus.

#### Performance & Risk Measurement

The Fund's combined growth and income targets are measured against the Russell® 3000 Value Index (the "Index").

The Fund does not base its investment process upon the Index, so will not hold every company in the Index and will also hold companies that do not form part of it.

The Fund uses a "tracking error" to measure the consistency of the Fund's returns and the returns of the Index. In general, the lower the tracking error, the more consistent the Fund's returns are relative to the Index, and vice-versa. The Fund is expected to have an average yearly tracking error of between 2% and 6% when compared to the Index. In certain conditions the Fund may be outside of this range.

The Index is a subset of the Russell® 3000 Index, which contains a range of U.S. companies with an average market capitalisation value of \$1.5 billion. The companies included in the "value" index are selected based on a "probability" of each company's value increasing in the future.

The Index has been selected as a benchmark for the performance targets and risk measurement as the Fund's portfolio will be constructed by investing in companies which demonstrate similar value characteristics, and it is therefore an appropriate basis for the Fund's income and capital performance aims.

### FUND MANAGER'S REPORT

#### Performance

Over the twelve months ended 28 February 2023 the Fund (share class 1, net of fees) returned 8.09%. The Fund's benchmark, the Russell® 3000 Value Index, returned 7.60% over the same period.

The tracking error at the year end was 4.76%.

The Portfolio Turnover Ratio for the year end was 0.00%.

The anticipated level of tracking error is shown in the Performance & Risk Measurement section of the above Investment Policy.

#### Review

In Q1 2022, any remaining argument that the spike in inflation was 'transitory' was largely scuttled. According to the U.S. Bureau of Labor Statistics, the Consumer Price Index rose +8.5% in the 12 months ending in March 2022, the largest annual increase in four decades. Increased prices for gasoline, shelter, and food were the largest contributors to the surge, but used car prices finally rolled over. Fueled first by the global supply chain disruptions and then by the war in Ukraine, commodity prices surged with the Bloomberg Commodity Index up +25%, the Brent Crude up +35%, and the Producer Price Index hitting a series high of +11.2%. According to Bank of America/Merrill Lynch, the S&P 500 Energy sector posted its strongest quarterly outperformance (+44%) at the time since it began collecting data in 1970. In response to the accelerating decline in purchasing power of the dollar, central bank officials increased the federal funds rate by +25 bps and openly discussed balance sheet reduction in mid-March. The sudden tightening in monetary policy prompted a sharp spike in longer term interest rates, as the rate on two-year U.S. Treasuries more than tripled to 2.43% and the five-year Treasury rate doubled to 2.55%, resulting in the worst quarterly performance for bonds in 40 years at the time.

The post-COVID-19 bull market came to a sudden halt in the first half of 2022 as the S&P 500 declined more than 20% from its peak in the market's worst start to a year since 1962. Federal Reserve officials increased interest rates numerous times in 2022, yet reported inflation was still accelerating as the Consumer Price Index (CPI) was up over +8% over the prior 12 months, the highest reading since then Fed Chairman Paul Volcker finally whipped inflation 41 years ago. Fed Chairman Jerome Powell et al. elected to increase the Federal funds rate at the fastest pace in decades. While the data supports an aggressive approach, this response only amplified investors' concerns the Fed was still scrambling to catch up with inflation and the opportunity to rein in prices without prompting an economic 'hard landing' may already have passed. Fixed income markets signaled concerns about the economy with the yield curve inverted and corporate spreads widening. In August 2022, S&P's composite PMI measure, which combines both manufacturing and services activity, contracted by the sharpest amount since May 2020, and the Atlanta Fed GDPNow projection for Q3 GDP growth dropped to a measly +0.3%, making it highly possible that economic activity has declined for three quarters in a row at the time.

Fed officials continued their relentless battle against inflation in Q3, even as the impacts of their earlier interventions started to be felt. Over two meetings, the FOMC raised the fed funds target range by 150 bps to 3.00%-3.25%, the highest level since the beginning of 2008, and the fastest increase in the policy rate since December 1980. In September, quantitative tightening ramped to its full potential of \$95 B per month in balance sheet reduction. This aggressive policy response stands in stark contrast to more measured moves in Europe, the United Kingdom, and Japan which has resulted in dramatic currency movements as the Euro/USD moved below parity, the British Pound very nearly so, and the Yen's collapse prompted the Bank of Japan to intervene. Fed Chairman Jerome Powell seems inured to the evident strains

## AVIVA INVESTORS US EQUITY INCOME FUND II (CONTINUED)

### FUND MANAGER'S REPORT (CONTINUED)

#### Review (continued)

in the global financial system and appears willing to risk recession in his pursuit of 2% inflation.

In that vein, the Fed's preferred measure of inflation, the PCE Deflator, continued to move higher throughout the quarter, fueling concern that absent a crisis, monetary policy would tighten even further after the election. However, there were early signs inflationary pressure was easing as the Atlanta Fed's Flexible CPI dropped from recent highs, and the University of Michigan inflation expectations index moved notably lower at the time.

With its announcement of a 50 bps increase in the fed funds target rate in December, the Fed put the bow on its most aggressively hawkish year in a generation. Over the span of 273 days and seven meetings, it moved the target interest rate from zero to 4.25%-4.50%, the highest level since 2007. In addition, Fed officials started to pare down the nearly \$9 T in assets that had accumulated on the central bank's balance sheet, allowing it to shrink by more than \$400 B from the April peak. As the quarter progressed, the impacts of this relentless battle against inflation started to register across the global economy – yield curves inverted, inflationary pressure began to ebb, the University of Michigan noted inflationary concerns were easing, the U.S. housing market cooled down sharply, and global recession concerns grew. Apparently of the belief that much of the heavy lifting is now behind them, Fed officials communicated that they plan to take a more measured, data dependent course in 2023.

In the period, mid cap stocks outperformed large and small cap, as the Russell Midcap index returned -4.99% versus -8.21% and -6.02% for the Russell 1000 and Russell 2000 indexes, respectively. Value stocks outperformed their growth peers. Among small caps, the Russell 2000 Value outperformed the Russell 2000 Growth by +352 bps. Among large caps, the Russell 1000 Value outperformed the Russell 1000 Growth by +1,053 bps.

The largest positive drivers of relative return were stock selection in Financials (+70 bps) and Utilities (+49 bps). The Portfolio holdings in the Financials sector tend to be more focused on insurance than banking, a fact which contributed positively to relative results in the period. Among the insurance holdings of note were Progressive Corp. (PGR: +36%) and Axis Capital Holdings Ltd. (AXS: +15%), both of which benefited from continued improvement in the industry's pricing power. Results were mixed among holdings in the Utilities sector but the Portfolio's largest position in the sector, AES Corp. (AES: +20%), was a standout in the period and was responsible for the positive stock selection. AES is increasingly recognized for its aggressive efforts to de-carbonize its generation capacity and success in leveraging its independence to partner with large electricity consumers that are pursuing their own carbon reduction goals.

The holdings with the highest contribution to active return in the Portfolio were Progressive Corp. (PGR: +36%, +107 bps), AES Corp. (AES: +20%, +75 bps), and Marathon Petroleum Corp. (MPC: +25%, +74 bps).

The largest negative drivers of relative return were stock selection in Energy (-129 bps) and the overweight in Information Technology (-60 bps). The underperformance in Energy was largely driven by the low beta approach which generally characterizes our positioning in the sector. Our focus on dividends leads us to look for opportunities among companies that can generate consistent cash flows from the volume of energy demanded rather than the more volatile cash flows that are generated by the massive price swings.

As such we were pleased to see the sector was the top performer in the period, but not surprised that our conservative positions underperformed their benchmark peers. Among Information Technology holdings, the largest position in the Portfolio, Oracle Corp. (ORCL: +17%), had a strong showing in the period, but this was overshadowed by the adverse results of the positions in Corning Inc. (GLW: -13%), QUALCOMM Inc. (QCOM: -27%), and Fidelity National Information Systems Inc. (FIS: -32%).

The holdings with the lowest contribution to active return in the Portfolio were Verizon Communications Inc. (VZ: -23%, -73 bps), Truist Financial Corp. (TFC: -21%, -61 bps), and Fidelity National Information Services Inc. (FIS: -32%, -54 bps).

As of February 28, the Portfolio held a total of 49 positions. During the period, we established 10 new positions and eliminated 9.

