

AVIVA INVESTORS SELECT FUNDS ICVC

Annual Report and Financial Statements

For the year ended 28 February 2017

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

COMPANY INFORMATION

AUTHORISED CORPORATE DIRECTOR

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

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

Changes to Registered Office

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

DIRECTORS

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

ADMINISTRATOR AND REGISTRAR

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

INVESTMENT MANAGER

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

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 Depository"). 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.

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

REMUNERATION POLICY

UCITS V came into effect on 18 March 2016 and the ACD has been subject to the UCITS Remuneration Code from that date. Up to date details of its remuneration policy, including but not limited to (i) a description of how remuneration and benefits are calculated and (ii) the identities of persons responsible for awarding remuneration and benefits, including the composition of the Aviva Investors Remuneration Committee, are available from the ACD's website at <https://uk.avivainvestors.com/gb/en/individual/about-us/for-todays-investor.html>. A paper copy of the information available from the ACD's website in relation to remuneration is also available free of charge on request from the ACD.

The ACD is also required to disclose a range of information in relation to UCITS remuneration paid in respect of each full performance period after the implementation of UCITS V. As the first full performance period for the ACD will be the period from 1 January 2017 to 31 December 2017, that information is therefore not available to the ACD for this annual accounting period and as such no remuneration disclosures have been included in these financial statements. A full remuneration disclosure setting out the information required by COLL 4.5.7R(7) will be included in the annual financial statements from the year ended 28 February 2018.

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 annual financial statements of the Company for the year ended 28 February 2017. As required by the Regulations, information for each of the Funds has been included in these financial statements. On the following pages we review the performance of each of those Funds during the year. We hope that you find our review useful and informative.

ANNUAL GENERAL MEETINGS

The Company will not be holding any Annual General Meetings.

SIGNIFICANT INFORMATION

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

PROSPECTUS CHANGES

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

FUND CLOSURES

The Aviva Investors Active Protector Fund, and the Aviva Investors Defined Returns Fund 10 both completed termination with effect from 14 June 2016.

REGULAR SAVINGS MANDATES SET UP BEFORE 31 DECEMBER 2012

From 13 April 2016, the ACD has discontinued the initial charge in full on all future investment made in the Aviva Investors US Equity Income Fund II through regular investment mandates set up before 31 December 2012.

STATEMENT OF CROSS HOLDINGS

There are no cross holdings as at 28 February 2017.

POLICIES AND RISKS

ACCOUNTING POLICIES

a Basis of accounting

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

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

b Share classes

The Funds have three types of share classes; retail shares (class 1), institutional shares (class 2) 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 share classes are priced in currencies other than Sterling.

c Recognition of revenue

Dividends are recognised when the investment is quoted ex-dividend. Underwriting commission is recognised when the issue underwritten takes place. Where a Fund is required to take up some of the shares underwritten, an appropriate proportion of the commission earned is deducted from the cost of the shares. Deposit interest and other revenues are recognised on an accruals basis.

d Treatment of derivatives

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

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

e Dilution levy policy

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

f Underwriting commission

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

g Basis of valuation of investments

Quoted investments

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

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

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

h Exchange rates

Assets and liabilities held in foreign currencies are translated at the rate ruling at 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.

i Taxation and deferred taxation

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

j 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 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 ACD periodic charge 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 Swap and Derivative Association (ISDA) Master Arrangements with each counterparty.

e Liquidity Risk

This is the risk that there is insufficient liquidity which restricts a Fund's investment opportunities or ability to pay liabilities at short notice. This risk is managed by ensuring that overdrafts are monitored and maintained within investment limits and exposure to unquoted or illiquid securities is reduced.

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 collateral arrangements. This means that the Counterparty delivers government bonds with a minimum credit rating of 'AA' to the value of the derivative into a segregated account with the Depository. The Fund has full legal rights to this collateral, should the Counterparty become unable to meet its obligations in order to recover most of the value of the Fund at the time of Counterparty default.

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

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 period ended 28 February 2017 the Fund (share class 1) delivered a total return of 35.94%* compared with an average return of 30.02% for the Russell® 3000 Value benchmark, an outperformance of 5.92%.

Over the period ended 28 February 2017, the Fund provided an income yield (before the deduction of charges and tax) of 3.36%, compared to the Russell® 3000 Value Index yield of 2.71%, an outperformance of 0.65% but falling short of its target of providing an annualised income yield 1.5% higher than that of the Index.

The market largely continued to grind higher during the second quarter of 2016, fuelled by rising oil prices, stable interest rates, and a passive Federal Reserve. However, near quarter end the market was rattled by the results of the European Union (EU) referendum in the U.K. ("Brexit"). Although the initial shock was substantial, after a brief panic, buyers once again stepped in and equity markets recovered much of the lost ground. Notable exceptions were the European banking and insurance industries, where many of the continent's largest financial institutions have revisited their 2008 - 2009 lows and are once again embroiled in concerns of contagion, especially from Italy. This divergence exposes the immediate loser in the Brexit vote – the EU apparatus. The inability of the EU's leadership to prevent the "impossible", the exit of the U.K., appears to have shaken investors' conviction in the stability of the EU. Given the troubles, investors sought U.S. safe havens as the dollar strengthened and Treasury rates fell sharply during the quarter.

Donald Trump's 2016 presidential election victory largely caught investors off guard and, after recovering from an immediate, sharp decline in thinly-traded overnight markets, equities rallied aggressively over the remainder of the year. President-elect Trump wasted no time, launching efforts supporting his pledge to focus on American jobs and cut wasteful spending in Washington. The American consumer seems to have taken note of the change of tone as the University of Michigan Consumer Sentiment Index surged, hitting its highest mark since 2004.

Unfortunately, the tripartite forces of higher interest rates, the stronger U.S. dollar, and stark political reality stand opposed to unbridled optimism. Not only did long-term Treasury rates increase during the quarter, but the Federal Reserve resumed tightening again in December and established expectations for continued rate increases in 2017. Since the election, the U.S. Dollar Index (DXY) has climbed 5%, a trend that will certainly weigh on overall corporate earnings in the coming months. Lastly, much of Trump's policy platform will require congressional support and it is unclear how much appetite there will be for lower taxes and increased spending given the concerns surrounding deficit spending and burgeoning federal debt.

Broadly surveying the market, small caps significantly outperformed and value stocks led during the period. The Russell® 2000 Index returned 36.11%, outperforming the Russell® 1000 and the Russell® Midcap by 1,058 bps and 930 bps, respectively. Among investment styles, large cap value stocks outperformed their growth peers by 698 bps. The gap among small cap was even more substantial as value returned 41.29% versus 30.91% for growth.

All ten sectors in the Russell® 3000 Value posted positive returns in the period, with Financials (48.6%), Materials (44.9%), and Information Technology (36.9%) providing the highest returns. The worst performing sectors were Real Estate (1.1%), Telecommunication Services (13.4%), and Consumer Discretionary (15.7%).

Looking at what worked during the period, the most significant positive impacts on relative performance were from stock selection in the Real Estate1 sector and the underweight allocation in Health Care. Of the seven holdings in Real Estate, four outperformed the broader sector return.

The five holdings with the highest contribution to Portfolio return during the period were PNC Financial Services Group Inc. (PNC, 60.2%), BB&T Corp. (BBT, 54.5%), U.S. Bancorp (USB, 46.3%), Microsoft Corp. (MSFT, 29.1%), and Corning Inc. (GLW, 54.7%).

Speaking to what did not work, overall stock selection and sector allocation were both negative. The most significant negative impacts on relative performance were from stock selection in Information Technology and Consumer Discretionary. Of the nine Information Technology holdings, eight underperformed the benchmark sector return, including j2 Global Inc. (JCOM, -20.0%), the fourth lowest contributor during the period. The three lowest contributors to Portfolio return during the period, Target Corp. (TGT, -22.7%), Kohl's Corp. (KSS, -22.8%), and DineEquity Inc. (DIN, -18.7%), were in Consumer Discretionary.

The fifth holding with the lowest contribution to Portfolio return during the period was Owens & Minor Inc. (OMI, -5.8%).

As of 28 February 2017, the Portfolio held a total of 55 positions. During the period, we established 16 positions, eliminated 21, and two were spun-off. The five largest positions established were Marathon Petroleum Corp. (MPC, -0.3%), Ryman Hospitality Properties Inc. (RHP, 33.4%), Amgen Inc. (AMGN, 21.6%), Cardinal Health Inc. (CAH, 7.5%), and TE Connectivity Ltd. (TEL, 29.9%). The five largest positions eliminated were Quest Diagnostics Inc. (DGX, 24.8%), Sysco Corp. (SYY, 4.6%), Western Union Co. (WU, 14.1%), ADT Corp. (ADT, 4.0%), and Republic Services Inc. (RSG, 8.8%). We eliminated the positions in DGX, SYY, WU, and RSG as they were trading at premiums to their assessed valuations, and the position in ADT due to a takeover.

AVIVA INVESTORS US EQUITY INCOME FUND (CONTINUED)

FUND MANAGER'S REPORT (CONTINUED)

As earnings season comes to a close, the results are both positive and ahead of expectations, providing support, in part, for the ongoing market surge. However, numerous management teams have used their quarterly calls to note that while their customers are increasingly optimistic, this optimism has yet to translate into accelerated growth and as a result, the expectations for full year 2017 have declined modestly. While investors appear to expect positive developments on the tax and regulatory fronts, it appears that our concerns about delay in the legislative process were well founded. The recent move in the Portfolio has heightened our focus on valuations as prices in some areas have advanced in anticipation of earnings and we will need to judge the appropriateness of these moves. We are looking to expand our Watchlist and look for opportunities in areas of weakness, most notably in the defensive sectors.

March 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.

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 9 and 10 are based on the net asset value per the published accounts and may be different due to post year end accounting adjustments.

