

# AVIVA INVESTORS SELECT FUNDS ICVC

## Annual Report and Financial Statements

For the year ended 28 February 2019



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

## COMPANY INFORMATION

### AUTHORISED CORPORATE DIRECTOR

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

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

### DIRECTORS

I Buckle  
S Ebenston  
D Skinner  
J Leadsom  
D Clayton  
M Craston  
G Miller

### REGISTRAR AND ADMINISTRATOR

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

### FUND ACCOUNTING AND PRICING AGENT

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

### INVESTMENT MANAGER

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

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

### DEPOSITARY

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

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

### INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP  
Atria One  
144 Morrison St  
Edinburgh, EH3 8EB

PricewaterhouseCoopers LLP have been reappointed as auditors of the Company.

## REPORT OF THE AUTHORISED CORPORATE DIRECTOR

### THE COMPANY

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

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

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

### REMUNERATION POLICY

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

Aviva Investors' remuneration framework is based on a total reward approach and is designed to reflect the success or failure against a range of personal and company performance objectives. There are four components of pay: base salary; annual bonus (including deferred bonus); long term incentive plan; and benefits. Aviva believes in rewarding strong performance and the achievement of our business and individual goals; however, the manner in which these goals are achieved is also an important factor in determining outcomes. Annual bonus awards are discretionary and where bonuses are £75,000 and over, a 3 year deferral with pro-rata vesting in Aviva Investors funds and/or Aviva Group plc shares occurs.

The extent to which each aspect of performance affects the overall payment level depends on the role and responsibilities of the individual. Performance is measured against personal objectives, including Risk and Control objectives, as well as Aviva Investors' and the business unit performance against agreed targets. A combination of individual, business unit, Aviva Investors and Group performance over an appropriate period.

- The financial considerations includes the following comparisons:-
  - Actual results vs. prior period results
  - Actual results vs. agreed plans
  - Actual results relative to competitors
  - Actual results vs., and progress towards, our long-term target ambition.
- The non-financial considerations include risk, conduct, culture, customer and employee engagement metrics, with Aviva values clearly underpinning all our decisions. In certain roles, adherence to Responsible Investment and ESG principles will also be a consideration.
- The Performance assessment does not encourage risk taking outside the Aviva Investors stated risk appetite, and includes mechanisms by which performance against risk and conduct related measures has a significant impact on the availability and size of business and individual variable awards.

The remuneration policies are designed to ensure that any relevant conflicts of interest can be managed appropriately at all times and that the remuneration of its senior staff is in line with the risk policies and objectives of the UCITS funds it manages, and takes into account the promotion of sound and effective risk management and the achievement of fair outcomes for all customers.

AIUKFSL has no employees but is a wholly owned subsidiary of Aviva Investors Holdings Limited. For the year to 31 December 2018, apportioned remuneration based on the time assessed to be spent on AIUKFSL UCITS activity paid by Aviva Plc, the ultimate parent of AIUKFSL, to its senior management team, and staff whose actions have a material impact on the risk profile of AIUKFSL ("Code staff"), is as follows:

|                              | Senior Management | Other Code Staff |
|------------------------------|-------------------|------------------|
| Total Remuneration:          | £0.36m            | £0.38m           |
| Of which, Fixed Remuneration | 34%               | 39%              |
| Variable Remuneration        | 60%               | 54%              |
| Pension/Benefits             | 6%                | 7%               |
| Number of Code staff:        | 10                | 7                |

## REPORT OF THE AUTHORISED CORPORATE DIRECTOR (CONTINUED)

### AUTHORISED STATUS

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

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

### THE FINANCIAL STATEMENTS

We are pleased to present the annual financial statements of the Company for the year ended 28 February 2019. As required by the Regulations, information for each of the Funds has been included in these financial statements. On the following pages we review the performance of each of those Funds during the year. We hope that you find our review useful and informative.

### ANNUAL GENERAL MEETINGS

The Company will not be holding any Annual General Meetings.

