

# AVIVA INVESTORS SELECT FUNDS ICVC

## Interim Report and Financial Statements

For the six months ended 28 August 2017 (unaudited)



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

## COMPANY INFORMATION

### AUTHORISED CORPORATE DIRECTOR

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

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

### DIRECTORS

I Buckle  
J Misselbrook  
S Ebenston  
D Skinner  
J Leadsom (appointed 6 April 2017)  
D Clayton (appointed 5 April 2017)

### ADMINISTRATOR AND REGISTRAR

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

#### **Changes to Administrator and Registrar name**

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

### 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, EC14 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

## 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 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).

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 interim financial statements of the Company for the six months ended 28 August 2017. 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

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

#### **Launch of share class 5**

On 23 June 2017, a new share class 5 (both income and accumulation) was launched in the Aviva Investors US Equity Income Fund and the Aviva Investors US Equity Income Fund II.

## STATEMENT OF CROSS HOLDINGS

There are no cross holdings as at 28 August 2017.

## AVIVA INVESTORS US EQUITY INCOME FUND

### INVESTMENT OBJECTIVE

To provide an annualised income yield 1.5% higher than that of the Russell® 3000 Value Index which is paid quarterly, with the potential for capital growth.

### INVESTMENT POLICY

The Fund aims to achieve the investment objective by principally investing in equity securities listed on regulated North American exchanges. Limited exposure to other geographic regions may be possible.

The Fund may also invest in other transferable securities, collective investment schemes, money market instruments, deposits, cash or near cash. The Fund may also use derivative instruments for the purposes of efficient portfolio management.

### FUND MANAGER'S REPORT

Over the six months ended 28 August 2017, the Fund\* (Share Class 1), returned -1.90 per cent compared with an average return of -0.41 per cent for the Russell® 3000 Value benchmark, an underperformance of -1.49 per cent.

Over the six months ended 28 August 2017, the Fund provided an income yield (before the deduction of charges and tax) of 3.81 per cent, compared to the Russell® 3000 Value Index yield of 2.97 per cent, an outperformance of 0.84 per cent but falling short of its target of providing an annualised income yield 1.5% higher than that of the Index.

Despite expectations for a general increase in rates, only short-term rates rose in Q2 as yield curves flattened toward a bearish view and corporate credit spreads narrowed bullishly while inflation remained stubbornly weak. During August, the 10-year U.S. Treasury rate briefly dropped below 2.1 per cent, the lowest read since the day after the election. This inherently mixed outlook from credit markets stands in stark contrast to continued optimism that has dominated equity markets since Inauguration Day. As measured by Evercore ISI, company surveys continued to improve in both the U.S. and Europe and despite the strong market move, the most recent AAll Sentiment Survey showed individual investor pessimism was on decline. Unfortunately, the political divide in Washington seemed to deepen in recent months and the Republican Party proved largely incapable of advancing its agenda in Congress, threatening the comprehensive tax and regulatory reform efforts that underpinned much of the optimism.

For Q2 2017, the blended earnings growth rate for the S&P 500 is 10.3 per cent. Ten sectors are reporting earnings growth for the quarter, led by the Energy sector. For Q3 2017, 71 S&P 500 companies have issued negative EPS guidance and 44 S&P 500 companies have issued positive EPS guidance. Looking at future quarters, analysts currently project earnings growth to continue through 2017, with the forward 12-month P/E ratio at 17.5 which is above the 5-year (15.5) and 10-year (14.1) averages.

Broadly surveying the market, large caps significantly outperformed and growth stocks led during the period. The Russell® 1000 Index returned 4.22 per cent, outperforming the Russell® 2000 and the Russell® Midcap by 3.88 per cent and 2.21 per cent, respectively. Among investment styles, small cap growth stocks outperformed their value peers by 7.29 per cent. The gap among large cap was even more substantial as growth returned 8.71 per cent versus -0.18 per cent for value.

Seven of the eleven sectors in the Russell® 3000 Value posted positive returns in the period, with Utilities (8.4 per cent), Health Care (3.9 per cent), and Information Technology (3.1 per cent) providing the highest returns. The worst performing sectors were Energy (-12.0 per cent), Telecommunication Services (-5.2 per cent), and Industrials (-1.8 per cent).

Looking at what worked during the period, the most significant positive impacts on relative performance were from stock selection and the underweight allocation in Energy. All five Energy holdings outperformed the broader sector by a substantial margin, and the overall sector was actually positive in the period.

The five holdings with the highest contribution to Portfolio return during the period were Unilever PLC Sponsored ADR (UL, 24.2 per cent), Novo Nordisk A/S Sponsored ADR (CI B) (NVO, 39.2 per cent), Microsoft Corp. (MSFT, 14.7 per cent), Praxair Inc. (PX, 12.7 per cent), and Iron Mountain Inc. (IRM, 11.0 per cent).

Speaking to what did not work, overall stock selection was negative and primarily responsible for the underperformance; sector allocation was marginally negative as well. The most significant negative impacts on relative performance were from stock selection in the Consumer Discretionary and Industrials sectors. Of the eight Consumer Discretionary holdings, six underperformed the benchmark sector return, including Cinemark Holdings Inc. (CNK, -19.7 per cent), the second lowest contributor during the period. Industrials was negatively impacted by its holding of W.W. Grainger Inc. (GWW, -36.3 per cent) and Fastenal Co. (FAST, -15.7 per cent), the first and third lowest contributors during the period.

The other two holdings with the lowest contribution to Portfolio return during the period were Sabra Health Care REIT Inc. (SBRA, -17.6 per cent), and Uniti Group Inc. (UNIT, -28.8 per cent).

As of 28 August 2017, the Portfolio held a total of sixty positions. During the period, we established eight and eliminated three positions, and one was spun off and sold. The five largest positions established were Nielsen Holdings PLC (NLSN, +1.9 per cent), Extended Stay America Inc. (STAY, +4.3 per cent), KAR Auction Services Inc. (KAR, +5.3 per cent), Interpublic Group of Companies Inc. (IPG, -16.7 per cent), and Coty Inc. (CI A) (COTY, -7.7 per cent). The holdings that were eliminated included Time Warner Inc. (TWX, +1.6 per cent), National CineMedia Inc. (NCMI, -38.1 per cent) and Vectren Corp. (VVC, +5.6 per cent). We eliminated the positions in NCMI due to unrealized losses and the positions in VVC and TWX as they were trading at premiums to their assessed valuations.