#### Outlook

We expect the first half of 2023 will prove to be volatile as monetary policy becomes less predictable and more reactionary to incremental data. We anticipate that this will lead to an explosion of diverging viewpoints about what each data point portends for upcoming policy decisions and how exactly the Fed will, or should, react. In the end, we expect the fed funds rate will be higher in June than it was at the start of the year, but we still believe that the proper question is not how many times, or when, the Fed will raise rates in 2023, but instead what will be the extent of the economic slowdown that this tightening engenders? Fed Chairman Jerome Powell has been firm in his position that policymakers are prepared to push the economy into a shallow recession to bring inflation under control, and we think it prudent to take him at his word. Compounding this uncertainty, as the impact of higher rates slowly takes hold, the probability of financial disruptions (including the recent bank run at SVB) escalate. Lastly, investors appear to have become inured to the immense risks that the war in Ukraine still presents to the global economy, especially if the pace of the conflict reaccelerates in the spring. As we noted in Q3, we cannot know how this event will resolve itself, and it is natural to hope that Vladimir Putin or his replacement will step back and sue for peace, but sadly, this wildcard could continue to ravage lives and linger over markets for much of 2023. We believe a cocktail of forces, namely slowing economic growth, higher interest rates, losses on speculative asset classes, and a systematic decline in trust, will drive outperformance for both value and dividend focused portfolios in the coming years.

#### March 2023

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As noted above, the performance figures in this commentary have been sourced from Lipper and are based on published prices. The performance figures quoted in the comparative tables on pages 31 and 32 are based on the net asset value per the published accounts and may be different due to post year end accounting adjustments.

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

## AVIVA INVESTORS US EQUITY INCOME FUND II (CONTINUED)

## Performance History – Income Shares

Calendar year	Share Class 1 %	Share Class 2 (GBP) %	Share Class 2 (USD) %	Share Class 5 %	Benchmark* %
31.12.17 to 31.12.18	-2.60	-2.20	-7.50	-2.10	-2.90
31.12.18 to 31.12.19	18.10	18.60	22.70	18.70	21.40
31.12.19 to 31.12.20	-3.40	-3.20	-0.20	-3.10	2.90
31.12.20 to 31.12.21	23.20	23.50	21.90	23.60	26.53
31.12.21 to 31.12.22	6.64	6.73	6.73	6.95	3.61

\* Benchmark – Russell® 3000 Value Index.

## Performance History – Accumulation Shares

Calendar year	Share Class 2 (GBP) %	Share Class 3 %	Share Class 5 %	Benchmark* %
31.12.17 to 31.12.18	-2.20	-1.80	-2.10	-2.90
31.12.18 to 31.12.19	18.60	19.00	17.80	21.40
31.12.19 to 31.12.20	-3.20	-2.80	-3.10	-2.90
31.12.20 to 31.12.21	23.50	24.00	23.60	26.53
31.12.21 to 31.12.22	6.73	6.88	6.94	3.61

\* Benchmark – Russell® 3000 Value Index.

Source for all data: Aviva Investors/Lipper, a Thomson Reuters company, this is based on index provider data where applicable. Fund return data is mid to mid, net income reinvested, net of all ongoing charges and fees in sterling, net of tax payable by the Fund to 31 December 2022. The figures do not include the effect of the Entry Charge and any Exit Charge.

## Material Portfolio Changes

Purchases	Sales
American Tower, REIT	Marathon Petroleum
Cogent Communications Holdings	Atlantica Sustainable Infrastructure
Micron Technology	STORE Capital
Watsco	AbbVie
Texas Instruments	Cisco Systems
Oracle	Magna International
STORE Capital	NortonLifeLock
Cable One	Fidelity National Financial
Baxter International	Genuine Parts
Williams	Progressive

## Synthetic Risk and Reward Indicator



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

- This indicator is based on historical data, calculated using European Union rules, and may not be a reliable indication of the future risk profile of the Fund.
- The risk and reward category shown is not guaranteed to remain unchanged and may change over time. The lowest category does not mean 'risk free'.
- The value of investments and the income from them will change over time.
- The Fund price may fall as well as rise and as a result you may not get back the original amount you invested.
- Further information on the risks applicable to the Fund is detailed in the Fund's Key Investor Information Document, and a full description is set out in the Prospectus, both of which are available on the internet at [www.avivainvestors.com](http://www.avivainvestors.com) or from the ACD on request.



## COMPARATIVE TABLES

Class 1 Income	2023 p per share	2022 p per share	2021 p per share
<b>Change in net assets per share</b>			
Opening net asset value per share	185.07	155.93	150.63
Return before operating charges <sup>†</sup>	14.07	35.68	11.77
Operating charges	(1.96)	(1.86)	(1.64)
Return after operating charges <sup>†</sup>	12.11	33.82	10.13
Distributions	(5.34)	(4.68)	(4.83)
Closing net asset value per share	191.84	185.07	155.93
<sup>†</sup> after direct transaction costs of	(0.04)	(0.04)	(0.09)
<b>Performance</b>			
Return after operating charges	6.54%	21.69%	6.73%
<b>Other information</b>			
Closing net asset value (£000)	305	377	219
Closing number of shares	159,094	203,559	140,590
Operating charges (%) <sup>†</sup>	1.00%	1.04%	1.13%
Direct transaction costs (%) <sup>#</sup>	0.02%	0.02%	0.06%
<b>Prices<sup>®</sup></b>			
Highest share price	210.45	191.11	164.64
Lowest share price	179.82	156.47	120.29

Class 2 Income	2023 p per share	2022 p per share	2021 p per share
<b>Change in net assets per share</b>			
Opening net asset value per share	193.85	162.95	157.02
Return before operating charges <sup>†</sup>	14.80	37.32	12.31
Operating charges	(1.54)	(1.52)	(1.34)
Return after operating charges <sup>†</sup>	13.26	35.80	10.97
Distributions	(5.60)	(4.90)	(5.04)
Closing net asset value per share	201.51	193.85	162.95
<sup>†</sup> after direct transaction costs of	(0.04)	(0.04)	(0.09)
<b>Performance</b>			
Return after operating charges	6.84%	21.97%	6.99%
<b>Other information</b>			
Closing net asset value (£000)	41,083	59,781	82,474
Closing number of shares	20,387,392	30,838,111	50,614,803
Operating charges (%) <sup>†</sup>	0.75%	0.80%	0.88%
Direct transaction costs (%) <sup>#</sup>	0.02%	0.02%	0.06%
<b>Prices<sup>®</sup></b>			
Highest share price	220.77	200.15	171.96
Lowest share price	188.55	163.51	125.42

Class 2 Accumulation	2023 p per share	2022 p per share	2021 p per share
<b>Change in net assets per share</b>			
Opening net asset value per share	241.85	198.10	184.88
Return before operating charges <sup>†</sup>	18.41	45.60	14.83
Operating charges	(1.94)	(1.85)	(1.61)
Return after operating charges <sup>†</sup>	16.47	43.75	13.22
Distributions	(7.06)	(6.02)	(6.01)
Retained distributions on accumulation shares	7.06	6.02	6.01
Closing net asset value per share	258.32	241.85	198.10
<sup>†</sup> after direct transaction costs of	(0.05)	(0.05)	(0.11)
<b>Performance</b>			
Return after operating charges	6.81%	22.08%	7.15%
<b>Other information</b>			
Closing net asset value (£000)	11,171	11,116	9,504
Closing number of shares	4,324,428	4,596,066	4,797,224
Operating charges (%) <sup>†</sup>	0.75%	0.80%	0.88%
Direct transaction costs (%) <sup>#</sup>	0.02%	0.02%	0.06%
<b>Prices<sup>®</sup></b>			
Highest share price	277.22	247.76	207.53
Lowest share price	236.76	198.78	147.68

Class 2 Income (USD)	2023 c per share	2022 c per share	2021 c per share
<b>Change in net assets per share</b>			
Opening net asset value per share	165.67	144.79	129.07
Return before operating charges <sup>†</sup>	(4.62)	26.46	21.09
Operating charges	(1.20)	(1.32)	(1.13)
Return after operating charges <sup>†</sup>	(5.82)	25.14	19.96
Distributions	(4.34)	(4.26)	(4.24)
Closing net asset value per share	155.51	165.67	144.79
<sup>†</sup> after direct transaction costs of	(0.03)	(0.03)	(0.08)
<b>Performance</b>			
Return after operating charges	(3.51)%	17.36%	15.46%
<b>Other information</b>			
Closing net asset value (£000)	2,040	1,977	1,648
Closing number of shares	1,586,436	1,598,482	1,585,411
Operating charges (%) <sup>†</sup>	0.75%	0.80%	0.88%
Direct transaction costs (%) <sup>#</sup>	0.02%	0.02%	0.06%
<b>Prices<sup>®</sup></b>			
Highest share price	172.19	174.35	151.32
Lowest share price	142.41	145.33	92.15