### SIGNIFICANT INFORMATION

#### Changes to the Depositary fees

The Depositary fees for the sub-funds in the ICVC changed with effect from 1 March 2018 as set out in the Prospectus from that date. Based on the average net asset value of the sub-funds within the ICVC, throughout 2017, this change will not result in an increase in the Depositary fees. However, please note that should the net asset values of the sub-funds increase in the future, there is potential that this change may affect the level of Depositary fees charged. At the same time, the range of fees that the Custodian charges for safekeeping fund assets changed in respect of the sub-funds of the ICVC. The safekeeping charges vary according to the territory or country in which the assets are held, and will change from a range of 0.0008%-0.55% to 0.001%-0.35%. Any increase in Custodian fees as a result of this change, if there is one, is considered not to have a material effect in relation to the investment of an investor.

#### Changes to our Charges

On 4 June 2018, we made a number of changes to our entire fund range, including the Funds of the Company. This resulted in us replacing a variety of separate fees, costs and expenses of operating and administering our funds with a simple single fee called the "Fund Management Fee" or "FMF". In connection with this, we also lowered fees on a large number of our funds and reduced entry charges to zero on all but one of our funds. We also renamed certain share classes of certain funds and closed other share classes and moved any investors into an alternative share class of the same fund. The review of a Fund notes if it was affected by such a share class merger or renaming.

#### Changes to the Prospectus

On 11 May 2018, the Prospectus was amended to include wording setting out for investors the circumstances in which unclaimed client money will be paid to charity in accordance with the FCA's rules.

#### Changes to investment objectives

The investment objectives of the Aviva Investors US Equity Income Fund and the Aviva Investors US Equity Income Fund II were updated on 17 December 2018 to more clearly reflect the existing investment strategy of these Funds. At the same time, the ACD also updated the investment policy of the Aviva Investors US Equity Income Fund to ensure it better reflects the way the portfolio is managed. Full details of the changes including the revised investment objective and policy were set out in the letter to investors dated 12 October 2018.

## STATEMENT OF CROSS HOLDINGS

There are no cross holdings as at 28 February 2019.

## POLICIES AND RISKS

### ACCOUNTING POLICIES

#### a Basis of accounting

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

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

#### b Share classes

The Funds have four types of share classes; Retail shares (class 1), Institutional shares (class 2 and class 5) and shares held by Associated undertakings of Aviva Plc (class 3). Each class bears different charges and consequently the level of revenue allocated to each share class will differ. Some share classes consist of either accumulation or income shares, whilst others consist of both accumulation and income shares. Some shares classes are priced in currencies other than Sterling.

#### c Recognition of revenue

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

#### d Treatment of derivatives

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

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

#### e Dilution levy policy

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

#### f Basis of valuation of investments

##### Quoted investments

The quoted investments of the Company have been valued at 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.

#### g Exchange rates

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

#### h Taxation and deferred taxation

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

#### i Unclaimed distributions

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

## POLICIES AND RISKS (CONTINUED)

### DISTRIBUTION POLICIES

#### a Distribution policy

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

#### b Treatment of stock dividends

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

#### c Treatment of management expenses

All expenses, except ACD's periodic charge/Fund Management Fee and those relating to the purchase and sale of investments and transaction charges are charged to the revenue property of the respective Funds, on an accruals basis.

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

To take account of the relief obtained in respect of charging the 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 Swaps and Derivatives Association (ISDA) Master Agreements with each counterparty.

#### e Liquidity Risk

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

#### f Counterparty Risk

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

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 deliver a combined income and capital growth return greater than that of the Russell® 3000 Value Index, measured over a rolling 5-year period. Within this combined return, the Fund aims to deliver an income return of at least 125% of the income return of the Russell 3000 Value Index over a rolling 12 month period.

Both the income and combined return aims are measured before the deduction of Fund charges and tax. Income will be paid quarterly.

### INVESTMENT POLICY

The Fund aims to achieve the investment objective by principally investing in equity securities listed on regulated North American exchanges with a minimum market capitalisation of 300 million US Dollars. 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

#### Performance

Over the twelve months ended 28 February 2019 the Fund (share class 1) delivered a total return of 8.07%\* compared with an average return of 3.28% for the Russell® 3000 Value benchmark, an outperformance of 3.49%.