## AVIVA INVESTORS US EQUITY INCOME FUND (CONTINUED)

### FUND MANAGER'S REPORT (CONTINUED)

Q2 earnings season was stronger than expected. Given the relative quiet so far in Q3 (the cost of Hurricane Harvey is still unknown), it is reasonable to suspect that this momentum might be sustained in Q3 and there is upside to the earnings growth projection, which currently stands at only 4.9 per cent. The optimism that characterized investor and CEO sentiment in early 2017 appears to be waning amid the continued failure to advance significant tax and regulatory reform in Congress, yet the backdrop remains positive for business. We continue to expand our Watchlist and look for opportunities in areas of weakness but we expect volatility will increase in the months ahead.

#### September 2017

\* Fund performance figures – share class 1, source Lipper, net of fees, net income reinvested in GBP. Unless otherwise indicated, all data has been sourced by River Road Asset Management LLC.

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The Aviva Investors US Equity Income Fund is not promoted, sponsored or endorsed by, nor in any way affiliated with Russell Investments ("Russell"). Russell is not responsible for and has not reviewed the Aviva Investors US Equity Income Fund nor any associated literature or publications and Russell makes no representation or warranty, express or implied, as to their accuracy, or completeness, or otherwise.

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.

### Material Portfolio Changes

Purchases	Sales
Nielsen Holdings	Microsoft
Extended Stay America	GEO Group
Interpublic Group	Time Warner
KAR Auction Services	Motorola Solutions
Coty 'A'	PNC Financial Services Group
Novo Nordisk, ADR	Omnicom Group
Cogent Communications Holdings	Verizon Communications
CVS Health	Novo Nordisk
Johnson Controls International	Vectren
Sabra Health Care REIT	Ventas

### 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.

## INVESTMENT PERFORMANCE

## Net Asset Value – Income Shares

Share class	As at	Net asset value* £000	Shares in issue	Per share in class currency
Class 1	28.02.15	11,127	7,769,405	143.22p
	28.02.16	7,696	5,315,532	144.79p
	28.02.17	7,402	3,799,878	194.80p
	28.08.17	6,155	3,436,216	179.12p
Class 2	28.02.15	247,225	167,877,271	147.27p
	28.02.16	207,585	138,378,752	150.01p
	28.02.17	249,562	122,714,671	203.37p
	28.08.17	215,606	114,877,420	187.68p
Class 2 (USD)	28.02.15	14,536	15,810,361	141.88c
	28.02.16	12,591	13,444,062	130.75c
	28.02.17	15,863	12,493,857	157.98c
	28.08.17	13,201	11,266,467	150.42c
Class 5	28.08.17**	1	529	188.25p

\* Valued at bid market prices.

\*\* From 23 June 2017 (date of launch).

## Net Asset Value – Accumulation Shares

Share class	As at	Net asset value* £000	Shares in issue	Per share in class currency
Class 1	28.02.15	2,059	1,298,089	158.62p
	28.02.16	1,504	913,218	164.66p
	28.02.17	1,103	485,750	227.00p
	28.08.17	977	461,891	211.45p
Class 2	28.02.15	9,350	5,737,934	162.95p
	28.02.16	9,040	5,304,501	170.42p
	28.02.17	10,844	4,580,636	236.73p
	28.08.17	9,439	4,264,604	221.33p
Class 3	28.02.15	46,572	28,214,550	165.06p
	28.02.16	67	38,583	173.22p
	28.02.17	93	38,583	241.46p
	28.08.17	87	38,583	226.14p
Class 5	28.08.17**	1	452	221.42p

\* Valued at bid market prices.

\*\* From 23 June 2017 (date of launch).

## Share Price Record – Income Shares

Share class	Financial year	Highest price*	Lowest price*
Class 1	2015	146.51p	119.51p
	2016	150.79p	121.83p
	2017	196.55p	143.77p
	2018**	198.36p	177.63p
Class 2	2015	150.49p	122.04p
	2016	155.19p	125.74p
	2017	205.01p	148.98p
	2018**	207.09p	185.74p
Class 2 (USD)	2015	142.87c	127.36c
	2016	143.04c	120.64c
	2017	158.88c	129.96c
	2018**	158.78c	150.93c
Class 5	2018**	194.59p	187.50p

\* Valued at mid market prices.

\*\* Up to 28 August 2017.

## Share Price Record – Accumulation Shares

Share class	Financial year	Highest price*	Lowest price*
Class 1	2015	161.36p	128.84p
	2016	167.00p	135.79p
	2017	227.76p	163.52p
	2018**	231.14p	206.98p
Class 2	2015	165.64p	131.48p
	2016	171.71p	140.01p
	2017	237.31p	169.25p
	2018**	241.06p	216.21p
Class 3	2015	167.73p	132.80p
	2016	174.01p	142.07p
	2017	241.96p	172.04p
	2018**	245.88p	220.70p
Class 5	2018**	227.90p	219.60p

\* Valued at mid market prices.

\*\* Up to 28 August 2017.

## Ongoing Charges Figure\*

Share class	28.08.17	28.02.17
Class 1	1.64%	1.63%
Class 2	0.89%	0.88%
Class 2 (USD)	0.89%	0.88%
Class 3	0.54%	0.53%
Class 5	0.81%	–

\* 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 period. The OCF is made up of the Annual Management Charge and other operating costs deducted from the assets of the Fund during the period, except for those payments that are explicitly excluded (performance fees).

## INVESTMENT PERFORMANCE (CONTINUED)

**Revenue Record – Income Shares**

The revenue record table below shows the net distribution rates per financial year on a payment date basis for an investment made on 28 February 2014.

Share class	Financial year	Net revenue per share	Per 1,000 invested in class currency
Class 1	2015	3.6236p	£29.70
	2016	3.6719p	£30.10
	2017	4.2287p	£34.66
	2018*	2.3577p	£19.33
Class 2	2015	3.6692p	£29.48
	2016	3.7858p	£30.42
	2017	4.4070p	£35.41
	2018*	2.4658p	£19.81
Class 2 (USD)	2015	3.6529c	\$47.02
	2016	3.5209c	\$45.32
	2017	3.6084c	\$46.45
	2018*	1.9775c	\$25.45
Class 5	2018**	0.8035p	£4.16

\* Up to 28 October 2017 (the interim distribution payment date).