Any opinions expressed are those of the Fund manager. They should not be viewed as a guarantee of a return from an investment in the Funds. The content of the commentary should not be viewed as a recommendation to invest nor 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
Marathon Petroleum	Quest Diagnostics
Ryman Hospitality Properties	Western Union
Cardinal Health	PNC Financial Services Group
Amgen	Sysco
Johnson Controls International	CME Group
WW Grainger	ADT
Valero Energy	Molson Coors Brewing 'B'
TE Connectivity	Microsoft
Axis Capital Holdings	Parker-Hannifin
MetLife	MSC Industrial Direct 'A'

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 will be affected by changes in exchange rates.
- The level of targeted income is not guaranteed and may not be achieved.
- Full information on the risks applicable to the Fund is detailed in the Prospectus.

COMPARATIVE TABLES

Class 1 Income	2017 p per share	2016 p per share	2015 p per share
Change in net assets per share			
Opening net asset value per share	144.79	143.22	121.31
Return before operating charges [†]	56.99	7.49	27.63
Operating charges	(2.75)	(2.25)	(2.10)
Return after operating charges [†]	54.24	5.24	25.53
Distributions	(4.23)	(3.67)	(3.62)
Closing net asset value per share	194.80	144.79	143.22
[†] after direct transaction costs of	(0.07)	(0.05)	(0.05)
Performance			
Return after operating charges	37.46%	3.66%	21.05%
Other information			
Closing net asset value (£000)	7,402	7,696	11,127
Closing number of shares	3,799,878	5,315,532	7,769,405
Operating charges (%) [†]	1.63%	1.63%	1.63%
Direct transaction costs (%) [#]	0.04%	0.04%	0.04%
Prices[®]			
Highest share price	196.55	150.79	146.51
Lowest share price	143.77	121.83	119.51

Class 1 Accumulation	2017 p per share	2016 p per share	2015 p per share
Change in net assets per share			
Opening net asset value per share	164.66	158.62	130.78
Return before operating charges [†]	65.48	8.55	30.12
Operating charges	(3.14)	(2.51)	(2.28)
Return after operating charges [†]	62.34	6.04	27.84
Distributions	(4.86)	(4.10)	(3.92)
Retained distributions on accumulation shares	4.86	4.10	3.92
Closing net asset value per share	227.00	164.66	158.62
[†] after direct transaction costs of	(0.08)	(0.06)	(0.06)
Performance			
Return after operating charges	37.86%	3.81%	21.29%
Other information			
Closing net asset value (£000)	1,103	1,504	2,059
Closing number of shares	485,750	913,218	1,298,089
Operating charges (%) [†]	1.63%	1.63%	1.63%
Direct transaction costs (%) [#]	0.04%	0.04%	0.04%
Prices[®]			
Highest share price	227.76	167.00	161.36
Lowest share price	163.52	135.79	128.84

Class 2 Income	2017 p per share	2016 p per share	2015 p per share
Change in net assets per share			
Opening net asset value per share	150.01	147.27	123.76
Return before operating charges [†]	59.33	7.78	28.35
Operating charges	(1.56)	(1.25)	(1.17)
Return after operating charges [†]	57.77	6.53	27.18
Distributions	(4.41)	(3.79)	(3.67)
Closing net asset value per share	203.37	150.01	147.27
[†] after direct transaction costs of	(0.07)	(0.06)	(0.05)
Performance			
Return after operating charges	38.51%	4.43%	21.96%
Other information			
Closing net asset value (£000)	249,562	207,585	247,225
Closing number of shares	122,714,671	138,378,752	167,877,271
Operating charges (%) [†]	0.88%	0.88%	0.88%
Direct transaction costs (%) [#]	0.04%	0.04%	0.04%
Prices[®]			
Highest share price	205.01	155.19	150.49
Lowest share price	148.98	125.74	122.04

Class 2 Accumulation	2017 p per share	2016 p per share	2015 p per share
Change in net assets per share			
Opening net asset value per share	170.42	162.95	133.34
Return before operating charges [†]	68.10	8.86	30.88
Operating charges	(1.79)	(1.39)	(1.27)
Return after operating charges [†]	66.31	7.47	29.61
Distributions	(5.05)	(4.29)	(4.00)
Retained distributions on accumulation shares	5.05	4.29	4.00
Closing net asset value per share	236.73	170.42	162.95
[†] after direct transaction costs of	(0.08)	(0.06)	(0.06)
Performance			
Return after operating charges	38.91%	4.58%	22.21%
Other information			
Closing net asset value (£000)	10,844	9,040	9,350
Closing number of shares	4,580,636	5,304,501	5,737,934
Operating charges (%) [†]	0.88%	0.88%	0.88%
Direct transaction costs (%) [#]	0.04%	0.04%	0.04%
Prices[®]			
Highest share price	237.31	171.71	165.64
Lowest share price	169.25	140.01	131.48

COMPARATIVE TABLES (CONTINUED)

Class 2 Income (USD)	2017 c per share	2016 c per share	2015 c per share
Change in net assets per share			
Opening net asset value per share	130.75	141.88	128.91
Return before operating charges [†]	32.13	(6.09)	17.75
Operating charges	(1.29)	(1.52)	(1.13)
Return after operating charges [†]	30.84	(7.61)	16.62
Distributions	(3.61)	(3.52)	(3.65)
Closing net asset value per share	157.98	130.75	141.88
[†] after direct transaction costs of	(0.06)	(0.05)	(0.05)
Performance			
Return after operating charges	23.59%	(5.36)%	12.89%
Other information			
Closing net asset value (£000)	15,863	12,591	14,536
Closing number of shares	12,493,857	13,444,062	15,810,361
Operating charges (%) [‡]	0.88%	0.88%	0.88%
Direct transaction costs (%) [#]	0.04%	0.04%	0.04%
Prices[≈]			
Highest share price	158.88	143.04	142.87
Lowest share price	129.96	120.64	127.36

Class 3 Accumulation	2017 p per share	2016 p per share	2015 p per share
Change in net assets per share			
Opening net asset value per share	173.22	165.06	134.60
Return before operating charges [†]	69.34	9.01	31.24
Operating charges	(1.10)	(0.85)	(0.78)
Return after operating charges [†]	68.24	8.16	30.46
Distributions	(5.48)	(4.43)	(4.13)
Retained distributions on accumulation shares	5.48	4.43	4.13
Closing net asset value per share	241.46	173.22	165.06
[†] after direct transaction costs of	(0.08)	(0.06)	(0.06)
Performance			
Return after operating charges	39.39%	4.94%	22.63%
Other information			
Closing net asset value (£000)	93	67	46,572
Closing number of shares	38,583	38,583	28,214,550
Operating charges (%) [‡]	0.53%	0.53%	0.53%
Direct transaction costs (%) [#]	0.04%	0.04%	0.04%
Prices[≈]			
Highest share price	241.96	174.01	167.73
Lowest share price	172.04	142.07	132.80

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

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

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

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

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

Ongoing Charges Figure*

Share class	28.02.17	28.02.16
Class 1	1.63%	1.63%
Class 2	0.88%	0.88%
Class 2 (USD)	0.88%	0.88%
Class 3	0.53%	0.53%

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

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

PORTFOLIO STATEMENT

As at 28 February 2017

Investment	Currency	Holding	Market Value £000	% of Net Assets
Equities 98.40% (98.01%)				
Consumer Discretionary 9.54% (11.67%)				
Automobiles 0.00% (0.63%)				
Leisure Products 0.92% (0.00%)				
Polaris Industries	USD	37,385	2,612	0.92
			<u>2,612</u>	<u>0.92</u>
Media 6.66% (7.66%)				
Cinemark Holdings	USD	195,194	6,589	2.32
National CineMedia	USD	171,996	1,739	0.61
Omnicom Group	USD	108,285	7,498	2.63
Time Warner	USD	39,706	3,134	1.10
			<u>18,960</u>	<u>6.66</u>
Multiline Retail 1.96% (3.38%)				
Target	USD	103,932	5,591	1.96
			<u>5,591</u>	<u>1.96</u>
Consumer Discretionary total			27,163	9.54
Consumer Staples 7.00% (10.94%)				
Beverages 1.14% (2.95%)				
PepsiCo	USD	37,057	3,254	1.14
			<u>3,254</u>	<u>1.14</u>
Food & Staples Retailing 2.51% (4.30%)				
CVS Health	USD	23,575	1,543	0.54
Wal-Mart Stores	USD	97,137	5,600	1.97
			<u>7,143</u>	<u>2.51</u>
Household Products 1.48% (2.01%)				
Kimberly-Clark	USD	39,628	4,223	1.48
			<u>4,223</u>	<u>1.48</u>
Personal Products 1.87% (1.68%)				
Unilever, ADR	USD	139,234	5,335	1.87
			<u>5,335</u>	<u>1.87</u>
Consumer Staples total			19,955	7.00
Energy 8.38% (5.39%)				
Oil, Gas & Consumable Fuels 8.38% (5.39%)				
Chevron	USD	40,363	3,626	1.28
Exxon Mobil	USD	65,725	4,308	1.51
Marathon Petroleum	USD	165,472	6,751	2.37
Occidental Petroleum	USD	91,629	4,821	1.69
Valero Energy	USD	80,568	4,354	1.53
			<u>23,860</u>	<u>8.38</u>
Energy total			23,860	8.38

PORTFOLIO STATEMENT (CONTINUED)