Over the period ended 28 February 2019, the Fund provided an income yield (before the deduction of charges and tax) of 3.74%, compared to the Russell® 3000 Value Index yield of 2.76%, an outperformance of 0.98% but falling short of its target of providing an annualised income yield 1.5% higher than that of the Index.

Over a 5-year rolling period ended 28 February 2019 the Fund (share class 1) delivered a return of 11.36% compared with a return of 7.54% for the Russell® 3000 Value benchmark, an outperformance of 3.82%.

#### Review

2018 came to a close with a resounding thud. As the summer came to an end, market, economic, and political concerns that were slowly simmering below the surface seemed to boil over all at once. In fact, the U.S. market closed with the single worst month, and the first negative year for the S&P 500 since the 2008-2009 financial crisis. This decline snapped a nine-year streak of positive returns, which matched the 1991-1999 period as the longest such expansion since 1936. At the end of quarter three, the CBOE Volatility Index (VIX) hovered near lows for the year, but the 'fear index' spiked in the first week of October and was up almost +200% by Christmas Eve – a surge similar in scale to quarter one 2018.

Volatility reached a fever pitch in the wake of the December Federal Open Market Committee (FOMC) meeting. Despite growing concerns and fervent lobbying from Wall Street and even President Donald Trump himself, Fed officials continued to tighten monetary policy. The federal funds rate was increased another +25 bps to a range of 2.25% to 2.50% and the Fed announced that monthly bond sales (i.e. quantitative tightening) would continue apace. However, in the weeks after the announcement, the U.S. Treasury yield curve flattened and even inverted in parts. By year end, the 2-year Treasury yield stood at 2.50%. Not only was this within the current target range for the federal funds rate, it was below the FOMC's own projections on where it was likely to take short-term rates over the next two years. Whereas Fed officials may have thought further tightening would be in order, bond investors were betting the other direction.

2019 got off to a great start as the market rallied sharply in January and February. However, the earnings environment slowed notably. FactSet Research Systems reported that quarter one S&P 500 aggregate earnings growth is now tracking to -2.7% year over year, a sharp deceleration from recent quarters as companies lap the tax reform boost. At the same time, expectations for 2019 continued to decline and earnings are now only expected to increase +4.5% next year, slightly slower than the +4.9% revenue growth projection. This expectation likely reflects headwinds from tariffs, lower oil prices, and slower economic growth, and ultimately could prove to be too pessimistic. Then again, if global economic growth does slow, a repeat of the 2015-2016 earnings recession could be in the offing. As we have noted in the past, we expect that the market will prove more volatile over the course of 2019, but fortunately it does appear that monetary policy may prove to be more accommodative than originally expected.

Broadly surveying the market, mid-caps led and growth stocks significantly outperformed during the period.

Seven of eleven sectors in the Russell 3000 Value Index posted positive returns in the period, with Utilities (+21.8%), Real Estate (+18.8%), and Health Care (+14.6%) providing the highest returns. The worst performing sectors were Materials (-8.4%), Financials (-6.2%), and Consumer Discretionary (-3.3%).

Looking at what worked during the period; overall stock selection was positive driven by stock selection in the Industrials sector. The underweight allocation in Financials also had a significant positive impact on relative performance. Seven of twelve holdings in Industrials outperformed the broader sector return, including Fastenal Co. (FAST, +18.5%), the highest contributor to Portfolio return during the period.

The other top holdings with the highest contribution to Portfolio return during the period were Ventas Inc. (VTR, +37.5%), Iron Mountain Inc. (IRM, +20.3%), Corning Inc. (GLW, +22.6%), and Ryman Hospitality Properties Inc. (RHP, +22.9%).

## AVIVA INVESTORS US EQUITY INCOME FUND (CONTINUED)

## FUND MANAGER'S REPORT (CONTINUED)

**Review (continued)**

Speaking to what did not work; overall sector allocation was negative, driven by the underweight allocation in Health Care and in Utilities. The Portfolio has been substantially underweight in Health Care for an extended period due to the relative dearth of higher-yielding opportunities in the sector. The opportunity set improved marginally after the market decline in December, but it remains one of the most expensive parts of our investable universe. The underweight in Utilities increased following the elimination and reduction, respectively, of two of its three holdings during the period.