\*\* From 23 June 2017 (date of launch) to 28 October 2017 (the interim distribution payment date).

**Revenue Record – Accumulation Shares**

The revenue record table below shows the net distribution rates per financial year on a payment date basis for an investment made on 28 February 2014.

Share class	Financial year	Net revenue per share	Per 1,000 invested in class currency
Class 1	2015	3.9236p	£30.00
	2016	4.1036p	£31.37
	2017	4.8643p	£37.19
	2018*	2.7553p	£21.06
Class 2	2015	4.0011p	£30.00
	2016	4.2853p	£32.13
	2017	5.0476p	£37.85
	2018*	2.8788p	£21.59
Class 3	2015	4.1305p	£30.68
	2016	4.4342p	£32.93
	2017	5.4811p	£40.71
	2018*	3.0290p	£22.50
Class 5	2018**	0.9411p	£4.16

\* Up to 28 October 2017 (the interim distribution payment date).

\*\* From 23 June 2017 (date of launch) to 28 October 2017 (the interim distribution payment date).

## PORTFOLIO STATEMENT

As at 28 August 2017 (unaudited)

Investment	Currency	Holding	Market Value £000	% of Net Assets
<b>Equities 98.19% (98.40%)</b>				
<b>Consumer Discretionary 9.81% (9.54%)</b>				
<b>Hotels, Restaurants &amp; Leisure 1.97% (0.00%)</b>				
Extended Stay America	USD	332,095	4,851	1.97
			4,851	1.97
<b>Leisure Products 1.04% (0.92%)</b>				
Polaris Industries	USD	34,904	2,548	1.04
			2,548	1.04
<b>Media 5.13% (6.66%)</b>				
Cinemark Holdings	USD	182,285	4,683	1.91
Interpublic Group	USD	228,479	3,558	1.45
Omnicom Group	USD	76,460	4,346	1.77
			12,587	5.13
<b>Multiline Retail 1.67% (1.96%)</b>				
Target	USD	97,041	4,098	1.67
			4,098	1.67
<b>Consumer Discretionary total</b>			<b>24,084</b>	<b>9.81</b>
<b>Consumer Staples 9.22% (7.00%)</b>				
<b>Beverages 1.27% (1.14%)</b>				
PepsiCo	USD	34,605	3,133	1.27
			3,133	1.27
<b>Food &amp; Staples Retailing 3.32% (2.51%)</b>				
CVS Health	USD	44,448	2,611	1.07
Wal-Mart Stores	USD	90,689	5,532	2.25
			8,143	3.32
<b>Household Products 1.42% (1.48%)</b>				
Kimberly-Clark	USD	37,007	3,488	1.42
			3,488	1.42
<b>Personal Products 3.21% (1.87%)</b>				
Coty 'A'	USD	236,788	2,994	1.22
Unilever, ADR	USD	108,614	4,879	1.99
			7,873	3.21
<b>Consumer Staples total</b>			<b>22,637</b>	<b>9.22</b>
<b>Energy 8.18% (8.38%)</b>				
<b>Oil, Gas &amp; Consumable Fuels 8.18% (8.38%)</b>				
Chevron	USD	37,660	3,153	1.29
Exxon Mobil	USD	61,366	3,648	1.49
Marathon Petroleum	USD	154,340	6,147	2.50
Occidental Petroleum	USD	68,942	3,176	1.29
Valero Energy	USD	75,169	3,950	1.61
			20,074	8.18
<b>Energy total</b>			<b>20,074</b>	<b>8.18</b>

## PORTFOLIO STATEMENT (CONTINUED)

As at 28 August 2017 (unaudited)

Investment	Currency	Holding	Market Value £000	% of Net Assets
<b>Financials 16.08% (16.74%)</b>				
<b>Banks 10.47% (11.24%)</b>				
BB&T	USD	211,230	7,594	3.09
PNC Financial Services Group	USD	41,894	4,166	1.70
US Bancorp	USD	192,615	7,780	3.17
Wells Fargo	USD	97,517	3,963	1.61
WesBanco	USD	76,599	2,201	0.90
			25,704	10.47
<b>Capital Markets 1.64% (1.72%)</b>				
Thomson Reuters	USD	112,488	4,017	1.64
			4,017	1.64
<b>Insurance 3.97% (3.78%)</b>				
Axis Capital Holdings	USD	68,789	3,332	1.36
BrightHouse Financial	USD	8,999	388	0.16
CNA Financial	USD	60,474	2,355	0.96
MetLife	USD	98,993	3,670	1.49
			9,745	3.97
<b>Financials total</b>			<b>39,466</b>	<b>16.08</b>
<b>Health Care 4.82% (5.00%)</b>				
<b>Biotechnology 1.92% (1.90%)</b>				
Amgen	USD	35,648	4,720	1.92
			4,720	1.92
<b>Health Care Providers &amp; Services 2.08% (3.10%)</b>				
Cardinal Health	USD	50,617	2,606	1.06
Owens & Minor	USD	119,120	2,512	1.02
			5,118	2.08
<b>Pharmaceuticals 0.82% (0.00%)</b>				
Novo Nordisk, ADR	USD	56,519	2,008	0.82
			2,008	0.82
<b>Health Care total</b>			<b>11,846</b>	<b>4.82</b>
<b>Industrials 15.87% (12.59%)</b>				
<b>Air Freight &amp; Logistics 1.78% (1.59%)</b>				
United Parcel Service 'B'	USD	49,368	4,359	1.78
			4,359	1.78
<b>Building Products 1.88% (1.39%)</b>				
Johnson Controls International	USD	154,014	4,628	1.88
			4,628	1.88
<b>Commercial Services &amp; Supplies 1.67% (0.00%)</b>				
KAR Auction Services	USD	118,141	4,101	1.67
			4,101	1.67
<b>Electrical Equipment 1.80% (1.79%)</b>				
Emerson Electric	USD	98,032	4,431	1.80
			4,431	1.80