As at 28 February 2017

Investment	Currency	Holding	Market Value £000	% of Net Assets
Financials 16.74% (13.49%)				
Banks 11.24% (10.76%)				
BB&T	USD	226,242	8,759	3.08
PNC Financial Services Group	USD	66,488	6,846	2.40
US Bancorp	USD	206,256	9,161	3.22
Wells Fargo	USD	104,439	4,874	1.71
WesBanco	USD	71,659	2,365	0.83
			32,005	11.24
Capital Markets 1.72% (0.00%)				
Thomson Reuters	USD	143,245	4,904	1.72
			4,904	1.72
Diversified Financial Services 0.00% (2.10%)				
Insurance 3.78% (0.63%)				
Axis Capital Holdings	USD	73,661	4,055	1.42
CNA Financial	USD	64,757	2,232	0.78
MetLife	USD	106,003	4,486	1.58
			10,773	3.78
Financials total			47,682	16.74
Health Care 5.00% (3.96%)				
Biotechnology 1.90% (0.00%)				
Amgen	USD	38,169	5,403	1.90
			5,403	1.90
Health Care Providers & Services 3.10% (3.96%)				
Cardinal Health	USD	77,449	5,135	1.80
Owens & Minor	USD	127,575	3,708	1.30
			8,843	3.10
Health Care total			14,246	5.00
Industrials 12.59% (14.94%)				
Air Freight & Logistics 1.59% (2.10%)				
United Parcel Service 'B'	USD	52,859	4,534	1.59
			4,534	1.59
Building Products 1.39% (0.00%)				
Johnson Controls International	USD	116,641	3,958	1.39
			3,958	1.39
Commercial Services & Supplies 0.00% (3.69%)				
Electrical Equipment 1.79% (1.42%)				
Emerson Electric	USD	105,063	5,101	1.79
			5,101	1.79
Machinery 0.00% (1.22%)				
Road & Rail 1.98% (1.13%)				
Union Pacific	USD	65,218	5,633	1.98
			5,633	1.98
Trading Companies & Distributors 5.84% (5.38%)				
Aircastle	USD	262,113	5,018	1.76
Fastenal	USD	181,911	7,359	2.58
WW Grainger	USD	21,151	4,256	1.50
			16,633	5.84
Industrials total			35,859	12.59

PORTFOLIO STATEMENT (CONTINUED)

As at 28 February 2017

Investment	Currency	Holding	Market Value £000	% of Net Assets
Information Technology 14.11% (16.15%)				
Communications Equipment 2.40% (4.04%)				
Motorola Solutions	USD	107,078	6,823	2.40
			6,823	2.40
Electronic Equipment, Instruments & Components 4.40% (1.62%)				
Corning	USD	338,363	7,517	2.64
TE Connectivity	USD	83,642	5,026	1.76
			12,543	4.40
Internet Software & Services 0.00% (0.72%)				
IT Services 0.77% (2.98%)				
CSG Systems International	USD	68,422	2,197	0.77
			2,197	0.77
Semiconductors & Semiconductor Equipment 3.39% (2.56%)				
Intel	USD	156,687	4,597	1.61
QUALCOMM	USD	110,938	5,058	1.78
			9,655	3.39
Software 3.15% (4.23%)				
Microsoft	USD	173,982	8,980	3.15
			8,980	3.15
Information Technology total			40,198	14.11
Materials 5.29% (4.95%)				
Chemicals 3.71% (1.38%)				
LyondellBasell Industries 'A'	USD	42,580	3,126	1.10
Praxair	USD	78,136	7,442	2.61
			10,568	3.71
Containers & Packaging 0.00% (1.07%)				
Metals & Mining 1.58% (2.50%)				
Compass Minerals International	USD	74,212	4,515	1.58
			4,515	1.58
Materials total			15,083	5.29
Real Estate 14.24% (8.69%)				
Equity Real Estate Investment Trusts (REITs) 14.24% (8.69%)				
GEO Group	USD	164,796	6,485	2.28
Iron Mountain	USD	311,097	9,159	3.21
Ryman Hospitality Properties	USD	114,995	6,233	2.19
Sabra Health Care REIT	USD	209,230	4,593	1.61
Uniti Group	USD	162,359	3,808	1.34
Ventas	USD	114,460	6,016	2.11
Weyerhaeuser	USD	157,111	4,284	1.50
			40,578	14.24
Real Estate total			40,578	14.24
Telecommunication Services 2.61% (4.40%)				
Diversified Telecommunication Services 2.61% (3.57%)				
Verizon Communications	USD	184,996	7,422	2.61
			7,422	2.61
Wireless Telecommunication Services 0.00% (0.83%)				
Telecommunication Services total			7,422	2.61

PORTFOLIO STATEMENT (CONTINUED)
As at 28 February 2017

Investment	Currency	Holding	Market Value £000	% of Net Assets
Utilities 2.90% (3.43%)				
Gas Utilities 2.37% (1.66%)				
National Fuel Gas	USD	140,160	6,741	2.37
			<u>6,741</u>	<u>2.37</u>
Multi-Utilities 0.53% (1.77%)				
Vectren	USD	33,702	1,516	0.53
			<u>1,516</u>	<u>0.53</u>
Utilities total			8,257	2.90
Equities total			280,303	98.40
Investment assets			280,303	98.40
Net other assets			4,564	1.60
Net assets			284,867	100.00

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

STATEMENT OF TOTAL RETURN

For the year ended 28 February 2017

	Notes	£000	Year ended 28.02.17 £000	£000	Year ended 28.02.16 £000
Income					
Net capital gains	2		81,282		324
Revenue	3	8,224		9,497	
Expenses	4	(2,381)		(2,454)	
Net revenue before taxation		5,843		7,043	
Taxation	5	(1,151)		(1,343)	
Net revenue after taxation			4,692		5,700
Total return before distributions			85,974		6,024
Distributions	6		(6,566)		(7,632)
Change in net assets attributable to shareholders from investment activities			79,408		(1,608)

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

For the year ended 28 February 2017

	£000	Year ended 28.02.17 £000	£000	Year ended 28.02.16 £000
Opening net assets attributable to shareholders		238,483		330,869
Movement due to issue and cancellation of shares:				
Amounts receivable on issue of shares	641		1,222	
Amounts payable on cancellation of shares	(33,961)		(93,273)	
		(33,320)		(92,051)
Dilution adjustment		–		95
Change in net assets attributable to shareholders from investment activities (see above)		79,408		(1,608)
Retained distribution on accumulation shares		296		1,178
Closing net assets attributable to shareholders		284,867		238,483

BALANCE SHEET

As at 28 February 2017

	Notes	As at 28.02.17 £000	As at 28.02.16 £000
Assets:			
Investments		280,303	233,745
Current assets:			
Debtors	8	6,688	1,673
Cash and bank balances	9	3,485	6,190
Total assets		290,476	241,608
Liabilities:			
Creditors:			
Bank overdrafts		(178)	–
Distribution payable		(1,531)	(1,583)
Other creditors	10	(3,900)	(1,542)
Total liabilities		(5,609)	(3,125)
Net assets attributable to shareholders		284,867	238,483

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 28.02.17 £000	Year ended 28.02.16 £000
Net capital gains on investments during the year comprise:		
Currency gains	524	1,069
Expenses relating to the purchase and sale of investments	(7)	(13)
Forward currency contracts gains	1	3
Non-derivative securities gains/(losses)	80,764	(735)
Net capital gains	81,282	324

3 Revenue

	Year ended 28.02.17 £000	Year ended 28.02.16 £000
Bank and deposit interest	1	4
Overseas dividends	8,087	9,352
UK dividends	136	141
Total revenue	8,224	9,497

4 Expenses

	Year ended 28.02.17 £000	Year ended 28.02.16 £000
Payable to the Authorised Corporate Director ("ACD"), associates of the ACD or agents of either of them:		
ACD's periodic charge	2,042	2,123
Registration fees	263	249
	2,305	2,372
Payable to the Depositary, associates of the Depositary or agents of either of them:		
Depositary's fee	34	37
Dividend collection charges	1	1
Interest payable	1	1
Safe custody fee	16	20
	52	59
Other expenses:		
Audit fee*	12	10
Printing & postage expenses	9	–
Statement fees	3	13
	24	23
Total expenses	2,381	2,454

* The audit fee was £9,376 (2016: £8,668) net of VAT.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5 Taxation**a Analysis of tax charge**

	Year ended 28.02.17 £000	Year ended 28.02.16 £000
Overseas tax suffered	1,151	1,343
Total current tax (see note 5b)	1,151	1,343

b Factors affecting current tax charge

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

The differences are explained below:

	Year ended 28.02.17 £000	Year ended 28.02.16 £000
Net revenue before taxation	5,843	7,043
Corporation tax at 20%	1,169	1,409
Effects of:		
Movement in excess expenses	264	233
Overseas dividends not subject to corporation tax	(1,375)	(1,607)
Overseas tax suffered	1,151	1,343
Revenue taxable in different periods	7	(7)
Tax relief for overseas tax suffered	(38)	–
UK dividends not subject to corporation tax	(27)	(28)
	(18)	(66)
Current tax charge (see note 5a)	1,151	1,343

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 (2016: £nil).

After claiming relief against accrued income taxable on receipt, the Fund has unrelieved excess expenses of £7,495,000 (2016: £6,176,000) creating a potential deferred tax asset of £1,499,000 (2016: £1,235,000). It is unlikely that the Fund will generate taxable profits in the future to utilise these amounts and therefore no deferred tax asset has been recognised in the current or prior year.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6 Distributions

	Year ended 28.02.17 £000	Year ended 28.02.16 £000
The distributions take account of revenue received on the issue of shares and revenue deducted on the cancellation of shares, and comprise:		
Net dividend distribution for the three months ended 28 May	1,517	2,017
Net dividend distribution for the three months ended 28 August	1,617	1,975
Net dividend distribution for the three months ended 28 November	1,740	1,765
Net dividend distribution for the three months ended 28 February	1,598	1,659
	6,472	7,416
Add: Revenue deducted on cancellation of shares	97	220
Deduct: Revenue received on issue of shares	(3)	(4)
Total distributions	6,566	7,632
Reconciliations of distributions for the year to net revenue after taxation		
Distributions for the year	6,566	7,632
ACD's periodic charge borne by the capital account	(2,042)	(2,123)
Tax relief on capitalised ACD's periodic charge	168	191
Net revenue after taxation	4,692	5,700

Details of the distributions per share are set out in the distribution tables on pages 23 to 26.