## COMPARATIVE TABLES (CONTINUED)

Class 3 Accumulation	2023 p per share	2022 p per share	2021 p per share
<b>Change in net assets per share</b>			
Opening net asset value per share	323.58	264.09	245.61
Return before operating charges <sup>†</sup>	24.66	61.05	19.78
Operating charges	(2.15)	(1.56)	(1.30)
Return after operating charges <sup>†</sup>	22.51	59.49	18.48
Distributions	(9.46)	(8.05)	(8.00)
Retained distributions on accumulation shares	9.46	8.05	8.00
Closing net asset value per share	346.09	323.58	264.09
<sup>†</sup> after direct transaction costs of	(0.07)	(0.06)	(0.15)
<b>Performance</b>			
Return after operating charges	6.96%	22.53%	7.52%
<b>Other information</b>			
Closing net asset value (£000)	1	1	103
Closing number of shares	340	340	38,976
Operating charges (%) <sup>‡</sup>	0.53%	0.54%	0.53%
Direct transaction costs (%) <sup>#</sup>	0.02%	0.02%	0.06%
<b>Prices<sup>≈</sup></b>			
Highest share price	371.13	331.45	276.54
Lowest share price	316.88	264.99	196.23

Class 5 Income	2023 p per share	2022 p per share	2021 p per share
<b>Change in net assets per share</b>			
Opening net asset value per share	195.39	163.98	157.89
Return before operating charges <sup>†</sup>	14.91	37.57	12.40
Operating charges	(1.14)	(1.22)	(1.24)
Return after operating charges <sup>†</sup>	13.77	36.35	11.16
Distributions	(5.64)	(4.94)	(5.07)
Closing net asset value per share	203.52	195.39	163.98
<sup>†</sup> after direct transaction costs of	(0.04)	(0.04)	(0.09)
<b>Performance</b>			
Return after operating charges	7.05%	22.17%	7.07%
<b>Other information</b>			
Closing net asset value (£000)	111,647	90,335	64,609
Closing number of shares	54,858,060	46,234,690	39,399,682
Operating charges (%) <sup>‡</sup>	0.55%	0.64%	0.80%
Direct transaction costs (%) <sup>#</sup>	0.02%	0.02%	0.06%
<b>Prices<sup>≈</sup></b>			
Highest share price	222.72	201.71	173.04
Lowest share price	190.15	164.56	126.12

Class 5 Accumulation	2023 p per share	2022 p per share	2021 p per share
<b>Change in net assets per share</b>			
Opening net asset value per share	243.24	198.94	185.52
Return before operating charges <sup>†</sup>	18.53	45.84	14.90
Operating charges	(1.44)	(1.54)	(1.48)
Return after operating charges <sup>†</sup>	17.09	44.30	13.42
Distributions	(7.10)	(6.05)	(6.03)
Retained distributions on accumulation shares	7.10	6.05	6.03
Closing net asset value per share	260.33	243.24	198.94
<sup>†</sup> after direct transaction costs of	(0.05)	(0.05)	(0.11)
<b>Performance</b>			
Return after operating charges	7.03%	22.27%	7.23%
<b>Other information</b>			
Closing net asset value (£000)	23,907	11,876	13,239
Closing number of shares	9,183,350	4,882,270	6,654,580
Operating charges (%) <sup>‡</sup>	0.55%	0.64%	0.80%
Direct transaction costs (%) <sup>#</sup>	0.02%	0.02%	0.06%
<b>Prices<sup>≈</sup></b>			
Highest share price	279.08	249.16	208.39
Lowest share price	238.27	199.62	148.19

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

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

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

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

<sup>≈</sup> The high and low prices disclosed are the high and low prices for the accounting period and not the calendar year. 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	28.02.23	28.02.22
Class 1	1.00%	1.00%
Class 2	0.75%	0.75%
Class 2 (USD)	0.75%	0.75%
Class 3	0.53%	0.53%
Class 5	0.55%	0.55%

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

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

## PORTFOLIO STATEMENT

As at 28 February 2023

Investment	Currency	Holding	Market Value £000	% of Net Assets
<b>Equities 97.61% (99.17%)</b>				
<b>Communication Services 10.79% (9.14%)</b>				
<b>Diversified Telecommunication Services 5.04% (3.74%)</b>				
Cogent Communications Holdings	USD	80,985	4,330	2.28
Verizon Communications	USD	164,058	5,258	2.76
			9,588	5.04
<b>Media 5.75% (5.40%)</b>				
Cable One	USD	3,563	2,033	1.07
Comcast 'A'	USD	194,652	5,971	3.14
Interpublic Group	USD	99,630	2,924	1.54
			10,928	5.75
<b>Communication Services total</b>			<b>20,516</b>	<b>10.79</b>
<b>Consumer Discretionary 5.33% (6.75%)</b>				
<b>Auto Components 0.00% (1.61%)</b>				
<b>Distributors 0.62% (0.97%)</b>				
Genuine Parts	USD	8,098	1,182	0.62
			1,182	0.62
<b>Household Durables 0.65% (0.00%)</b>				
MDC Holdings	USD	40,385	1,234	0.65
			1,234	0.65
<b>Multiline Retail 2.66% (2.50%)</b>				
Target	USD	36,389	5,062	2.66
			5,062	2.66
<b>Speciality Retail 1.40% (1.67%)</b>				
Advance Auto Parts	USD	22,172	2,655	1.40
			2,655	1.40
<b>Consumer Discretionary total</b>			<b>10,133</b>	<b>5.33</b>
<b>Consumer Staples 10.77% (11.80%)</b>				
<b>Beverages 1.73% (1.93%)</b>				
PepsiCo	USD	22,856	3,275	1.73
			3,275	1.73
<b>Food &amp; Staples Retailing 2.96% (3.83%)</b>				
Kroger	USD	68,027	2,424	1.27
Sysco	USD	52,046	3,206	1.69
			5,630	2.96
<b>Food Products 1.17% (1.06%)</b>				
J M Smucker	USD	18,249	2,229	1.17
			2,229	1.17
<b>Household Products 2.26% (2.33%)</b>				
Kimberly-Clark	USD	41,644	4,300	2.26
			4,300	2.26
<b>Personal Products 2.65% (2.65%)</b>				
Unilever, ADR	USD	122,341	5,043	2.65
			5,043	2.65
<b>Consumer Staples total</b>			<b>20,477</b>	<b>10.77</b>

## PORTFOLIO STATEMENT (CONTINUED)

As at 28 February 2023

Investment	Currency	Holding	Market Value £000	% of Net Assets
<b>Energy 6.06% (7.23%)</b>				
<b>Oil, Gas &amp; Consumable Fuels 6.06% (7.23%)</b>				
Kinder Morgan	USD	405,789	5,718	3.01
Williams	USD	233,777	5,811	3.05
			11,529	6.06
<b>Energy total</b>			<b>11,529</b>	<b>6.06</b>
<b>Financials 18.25% (20.67%)</b>				
<b>Banks 8.59% (10.38%)</b>				
M&T Bank	USD	24,979	3,202	1.68
PNC Financial Services Group	USD	19,040	2,483	1.30
Truist Financial	USD	127,308	4,937	2.60
US Bancorp	USD	145,125	5,718	3.01
			16,340	8.59
<b>Insurance 9.66% (10.29%)</b>				
Axis Capital Holdings	USD	67,200	3,370	1.77
Chubb	USD	18,213	3,173	1.67
CNA Financial	USD	43,336	1,566	0.82
Fidelity National Financial	USD	59,425	1,956	1.03
Progressive	USD	52,277	6,199	3.26
Willis Towers Watson	USD	10,880	2,106	1.11
			18,370	9.66
<b>Financials total</b>			<b>34,710</b>	<b>18.25</b>
<b>Health Care 12.92% (13.53%)</b>				
<b>Biotechnology 3.96% (4.95%)</b>				
AbbVie	USD	31,710	4,029	2.12
Amgen	USD	18,357	3,512	1.84
			7,541	3.96
<b>Health Care Equipment &amp; Supplies 0.85% (0.45%)</b>				
Baxter International	USD	48,951	1,615	0.85
			1,615	0.85
<b>Health Care Providers &amp; Services 1.92% (2.13%)</b>				
Premier 'A'	USD	137,243	3,647	1.92
			3,647	1.92
<b>Pharmaceuticals 6.19% (6.00%)</b>				
Bristol-Myers Squibb	USD	97,578	5,558	2.93
Merck	USD	23,468	2,058	1.08
Pfizer	USD	123,832	4,149	2.18
			11,765	6.19
<b>Health Care total</b>			<b>24,568</b>	<b>12.92</b>
<b>Industrials 5.65% (4.10%)</b>				
<b>Air Freight &amp; Logistics 3.60% (4.10%)</b>				
United Parcel Service 'B'	USD	45,452	6,842	3.60
			6,842	3.60
<b>Trading Companies &amp; Distributors 2.05% (0.00%)</b>				
Watsco	USD	15,477	3,895	2.05
			3,895	2.05
<b>Industrials total</b>			<b>10,737</b>	<b>5.65</b>