## PORTFOLIO STATEMENT (CONTINUED)

As at 28 August 2017 (unaudited)

Investment	Currency	Holding	Market Value £000	% of Net Assets
<b>Professional Services 2.05% (0.00%)</b>				
Nielsen Holdings	USD	164,498	5,031	2.05
			5,031	2.05
<b>Road &amp; Rail 2.02% (1.98%)</b>				
Union Pacific	USD	60,882	4,958	2.02
			4,958	2.02
<b>Trading Companies &amp; Distributors 4.67% (5.84%)</b>				
Aircastle	USD	244,778	4,195	1.71
Fastenal	USD	169,998	5,449	2.22
WW Grainger	USD	14,669	1,809	0.74
			11,453	4.67
<b>Industrials total</b>			<b>38,961</b>	<b>15.87</b>
<b>Information Technology 10.99% (14.11%)</b>				
<b>Communications Equipment 1.82% (2.40%)</b>				
Motorola Solutions	USD	66,266	4,466	1.82
			4,466	1.82
<b>Electronic Equipment, Instruments &amp; Components 4.27% (4.40%)</b>				
Corning	USD	288,236	6,411	2.61
TE Connectivity	USD	66,976	4,081	1.66
			10,492	4.27
<b>IT Services 0.51% (0.77%)</b>				
CSG Systems International	USD	41,950	1,249	0.51
			1,249	0.51
<b>Semiconductors &amp; Semiconductor Equipment 3.06% (3.39%)</b>				
Intel	USD	146,346	3,956	1.61
QUALCOMM	USD	86,773	3,548	1.45
			7,504	3.06
<b>Software 1.33% (3.15%)</b>				
Microsoft	USD	57,792	3,272	1.33
			3,272	1.33
<b>Information Technology total</b>			<b>26,983</b>	<b>10.99</b>
<b>Materials 5.65% (5.29%)</b>				
<b>Chemicals 4.19% (3.71%)</b>				
LyondellBasell Industries 'A'	USD	39,740	2,771	1.13
Praxair	USD	72,991	7,512	3.06
			10,283	4.19
<b>Metals &amp; Mining 1.46% (1.58%)</b>				
Compass Minerals International	USD	69,251	3,587	1.46
			3,587	1.46
<b>Materials total</b>			<b>13,870</b>	<b>5.65</b>

PORTFOLIO STATEMENT (CONTINUED)  
As at 28 August 2017 (unaudited)

Investment	Currency	Holding	Market Value £000	% of Net Assets
<b>Real Estate 12.24% (14.24%)</b>				
<b>Equity Real Estate Investment Trusts (REITs) 12.24% (14.24%)</b>				
GEO Group	USD	120,956	2,390	0.97
Iron Mountain	USD	290,440	8,718	3.55
Ryman Hospitality Properties	USD	107,306	4,949	2.02
Sabra Health Care REIT	USD	241,088	4,072	1.66
Uniti Group	USD	116,636	1,763	0.72
Ventas	USD	86,428	4,562	1.86
Weyerhaeuser	USD	146,632	3,584	1.46
			<u>30,038</u>	<u>12.24</u>
<b>Real Estate total</b>			<b>30,038</b>	<b>12.24</b>
<b>Telecommunication Services 2.92% (2.61%)</b>				
<b>Diversified Telecommunication Services 2.92% (2.61%)</b>				
Cogent Communications Holdings	USD	65,735	2,286	0.93
Verizon Communications	USD	129,697	4,882	1.99
			<u>7,168</u>	<u>2.92</u>
<b>Telecommunication Services total</b>			<b>7,168</b>	<b>2.92</b>
<b>Utilities 2.41% (2.90%)</b>				
<b>Gas Utilities 2.41% (2.37%)</b>				
National Fuel Gas	USD	130,798	5,907	2.41
			<u>5,907</u>	<u>2.41</u>
<b>Multi-Utilities 0.00% (0.53%)</b>				
<b>Utilities total</b>			<b>5,907</b>	<b>2.41</b>
<b>Equities total</b>			<b>241,034</b>	<b>98.19</b>
Investment assets			241,034	98.19
Net other assets			4,433	1.81
<b>Net assets</b>			<b>245,467</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 2017.

## STATEMENT OF TOTAL RETURN

For the six months ended 28 August 2017 (unaudited)

	£000	Six months ended 28.08.17 £000	£000	Six months ended 28.08.16 £000
Income				
Net capital (losses)/gains		(20,545)		39,805
Revenue	4,254		4,048	
Expenses	(1,154)		(1,174)	
Net revenue before taxation	3,100		2,874	
Taxation	(593)		(586)	
Net revenue after taxation		2,507		2,288
<b>Total return before distributions</b>		<b>(18,038)</b>		<b>42,093</b>
Distributions		(3,327)		(3,171)
<b>Change in net assets attributable to shareholders from investment activities</b>		<b>(21,365)</b>		<b>38,922</b>

## STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

For the six months ended 28 August 2017 (unaudited)

	£000	Six months ended 28.08.17 £000	£000	Six months ended 28.08.16 £000
<b>Opening net assets attributable to shareholders</b>		<b>284,867</b>		<b>238,483</b>
Movement due to issue and cancellation of shares:				
Amounts receivable on issue of shares	671		403	
Amounts payable on cancellation of shares	(18,844)		(14,834)	
		(18,173)		(14,431)
Change in net assets attributable to shareholders from investment activities (see above)		(21,365)		38,922
Retained distribution on accumulation shares		138		145
<b>Closing net assets attributable to shareholders</b>		<b>245,467</b>		<b>263,119</b>

The Statement of Recommended Practice (2014) requires that comparatives are shown for the above report. As the comparatives should be for the comparable interim period, the net asset value at the end of the previous period will not agree to the net asset value at the start of this period. The published net asset value as at 28 February 2017 was £284,867,000.

## BALANCE SHEET

As at 28 August 2017 (unaudited)

	As at 28.08.17 £000	As at 28.02.17 £000
<b>Assets:</b>		
Investments	241,034	280,303
<b>Current assets:</b>		
Debtors	685	6,688
Cash and bank balances	6,095	3,485
<b>Total assets</b>	<b>247,814</b>	<b>290,476</b>
<b>Liabilities:</b>		
<b>Creditors:</b>		
Bank overdrafts	–	(178)
Distribution payable	(1,629)	(1,531)
Other creditors	(718)	(3,900)
<b>Total liabilities</b>	<b>(2,347)</b>	<b>(5,609)</b>
<b>Net assets attributable to shareholders</b>	<b>245,467</b>	<b>284,867</b>

## ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the financial statements for the year ended 28 February 2017 and are described in those annual financial statements.