7 Fair value hierarchy

	As at 28.02.17 £000	As at 28.02.16 £000
Quoted prices for identical instruments in active markets	280,303	233,745
Total value	280,303	233,745

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

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

The disclosure is split into the following categories:

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8 Debtors

	As at 28.02.17 £000	As at 28.02.16 £000
Accrued revenue	908	768
Overseas tax recoverable	17	–
Sales awaiting settlement	5,763	905
Total debtors	6,688	1,673

9 Cash and bank balances

	As at 28.02.17 £000	As at 28.02.16 £000
Cash and bank balances	3,485	6,190
Total cash and bank balances	3,485	6,190

10 Other creditors

	As at 28.02.17 £000	As at 28.02.16 £000
Accrued expenses	261	376
Amounts payable for cancellation of shares	2,104	569
Purchases awaiting settlement	1,535	597
Total creditors	3,900	1,542

11 Contingent liabilities and commitments

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

12 Related party transactions

ACD periodic charges paid to Aviva Investors UK Fund Services Limited ("the ACD") are shown in note 4 and details of shares issued and cancelled by the ACD are shown in the statement of change in net assets attributable to shareholders. The balance due to the ACD at the year end in respect of ACD periodic charges was £168,000 (2016: £274,000). Any balance due from the ACD in respect of issues is shown in note 8. Any balance due to the ACD in respect of cancellations is shown in note 10.

Distributions payable to the ACD and related parties of the ACD during the year amounted to £10,000 (2016: £915,000). The amount outstanding at the year end was £2,000 (2016: £2,000). Related parties of the ACD are deemed to be all companies under the control of Aviva Plc. This will include companies which hold shares in the Fund on behalf of other external investors.

All investments managed and advised by Aviva Investors Global Services Limited or associated with the Aviva Group are identified on the portfolio statement.

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

	Holdings at 28.02.17 (shares)	Movement (shares)	Holdings at 28.02.16 (shares)
ACD and related parties (share class 1 Income shares)	–	(102)	102
ACD and related parties (share class 1 Accumulation shares)	–	(133,678)	133,678
ACD and related parties (share class 2 Income shares)	11,185	(115)	11,300
ACD and related parties (share class 2 Accumulation shares)	138,978	117,488	21,490
ACD and related parties (share class 3 Accumulation shares)	38,583	–	38,583

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13 Shareholder funds

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

Class 1 : 1.50%

Class 2 : 0.75%

Class 3 : 0.50%

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 9 and 10. The distributions per share class are given in the distribution tables on pages 23 to 26. All the share classes have the same rights on winding up.

14 Shares in issue reconciliation

	Number of shares in issue at 28.02.16	Number of shares issued	Number of shares cancelled	Number of shares converted	Number of shares in issue at 28.02.17
Share Class 1 Income	5,315,532	–	(834,869)	(680,785)	3,799,878
Share Class 1 Accumulation	913,218	–	(302,101)	(125,367)	485,750
Share Class 2 Income	138,378,752	69,931	(16,388,601)	654,589	122,714,671
Share Class 2 Accumulation	5,304,501	214,661	(1,059,005)	120,479	4,580,636
Share Class 2 Income (USD)	13,444,062	54,754	(1,004,959)	–	12,493,857
Share Class 3 Accumulation	38,583	–	–	–	38,583

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 (2016: £nil).

Currency risk

At the year end date, 101.11% (2016: 99.29%) 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 the USD to GBP exchange rate changes by 10.00%, the value of the Fund will change by 10.11%.

Currency	Net foreign currency assets					
	Monetary exposure £000		Non monetary exposure £000		Total £000	
	28.02.17	28.02.16	28.02.17	28.02.16	28.02.17	28.02.16
US Dollar	7,729	3,034	280,303	233,745	288,032	236,779

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 1.16% (2016: 2.60%) of the net assets of the Fund were interest bearing and as such the interest rate risk is not considered significant.

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

Market price risk

At the year end date, 98.40% (2016: 98.01%) of the net assets of the Fund were invested in ordinary shares or stock units and admitted to an official stock exchange. If the market value were to change by 10%, the value of the Fund will change by 9.84%.

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, 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.

The direct transaction costs suffered during the year were as follows:

	Principal before costs £000	Commissions £000	Taxes £000	Total after costs £000	Commissions as % of principal	Taxes as % of principal
28.02.17						
Purchases (excluding in-specie transfers and corporate actions)						
Equities	(84,807)	(43)	–	(84,850)	0.05%	0.00%
	(84,807)	(43)	–	(84,850)		
Sales (excluding in-specie transfers and corporate actions)						
Equities	119,116	(59)	(3)	119,054	0.05%	0.00%
	119,116	(59)	(3)	119,054		
Total		(102)	(3)			
Percentage of Fund average net assets		0.04%	0.00%			

	Principal before costs £000	Commissions £000	Taxes £000	Total after costs £000	Commissions as % of principal	Taxes as % of principal
28.02.16						
Purchases (excluding in-specie transfers and corporate actions)						
Equities	(68,230)	(42)	–	(68,272)	0.06%	0.00%
	(68,230)	(42)	–	(68,272)		
Sales (excluding in-specie transfers and corporate actions)						
Equities	158,750	(72)	(3)	158,675	0.05%	0.00%
	158,750	(72)	(3)	158,675		
Total		(114)	(3)			
Percentage of Fund average net assets		0.04%	0.00%			

Dealing spread

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

17 Post balance sheet events

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

DISTRIBUTION TABLES

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

Income shares		Net revenue	Equalisation	Final distribution payable 28 April 2017	Final distribution paid 28 April 2016
Share Class 1	Group 1	1.0937	–	1.0937	1.0106
	Group 2	0.6836	0.4101	1.0937	1.0106
Share Class 2	Group 1	1.1407	–	1.1407	1.0417
	Group 2	0.5334	0.6073	1.1407	1.0417

Accumulation shares		Net revenue	Equalisation	Final distribution payable 28 April 2017	Final distribution paid 28 April 2016
Share Class 1	Group 1	1.2669	–	1.2669	1.1374
	Group 2	0.7769	0.4900	1.2669	1.1374
Share Class 2	Group 1	1.3200	–	1.3200	1.2296
	Group 2	0.6629	0.6571	1.3200	1.2296
Share Class 3	Group 1	1.3899	–	1.3899	1.2390
	Group 2	1.3899	0.0000	1.3899	1.2390

Final distribution payable in cents per share for the three months ended 28 February 2017

Income shares		Net revenue	Equalisation	Final distribution payable 28 April 2017	Final distribution paid 28 April 2016
Share Class 2 (USD)	Group 1	0.8861	–	0.8861	0.9091
	Group 2	0.4252	0.4609	0.8861	0.9091

Final Distribution

Group 1 shares are those shares purchased at or before 12:00 noon on 28 November 2016.

Group 2 shares are those shares purchased after 12:00 noon on 28 November 2016.

DISTRIBUTION TABLES (CONTINUED)

Interim distribution paid in pence per share for the three months ended 28 November 2016

Income shares		Net revenue	Equalisation	Interim distribution paid 28 January 2017	Interim distribution paid 28 January 2016
Share Class 1	Group 1	1.1485	–	1.1485	0.8550
	Group 2	0.6013	0.5472	1.1485	0.8550
Share Class 2	Group 1	1.1958	–	1.1958	0.8834
	Group 2	0.8122	0.3836	1.1958	0.8834

Accumulation shares		Net revenue	Equalisation	Interim distribution paid 28 January 2016	Interim distribution paid 28 January 2015
Share Class 1	Group 1	1.3219	–	1.3219	0.9595
	Group 2	0.8084	0.5135	1.3219	0.9595
Share Class 2	Group 1	1.3751	–	1.3751	0.9904
	Group 2	0.9579	0.4172	1.3751	0.9904
Share Class 3	Group 1	1.5158	–	1.5158	1.0364
	Group 2	1.5158	0.0000	1.5158	1.0364

Interim distribution paid in cents per share for the three months ended 28 November 2016

Income shares		Net revenue	Equalisation	Interim distribution paid 28 January 2016	Interim distribution paid 28 January 2015
Share Class 2 (USD)	Group 1	0.9258	–	0.9258	0.8298
	Group 2	0.3780	0.5478	0.9258	0.8298

Interim Distribution

Group 1 shares are those shares purchased at or before 12:00 noon on 28 August 2016.

Group 2 shares are those shares purchased after 12:00 noon on 28 August 2016.

DISTRIBUTION TABLES (CONTINUED)

Interim distribution paid in pence per share for the three months ended 28 August 2016

Income shares		Net revenue	Equalisation	Interim distribution paid 28 October 2016	Interim distribution paid 28 October 2015
Share Class 1	Group 1	1.0385	–	1.0385	0.9047
	Group 2	0.5471	0.4914	1.0385	0.9047
Share Class 2	Group 1	1.0790	–	1.0790	0.9329
	Group 2	0.4033	0.6757	1.0790	0.9329

Accumulation shares		Net revenue	Equalisation	Interim distribution paid 28 October 2016	Interim distribution paid 28 October 2015
Share Class 1	Group 1	1.1885	–	1.1885	1.0082
	Group 2	0.6557	0.5328	1.1885	1.0082
Share Class 2	Group 1	1.2336	–	1.2336	1.0387
	Group 2	0.2772	0.9564	1.2336	1.0387
Share Class 3	Group 1	1.3528	–	1.3528	1.0854
	Group 2	1.3528	0.0000	1.3528	1.0854

Interim distribution paid in cents per share for the three months ended 28 August 2016

Income shares		Net revenue	Equalisation	Interim distribution paid 28 October 2016	Interim distribution paid 28 October 2015
Share Class 2 (USD)	Group 1	0.8893	–	0.8893	0.8962
	Group 2	0.0513	0.8380	0.8893	0.8962

Interim Distribution

Group 1 shares are those shares purchased at or before 12:00 noon on 28 May 2016.