The five holdings with the lowest contribution to Portfolio return during the period were Coty Inc. (CI A) (COTY, -39.1%), Kraft Heinz Co. (KHC, -28.1%), QUALCOMM Inc. (QCOM, -15.4%), Weyerhaeuser Co. (WY, -29.3%), and Nielsen Holdings PLC (NLSN, -15.8%).

As of February 28, the Portfolio held a total of 58 positions. During the period, we established 12 and eliminated 12 positions. The five largest positions established (based on average weight) were Comcast Corp. (CI A) (CMCSA, +6.3%), RPM International Inc. (RPM, +21.2%), Walgreens Boots Alliance Inc. (WBA, +12.1%), Black Hills Corp. (BKH, +35.6%), and Kinder Morgan Inc. (CI P) (KMI, +7.4%). The five largest positions eliminated (based on average weight) were Union Pacific Corp. (UNP, +14.8%), Kraft Heinz Co. (KHC, -28.1%), Johnson Controls International PLC (JCI, -4.3%), Weyerhaeuser Co. (WY, -29.3%), and Black Hills Corp. (BKH, +35.6%). We eliminated the positions in UNP and BKH as they were trading at premiums to their assessed valuations and the positions in KHC, JCI, and WY due to unrealized losses.

**Outlook**

Expectations for 2019 continued to decline and earnings are now only expected to increase +4.5% next year, slightly slower than the +4.9% revenue growth projection. This expectation likely reflects headwinds from tariffs, lower oil prices, and slower economic growth, and ultimately could prove to be too pessimistic. Then again, if global economic growth does slow, a repeat of the 2015-2016 earnings recession could be in the offing. As we have noted in the past, we expect that the market will prove more volatile over the course of 2019, but fortunately it does appear that monetary policy may prove to be more accommodative than originally expected.

**April 2019**

\* 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 pages 10 to 12 are based on the net asset value per the published accounts and may be different due to post year end accounting adjustments.

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

**Material Portfolio Changes**

| Purchases                 | Sales                          |
|---------------------------|--------------------------------|
| Comcast 'A'               | Union Pacific                  |
| Kinder Morgan             | Motorola Solutions             |
| MSC Industrial Direct 'A' | National Fuel Gas              |
| Illinois Tool Works       | Kraft Heinz                    |
| Bristol-Myers Squibb      | Marathon Petroleum             |
| Lazard 'A'                | Johnson Controls International |
| Walgreens Boots Alliance  | Linde                          |
| RPM International         | Weyerhaeuser                   |
| Black Hills               | Black Hills                    |
| Dominion Energy           | Hanesbrands                    |

**Synthetic Risk and Reward Indicator**

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

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

## COMPARATIVE TABLES

|  | 2019        | 2018        | 2017        |
|--|-------------|-------------|-------------|
| Class 1 Income                                 | p per share | p per share | p per share |
| <b>Change in net assets per share</b>          |             |             |             |
| Opening net asset value per share              | 176.40      | 194.80      | 144.79      |
| Return before operating charges <sup>†</sup>   | 16.57       | (10.92)     | 56.99       |
| Operating charges                              | (2.33)      | (3.06)      | (2.75)      |
| Return after operating charges <sup>†</sup>    | 14.24       | (13.98)     | 54.24       |
| Distributions                                  | (5.18)      | (4.42)      | (4.23)      |
| Closing net asset value per share              | 185.46      | 176.40      | 194.80      |
| <sup>†</sup> after direct transaction costs of | (0.07)      | (0.07)      | (0.07)      |
| <b>Performance</b>                             |             |             |             |
| Return after operating charges                 | 8.07%       | (7.18)%     | 37.46%      |
| <b>Other information</b>                       |             |             |             |
| Closing net asset value (£000)                 | 701         | 742         | 7,402       |
| Closing number of shares                       | 377,906     | 420,776     | 3,799,878   |
| Operating charges (%) <sup>†</sup>             | 1.27%       | 1.64%       | 1.63%       |
| Direct transaction costs (%) <sup>#</sup>      | 0.04%       | 0.04%       | 0.04%       |
| <b>Prices<sup>≈</sup></b>                      |             |             |             |
| Highest share price                            | 201.27      | 198.36      | 196.55      |
| Lowest share price                             | 163.66      | 171.23      | 143.77      |