## AVIVA INVESTORS US EQUITY INCOME FUND II

### INVESTMENT OBJECTIVE

To provide an annualised income yield 1.5% higher than the annual income yield obtainable on the Russell® 3000 Value index\*, with the potential for capital growth.

\* Income on the Fund will be paid quarterly. The income aim is a 12 month rolling target and is before the deduction of charges and tax. For the purposes of measuring the income aim the annual income yield of the Index will also be calculated on a 12 month rolling basis.

### INVESTMENT POLICY

The Fund aims to achieve the investment objective by principally investing in equity securities with a minimum market capitalisation of \$1bn which are listed on regulated North American exchanges. Limited exposure to other geographic regions may be possible.

The Fund may also invest in other transferable securities, collective investment schemes, money market instruments, deposits, cash or near cash. The Fund may also use derivative instruments for the purposes of efficient portfolio management.

### FUND MANAGER'S REPORT

Over the six months ended 28 August 2017 the Fund\* returned -1.53 per cent compared with an average return of -0.41 per cent for the Russell® 3000 Value benchmark, an underperformance of -1.12 per cent.

Over the six months ended 28 August 2017, the Fund provided an income yield (before the deduction of charges and tax) of 3.81 per cent, compared to the Russell® 3000 Value Index yield of 2.97 per cent, an outperformance of 0.84 per cent but falling short of its target of providing an annualised income yield 1.5% higher than that of the Index.

Despite expectations for a general increase in rates, only short-term rates rose in Q2 as yield curves flattened toward a bearish view and corporate credit spreads narrowed bullishly while inflation remained stubbornly weak. During August, the 10-year U.S. Treasury rate briefly dropped below 2.1 per cent, the lowest read since the day after the election. This inherently mixed outlook from credit markets stands in stark contrast to continued optimism that has dominated equity markets since Inauguration Day. As measured by Evercore ISI, company surveys continued to improve in both the U.S. and Europe and despite the strong market move, the most recent AAll Sentiment Survey showed individual investor pessimism was on decline. Unfortunately, the political divide in Washington seemed to deepen in recent months and the Republican Party proved largely incapable of advancing its agenda in Congress, threatening the comprehensive tax and regulatory reform efforts that underpinned much of the optimism.

For Q2 2017, the blended earnings growth rate for the S&P 500 is 10.3 per cent. Ten sectors are reporting earnings growth for the quarter, led by the Energy sector. For Q3 2017, seventy one S&P 500 companies have issued negative EPS guidance and forty four S&P 500 companies have issued positive EPS guidance. Looking at future quarters, analysts currently project earnings growth to continue through 2017, with the forward 12-month P/E ratio at 17.5 which is above the 5-year (15.5) and 10-year (14.1) averages.

Broadly surveying the market, large caps significantly outperformed and growth stocks led during the period. The Russell® 1000 Index returned 4.22 per cent, outperforming the Russell® 2000 and the Russell® Midcap by 3.88 per cent and 2.21 per cent, respectively. Among investment styles, small cap growth stocks outperformed their value peers by 7.29 per cent. The gap among large cap was even more substantial as growth returned 8.71 per cent versus -0.18 per cent for value.

Seven of the eleven sectors in the Russell® 3000 Value posted positive returns in the period, with Utilities (8.4 per cent), Health Care (3.9 per cent), and Information Technology (3.1 per cent) providing the highest returns. The worst performing sectors were Energy (-12.0 per cent), Telecommunication Services (-5.2 per cent), and Industrials (-1.8 per cent).

Looking at what worked during the period, the most significant positive impacts on relative performance were from stock selection in Energy, Information Technology, and Consumer Staples. All five Energy holdings outperformed the broader sector by a substantial margin. Four of the six holdings in Information Technology outperformed the broader sector, including Microsoft Corp. (MSFT, 14.7 per cent), the third highest contributor to Portfolio return during the period. Consumer Staples was positively impacted by its holding of Unilever PLC Sponsored ADR (UL, 24.2 per cent), the highest contributor to Portfolio return during the period.

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

### FUND MANAGER'S REPORT (CONTINUED)

The other top holdings to Portfolio return included Novo Nordisk A/S Sponsored ADR (CI B) (NVO, 39.1 per cent), Praxair Inc. (PX, 12.6 per cent), and Iron Mountain Inc. (IRM, 11.0 per cent).

Speaking to what did not work, overall stock selection was negative and primarily responsible for the underperformance; sector allocation was marginally negative as well. The most significant negative impacts on relative performance were from stock selection in the Consumer Discretionary and Industrials sectors. Of the seven Consumer Discretionary holdings, five underperformed the benchmark sector return, including Cinemark Holdings Inc. (CNK, -19.6 per cent), the second lowest contributor during the period. Industrials was negatively impacted by its holdings of W.W. Grainger Inc. (GWW, -36.3 per cent) and Fastenal Co. (FAST, -15.7 per cent), the first and third lowest contributors, respectively, during the period.

The other two holdings with the lowest contribution to Portfolio return during the period were Uniti Group Inc. (UNIT, -28.8 per cent) and Cardinal Health Inc. (CAH, -17.4 per cent).

As of 28 August 2017, the Portfolio held a total of fifty eight positions. During the period, we established eight and eliminated two positions, and one was spun off and sold. The five largest positions established were Nielsen Holdings PLC (NLSN, 1.9 per cent), Extended Stay America Inc. (STAY, 4.5 per cent), KAR Auction Services Inc. (KAR, 5.2 per cent), Interpublic Group of Companies Inc. (IPG, -16.8 per cent), and Coty Inc. (CI A) (COTY, -7.7 per cent). The holdings that were eliminated included Time Warner Inc. (TWX, 1.6 per cent), and Vectren Corp. (VVC, 5.6 per cent). We eliminated the positions in VVC and TWX as they were trading at premiums to their assessed valuations.