Group 2 shares are those shares purchased after 12:00 noon on 28 May 2016.

DISTRIBUTION TABLES (CONTINUED)

Interim distribution paid in pence per share for the three months ended 28 May 2016

Income shares		Net revenue	Equalisation	Interim distribution paid 28 July 2016	Interim distribution paid 28 July 2015
Share Class 1	Group 1	0.9480	–	0.9480	0.9016
	Group 2	0.5769	0.3711	0.9480	0.9016
Share Class 2	Group 1	0.9915	–	0.9915	0.9278
	Group 2	0.4802	0.5113	0.9915	0.9278

Accumulation shares		Net revenue	Equalisation	Interim distribution paid 28 July 2016	Interim distribution paid 28 July 2015
Share Class 1	Group 1	1.0870	–	1.0870	0.9985
	Group 2	0.6509	0.4361	1.0870	0.9985
Share Class 2	Group 1	1.1189	–	1.1189	1.0266
	Group 2	0.5906	0.5283	1.1189	1.0266
Share Class 3	Group 1	1.2226	–	1.2226	1.0734
	Group 2	1.2226	0.0000	1.2226	1.0734

Interim distribution paid in cents per share for the three months ended 28 May 2016

Income shares		Net revenue	Equalisation	Interim distribution paid 28 July 2016	Interim distribution paid 28 July 2015
Share Class 2 (USD)	Group 1	0.9072	–	0.9072	0.8858
	Group 2	0.3989	0.5083	0.9072	0.8858

Interim Distribution

Group 1 shares are those shares purchased at or before 12:00 noon on 28 February 2016.

Group 2 shares are those shares purchased after 12:00 noon on 28 February 2016.

Equalisation

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

AVIVA INVESTORS 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 period ended 28 February 2017 the Fund (share class 1) delivered a total return of 34.92%* compared with an average return of 30.02% for the Russell® 3000 Value benchmark, an outperformance of 4.90%.

Over the period ended 28 February 2017, the Fund provided an income yield (before the deduction of charges and tax) of 3.33%, compared to the Russell® 3000 Value Index yield of 2.71%, an outperformance of 0.62% but falling short of its target of providing an annualised income yield 1.5% higher than that of the Index.

The market largely continued to grind higher during the second quarter of 2016, fuelled by rising oil prices, stable interest rates, and a passive Federal Reserve. However, near quarter end the market was rattled by the results of the European Union (EU) referendum in the U.K. ("Brexit"). Although the initial shock was substantial, after a brief panic, buyers once again stepped in and equity markets recovered much of the lost ground. Notable exceptions were the European banking and insurance industries, where many of the continent's largest financial institutions have revisited their 2008 - 2009 lows and are once again embroiled in concerns of contagion, especially from Italy. This divergence exposes the immediate loser in the Brexit vote – the EU apparatus. The inability of the EU's leadership to prevent the "impossible", the exit of the U.K., appears to have shaken investors' conviction in the stability of the EU. Given the troubles, investors sought U.S. safe havens as the dollar strengthened and Treasury rates fell sharply during the quarter.

Donald Trump's 2016 presidential election victory largely caught investors off guard and, after recovering from an immediate, sharp decline in thinly-traded overnight markets, equities rallied aggressively over the remainder of the year. President-elect Trump wasted no time, launching efforts supporting his pledge to focus on American jobs and cut wasteful spending in Washington. The American consumer seems to have taken note of the change of tone as the University of Michigan Consumer Sentiment Index surged, hitting its highest mark since 2004.

Unfortunately, the tripartite forces of higher interest rates, the stronger U.S. dollar, and stark political reality stand opposed to unbridled optimism. Not only did long-term Treasury rates increase during the quarter, but the Federal Reserve resumed tightening again in December and established expectations for continued rate increases in 2017. Since the election, the U.S. Dollar Index (DXY) has climbed 5%, a trend that will certainly weigh on overall corporate earnings in the coming months. Lastly, much of Trump's policy platform will require congressional support and it is unclear how much appetite there will be for lower taxes and increased spending given the concerns surrounding deficit spending and burgeoning federal debt.

Broadly surveying the market, small caps significantly outperformed and value stocks led during the period. The Russell® 2000 Index returned 36.11%, outperforming the Russell® 1000 and the Russell® Midcap by 1,058 bps and 930 bps, respectively. Among investment styles, large cap value stocks outperformed their growth peers by 698 bps. The gap among small cap was even more substantial as value returned 41.29% versus 30.91% for growth.

All ten sectors in the Russell® 3000 Value posted positive returns in the period, with Financials (48.6%), Materials (44.9%), and Information Technology (36.9%) providing the highest returns. The worst performing sectors were Real Estate (1.1%), Telecommunication Services (13.4%), and Consumer Discretionary (15.7%).

Looking at what worked during the period, the most significant positive impacts on relative performance were from stock selection in the Real Estate¹ sector and the underweight allocation in Health Care. Of the seven holdings in Real Estate, four outperformed the broader sector return.

The five holdings with the highest contribution to Portfolio return during the period were PNC Financial Services Group Inc. (PNC, 60.2%), BB&T Corp. (BBT, 54.7%), U.S. Bancorp (USB, 46.4%), Microsoft Corp. (MSFT, 29.0%), and GEO Group Inc. (GEO, 70.3%).

Speaking to what did not work, overall stock selection and sector allocation were both negative. The most significant negative impacts on relative performance were from stock selection in Information Technology and the underweight in Financials. Of the eight Information Technology holdings, seven underperformed the benchmark sector return, including j2 Global Inc. (JCOM, -20.0%), the fourth lowest contributor during the period.

AVIVA INVESTORS US EQUITY INCOME FUND II (CONTINUED)

FUND MANAGER'S REPORT (CONTINUED)

The other lowest contributors to Portfolio return during the period were Target Corp. (TGT, -22.6%), Kohl's Corp. (KSS, -22.8%), DineEquity Inc. (DIN, -18.7%), and Owens & Minor Inc. (OMI, -5.8%).

As of 28 February 2017, the Portfolio held a total of 52 positions. During the period, we established 16 positions, eliminated 17, and two positions were spun off. The five largest positions established were Marathon Petroleum Corp. (MPC, -0.2%), Ryman Hospitality Properties Inc. (RHP, 33.5%), Amgen Inc. (AMGN, 21.7%), Cardinal Health Inc. (CAH, 7.5%), and TE Connectivity Ltd. (TEL, 29.9%). The five largest positions eliminated were Quest Diagnostics Inc. (DGX, 24.9%), Sysco Corp. (SYY, 4.6%), ADT Corp. (ADT, 4.0%), Western Union Co. (WU, 14.1%), and Republic Services Inc. (RSG, 8.8%). We eliminated the positions in DGX, SYY, WU, and RSG as they were trading at premiums to their assessed valuations, and the position in ADT due to a takeover.

As earnings season comes to a close, the results are both positive and ahead of expectations, providing support, in part, for the ongoing market surge. However, numerous management teams have used their quarterly calls to note that while their customers are increasingly optimistic, this optimism has yet to translate into accelerated growth and as a result, the expectations for full year 2017 have declined modestly. While investors appear to expect positive developments on the tax and regulatory fronts, it appears that our concerns about delay in the legislative process were well founded. The recent move in the Portfolio has heightened our focus on valuations as prices in some areas have advanced in anticipation of earnings and we will need to judge the appropriateness of these moves. We are looking to expand our Watchlist and look for opportunities in areas of weakness, most notably in the defensive sectors.

March 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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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 page 29 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.

Material Portfolio Changes

Purchases	Sales
Marathon Petroleum	Quest Diagnostics
Ryman Hospitality Properties	Western Union
Cardinal Health	CME Group
Praxair	MSC Industrial Direct 'A'
Amgen	Allied World Assurance Holdings
WW Grainger	Parker-Hannifin
Johnson Controls International	Sysco
Valero Energy	PNC Financial Services Group
Axis Capital Holdings	Molson Coors Brewing 'B'
MetLife	ADT

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 will be affected by changes in exchange rates.
- The level of targeted income is not guaranteed and may not be achieved.
- Full information on the risks applicable to the Fund is detailed in the Prospectus.

COMPARATIVE TABLES

Class 1 Income	2017 p per share	2016 p per share	2015 p per share
Change in net assets per share			
Opening net asset value per share	121.14	119.39	101.34
Return before operating charges [†]	46.55	6.56	22.65
Operating charges	(2.31)	(1.86)	(1.80)
Return after operating charges [†]	44.24	4.70	20.85
Distributions	(3.38)	(2.95)	(2.80)
Closing net asset value per share	162.00	121.14	119.39
[†] after direct transaction costs of	(0.06)	(0.05)	(0.12)
Performance			
Return after operating charges	36.52%	3.94%	20.57%
Other information			
Closing net asset value (£000)	170	146	144
Closing number of shares	105,139	120,729	120,729
Operating charges (%) [†]	1.63%	1.63%	1.64%
Direct transaction costs (%) [#]	0.04%	0.04%	0.11%
Prices[*]			
Highest share price	163.02	125.62	122.42
Lowest share price	120.32	101.73	100.03

Class 2 Income	2017 p per share	2016 p per share	2015 p per share
Change in net assets per share			
Opening net asset value per share	123.44	120.74	101.71
Return before operating charges [†]	47.63	6.71	22.84
Operating charges	(1.29)	(1.02)	(0.99)
Return after operating charges [†]	46.34	5.69	21.85
Distributions	(3.46)	(2.99)	(2.82)
Closing net asset value per share	166.32	123.44	120.74
[†] after direct transaction costs of	(0.06)	(0.05)	(0.12)
Performance			
Return after operating charges	37.54%	4.71%	21.48%
Other information			
Closing net asset value (£000)	316,551	171,704	142,541
Closing number of shares	190,329,296	139,098,828	118,051,498
Operating charges (%) [†]	0.88%	0.88%	0.89%
Direct transaction costs (%) [#]	0.04%	0.04%	0.11%
Prices[*]			
Highest share price	167.31	127.16	123.72
Lowest share price	122.61	103.26	100.50