## PORTFOLIO STATEMENT (CONTINUED)

As at 28 February 2023

Investment	Currency	Holding	Market Value £000	% of Net Assets
<b>Information Technology 15.87% (15.57%)</b>				
<b>Communications Equipment 1.44% (2.97%)</b>				
Cisco Systems	USD	68,459	2,736	1.44
			2,736	1.44
<b>Electronic Equipment, Instruments &amp; Components 3.20% (3.77%)</b>				
Corning	USD	216,860	6,078	3.20
			6,078	3.20
<b>IT Services 1.73% (2.25%)</b>				
CSG Systems International	USD	33,582	1,559	0.82
Fidelity National Information Services	USD	33,114	1,731	0.91
			3,290	1.73
<b>Semiconductors &amp; Semiconductor Equipment 4.72% (2.25%)</b>				
Micron Technology	USD	68,279	3,260	1.71
QUALCOMM	USD	25,591	2,610	1.37
Texas Instruments	USD	21,992	3,113	1.64
			8,983	4.72
<b>Software 4.78% (4.33%)</b>				
Oracle	USD	125,825	9,083	4.78
			9,083	4.78
<b>Information Technology total</b>			<b>30,170</b>	<b>15.87</b>
<b>Real Estate 2.76% (0.00%)</b>				
<b>Equity Real Estate Investment Trusts (REITs) 2.76% (0.00%)</b>				
American Tower	USD	32,070	5,243	2.76
			5,243	2.76
<b>Real Estate total</b>			<b>5,243</b>	<b>2.76</b>
<b>Utilities 9.21% (10.38%)</b>				
<b>Electric Utilities 1.72% (1.69%)</b>				
IDACORP	USD	38,333	3,273	1.72
			3,273	1.72
<b>Independent Power and Renewable Electricity Producers 6.52% (7.09%)</b>				
AES	USD	392,003	7,988	4.20
Vistra	USD	242,487	4,405	2.32
			12,393	6.52
<b>Multi-Utilities 0.97% (1.60%)</b>				
Black Hills	USD	36,604	1,857	0.97
			1,857	0.97
<b>Utilities total</b>			<b>17,523</b>	<b>9.21</b>
<b>Equities total</b>			<b>185,606</b>	<b>97.61</b>
Investment assets			185,606	97.61
Net other assets			4,548	2.39
<b>Net assets</b>			<b>190,154</b>	<b>100.00</b>

All holdings are ordinary shares or stock units and admitted to an official stock exchange unless otherwise stated.  
The comparative percentage figures in brackets are as at 28 February 2022.

## STATEMENT OF TOTAL RETURN

For the year ended 28 February 2023

	Notes	£000	Year ended 28.02.23 £000	£000	Year ended 28.02.22 £000
Income					
Net capital gains	2		8,025		32,728
Revenue	3	5,665		5,311	
Expenses	4	(1,150)		(1,317)	
Net revenue before taxation		4,515		3,994	
Taxation	5	(721)		(573)	
Net revenue after taxation			3,794		3,421
<b>Total return before distributions</b>			<b>11,819</b>		<b>36,149</b>
Distributions	6		(4,935)		(4,734)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>6,884</b>		<b>31,415</b>

## STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

For the year ended 28 February 2023

	£000	Year ended 28.02.23 £000	£000	Year ended 28.02.22 £000
<b>Opening net assets attributable to shareholders</b>		<b>175,463</b>		<b>171,796</b>
Movement due to issue and cancellation of shares:				
Amounts receivable on issue of shares	52,356		42,453	
Amounts payable on cancellation of shares	(45,323)		(70,822)	
		7,033		(28,369)
Dilution adjustment		18		8
Change in net assets attributable to shareholders from investment activities (see above)		6,884		31,415
Retained distribution on accumulation shares		756		613
<b>Closing net assets attributable to shareholders</b>		<b>190,154</b>		<b>175,463</b>

## BALANCE SHEET

As at 28 February 2023

	Notes	As at 28.02.23 £000	As at 28.02.22 £000
<b>Assets:</b>			
Investments	7	185,606	174,011
<b>Current assets:</b>			
Debtors	8	595	1,319
Cash and bank balances	9	5,298	1,828
<b>Total assets</b>		<b>191,499</b>	<b>177,158</b>
<b>Liabilities:</b>			
<b>Creditors:</b>			
Distribution payable		(1,074)	(1,202)
Other creditors	10	(271)	(493)
<b>Total liabilities</b>		<b>(1,345)</b>	<b>(1,695)</b>
<b>Net assets attributable to shareholders</b>		<b>190,154</b>	<b>175,463</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 1 Accounting basis and policies

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

### 2 Net capital gains

	Year ended 28.02.23 £000	Year ended 28.02.22 £000
<b>Net capital gains on investment during the year comprise:</b>		
Currency gains	478	127
Forward currency contracts (losses)/gains	(7)	1
Non-derivative securities gains	7,554	32,600
<b>Net capital gains</b>	<b>8,025</b>	<b>32,728</b>

### 3 Revenue

	Year ended 28.02.23 £000	Year ended 28.02.22 £000
Bank and deposit interest	10	–
Overseas dividends	5,438	4,951
UK dividends	217	360
<b>Total revenue</b>	<b>5,665</b>	<b>5,311</b>

### 4 Expenses

	Year ended 28.02.23 £000	Year ended 28.02.22 £000
<b>Payable to the Authorised Corporate Director ("ACD"), associates of the ACD or agents of either of them:</b>		
Fund Management Fee	1,145	1,313
	1,145	1,313
<b>Payable to the Depositary, associates of the Depositary or agents of either of them:</b>		
Interest payable	3	2
	3	2
<b>Other expenses:</b>		
Dividend collection charges	2	2
	2	2
<b>Total expenses</b>	<b>1,150</b>	<b>1,317</b>

The audit fee was £12,133 (2022: £10,785) net of VAT. The audit fee forms part of the FMF.



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

	Year ended 28.02.23 £000	Year ended 28.02.22 £000
Overseas tax suffered	721	573
<b>Total current tax (see note 5b)</b>	<b>721</b>	<b>573</b>

**b Factors affecting current tax charge**

The tax assessed for the year is lower (2022: lower) than the standard rate of corporation tax in the UK for an Authorised Investment Fund (20%) (2022: 20%).

The differences are explained below:

	Year ended 28.02.23 £000	Year ended 28.02.22 £000
<b>Net revenue before taxation</b>	<b>4,515</b>	<b>3,994</b>
Corporation tax at 20%	903	799
<b>Effects of:</b>		
Movement in excess management expenses	208	293
Overseas dividends not subject to corporation tax	(1,065)	(1,020)
Overseas tax expenses	(3)	–
Overseas tax suffered	721	573
UK dividends not subject to corporation tax	(43)	(72)
<b>Current tax charge (see note 5a)</b>	<b>721</b>	<b>573</b>

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

**c Deferred tax**

There was no provision for deferred tax at the year end (2022: £nil).