Q2 earnings season was stronger than expected. Given the relative quiet so far in Q3 (the cost of Hurricane Harvey is still unknown), it is reasonable to suspect that this momentum might be sustained in Q3 and there is upside to the earnings growth projection, which currently stands at only 4.9 per cent. The optimism that characterized investor and CEO sentiment in early 2017 appears to be waning amid the continued failure to advance significant tax and regulatory reform in Congress, yet the backdrop remains positive for business. We continue to expand our Watchlist and look for opportunities in areas of weakness but we expect volatility will increase in the months ahead.

#### September 2017

\* Fund performance figures – share class 1, source Lipper, net of fees, net income reinvested in GBP. Unless otherwise indicated, all data has been sourced by River Road Asset Management LLC.

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

### Material Portfolio Changes

Purchases	Sales
Nielsen Holdings	Microsoft
Extended Stay America	Time Warner
Interpublic Group	GEO Group
KAR Auction Services	PNC Financial Services Group
Coty 'A'	Motorola Solutions
Novo Nordisk, ADR	Novo Nordisk, ADR
Cogent Communications Holdings	Vectren
Johnson Controls International	Occidental Petroleum
CVS Health	Omnicom Group
Sabra Health Care REIT	Verizon Communications

### 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.

## INVESTMENT PERFORMANCE

## Net Asset Value – Income Shares

Share class	As at	Net asset value* £000	Shares in issue	Per share in class currency
Class 1	28.02.15	144	120,729	119.39p
	28.02.16	146	120,729	121.14p
	28.02.17	170	105,139	162.00p
	28.08.17	157	105,139	149.56p
Class 2	28.02.15	142,541	118,051,498	120.74p
	28.02.16	171,704	139,098,828	123.44p
	28.02.17	316,551	190,329,296	166.32p
	28.08.17	328,304	213,028,223	154.11p
Class 2 (USD)	28.02.15	2,364	3,068,282	118.90c
	28.02.16	1,143	1,451,673	109.95c
	28.02.17	1,255	1,182,591	132.02c
	28.08.17	1,363	1,385,654	126.23c
Class 5	28.08.17**	1	644	154.55p

\* Valued at bid market prices.

\*\* From 23 June 2017 (date of launch).

## Net Asset Value – Accumulation Shares

Share class	As at	Net asset value* £000	Shares in issue	Per share in class currency
Class 2	28.02.15	5,550	4,438,713	125.04p
	28.02.16	11,219	8,556,231	131.12p
	28.02.17	19,487	10,777,903	180.81p
	28.08.17	19,518	11,505,471	169.64p
Class 3	28.02.15	47,934	29,362,248	163.25p
	28.02.16	67	38,976	171.76p
	28.02.17	93	38,976	237.69p
	28.08.17	87	38,976	223.38p
Class 5	28.08.17**	1	589	169.68p

\* Valued at bid market prices.

\*\* From 23 June 2017 (date of launch).

## Share Price Record – Income Shares

Share class	Financial year	Highest price*	Lowest price*
Class 1	2015	122.42p	100.03p
	2016	125.62p	101.73p
	2017	163.02p	120.32p
	2018**	164.82p	148.29p
Class 2	2015	123.72p	100.50p
	2016	127.16p	103.26p
	2017	167.31p	122.61p
	2018**	169.22p	152.49p
Class 2 (USD)	2015	119.80c	107.22c
	2016	119.75c	101.19c
	2017	132.80c	109.32c
	2018**	132.59c	126.67c
Class 5	2018**	159.75p	153.98p

\* Valued at mid market prices.

\*\* Up to 28 August 2017.

## Share Price Record – Accumulation Shares

Share class	Financial year	Highest price*	Lowest price*
Class 2	2015	127.51p	101.52p
	2016	131.68p	107.55p
	2017	180.85p	130.24p
	2018**	183.96p	165.77p
Class 3	2015	166.42p	132.15p
	2016	171.99p	140.66p
	2017	237.74p	170.62p
	2018**	241.84p	218.09p
Class 5	2018**	174.66p	168.35p

\* Valued at mid market prices.

\*\* Up to 28 August 2017.

## Ongoing Charges Figure\*

Share class	28.08.17	28.02.17
Class 1	1.63%	1.63%
Class 2	0.88%	0.88%
Class 2 (USD)	0.88%	0.88%
Class 3	0.53%	0.53%
Class 5	0.80%	–

\* The Ongoing Charges Figure (OCF) is calculated as the ratio of the total ongoing charges to the average net asset value of the Fund over the period. The OCF is made up of the Annual Management Charge and other operating costs deducted from the assets of the Fund during the period, except for those payments that are explicitly excluded (performance fees).

## COMPARATIVE TABLES (CONTINUED)

**Revenue Record – Income Shares**

The revenue record table below shows the net distribution rates per financial year on a payment date basis for an investment made on 28 February 2014.

Share class	Financial year	Net revenue per share	Per 1,000 invested in class currency
Class 1	2015	2.8004p	27.48p
	2016	2.9466p	28.91p
	2017	3.3827p	33.19p
	2018*	1.8862p	18.51p
Class 2	2015	2.8151p	27.52p
	2016	2.9935p	29.26p
	2017	3.4645p	33.87p
	2018*	1.9403p	18.97p
Class 2 (USD)	2015	2.8849c	44.19c
	2016	2.8505c	43.67c
	2017	2.8882c	44.24c
	2018*	1.5901c	24.36c
Class 5	2018**	0.6456p	4.07p

\* Up to 28 October 2017 (the interim distribution payment date).

\*\* From 23 June 2017 (date of launch) to 28 October 2017 (the interim distribution payment date).

**Revenue Record – Accumulation Shares**

The revenue record table below shows the net distribution rates per financial year on a payment date basis for an investment made on 28 February 2014.

Share class	Financial year	Net revenue per share	Per 1,000 invested in class currency
Class 2	2015	2.8714p	27.94p
	2016	3.1236p	30.40p
	2017	3.7087p	36.09p
	2018*	2.1151p	20.58p
Class 3	2015	3.8681p	28.93p
	2016	4.2167p	31.54p
	2017	4.4916p	33.59p
	2018*	2.8721p	21.48p
Class 5	2018**	0.7059p	4.07p

\* Up to 28 October 2017 (the interim distribution payment date).