Class 2 Accumulation	2017 p per share	2016 p per share	2015 p per share
Change in net assets per share			
Opening net asset value per share	131.12	125.04	102.75
Return before operating charges [†]	51.07	7.14	23.31
Operating charges	(1.38)	(1.06)	(1.02)
Return after operating charges [†]	49.69	6.08	22.29
Distributions	(3.71)	(3.12)	(2.87)
Retained distributions on accumulation shares	3.71	3.12	2.87
Closing net asset value per share	180.81	131.12	125.04
[†] after direct transaction costs of	(0.06)	(0.05)	(0.13)
Performance			
Return after operating charges	37.90%	4.86%	21.69%
Other information			
Closing net asset value (£000)	19,487	11,219	5,550
Closing number of shares	10,777,903	8,556,231	4,438,713
Operating charges (%) [†]	0.88%	0.88%	0.89%
Direct transaction costs (%) [#]	0.04%	0.04%	0.11%
Prices[*]			
Highest share price	180.85	131.68	127.51
Lowest share price	130.24	107.55	101.52

Class 2 Income (USD)	2017 c per share	2016 c per share	2015 c per share
Change in net assets per share			
Opening net asset value per share	109.95	118.90	108.30
Return before operating charges [†]	26.03	(4.59)	14.47
Operating charges	(1.07)	(1.51)	(0.99)
Return after operating charges [†]	24.96	(6.10)	13.48
Distributions	(2.89)	(2.85)	(2.88)
Closing net asset value per share	132.02	109.95	118.90
[†] after direct transaction costs of	(0.05)	(0.04)	(0.12)
Performance			
Return after operating charges	22.70%	(5.13)%	12.45%
Other information			
Closing net asset value (£000)	1,255	1,143	2,364
Closing number of shares	1,182,591	1,451,673	3,068,282
Operating charges (%) [†]	0.88%	0.89%	0.89%
Direct transaction costs (%) [#]	0.04%	0.04%	0.11%
Prices[*]			
Highest share price	132.80	119.75	119.80
Lowest share price	109.32	101.19	107.22

COMPARATIVE TABLES (CONTINUED)

	2017	2016	2015
Class 3 Accumulation	p per share	p per share	p per share
Change in net assets per share			
Opening net asset value per share	171.76	163.25	133.68
Return before operating charges [‡]	67.02	9.35	30.36
Operating charges	(1.09)	(0.84)	(0.79)
Return after operating charges [‡]	65.93	8.51	29.57
Distributions	(4.49)	(4.22)	(3.87)
Retained distributions on accumulation shares	4.49	4.22	3.87
Closing net asset value per share	237.69	171.76	163.25
[†] after direct transaction costs of	(0.08)	(0.06)	(0.16)
Performance			
Return after operating charges	38.38%	5.21%	22.12%
Other information			
Closing net asset value (£000)	93	67	47,934
Closing number of shares	38,976	38,976	29,362,248
Operating charges (%) [‡]	0.53%	0.53%	0.54%
Direct transaction costs (%) [#]	0.04%	0.04%	0.11%
Prices[≈]			
Highest share price	237.74	171.99	166.42
Lowest share price	170.62	140.66	132.15

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

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

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

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

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

Ongoing Charges Figure*

Share class	28.02.17	28.02.16
Class 1	1.63%	1.63%
Class 2	0.88%	0.88%
Class 2 (USD)	0.88%	0.88%
Class 3	0.53%	0.53%

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

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

PORTFOLIO STATEMENT

As at 28 February 2017

Investment	Currency	Holding	Market Value £000	% of Net Assets
Equities 95.68% (96.52%)				
Consumer Discretionary 9.04% (9.47%)				
Automobiles 0.00% (0.66%)				
Leisure Products 0.94% (0.00%)				
Polaris Industries	USD	45,514	3,180	0.94
			<u>3,180</u>	<u>0.94</u>
Media 6.07% (5.29%)				
Cinemark Holdings	USD	237,989	8,034	2.38
Omnicom Group	USD	125,165	8,667	2.57
Time Warner	USD	47,970	3,786	1.12
			<u>20,487</u>	<u>6.07</u>
Multiline Retail 2.03% (3.52%)				
Target	USD	127,511	6,859	2.03
			<u>6,859</u>	<u>2.03</u>
Consumer Discretionary total			30,526	9.04
Consumer Staples 7.14% (11.37%)				
Beverages 1.15% (2.93%)				
PepsiCo	USD	44,118	3,874	1.15
			<u>3,874</u>	<u>1.15</u>
Food & Staples Retailing 2.54% (4.57%)				
CVS Health	USD	28,910	1,892	0.56
Wal-Mart Stores	USD	116,079	6,692	1.98
			<u>8,584</u>	<u>2.54</u>
Household Products 1.53% (2.11%)				
Kimberly-Clark	USD	48,317	5,149	1.53
			<u>5,149</u>	<u>1.53</u>
Personal Products 1.92% (1.76%)				
Unilever, ADR	USD	169,604	6,498	1.92
			<u>6,498</u>	<u>1.92</u>
Consumer Staples total			24,105	7.14
Energy 8.67% (5.65%)				
Oil, Gas & Consumable Fuels 8.67% (5.65%)				
Chevron	USD	44,288	3,978	1.18
Exxon Mobil	USD	77,547	5,083	1.51
Marathon Petroleum	USD	200,304	8,172	2.42
Occidental Petroleum	USD	127,919	6,731	1.99
Valero Energy	USD	97,955	5,294	1.57
			<u>29,258</u>	<u>8.67</u>
Energy total			29,258	8.67

PORTFOLIO STATEMENT (CONTINUED)

As at 28 February 2017

Investment	Currency	Holding	Market Value £000	% of Net Assets
Financials 15.67% (14.10%)				
Banks 10.38% (10.18%)				
BB&T	USD	261,644	10,130	3.00
PNC Financial Services Group	USD	80,593	8,299	2.46
US Bancorp	USD	238,368	10,587	3.14
Wells Fargo	USD	128,847	6,012	1.78
			35,028	10.38
Capital Markets 1.77% (3.55%)				
Thomson Reuters	USD	174,791	5,985	1.77
			5,985	1.77
Insurance 3.52% (0.37%)				
Axis Capital Holdings	USD	90,062	4,958	1.47
CNA Financial	USD	42,596	1,468	0.43
MetLife	USD	129,252	5,470	1.62
			11,896	3.52
Financials total			52,909	15.67
Health Care 5.10% (4.23%)				
Biotechnology 1.92% (0.00%)				
Amgen	USD	45,801	6,483	1.92
			6,483	1.92
Health Care Providers & Services 3.18% (4.23%)				
Cardinal Health	USD	95,505	6,332	1.87
Owens & Minor	USD	151,764	4,411	1.31
			10,743	3.18
Health Care total			17,226	5.10
Industrials 11.70% (14.94%)				
Air Freight & Logistics 1.64% (2.10%)				
United Parcel Service 'B'	USD	64,445	5,528	1.64
			5,528	1.64
Building Products 1.40% (0.00%)				
Johnson Controls International	USD	139,013	4,717	1.40
			4,717	1.40
Commercial Services & Supplies 0.00% (3.89%)				
Electrical Equipment 1.74% (1.48%)				
Emerson Electric	USD	121,132	5,881	1.74
			5,881	1.74
Machinery 0.00% (1.27%)				
Road & Rail 1.99% (1.19%)				
Union Pacific	USD	77,932	6,732	1.99
			6,732	1.99
Trading Companies & Distributors 4.93% (5.01%)				
Aircastle	USD	133,454	2,555	0.76
Fastenal	USD	217,210	8,786	2.60
WW Grainger	USD	26,323	5,297	1.57
			16,638	4.93
Industrials total			39,496	11.70

PORTFOLIO STATEMENT (CONTINUED)

As at 28 February 2017

Investment	Currency	Holding	Market Value £000	% of Net Assets
Information Technology 13.46% (15.77%)				
Communications Equipment 2.39% (2.97%)				
Motorola Solutions	USD	126,490	8,060	2.39
			8,060	2.39
Electronic Equipment, Instruments & Components 4.38% (1.71%)				
Corning	USD	393,440	8,740	2.59
TE Connectivity	USD	100,332	6,030	1.79
			14,770	4.38
Internet Software & Services 0.00% (0.76%)				
IT Services 0.00% (1.97%)				
Semiconductors & Semiconductor Equipment 3.46% (3.93%)				
Intel	USD	184,823	5,422	1.61
QUALCOMM	USD	137,251	6,258	1.85
			11,680	3.46
Software 3.23% (4.43%)				
Microsoft	USD	211,388	10,911	3.23
			10,911	3.23
Information Technology total			45,421	13.46
Materials 5.39% (5.03%)				
Chemicals 3.81% (1.47%)				
LyondellBasell Industries 'A'	USD	51,226	3,760	1.11
Praxair	USD	95,493	9,096	2.70
			12,856	3.81
Containers & Packaging 0.00% (1.04%)				
Metals & Mining 1.58% (2.52%)				
Compass Minerals International	USD	87,646	5,332	1.58
			5,332	1.58
Materials total			18,188	5.39
Real Estate 13.89% (8.24%)				
Equity Real Estate Investment Trusts (REITs) 13.89% (8.24%)				
GEO Group	USD	203,223	7,997	2.37
Iron Mountain	USD	375,991	11,069	3.28
Ryman Hospitality Properties	USD	140,953	7,640	2.26
Sabra Health Care REIT	USD	159,081	3,492	1.04
Uniti Group	USD	191,768	4,498	1.33
Ventas	USD	139,546	7,335	2.17
Weyerhaeuser	USD	178,140	4,858	1.44
			46,889	13.89
Real Estate total			46,889	13.89
Telecommunication Services 2.60% (4.15%)				
Diversified Telecommunication Services 2.60% (3.28%)				
Verizon Communications	USD	218,926	8,784	2.60
			8,784	2.60
Wireless Telecommunication Services 0.00% (0.87%)				
Telecommunication Services total			8,784	2.60