After claiming relief against accrued income taxable on receipt, the Fund has unrelieved excess expenses of £11,881,465 (2022: £10,862,955) creating a potential deferred tax asset of £2,376,293 (2022: £2,172,591). It is unlikely that the Fund will generate taxable profits in the future to utilise these amounts and therefore no deferred tax asset has been recognised in the current or prior year.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 6 Distributions

	Year ended 28.02.23 £000	Year ended 28.02.22 £000
<b>The distributions take account of revenue received on the issue of shares and revenue deducted on the cancellation of shares, and comprise:</b>		
Net dividend distribution for the three months ended 28 May	1,148	1,060
Net dividend distribution for the three months ended 28 August	1,194	1,073
Net dividend distribution for the three months ended 28 November	1,309	1,115
Net dividend distribution for the three months ended 28 February	1,317	1,382
	4,968	4,630
Add: Revenue deducted on cancellation of shares	166	218
Deduct: Revenue received on issue of shares	(199)	(114)
<b>Total distributions</b>	<b>4,935</b>	<b>4,734</b>
<b>Reconciliations of distributions for the year to net revenue after taxation</b>		
Distributions for the year	4,935	4,734
ACD's periodic charge borne by the capital account	(1,145)	(1,313)
Equalisation on conversions	1	–
Tax relief on capitalised ACD's periodic charge	3	–
<b>Net revenue after taxation</b>	<b>3,794</b>	<b>3,421</b>

Details of the distributions per share are set out in the distribution tables on pages 44 to 47.

## 7 Fair value hierarchy

Valuation technique	Assets at 28.02.23 £000	Liabilities at 28.02.23 £000	Assets at 28.02.22 £000	Liabilities at 28.02.22 £000
Level 1: Quoted prices	185,606	–	174,011	–
<b>Total value</b>	<b>185,606</b>	<b>–</b>	<b>174,011</b>	<b>–</b>

The purpose of the fair value hierarchy is to priorities 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:

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

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

**Level 3:** Valuation techniques using unobservable inputs.

As at the balance sheet date, the Fund held no level 2 or level 3 investments.

## 8 Debtors

	As at 28.02.23 £000	As at 28.02.22 £000
Accrued revenue	377	444
Amounts receivable on issue of shares	217	875
Prepaid expenses	1	–
<b>Total debtors</b>	<b>595</b>	<b>1,319</b>

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**9 Cash and bank balances**

	As at 28.02.23 £000	As at 28.02.22 £000
Cash and bank balances	5,298	1,828
<b>Total cash and bank balances</b>	<b>5,298</b>	<b>1,828</b>

**10 Other creditors**

	As at 28.02.23 £000	As at 28.02.22 £000
Accrued expenses	189	184
Amounts payable for cancellation of shares	82	309
<b>Total other creditors</b>	<b>271</b>	<b>493</b>

**11 Contingent liabilities and commitments**

There were no contingent liabilities or commitments at the year end (2022: £nil).

**12 Related party transactions**

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

Fund Management Fee paid to Aviva Investors UK Fund Services Limited ("the ACD") are shown in note 4 and details of shares issued and cancelled by the ACD are shown in the statement of change in net assets attributable to shareholders. The balance due to the ACD at the year end in respect of Fund Management Fee was £188,872 (2022: £183,454). Any balance due from the ACD in respect of issues is shown in note 8. Any balance due to the ACD in respect of cancellations is shown in note 10.

Distributions payable to the ACD and related parties of the ACD during the year amounted to £123,995 (2022: £91,261). The amount outstanding at the year end was £28,550 (2022: £27,340). 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.

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

	Holdings at 28.02.23 (shares)	Movement (shares)	Holdings at 28.02.22 (shares)
ACD and related parties (Class 2 Income shares)	760,550	68,184	692,366
ACD and related parties (Class 2 Accumulation shares)	1,003,502	914,508	88,994
ACD and related parties (Class 3 Accumulation shares)	340	–	340

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

**13 Shareholder funds**

The Fund currently has four share classes: Class 1 (Retail), Class 2 and Class 5 (Institutional) and Class 3 (Associated undertakings of Aviva plc). The Fund Management Fees are as follows:

Class 1: 1.00%

Class 2: 0.75%

Class 3: 0.53%

Class 5: 0.55%

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 31 and 32. The distributions per share class are given in the distribution tables on pages 44 to 47. All the share classes have the same rights on winding up.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**14 Shares in issue reconciliation**

	Number of shares in issue at 28.02.22	Number of shares issued	Number of shares cancelled	Number of shares converted	Number of shares in issue at 28.02.23
Class 1 Income shares	203,559	7,629,416	(7,732,524)	58,643	159,094
Class 2 Income shares	30,838,111	3,408,246	(7,281,369)	(6,577,596)	20,387,392
Class 2 Income (USD) shares	1,598,482	243,442	(255,488)	–	1,586,436
Class 5 Income shares	46,234,690	6,841,251	(4,676,526)	6,458,645	54,858,060
Class 2 Accumulation shares	4,596,066	1,152,944	(1,239,128)	(185,454)	4,324,428
Class 3 Accumulation shares	340	–	–	–	340
Class 5 Accumulation shares	4,882,270	4,885,605	(768,570)	184,045	9,183,350

**15 Derivatives and other financial instruments**

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

**Fair value of financial assets and financial liabilities**

There is no significant difference between the carrying values of the financial assets and liabilities and their fair values (2022: £nil).

**Currency risk**

At the year end date, 99.99% (2022: 99.99%) of the net assets of the Fund were denominated in currencies other than sterling with the effect that the balance sheet and total return can be significantly affected by currency movements. If currency rates were to change by 10.00%, the value of the Fund would change by 10.00% (2022: 10.00%).

Currency	Net foreign currency assets					
	Monetary exposure £000		Non monetary exposure £000		Total £000	
	28.02.23	28.02.22	28.02.23	28.02.22	28.02.23	28.02.22
US Dollar	4,541	1,426	185,606	174,011	190,147	175,437

**Interest rate risk**

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

At the year end date 2.79% (2022: 1.04%) 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 base rate of the Depositary's delegated Custodian.

**Market price risk**

At the year end date, 97.61% (2022: 99.17%) of the net assets of the Fund were invested in ordinary shares or stock units or debt securities admitted to an official stock exchange. If the market value were to change by 10%, the value of the Fund would change by 9.76% (2022: 9.92%).

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**16 Direct transaction costs**

In the case of shares, broker commissions, transfer taxes and 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, instruments, derivatives) have no separately identifiable transaction costs; these costs form part of the dealing spread. Dealing spreads vary considerably depending on the transaction value and market sentiment.

	Principal before costs £000	Commissions £000	Taxes £000	Total after costs £000	Commissions as % of principal	Taxes as % of principal
<b>28.02.23</b>						
<b>Purchases (excluding in-specie transfers and corporate actions)</b>						
Equities	(56,809)	(19)	–	(56,828)	0.03%	0.00%
	(56,809)	(19)	–	(56,828)		
<b>Sales (excluding in-specie transfers and corporate actions)</b>						
Equities	52,618	(18)	(1)	52,599	0.03%	0.00%
	52,618	(18)	(1)	52,599		
<b>Total</b>		(37)	(1)			
<b>Percentage of Fund average net assets</b>		0.02%	0.00%			

	Principal before costs £000	Commissions £000	Taxes £000	Total after costs £000	Commissions as % of principal	Taxes as % of principal
<b>28.02.22</b>						
<b>Purchases (excluding in-specie transfers and corporate actions)</b>						
Equities	(37,856)	(12)	–	(37,868)	0.03%	0.00%
	(37,856)	(12)	–	(37,868)		
<b>Sales (excluding in-specie transfers and corporate actions)</b>						
Equities	68,604	(17)	–	68,587	0.02%	0.00%
	68,604	(17)	–	68,587		
<b>Total</b>		(29)	–			
<b>Percentage of Fund average net assets</b>		0.02%	0.00%			

**Dealing spread**

As at 28 February 2023, the average portfolio dealing spread was 0.03% (2022: 0.03%). This spread represents the difference between the values determined retrospectively by reference to the bid and offer prices of investments expressed as a percentage of the value determined by reference to the offer price.