\*\* From 23 June 2017 (date of launch) to 28 October 2017 (the interim distribution payment date).

## PORTFOLIO STATEMENT

As at 28 August 2017 (unaudited)

Investment	Currency	Holding	Market Value £000	% of Net Assets
<b>Equities 95.51% (95.68%)</b>				
<b>Consumer Discretionary 9.99% (9.04%)</b>				
<b>Hotels, Restaurants &amp; Leisure 2.00% (0.00%)</b>				
Extended Stay America	USD	479,014	6,997	2.00
			6,997	2.00
<b>Leisure Products 1.05% (0.94%)</b>				
Polaris Industries	USD	50,354	3,676	1.05
			3,676	1.05
<b>Media 5.24% (6.07%)</b>				
Cinemark Holdings	USD	262,749	6,750	1.93
Interpublic Group	USD	334,042	5,202	1.49
Omnicom Group	USD	111,579	6,343	1.82
			18,295	5.24
<b>Multiline Retail 1.70% (2.03%)</b>				
Target	USD	140,735	5,943	1.70
			5,943	1.70
<b>Consumer Discretionary total</b>			<b>34,911</b>	<b>9.99</b>
<b>Consumer Staples 9.25% (7.14%)</b>				
<b>Beverages 1.21% (1.15%)</b>				
PepsiCo	USD	46,706	4,228	1.21
			4,228	1.21
<b>Food &amp; Staples Retailing 3.34% (2.54%)</b>				
CVS Health	USD	65,274	3,835	1.10
Wal-Mart Stores	USD	128,164	7,818	2.24
			11,653	3.34
<b>Household Products 1.44% (1.53%)</b>				
Kimberly-Clark	USD	53,352	5,028	1.44
			5,028	1.44
<b>Personal Products 3.26% (1.92%)</b>				
Coty 'A'	USD	358,312	4,530	1.30
Unilever, ADR	USD	152,951	6,871	1.96
			11,401	3.26
<b>Consumer Staples total</b>			<b>32,310</b>	<b>9.25</b>
<b>Energy 8.08% (8.67%)</b>				
<b>Oil, Gas &amp; Consumable Fuels 8.08% (8.67%)</b>				
Chevron	USD	48,887	4,093	1.17
Exxon Mobil	USD	85,604	5,089	1.46
Marathon Petroleum	USD	221,098	8,806	2.52
Occidental Petroleum	USD	99,254	4,573	1.31
Valero Energy	USD	108,145	5,682	1.62
			28,243	8.08
<b>Energy total</b>			<b>28,243</b>	<b>8.08</b>
<b>Financials 14.64% (15.67%)</b>				
<b>Banks 9.37% (10.38%)</b>				
BB&T	USD	288,798	10,382	2.97
PNC Financial Services Group	USD	59,757	5,943	1.70
US Bancorp	USD	263,190	10,631	3.04
Wells Fargo	USD	142,276	5,782	1.66
			32,738	9.37

## PORTFOLIO STATEMENT (CONTINUED)

As at 28 August 2017 (unaudited)

Investment	Currency	Holding	Market Value £000	% of Net Assets
<b>Capital Markets 1.69% (1.77%)</b>				
Thomson Reuters	USD	165,962	5,926	1.69
			5,926	1.69
<b>Insurance 3.58% (3.52%)</b>				
Axis Capital Holdings	USD	99,490	4,819	1.38
Brighthouse Financial	USD	12,969	559	0.16
CNA Financial	USD	47,027	1,832	0.53
MetLife	USD	142,671	5,289	1.51
			12,499	3.58
<b>Financials total</b>			<b>51,163</b>	<b>14.64</b>
<b>Health Care 4.86% (5.10%)</b>				
<b>Biotechnology 1.92% (1.92%)</b>				
Amgen	USD	50,579	6,696	1.92
			6,696	1.92
<b>Health Care Providers &amp; Services 2.10% (3.18%)</b>				
Cardinal Health	USD	73,927	3,807	1.09
Owens & Minor	USD	167,552	3,533	1.01
			7,340	2.10
<b>Pharmaceuticals 0.84% (0.00%)</b>				
Novo Nordisk, ADR	USD	82,462	2,930	0.84
			2,930	0.84
<b>Health Care total</b>			<b>16,966</b>	<b>4.86</b>
<b>Industrials 14.95% (11.70%)</b>				
<b>Air Freight &amp; Logistics 1.80% (1.64%)</b>				
United Parcel Service 'B'	USD	71,183	6,285	1.80
			6,285	1.80
<b>Building Products 1.95% (1.40%)</b>				
Johnson Controls International	USD	226,894	6,819	1.95
			6,819	1.95
<b>Commercial Services &amp; Supplies 1.70% (0.00%)</b>				
KAR Auction Services	USD	171,271	5,945	1.70
			5,945	1.70
<b>Electrical Equipment 1.73% (1.74%)</b>				
Emerson Electric	USD	133,799	6,048	1.73
			6,048	1.73
<b>Professional Services 2.10% (0.00%)</b>				
Nielsen Holdings	USD	239,553	7,326	2.10
			7,326	2.10
<b>Road &amp; Rail 2.00% (1.99%)</b>				
Union Pacific	USD	86,087	7,011	2.00
			7,011	2.00
<b>Trading Companies &amp; Distributors 3.67% (4.93%)</b>				
Aircastle	USD	147,338	2,525	0.72
Fastenal	USD	239,860	7,689	2.20
WW Grainger	USD	21,127	2,605	0.75
			12,819	3.67
<b>Industrials total</b>			<b>52,253</b>	<b>14.95</b>

## PORTFOLIO STATEMENT (CONTINUED)

As at 28 August 2017 (unaudited)