PORTFOLIO STATEMENT (CONTINUED)

As at 28 February 2017

Investment	Currency	Holding	Market Value £000	% of Net Assets
Utilities 3.02% (3.57%)				
Gas Utilities 2.46% (1.74%)				
National Fuel Gas	USD	172,749	8,308	2.46
			<u>8,308</u>	<u>2.46</u>
Multi-Utilities 0.56% (1.83%)				
Vectren	USD	41,644	1,873	0.56
			<u>1,873</u>	<u>0.56</u>
Utilities total			10,181	3.02
Equities total			322,983	95.68
Investment assets			322,983	95.68
Net other assets			14,573	4.32
Net assets			337,556	100.00

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

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

STATEMENT OF TOTAL RETURN

For the year ended 28 February 2017

	Notes	£000	Year ended 28.02.17 £000	£000	Year ended 28.02.16 £000
Income					
Net capital gains	2		76,289		2,560
Revenue	3	7,640		6,424	
Expenses	4	(2,226)		(1,616)	
Net revenue before taxation		5,414		4,808	
Taxation	5	(1,106)		(920)	
Net revenue after taxation			4,308		3,888
Total return before distributions			80,597		6,448
Distributions	6		(6,041)		(5,158)
Change in net assets attributable to shareholders from investment activities			74,556		1,290

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

For the year ended 28 February 2017

	£000	Year ended 28.02.17 £000	£000	Year ended 28.02.16 £000
Opening net assets attributable to shareholders		184,279		198,533
Movement due to issue and cancellation of shares:				
Amounts receivable on issue of shares	90,935		50,436	
Amounts payable on cancellation of shares	(12,551)		(67,223)	
		78,384		(16,787)
Dilution adjustment		–		107
Change in net assets attributable to shareholders from investment activities (see above)		74,556		1,290
Retained distribution on accumulation shares		337		1,136
Closing net assets attributable to shareholders		337,556		184,279

BALANCE SHEET

As at 28 February 2017

	Notes	As at 28.02.17 £000	As at 28.02.16 £000
Assets:			
Investments		322,983	177,865
Current assets:			
Debtors	8	3,385	3,418
Cash and bank balances	9	16,020	5,186
Total assets		342,388	186,469
Liabilities:			
Creditors:			
Bank overdrafts		(875)	–
Distribution payable		(1,819)	(1,187)
Other creditors	10	(2,138)	(1,003)
Total liabilities		(4,832)	(2,190)
Net assets attributable to shareholders		337,556	184,279

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 28.02.17 £000	Year ended 28.02.16 £000
Net capital gains on investments during the year comprise:		
Currency gains	580	574
Expenses relating to the purchase and sale of investments	(9)	(9)
Forward currency contracts losses	–	(9)
Non-derivative securities gains	75,718	2,004
Net capital gains	76,289	2,560

3 Revenue

	Year ended 28.02.17 £000	Year ended 28.02.16 £000
Bank and deposit interest	1	1
Overseas dividends	7,500	6,317
UK dividends	139	106
Total revenue	7,640	6,424

4 Expenses

	Year ended 28.02.17 £000	Year ended 28.02.16 £000
Payable to the Authorised Corporate Director ("ACD"), associates of the ACD or agents of either of them:		
ACD's periodic charge	1,899	1,396
Registration fees	253	161
	2,152	1,557
Payable to the Depositary, associates of the Depositary or agents of either of them:		
Depositary's fee	33	26
Dividend collection charges	2	–
Interest payable	–	1
Safe custody fee	17	14
	52	41
Other expenses:		
Audit fee*	12	10
Statement fee	10	8
	22	18
Total expenses	2,226	1,616

* The audit fee was £9,376 (2016: £8,668) net of VAT.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5 Taxation**a Analysis of tax charge**

	Year ended 28.02.17 £000	Year ended 28.02.16 £000
Overseas tax suffered	1,106	920
Total current tax (see note 5b)	1,106	920

b Factors affecting current tax charge

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

The differences are explained below:

	Year ended 28.02.17 £000	Year ended 28.02.16 £000
Net revenue before taxation	5,414	4,808
Corporation tax at 20%	1,083	962
Effects of:		
Movement in excess expenses	254	153
Overseas dividends not subject to corporation tax	(1,275)	(1,094)
Overseas tax suffered	1,106	920
Tax relief for overseas tax suffered	(34)	–
UK dividends not subject to corporation tax	(28)	(21)
	23	(42)
Current tax charge (see note 5a)	1,106	920

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 (2016: £nil).

After claiming relief against accrued income taxable on receipt, the Fund has unrelieved excess expenses of £2,639,000 (2016: £1,371,000) creating a potential deferred tax asset of £528,000 (2016: £274,000). It is unlikely that the Fund will generate taxable profits in the future to utilise these amounts and therefore no deferred tax asset has been recognised in the current or prior year

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6 Distributions

	Year ended 28.02.17 £000	Year ended 28.02.16 £000
The distributions take account of revenue received on the issue of shares and revenue deducted on the cancellation of shares, and comprise:		
Net dividend distribution for the three months ended 28 May	1,198	1,215
Net dividend distribution for the three months ended 28 August	1,451	1,389
Net dividend distribution for the three months ended 28 November	1,717	1,328
Net dividend distribution for the three months ended 28 February	1,930	1,263
	6,296	5,195
Add: Revenue deducted on cancellation of shares	31	133
Deduct: Revenue received on issue of shares	(286)	(170)
Total distributions	6,041	5,158
Reconciliations of distributions for the year to net revenue after taxation		
Distributions for the year	6,041	5,158
ACD's periodic charge borne by the capital account	(1,899)	(1,396)
Tax relief on capitalised ACD's periodic charge	166	126
Net revenue after taxation	4,308	3,888

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

7 Fair value hierarchy

	As at 28.02.17 £000	As at 28.02.16 £000
Quoted prices for identical instruments in active markets	322,983	177,865
Total value	322,983	177,865

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

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

The disclosure is split into the following categories:

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8 Debtors

	As at 28.02.17 £000	As at 28.02.16 £000
Accrued revenue	977	544
Amounts receivable on issue of shares	1,536	2,014
Overseas tax recoverable	872	168
Sales awaiting settlement	–	692
Total debtors	3,385	3,418

9 Cash and bank balances

	As at 28.02.17 £000	As at 28.02.16 £000
Cash and bank balances	16,020	5,186
Total cash and bank balances	16,020	5,186

10 Other creditors

	As at 28.02.17 £000	As at 28.02.16 £000
Accrued expenses	255	256
Amounts payable for cancellation of shares	–	184
Purchases awaiting settlement	1,883	563
Total creditors	2,138	1,003

11 Contingent liabilities and commitments

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

12 Related party transactions

ACD periodic charges paid to Aviva Investors UK Fund Services Limited ("the ACD") are shown in note 4 and details of shares issued and cancelled by the ACD are shown in the statement of change in net assets attributable to shareholders. The balance due to the ACD at the year end in respect of ACD periodic charges was £197,000 (2015: £102,000). Any balance due from the ACD in respect of issues is shown in note 8. Any balance due to the ACD in respect of cancellations is shown in note 10.

Distributions payable to the ACD and related parties of the ACD during the year amounted to £102,000 (2016: £929,000). The amount outstanding at the year end was £30,000 (2016: £13,000). Related parties of the ACD are deemed to be all companies under the control of Aviva Plc. This will include companies which hold shares in the Fund on behalf of other external investors.

All investments managed and advised by Aviva Investors Global Services Limited or associated with the Aviva Group are identified on the portfolio statement.

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

	Holdings at 28.02.17 (shares)	Movement (shares)	Holdings at 28.02.16 (shares)
ACD and related parties (share class 2 Income shares)	2,054,823	1,220,349	834,474
ACD and related parties (share class 2 Accumulation shares)	933,726	276,622	657,104
ACD and related parties (share class 3 Accumulation shares)	38,976	–	38,976

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13 Shareholder funds

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

The annual management charges are as follows:

Class 1: 1.50%

Class 2: 0.75%

Class 3: 0.50%

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 29 to 30. 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.

14 Shares in issue reconciliation

	Number of shares in issue at 28.02.16	Number of shares issued	Number of shares cancelled	Number of shares converted	Number of shares in issue at 28.02.17
Share Class 1 Income	120,729	40,923	(56,513)	–	105,139
Share Class 2 Income	139,098,828	56,743,760	(5,513,292)	–	190,329,296
Share Class 2 Income (USD)	1,451,673	684,543	(953,625)	–	1,182,591
Share Class 2 Accumulation	8,556,231	4,939,828	(2,718,156)	–	10,777,903
Share Class 3 Accumulation	38,976	–	–	–	38,976

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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 (2016: £nil).

Currency risk

At the year end date, 100.42% (2016: 99.96%) 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 the USD to GBP exchange rate changes by 10.00%, the value of the Fund will change by 10.04%.

	Net foreign currency assets					
	Monetary exposure £000		Non monetary exposure £000		Total £000	
Currency	28.02.17	28.02.16	28.02.17	28.02.16	28.02.17	28.02.16
US Dollar	15,986	6,342	322,983	177,865	338,969	184,207

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 4.49% (2016: 2.81%) of the net assets of the Fund were interest bearing.

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

Market price risk

At the year end date, 95.68% (2016: 96.52%) 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 9.57%.

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, 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.