## DISTRIBUTION TABLES

## Final distribution payable in pence per share for the three months ended 28 February 2023

Income shares		Net revenue	Equalisation	Final distribution payable 28 April 2023	Final distribution paid 28 April 2022
Class 1	Group 1	1.3335	–	1.3335	1.4601
	Group 2	0.5690	0.7645	1.3335	1.4601
Class 2	Group 1	1.4003	–	1.4003	1.5287
	Group 2	0.8599	0.5404	1.4003	1.5287
Class 5	Group 1	1.4084	–	1.4084	1.5404
	Group 2	0.7647	0.6437	1.4084	1.5404

Accumulation shares		Net revenue	Equalisation	Final distribution payable 28 April 2023	Final distribution paid 28 April 2022
Class 2	Group 1	1.7829	–	1.7829	1.8923
	Group 2	0.9551	0.8278	1.7829	1.8923
Class 3	Group 1	2.3877	–	2.3877	2.5526
	Group 2	2.3877	0.0000	2.3877	2.5526
Class 5	Group 1	1.7961	–	1.7961	1.9028
	Group 2	0.3958	1.4003	1.7961	1.9028

## Final distribution payable in cents per share for the three months ended 28 February 2023

Income shares		Net revenue	Equalisation	Final distribution payable 28 April 2023	Final distribution paid 28 April 2022
Class 2 (USD)	Group 1	1.0805	–	1.0805	1.3064
	Group 2	0.6196	0.4609	1.0805	1.3064

## Final Distribution

Group 1 shares are those shares purchased at or before 12:00 noon on 28 November 2022.

Group 2 shares are those shares purchased after 12:00 noon on 28 November 2022.

## DISTRIBUTION TABLES (CONTINUED)

## Interim distribution paid in pence per share for the three months ended 28 November 2022

Income shares		Net revenue	Equalisation	Interim distribution paid 28 January 2023	Interim distribution paid 28 January 2022
Class 1	Group 1	1.4602	–	1.4602	1.1633
	Group 2	0.9178	0.5424	1.4602	1.1633
Class 2	Group 1	1.5324	–	1.5324	1.2175
	Group 2	0.6775	0.8549	1.5324	1.2175
Class 5	Group 1	1.5440	–	1.5440	1.2262
	Group 2	0.6030	0.9410	1.5440	1.2262

Accumulation shares		Net revenue	Equalisation	Interim distribution paid 28 January 2023	Interim distribution paid 28 January 2022
Class 2	Group 1	1.9365	–	1.9365	1.4971
	Group 2	1.2301	0.7064	1.9365	1.4971
Class 3	Group 1	2.5967	–	2.5967	1.9991
	Group 2	2.5967	0.0000	2.5967	1.9991
Class 5	Group 1	1.9501	–	1.9501	1.5045
	Group 2	0.6726	1.2775	1.9501	1.5045

## Interim distribution paid in cents per share for the three months ended 28 November 2022

Income shares		Net revenue	Equalisation	Interim distribution paid 28 January 2023	Interim distribution paid 28 January 2022
Class 2 (USD)	Group 1	1.1825	–	1.1825	1.0356
	Group 2	0.3440	0.8385	1.1825	1.0356

**Interim Distribution**

Group 1 shares are those shares purchased at or before 12:00 noon on 28 August 2022.

Group 2 shares are those shares purchased after 12:00 noon on 28 August 2022.

## DISTRIBUTION TABLES (CONTINUED)

## Interim distribution paid in pence per share for the three months ended 28 August 2022

Income shares		Net revenue	Equalisation	Interim distribution paid 28 October 2022	Interim distribution paid 28 October 2021
Class 1	Group 1	1.2927	–	1.2927	1.0581
	Group 2	0.4844	0.8083	1.2927	1.0581
Class 2	Group 1	1.3557	–	1.3557	1.1067
	Group 2	0.5308	0.8249	1.3557	1.1067
Class 5	Group 1	1.3674	–	1.3674	1.1140
	Group 2	0.7130	0.6544	1.3674	1.1140

Accumulation shares		Net revenue	Equalisation	Interim distribution paid 28 October 2022	Interim distribution paid 28 October 2021
Class 2	Group 1	1.7020	–	1.7020	1.3530
	Group 2	0.6555	1.0465	1.7020	1.3530
Class 3	Group 1	2.2876	–	2.2876	1.7989
	Group 2	2.2876	0.0000	2.2876	1.7989
Class 5	Group 1	1.7130	–	1.7130	1.3591
	Group 2	0.7702	0.9428	1.7130	1.3591

## Interim distribution paid in cents per share for the three months ended 28 August 2022

Income shares		Net revenue	Equalisation	Interim distribution paid 28 October 2022	Interim distribution paid 28 October 2021
Class 2 (USD)	Group 1	1.0239	–	1.0239	0.9678
	Group 2	1.0239	0.0000	1.0239	0.9678

**Interim Distribution**

Group 1 shares are those shares purchased at or before 12:00 noon on 28 May 2022.

Group 2 shares are those shares purchased after 12:00 noon on 28 May 2022.



## DISTRIBUTION TABLES (CONTINUED)

## Interim distribution paid in pence per share for the three months ended 28 May 2022

Income shares		Net revenue	Equalisation	Interim distribution paid 28 July 2022	Interim distribution paid 28 July 2021
Class 1	Group 1	1.2505	–	1.2505	1.0018
	Group 2	0.6249	0.6256	1.2505	1.0018
Class 2	Group 1	1.3105	–	1.3105	1.0495
	Group 2	0.6557	0.6548	1.3105	1.0495
Class 5	Group 1	1.3211	–	1.3211	1.0564
	Group 2	0.5888	0.7323	1.3211	1.0564

Accumulation shares		Net revenue	Equalisation	Interim distribution paid 28 July 2022	Interim distribution paid 28 July 2021
Class 2	Group 1	1.6343	–	1.6343	1.2754
	Group 2	1.0378	0.5965	1.6343	1.2754
Class 3	Group 1	2.1904	–	2.1904	1.6958
	Group 2	2.1904	0.0000	2.1904	1.6958
Class 5	Group 1	1.6443	–	1.6443	1.2812
	Group 2	0.4284	1.2159	1.6443	1.2812

## Interim distribution paid in cents per share for the three months ended 28 May 2022

Income shares		Net revenue	Equalisation	Interim distribution paid 28 July 2022	Interim distribution paid 28 July 2021
Class 2 (USD)	Group 1	1.0529	–	1.0529	0.9493
	Group 2	0.4408	0.6121	1.0529	0.9493

**Interim Distribution**

Group 1 shares are those shares purchased at or before 12:00 noon on 28 February 2022.

Group 2 shares are those shares purchased after 12:00 noon on 28 February 2022.

**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 revenue and net gains or losses on the scheme property of the Company for the period then ended.

In preparing the financial statements the ACD is required to:

- follow applicable accounting standards;
- make judgements and estimates that are reasonable and prudent;
- select suitable accounting policies and then apply them consistently;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in operation for the foreseeable future; and
- comply with the Instrument of Incorporation of the Company and the Statement of Recommended Practice for Authorised Funds.

The ACD is required to keep proper accounting records and to manage the Company in accordance with the Regulations and the instrument of Incorporation.

The ACD is responsible for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## AUTHORISED CORPORATE DIRECTOR'S STATEMENT

We hereby approve the Report and Financial Statements of Aviva Investors Select Funds ICVC for the year ended 28 February 2023 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.



M Bell  
Director  
29 June 2023

## STATEMENT OF THE DEPOSITARY'S RESPONSIBILITIES

The Depositary must ensure that the Company is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook, and the Investment Funds Sourcebook, the Open-Ended Investment Companies Regulations 2001 (SI 2001/1228), as amended, the Financial Services and Markets Act 2000, as amended, (together 'the regulations'), the Company's Instrument of Incorporation and Prospectus (together 'the Scheme documents') as detailed below.

The Depositary must in the context of its role act honestly, fairly, professionally, independently and in the interests of the Company and its investors.

The Depositary is responsible for the safekeeping of all custodial assets and maintaining a record of all other assets of the Company in accordance with the regulations.

The Depositary must ensure that:

- the Company's cash flows are properly monitored and that cash of the Company is booked into the cash accounts in accordance with the regulations;
- the sale, issue, repurchase, redemption and cancellation of shares are carried out in accordance with the regulations;
- the value of shares of the Company are calculated in accordance with the regulations;
- any consideration relating to transactions in the Company's assets is remitted to the Company within the usual time limits;
- the Company's income is applied in accordance with the regulations; and the instructions of the Alternative Investment Fund Manager ('the AIFM' or 'the Manager'), are carried out (unless they conflict with the regulations).

The Depositary also has a duty to take reasonable care to ensure that the Company is managed in accordance with the Scheme documents and the regulations in relation to the investment and borrowing powers applicable to 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 Company, acting through the AIFM:

- (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 regulations and the Scheme documents of the Company; and
- (ii) has observed the investment and borrowing powers and restrictions applicable to the Company in accordance with the regulations and Scheme documents of the Company.