|  | 2019        | 2018        | 2017        |
|--|-------------|-------------|-------------|
| Class 1 Accumulation                           | p per share | p per share | p per share |
| <b>Change in net assets per share</b>          |             |             |             |
| Opening net asset value per share              | 210.70      | 227.00      | 164.66      |
| Return before operating charges <sup>†</sup>   | 19.77       | (12.76)     | 65.48       |
| Operating charges                              | (2.85)      | (3.54)      | (3.14)      |
| Return after operating charges <sup>†</sup>    | 16.92       | (16.30)     | 62.34       |
| Distributions                                  | (6.26)      | (5.20)      | (4.86)      |
| Retained distributions on accumulation shares  | 6.26        | 5.20        | 4.86        |
| Closing net asset value per share              | 227.62      | 210.70      | 227.00      |
| <sup>†</sup> after direct transaction costs of | (0.09)      | (0.09)      | (0.08)      |
| <b>Performance</b>                             |             |             |             |
| Return after operating charges                 | 8.03%       | (7.18)%     | 37.86%      |
| <b>Other information</b>                       |             |             |             |
| Closing net asset value (£000)                 | 820         | 797         | 1,103       |
| Closing number of shares                       | 360,198     | 378,106     | 485,750     |
| Operating charges (%) <sup>†</sup>             | 1.27%       | 1.64%       | 1.63%       |
| Direct transaction costs (%) <sup>#</sup>      | 0.04%       | 0.04%       | 0.04%       |
| <b>Prices<sup>≈</sup></b>                      |             |             |             |
| Highest share price                            | 242.59      | 231.14      | 227.76      |
| Lowest share price                             | 195.49      | 203.38      | 163.52      |

|  | 2019        | 2018        | 2017        |
|--|-------------|-------------|-------------|
| Class 2 Income                                 | p per share | p per share | p per share |
| <b>Change in net assets per share</b>          |             |             |             |
| Opening net asset value per share              | 185.60      | 203.37      | 150.01      |
| Return before operating charges <sup>†</sup>   | 17.46       | (11.43)     | 59.33       |
| Operating charges                              | (1.72)      | (1.71)      | (1.56)      |
| Return after operating charges <sup>†</sup>    | 15.74       | (13.14)     | 57.77       |
| Distributions                                  | (5.47)      | (4.63)      | (4.41)      |
| Closing net asset value per share              | 195.87      | 185.60      | 203.37      |
| <sup>†</sup> after direct transaction costs of | (0.08)      | (0.08)      | (0.07)      |
| <b>Performance</b>                             |             |             |             |
| Return after operating charges                 | 8.48%       | (6.46)%     | 38.51%      |
| <b>Other information</b>                       |             |             |             |
| Closing net asset value (£000)                 | 146,031     | 185,074     | 249,562     |
| Closing number of shares                       | 74,555,952  | 99,717,514  | 122,714,671 |
| Operating charges (%) <sup>†</sup>             | 0.88%       | 0.89%       | 0.88%       |
| Direct transaction costs (%) <sup>#</sup>      | 0.04%       | 0.04%       | 0.04%       |
| <b>Prices<sup>≈</sup></b>                      |             |             |             |
| Highest share price                            | 212.28      | 207.09      | 205.01      |
| Lowest share price                             | 172.29      | 180.08      | 148.98      |