Investment	Currency	Holding	Market Value £000	% of Net Assets
<b>Information Technology 10.64% (13.46%)</b>				
<b>Communications Equipment 1.78% (2.39%)</b>				
Motorola Solutions	USD	92,326	6,222	1.78
			6,222	1.78
<b>Electronic Equipment, Instruments &amp; Components 4.45% (4.38%)</b>				
Corning	USD	434,217	9,657	2.76
TE Connectivity	USD	96,656	5,890	1.69
			15,547	4.45
<b>Semiconductors &amp; Semiconductor Equipment 3.08% (3.46%)</b>				
Intel	USD	204,079	5,517	1.58
QUALCOMM	USD	128,181	5,241	1.50
			10,758	3.08
<b>Software 1.33% (3.23%)</b>				
Microsoft	USD	81,984	4,642	1.33
			4,642	1.33
<b>Information Technology total</b>			<b>37,169</b>	<b>10.64</b>
<b>Materials 5.67% (5.39%)</b>				
<b>Chemicals 4.23% (3.81%)</b>				
LyondellBasell Industries 'A'	USD	56,572	3,944	1.13
Praxair	USD	105,428	10,851	3.10
			14,795	4.23
<b>Metals &amp; Mining 1.44% (1.58%)</b>				
Compass Minerals International	USD	96,765	5,013	1.44
			5,013	1.44
<b>Materials total</b>			<b>19,808</b>	<b>5.67</b>
<b>Real Estate 11.97% (13.89%)</b>				
<b>Equity Real Estate Investment Trusts (REITs) 11.97% (13.89%)</b>				
GEO Group	USD	174,162	3,442	0.99
Iron Mountain	USD	415,336	12,466	3.57
Ryman Hospitality Properties	USD	155,808	7,187	2.06
Sabra Health Care REIT	USD	263,551	4,451	1.27
Uniti Group	USD	171,800	2,596	0.74
Ventas	USD	129,979	6,861	1.96
Weyerhaeuser	USD	196,758	4,810	1.38
			41,813	11.97
<b>Real Estate total</b>			<b>41,813</b>	<b>11.97</b>
<b>Telecommunication Services 3.00% (2.60%)</b>				
<b>Diversified Telecommunication Services 3.00% (2.60%)</b>				
Cogent Communications Holdings	USD	96,231	3,347	0.96
Verizon Communications	USD	189,688	7,140	2.04
			10,487	3.00
<b>Telecommunication Services total</b>			<b>10,487</b>	<b>3.00</b>

## PORTFOLIO STATEMENT (CONTINUED)

As at 28 August 2017 (unaudited)

Investment	Currency	Holding	Market Value £000	% of Net Assets
<b>Utilities 2.46% (3.02%)</b>				
<b>Gas Utilities 2.46% (2.46%)</b>				
National Fuel Gas	USD	190,754	8,614	2.46
			8,614	2.46
<b>Multi-Utilities 0.00% (0.56%)</b>				
<b>Utilities total</b>			<b>8,614</b>	<b>2.46</b>
<b>Equities total</b>			<b>333,737</b>	<b>95.51</b>
Investment assets			333,737	95.51
Net other assets			15,694	4.49
<b>Net assets</b>			<b>349,431</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 2017.

## STATEMENT OF TOTAL RETURN

For the six months ended 28 August 2017 (unaudited)

	£000	Six months ended 28.08.17 £000	£000	Six months ended 28.08.16 £000
Income				
Net capital (losses)/gains		(24,952)		34,280
Revenue	5,384		3,320	
Expenses	(1,468)		(936)	
Net revenue before taxation	3,916		2,384	
Taxation	(787)		(527)	
Net revenue after taxation		3,129		1,857
<b>Total return before distributions</b>		<b>(21,823)</b>		<b>36,137</b>
Distributions		(4,181)		(2,556)
<b>Change in net assets attributable to shareholders from investment activities</b>		<b>(26,004)</b>		<b>33,581</b>

## STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

For the six months ended 28 August 2017 (unaudited)

	£000	Six months ended 28.08.17 £000	£000	Six months ended 28.08.16 £000
<b>Opening net assets attributable to shareholders</b>		<b>337,556</b>		<b>184,279</b>
Movement due to issue and cancellation of shares:				
Amounts receivable on issue of shares	42,492		36,995	
Amounts payable on cancellation of shares	(4,861)		(8,193)	
		37,631		28,802
Change in net assets attributable to shareholders from investment activities (see above)		(26,004)		33,581
Retained distribution on accumulation shares		248		136
<b>Closing net assets attributable to shareholders</b>		<b>349,431</b>		<b>246,798</b>

The Statement of Recommended Practice (2014) requires that comparatives are shown for the above report. As the comparatives should be for the comparable interim period, the net asset value at the end of the previous period will not agree to the net asset value at the start of this period. The published net asset value as at 28 February 2017 was £337,556,000.

## BALANCE SHEET

As at 28 August 2017 (unaudited)

	As at 28.08.17 £000	As at 28.02.17 £000
<b>Assets:</b>		
Investments	333,737	322,983
<b>Current assets:</b>		
Debtors	2,626	3,385
Cash and bank balances	15,707	16,020
<b>Total assets</b>	<b>352,070</b>	<b>342,388</b>
<b>Liabilities:</b>		
<b>Creditors:</b>		
Bank overdrafts	–	(875)
Distribution payable	(2,226)	(1,819)
Other creditors	(413)	(2,138)
<b>Total liabilities</b>	<b>(2,639)</b>	<b>(4,832)</b>
<b>Net assets attributable to shareholders</b>	<b>349,431</b>	<b>337,556</b>

## ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the financial statements for the year ended 28 February 2017 and are described in those annual financial statements.

## STATEMENT OF THE AUTHORISED CORPORATE DIRECTOR'S RESPONSIBILITIES

The Collective Investment Schemes Sourcebook of the Financial Conduct Authority requires the Authorised Corporate Director (ACD) to prepare financial statements for each accounting period which give a true and fair view of the financial position of the Company at the period end and of the net income and net gains or losses on the scheme property of the Company for the period then ended.

In preparing the financial statements the ACD is required to:

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

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

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

## AUTHORISED CORPORATE DIRECTOR'S STATEMENT

We hereby approve the Report and Financial Statements of Aviva Investors Select Funds ICVC for the six months ended 28 August 2017 on behalf of Aviva Investors UK Fund Services Limited in accordance with the requirements of the Collective Investment Schemes Sourcebook of the Financial Conduct Authority.

I Buckle  
Director

S Ebenston  
Director  
19 October 2017

## SECURITIES FINANCING TRANSACTIONS REGULATION DISCLOSURE

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 and the Key Investor Information Documents (which are 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.