J.P. Morgan Europe Limited  
London  
29 June 2023

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

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### OPINION

In our opinion, the financial statements of Aviva Investors Select Funds ICVC (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 2023 and of the net revenue and the net capital gains on the scheme property of the Company and each of the sub-funds for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law), the Statement of Recommended Practice for UK Authorised Funds, the Collective Investment Schemes sourcebook and the Instrument of Incorporation.

Aviva Investors Select Funds ICVC is an Open Ended Investment Company ('OEIC') with 2 sub-funds. The financial statements of the Company comprise the financial statements of each of the sub-funds. We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the balance sheets as at 28 February 2023; the statements of total return and the statements of change in net assets attributable to shareholders for the year then ended; the distribution tables; the accounting policies (within the Policies and Risks section); and the notes to the financial statements.

### BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We remained independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

### CONCLUSIONS RELATING TO GOING CONCERN

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's or any sub-funds' ability to continue as a going concern for a period of at least twelve months from the date on which the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the Authorised Corporate Director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Company's or any sub-funds' ability to continue as a going concern.

Our responsibilities and the responsibilities of the Authorised Corporate Director with respect to going concern are described in the relevant sections of this report.

### REPORTING ON OTHER INFORMATION

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Authorised Corporate Director is responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Based on our work undertaken in the course of the audit, the Collective Investment Schemes sourcebook requires us also to report certain opinions as described below.

### Report of the Authorised Corporate Director

In our opinion, the information given in the Report of the Authorised Corporate Director for the financial year for which the financial statements are prepared is consistent with the financial statements.

### RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

#### Responsibilities of the Authorised Corporate Director for the financial statements

As explained more fully in the Statement of the Authorised Corporate Director's Responsibilities, the Authorised Corporate Director is responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Authorised Corporate Director is also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Authorised Corporate Director is responsible for assessing the Company's and each of the sub-funds ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Authorised Corporate Director either intends to wind up or terminate the Company or individual sub-fund, or has no realistic alternative but to do so.

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

### Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Company/industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of the Collective Investment Schemes sourcebook, and we considered the extent to which non-compliance might have a material effect on the financial statements, in particular those parts of the sourcebook which may directly impact on the determination of amounts and disclosures in the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue or to increase the net asset value of the Company or the sub-funds. Audit procedures performed included:

- Discussions with the Authorised Corporate Director, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Reviewing relevant meeting minutes, including those of the Authorised Corporate Director's board of directors;
- Identifying and testing journal entries, specifically any journals posted as part of the financial year end close process; and
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

### Use of this report

This report, including the opinions, has been prepared for and only for the Company's shareholders as a body in accordance with paragraph 4.5.12 of the Collective Investment Schemes sourcebook as required by paragraph 67(2) of the Open-Ended Investment Companies Regulations 2001 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

### OTHER REQUIRED REPORTING

#### OPINION ON MATTER REQUIRED BY THE COLLECTIVE INVESTMENT SCHEMES SOURCEBOOK

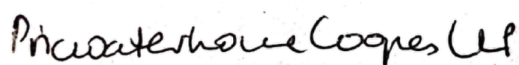
In our opinion, we have obtained all the information and explanations we consider necessary for the purposes of the audit.

#### COLLECTIVE INVESTMENT SCHEMES SOURCEBOOK EXCEPTION REPORTING

Under the Collective Investment Schemes sourcebook we are also required to report to you if, in our opinion:

- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records.

We have no exceptions to report arising from this responsibility.



PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
29 June 2023

## 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 Select Funds ICVC are intended to be medium to long term investments and should not be considered as a short term investment.

Past performance is not a guide to the future.

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

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

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

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

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

### Publication of Prices

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

## VALUE ASSESSMENT

Value Assessments for the Aviva Investors Select Funds ICVC can now be found at [www.avivainvestors.com/value-assessments](http://www.avivainvestors.com/value-assessments).

## REMUNERATION POLICY (UNAUDITED)

### UCITS REMUNERATION DISCLOSURE

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

Aviva Investors' remuneration framework is based on a total reward approach and is designed to reflect the success or failure against a range of personal and company performance objectives.

### REMUNERATION GOVERNANCE

#### AVIVA INVESTORS REMUNERATION COMMITTEE

The Aviva Investors Remuneration Committee is responsible for reviewing and making recommendations to the Aviva Group Remuneration Committee and Aviva Investors Holdings Limited Board regarding the Remuneration Policy of Aviva Investors including AIGSL. This Committee reviews individual remuneration packages for all employees to which the Remuneration Code applies and considers the remuneration policy and structures for all Aviva Investors employees.

The Aviva Investors Remuneration Committee is comprised of Non-Executive Director Mike Craston and Independent Non-Executive Directors Jeffrey Weingarten (Chair), Sue Amies-King, Alexa Coates, Andrew Kirton and Mark White. The majority of the members were also members of the Aviva Investors Risk Committee during 2022. The Aviva Investors Remuneration Committee met on 5 occasions in 2022.

#### AVIVA GROUP REMUNERATION COMMITTEE

The Aviva Group Remuneration Committee oversees Aviva's remuneration policies and practices. The Committee considers alignment between Group strategy and the remuneration of Directors and Material Risk Takers (MRTs) within Aviva Investors. The Committee also works with the Board Risk Committee to ensure that risk and risk appetite are properly considered in setting the remuneration policy. The full roles and responsibilities of the Aviva Group Remuneration Committee are available on the Investor Relations website, found here:

<http://www.aviva.com/investor-relations/corporate-governance/board-of-directors/board-committees/remuneration-committee/>

The Aviva Group Remuneration Committee is comprised of Independent Non-Executive Directors Pippa Lambert (Chair), Andrea Blance and Patrick Flynn. Andrea Blance and Patrick Flynn were also members of the Board Risk Committee during 2022. The Aviva Group Remuneration Committee met on 7 occasions in 2022.

When setting remuneration policy, the relevant Remuneration Committees take account of the company's strategic objectives and take into account the long-term interests of shareholders and other stakeholders.

During 2022 the Aviva Investors Remuneration Committee and Aviva Group Remuneration Committee received independent advice on executive remuneration matters from Deloitte LLP which is a member of the Remuneration Consultants Group and adheres to its Code of Conduct.

### REMUNERATION POLICY

The Aviva Investors remuneration policy is consistent with Aviva's remuneration principles which support the execution of Aviva Investor's strategy, rewarding sustained performance and growth aligned with our values:

- **Performance aligned:** We differentiate reward based on performance. Outcomes are aligned with Aviva, business-line and individual performance, both financial and non-financial.
- **Competitive:** We focus on the total reward package, ensuring that reward programme design and outcomes are market aligned and competitive, enabling the attraction, motivation and retention of high-quality colleagues.
- **Simple, transparent and consistent:** We operate a 'one Aviva' approach to reward. Our reward programmes are only as complex as necessary. They are easily understood.
- **Fair:** Our reward programmes and decision-making support Aviva's commitment to create a diverse and inclusive organisation, ensuring that all colleagues are rewarded fairly in view of the results achieved and individual contributions. Our reward approach is designed to attract, motivate and retain high quality colleagues, regardless of gender, ethnicity, age, disability or any other factor unrelated to performance, contribution or experience
- **Doing the right thing:** We do the right thing through reward programmes that support Aviva's values, behaviours and sustainability objectives. Outcomes consider expectations of Customers, Colleagues and Shareholders.
- **Risk aligned:** Reward is designed to promote sound and effective risk management, within a robust internal governance framework.

### LINK BETWEEN PAY AND PERFORMANCE

Performance is measured against a combination of:

- **Aviva Investors and Group performance:**
  - A rounded assessment of performance against financial key performance indicators (including, but not limited to operating profit, investment performance and net flows). The assessment of financial performance includes reference to actual results versus prior period results, agreed plans, relativity to competitors and progress towards our long-term target ambition; and
  - Non-financial considerations including management of risk (including the integration of sustainability risks in the investment process, where applicable), diversity and inclusion, employee engagement metrics and alignment with value created for our shareholders
- **Business Unit Performance:** Contribution of each business area to the overall success of the Aviva Investors, year on year growth and execution of its strategy; and
- **Individual Performance:** Delivery against individual goals and relative performance in comparison to peers, as well as the extent to which individuals have demonstrated the Aviva values.