|  | 2019        | 2018        | 2017        |
|--|-------------|-------------|-------------|
| Class 2 Accumulation                           | p per share | p per share | p per share |
| <b>Change in net assets per share</b>          |             |             |             |
| Opening net asset value per share              | 221.40      | 236.73      | 170.42      |
| Return before operating charges <sup>†</sup>   | 20.73       | (13.32)     | 68.10       |
| Operating charges                              | (2.07)      | (2.01)      | (1.79)      |
| Return after operating charges <sup>†</sup>    | 18.66       | (15.33)     | 66.31       |
| Distributions                                  | (6.59)      | (5.44)      | (5.05)      |
| Retained distributions on accumulation shares  | 6.59        | 5.44        | 5.05        |
| Closing net asset value per share              | 240.06      | 221.40      | 236.73      |
| <sup>†</sup> after direct transaction costs of | (0.09)      | (0.09)      | (0.08)      |
| <b>Performance</b>                             |             |             |             |
| Return after operating charges                 | 8.43%       | (6.48)%     | 38.91%      |
| <b>Other information</b>                       |             |             |             |
| Closing net asset value (£000)                 | 4,167       | 7,376       | 10,844      |
| Closing number of shares                       | 1,735,724   | 3,331,778   | 4,580,636   |
| Operating charges (%) <sup>†</sup>             | 0.88%       | 0.89%       | 0.88%       |
| Direct transaction costs (%) <sup>#</sup>      | 0.04%       | 0.04%       | 0.04%       |
| <b>Prices<sup>≈</sup></b>                      |             |             |             |
| Highest share price                            | 255.54      | 241.06      | 237.31      |
| Lowest share price                             | 205.52      | 213.62      | 169.25      |

## COMPARATIVE TABLES (CONTINUED)

| Class 2 Income (USD)                           | 2019<br>c per share | 2018<br>c per share | 2017<br>c per share |
|--|---------------------|---------------------|---------------------|
| <b>Change in net assets per share</b>          |                     |                     |                     |
| Opening net asset value per share              | 160.42              | 157.98              | 130.75              |
| Return before operating charges <sup>†</sup>   | 8.15                | 7.65                | 32.13               |
| Operating charges                              | (1.42)              | (1.40)              | (1.29)              |
| Return after operating charges <sup>†</sup>    | 6.73                | 6.25                | 30.84               |
| Distributions                                  | (4.46)              | (3.81)              | (3.61)              |
| Closing net asset value per share              | 162.69              | 160.42              | 157.98              |
| <sup>†</sup> after direct transaction costs of | (0.06)              | (0.06)              | (0.06)              |
| <b>Performance</b>                             |                     |                     |                     |
| Return after operating charges                 | 4.20%               | 3.96%               | 23.59%              |
| <b>Other information</b>                       |                     |                     |                     |
| Closing net asset value (£000)                 | 11,664              | 12,145              | 15,863              |
| Closing number of shares                       | 9,538,187           | 10,481,675          | 12,493,857          |
| Operating charges (%) <sup>†</sup>             | 0.88%               | 0.89%               | 0.88%               |
| Direct transaction costs (%) <sup>#</sup>      | 0.04%               | 0.04%               | 0.04%               |
| <b>Prices<sup>®</sup></b>                      |                     |                     |                     |
| Highest share price                            | 171.00              | 172.61              | 158.88              |
| Lowest share price                             | 145.12              | 150.72              | 129.96              |

| Class 3 Accumulation                           | 2019<br>p per share | 2018<br>p per share | 2017<br>p per share |
|--|---------------------|---------------------|---------------------|
| <b>Change in net assets per share</b>          |                     |                     |                     |
| Opening net asset value per share              | 226.62              | 241.46              | 173.22              |
| Return before operating charges <sup>†</sup>   | 21.25               | (13.60)             | 69.34               |
| Operating charges                              | (1.29)              | (1.24)              | (1.10)              |
| Return after operating charges <sup>†</sup>    | 19.96               | (14.84)             | 68.24               |
| Distributions                                  | (6.80)              | (5.74)              | (5.48)              |
| Retained distributions on accumulation shares  | 6.80                | 5.74                | 5.48                |
| Closing net asset value per share              | 246.58              | 226.62              | 241.46              |
| <sup>†</sup> after direct transaction costs of | (0.10)              | (0.09)              | (0.08)              |
| <b>Performance</b>                             |                     |                     |                     |
| Return after operating charges                 | 8.81%               | (6.15)%             | 39.39%              |
| <b>Other information</b>                       |                     |                     |                     |
| Closing net asset value (£000)                 | 95                  | 88                  | 93                  |
| Closing number of shares                       | 38,583              | 38,583              | 38,583              |
| Operating charges (%) <sup>†</sup>             | 0.53%               | 0.54%               | 0.53%               |
| Direct transaction costs (%) <sup>#</sup>      | 0.04%               | 0.04%               | 0.04%               |
| <b>Prices<sup>®</sup></b>                      |                     |                     |                     |
| Highest share price                            | 262.03              | 245.88              | 241.96              |
| Lowest share price                             | 210.42              | 218.61              | 172.04              |