The direct transaction costs suffered during the year were as follows:

28.02.17	Principal before costs £000	Commissions £000	Taxes £000	Total after costs £000	Commissions as % of principal	Taxes as % of principal
Purchases (excluding in-specie transfers and corporate actions)						
Equities	(151,977)	(62)	–	(152,039)	0.04%	0.00%
	(151,977)	(62)	–	(152,039)		
Sales (excluding in-specie transfers and corporate actions)						
Equities	82,683	(43)	(2)	82,638	0.05%	0.00%
	82,683	(43)	(2)	82,638		
Total		(105)	(2)			
Percentage of Fund average net assets		0.04%	0.00%			

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16 Direct transaction costs (continued)

28.02.16	Principal before costs £000	Commissions £000	Taxes £000	Total after costs £000	Commissions as % of principal	Taxes as % of principal
Purchases (excluding in-specie transfers and corporate actions)						
Equities	(77,767)	(40)	–	(77,807)	0.05%	0.00%
	(77,767)	(40)	–	(77,807)		
Sales (excluding in-specie transfers and corporate actions)						
Equities	86,299	(39)	(2)	86,258	0.05%	0.00%
	86,299	(39)	(2)	86,258		
Total		(79)	(2)			
Percentage of Fund average net assets		0.04%	0.00%			

Dealing spread

As at 28 February 2017, the average portfolio dealing spread was 0.02% (2016: 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.

17 Post balance sheet events

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

DISTRIBUTION TABLES

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

Income shares		Net revenue	Equalisation	Final distribution payable 28 April 2017	Final distribution paid 28 April 2016
Share Class 1	Group 1	0.9276	–	0.9276	0.8301
	Group 2	0.5287	0.3989	0.9276	0.8301
Share Class 2	Group 1	0.9513	–	0.9513	0.8469
	Group 2	0.4658	0.4855	0.9513	0.8469

Accumulation shares		Net revenue	Equalisation	Interim distribution payable 28 April 2017	Interim distribution paid 28 April 2016
Share Class 2	Group 1	1.0282	–	1.0282	0.8870
	Group 2	0.4918	0.5364	1.0282	0.8870
Share Class 3	Group 1	1.3975	–	1.3975	1.1985
	Group 2	1.3975	0.0000	1.3975	1.1985

Final distribution payable in cents per share for the three months ended 28 February 2017

Accumulation shares		Net revenue	Equalisation	Final distribution payable 28 April 2017	Final distribution paid 28 April 2016
Share Class 2 (USD)	Group 1	0.7554	–	0.7554	0.7628
	Group 2	0.3530	0.4024	0.7554	0.7628

Final Distribution

Group 1 shares are those shares purchased at or before 12:00 noon on 28 November 2016.

Group 2 shares are those shares purchased after 12:00 noon on 28 November 2016.

DISTRIBUTION TABLES (CONTINUED)

Interim distribution paid in pence per share for the three months ended 28 November 2016

Income shares		Net revenue	Equalisation	Interim distribution paid 28 January 2017	Interim distribution paid 28 January 2016
Share Class 1	Group 1	0.9080	–	0.9080	0.7003
	Group 2	0.3462	0.5618	0.9080	0.7003
Share Class 2	Group 1	0.9296	–	0.9296	0.7115
	Group 2	0.4060	0.5236	0.9296	0.7115

Accumulation shares		Net revenue	Equalisation	Interim distribution paid 28 January 2017	Interim distribution paid 28 January 2016
Share Class 2	Group 1	0.9984	–	0.9984	0.7460
	Group 2	0.4758	0.5226	0.9984	0.7460
Share Class 3	Group 1	1.3538	–	1.3538	1.0066
	Group 2	1.3538	0.0000	1.3538	1.0066

Interim distribution paid in cents per share for the three months ended 28 November 2016

Income shares		Net revenue	Equalisation	Interim distribution paid 28 January 2017	Interim distribution paid 28 January 2016
Share Class 2 (USD)	Group 1	0.7351	–	0.7351	0.6829
	Group 2	0.3933	0.3418	0.7351	0.6829

Interim Distribution

Group 1 shares are those shares purchased at or before 12:00 noon on 28 August 2016.

Group 2 shares are those shares purchased after 12:00 noon on 28 August 2016.

DISTRIBUTION TABLES (CONTINUED)

Interim distribution paid in pence per share for the three months ended 28 August 2016

Income shares		Net revenue	Equalisation	Interim distribution paid 28 October 2016	Interim distribution paid 28 October 2015
Share Class 1	Group 1	0.8298	–	0.8298	0.7254
	Group 2	0.3665	0.4633	0.8298	0.7254
Share Class 2	Group 1	0.8480	–	0.8480	0.7358
	Group 2	0.4065	0.4415	0.8480	0.7358

Accumulation shares		Net revenue	Equalisation	Interim distribution paid 28 October 2016	Interim distribution paid 28 October 2015
Share Class 2	Group 1	0.9058	–	0.9058	0.7663
	Group 2	0.4314	0.4744	0.9058	0.7663
Share Class 3	Group 1	1.2269	–	1.2269	1.0332
	Group 2	1.2269	0.0000	1.2269	1.0332

Interim distribution paid in cents per share for the three months ended 28 August 2016

Income shares		Net revenue	Equalisation	Interim distribution paid 28 October 2016	Interim distribution paid 28 October 2015
Share Class 2 (USD)	Group 1	0.7143	–	0.7143	0.7225
	Group 2	0.0829	0.6314	0.7143	0.7225

Interim Distribution

Group 1 shares are those shares purchased at or before 12:00 noon on 28 May 2016.

Group 2 shares are those shares purchased after 12:00 noon on 28 May 2016.

DISTRIBUTION TABLES (CONTINUED)

Interim distribution paid in pence per share for the three months ended 28 May 2016

Income shares		Net revenue	Equalisation	Interim distribution paid 28 July 2016	Interim distribution paid 28 July 2015
Share Class 1	Group 1	0.7173	–	0.7173	0.6908
	Group 2	0.3145	0.4028	0.7173	0.6908
Share Class 2	Group 1	0.7356	–	0.7356	0.6993
	Group 2	0.3760	0.3596	0.7356	0.6993

Accumulation shares		Net revenue	Equalisation	Interim distribution paid 28 July 2016	Interim distribution paid 28 July 2015
Share Class 2	Group 1	0.7763	–	0.7763	0.7254
	Group 2	0.3709	0.4054	0.7763	0.7254
Share Class 3	Group 1	0.5134	–	0.5134	0.9784
	Group 2	0.5134	0.0000	0.5134	0.9784

Interim distribution paid in cents per share for the three months ended 28 May 2016

Income shares		Net revenue	Equalisation	Interim distribution paid 28 July 2016	Interim distribution paid 28 July 2015
Share Class 2 (USD)	Group 1	0.6834	–	0.6834	0.6823
	Group 2	0.4560	0.2274	0.6834	0.6823

Interim Distribution

Group 1 shares are those shares purchased at or before 12:00 noon on 28 February 2016.

Group 2 shares are those shares purchased after 12:00 noon on 28 February 2016.

Equalisation

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

STATEMENT OF THE AUTHORISED CORPORATE DIRECTOR'S RESPONSIBILITIES

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

In preparing the financial statements the ACD is required to:

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

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

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

AUTHORISED CORPORATE DIRECTOR'S STATEMENT

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

I K Buckle
Director

S Ebenston
Director
6 June 2017

STATEMENT OF THE DEPOSITARY'S RESPONSIBILITIES

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

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

DEPOSITARY'S REPORT TO THE SHAREHOLDERS

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

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

J.P. Morgan Europe Limited
Bournemouth
6 June 2017

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

REPORT ON THE FINANCIAL STATEMENTS

OUR OPINION

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

- give a true and fair view of the financial position of the Company and each of the sub-funds as at 28 February 2017 and of the net revenue and the net capital gains of the scheme property of the Company and each of the sub-funds for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, the Statement of Recommended Practice for UK Authorised Funds, the Collective Investment Schemes sourcebook and the Instrument of Incorporation.

WHAT WE HAVE AUDITED

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

- the balance sheet as at 28 February 2017
- the statement of total return for the year then ended;
- the statement of change in net assets attributable to shareholders for the year then ended;
- the accounting policies and notes applicable to the financial statements of all sub-funds and notes to the financial statements of individual sub-funds, which include other explanatory information; and
- the distribution table

The financial reporting framework that has been applied in their preparation is United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and applicable law), the Statement of Recommended Practice 'Financial Statements of UK Authorised Funds' issued by the Investment Management Association (the "Statement of Recommended Practice for UK Authorised Funds"), the Collective Investment Schemes sourcebook and the Instrument of Incorporation.

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

OPINIONS ON MATTERS PRESCRIBED BY THE COLLECTIVE INVESTMENT SCHEMES SOURCEBOOK

In our opinion:

- we have obtained all the information and explanations we consider necessary for the purposes of the audit; and
- the information given in the Authorised Corporate Director Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

OTHER MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

PROPRIETY OF ACCOUNTING RECORDS AND INFORMATION AND EXPLANATIONS RECEIVED

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

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

We have no exceptions to report arising from this responsibility.

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

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

OUR RESPONSIBILITIES AND THOSE OF THE AUTHORISED FUND MANAGER

As explained more fully in the Statement of the Authorised Corporate Director's Responsibilities (set out on page 48) the Authorised Corporate Director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

This report, including the opinions, has been prepared for and only for the Company's shareholders as a body in accordance with paragraph 4.5.12 of the Collective Investment Schemes sourcebook as required by paragraph 67(2) of the Open-Ended Investment Companies Regulations 2001 and for no other purpose.

We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

WHAT AN AUDIT OF FINANCIAL STATEMENTS INVOLVES

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

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

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

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

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

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
6 June 2017

- (a) The maintenance and integrity of the Aviva Investors website is the responsibility of the Authorised Corporate Director; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
- (b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

SECURITIES FINANCING TRANSACTIONS REGULATION DISCLOSURE (UNAUDITED)

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

GENERAL INFORMATION

Investments in Aviva Investors 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 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. Calls to this number may be recorded for training or monitoring purposes. Calls are free from landlines and mobiles.