The Performance assessment does not encourage risk taking outside the Aviva Investors stated risk appetite and includes mechanisms by which performance against risk and conduct related measures has a significant impact on the availability and size of business and individual variable awards.



## REMUNERATION POLICY (UNAUDITED)

### LINK BETWEEN PAY AND PERFORMANCE (CONTINUED)

The Risk function provide an independent assessment of risk and control effectiveness to the Aviva Group Remuneration Committee for consideration in setting the bonus pool. The assessment is based on a balanced scorecard with metrics designed to drive and reward good risk management behaviours and outcomes, and measures to ensure appropriate independent challenge and review. The assessment includes consideration of both current and likely future risks facing the business.

The Risk function also input on any risk and conduct breaches occurring during the year that could impact variable remuneration outcomes on an individual basis. Future risks identified that have a likelihood of materialising may result in withholding or reduction in variable remuneration.

Through Aviva Investors' Global Reward Framework, all investment employees should support responsible investment and integrate ESG considerations into their investment processes, including the consideration of Sustainability Risk (as defined by the EU Sustainable Finance Disclosure Regulation). ESG research is integrated into the investment process and forms part of the investment scorecard and annual risk attestation. The Chief Investment Officers and investment desk heads consider how investment employees demonstrate their commitment to ESG processes as part of the determination of annual performance and pay outcomes.

The remuneration of employees in Control Functions (defined as Risk, Compliance and Audit) is determined independently of the financial results of Aviva Investors in order to reinforce the independence of these functions. To avoid conflicts of interest, no individual is involved in decisions relating to his or her own remuneration.

### STRUCTURE OF REMUNERATION

#### FIXED REMUNERATION

Basic Salary – set within an appropriate market range and reflecting a colleague's professional experience and organisational responsibilities. Fixed pay is set at a level which is sufficient to allow the possibility, where performance warrants, that an employee may receive no variable pay.

Benefits – standard benefits are provided that are appropriate to the market, compliant with all legal requirements and intended to provide choice and flexibility to meet individual needs.

#### VARIABLE REMUNERATION

Annual Bonus – a discretionary short-term incentive plan where individuals may receive a bonus based on business and individual performance against targets. All Aviva Investors colleagues who are permanent employees or Fixed Term Contractors are eligible to be considered for an annual bonus.

Annual bonuses are typically received in cash but awards above certain thresholds are deferred to align the interests of employees with those of the company, its customers, and shareholders and to aid retention. A three-year deferral with pro-rata vesting in Aviva funds and/or Aviva Group Plc shares applies. MRTs are subject to additional deferral requirements, further detail is included below in the section 'MRT Deferrals and Retention Periods'.

Long Term Incentive Awards (LTIA) – discretionary long-term incentive plan to align reward with long-term investment performance, Aviva Group and Shareholders, and with the additional intention to help retain key talent. All Aviva Investors colleagues who are permanent employees are eligible to receive an LTIA, although LTIA's are typically awarded to a select number of senior colleagues.

LTIA's vest after three years; part in Aviva Investors and part in Aviva Restricted Share Units (RSUs). For colleagues in the Real Assets business, Aviva funds are subject to a two-year holding period post vesting to align with the longer-term nature of investments in the Real Assets business. For the Aviva Investors CEO, due to his role as a member of the Aviva Executive Committee the award of RSUs is subject to additional Aviva Group performance conditions. For MRTs, vesting is subject to a pre-vesting assessment of individual performance, behaviours, and alignment with the company values of Aviva Investors throughout the three-year performance period.

Variable remuneration is discretionary and fully flexible, including the possibility of zero if performance thresholds are not met.

#### MRT DEFERRALS AND RETENTION PERIODS:

In line with regulatory requirements, MRTs are subject to additional deferral requirements:

- MRTs who have also been identified under the Alternative Investment Fund Managers Directive (AIFMD) and Undertakings for Collective Investment in Transferrable Securities V (UCITS) Directive are subject to the AIFMD/UCITS V remuneration requirements. The requirements are applied on an apportioned basis, based on the % of Assets Under Management (AUM) of the AIFMD/UCITS regulated firm versus total AUM of Aviva Investors. The apportioned variable remuneration is subject to the following requirements: 40% of variable remuneration under £500,000 is deferred over three years. This increases to 60% for variable pay over £500,000. A minimum of 50% of total variable remuneration is delivered in Aviva funds and/or Aviva Group Plc shares, this applies to both the deferred element and the upfront element (the element that is not subject to deferral).
- When setting deferral schedules and retention periods for MRTs, Aviva Investors take into account:
  - The firm's business cycle (including length), the nature of its business and its risk profile;
  - The activities and responsibilities of MRTs and how these may impact the risk profile of the firm or the assets the firm manages;
  - Whether the deferred variable remuneration is paid out in instruments or cash;
  - The amount of the variable remuneration and the ratio of variable to fixed remuneration; and
  - How long it could take for the risks underlying the staff member's performance to crystallise.

Aviva Investors considers, based on market practice and in consideration that all variable awards are subject to clawback post vesting, that: the proportion of variable remuneration that is deferred is appropriate to align the interest of colleagues with the risk profile of the regulated entities; the retention period is of suitable length post release of the deferred awards (or in the case of an upfront component the award); and, the deferral period and vesting schedule is of an appropriate length.

## REMUNERATION POLICY (UNAUDITED)

### MRT DEFERRALS AND RETENTION PERIODS: (CONTINUED)

For all MRTs, malus provisions and leaver conditions will apply during the vesting period. However, these will not apply during the six-month holding period. Clawback provisions continue to apply after the vesting period, including during the holding period.

Colleagues are not permitted to undertake personal hedging strategies in respect of any variable remuneration.

### MALUS AND CLAWBACK

All variable pay granted or paid to any Aviva Investors employee is subject to the Aviva's Malus and Clawback Policy. This includes the cash and deferred elements of the annual bonus plan and any LTIA. The circumstances when Malus and Clawback may apply are documented in the Directors Remuneration Policy section of the Annual Report and Accounts, found here: <https://www.aviva.com/investors/annual-report/>

### GUARANTEES

Guaranteed awards are only offered for the year of hire in exceptional circumstances and provided the legal entity has a sound and strong capital base. In line with Aviva's policy, guarantees must:

- Not be more generous than necessary and only offered if alternate approaches, such as full year bonus opportunity, are not considered appropriate.
- Not be offered to Executive Directors.
- Be subject to a minimum standard of personal performance, behaviour and conduct.

Guarantees are subject to appropriate governance and approvals and are subject to Aviva's Malus and Clawback Policy.

### SEVERANCE

Any severance payment above and beyond statutory or existing contractual entitlements is at the company's absolute discretion. There is no automatic right to a pro-rata bonus payment in the event of termination of employment by the company or individual. Any bonus payments related to early termination of contracts are at the company's discretion and will reflect performance achieved over time and designed in a way which does not reward poor conduct or failure. Treatment of any unvested share, fund or bonus awards are governed by the relevant plan rules. There is no automatic entitlement to any payment under these plans other than where expressly stated in the plan rules.

The maximum severance pay is based on Aviva applicable policies; in the event of redundancy the maximum severance pay is calculated based on year of service, with each year of service representing a proportion of salary as per Aviva Discretionary Redundancy policies, plus a discretionary pro-rata lost bonus opportunity.

In non-redundancy exits the criteria used to determine maximum severance pay is linked to the reason for the exit, the employees' length of service and the requirement to reach settlement weighted against the legal risk of litigation. In the event of legal proceedings, the maximum severance payment may exceed the calculated and determined approach above.

### MATERIAL RISK TAKER IDENTIFICATION

Aviva Investors identified MRTs in accordance with the FCA Remuneration rules and guidance as set out in SYSC 19B.

The MRT population is reviewed at least annually by the Remuneration Committees and individuals are notified of their status.

### QUANTITATIVE REMUNERATION DISCLOSURES

AIUKFSL has no employees but is a wholly owned subsidiary of Aviva Investors Holdings Limited. For the year to 31 December 2022, apportioned remuneration based on the time assessed to be spent on AIUKFSL AIFMD activity paid by Aviva Plc, the ultimate parent of AIUKFSL, to its senior management team, and MRTs:

GBP Millions	Senior Management	Other MRTs
Total Remuneration:	£1.3m	£1.1m
Of which, Fixed Remuneration:	36%	42%
Variable Remuneration:	59%	51%
Pension/Benefits:	5%	7%
Number of Code staff:	23	24