| Class 5 Income                                 | 2019<br>p per share | 2018 <sup>††</sup><br>p per share |
|--|---------------------|-----------------------------------|
| <b>Change in net assets per share</b>          |                     |                                   |
| Opening net asset value per share              | 186.22              | 193.14                            |
| Return before operating charges <sup>†</sup>   | 17.55               | (2.92)                            |
| Operating charges                              | (1.45)              | (0.93)                            |
| Return after operating charges <sup>†</sup>    | 16.10               | (3.85)                            |
| Distributions                                  | (5.53)              | (3.07)                            |
| Closing net asset value per share              | 196.79              | 186.22                            |
| <sup>†</sup> after direct transaction costs of | (0.08)              | (0.08)                            |
| <b>Performance</b>                             |                     |                                   |
| Return after operating charges                 | 8.65%               | (1.99)%                           |
| <b>Other information</b>                       |                     |                                   |
| Closing net asset value (£000)                 | 1                   | 1                                 |
| Closing number of shares                       | 505                 | 534                               |
| Operating charges (%) <sup>†</sup>             | 0.74%               | 0.81%                             |
| Direct transaction costs (%) <sup>#</sup>      | 0.04%               | 0.04%                             |
| <b>Prices<sup>®</sup></b>                      |                     |                                   |
| Highest share price                            | 213.11              | 198.54                            |
| Lowest share price                             | 172.88              | 180.71                            |

## COMPARATIVE TABLES (CONTINUED)

|  | 2019        | 2018 <sup>††</sup> |
|--|-------------|--------------------|
|  | p per share | p per share        |
| <b>Class 5 Accumulation</b>                    |             |                    |
| <b>Change in net assets per share</b>          |             |                    |
| Opening net asset value per share              | 221.66      | 226.20             |
| Return before operating charges <sup>‡</sup>   | 20.80       | (3.47)             |
| Operating charges                              | (1.74)      | (1.07)             |
| Return after operating charges <sup>‡</sup>    | 19.06       | (4.54)             |
| Distributions                                  | (6.65)      | (3.61)             |
| Retained distributions on accumulation shares  | 6.65        | 3.61               |
| Closing net asset value per share              | 240.72      | 221.66             |
| <sup>†</sup> after direct transaction costs of | (0.09)      | (0.09)             |
| <b>Performance</b>                             |             |                    |
| Return after operating charges                 | 8.60%       | (2.01)%            |
| <b>Other information</b>                       |             |                    |
| Closing net asset value (£000)                 | 1           | 1                  |
| Closing number of shares                       | 415         | 451                |
| Operating charges (%) <sup>‡</sup>             | 0.74%       | 0.81%              |
| Direct transaction costs (%) <sup>#</sup>      | 0.04%       | 0.04%              |
| <b>Prices<sup>≈</sup></b>                      |             |                    |
| Highest share price                            | 256.04      | 234.96             |
| Lowest share price                             | 205.79      | 213.86             |

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

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

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

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

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

<sup>††</sup> Class 5 (GBP) and Class 5 (Acc) (GBP) were launched on 23 June 2017.

**Ongoing Charges Figure\***

| Share class   | 28.02.19 | 28.02.18 |
|---------------|----------|----------|
| Class 1       | 1.13%**  | 1.64%    |
| Class 2       | 0.88%    | 0.89%    |
| Class 2 (USD) | 0.88%    | 0.89%    |
| Class 3       | 0.53%    | 0.54%    |
| Class 5       | 0.80%    | 0.81%    |

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

\*\* Following the update to the Prospectus and the change in charging structure of the Fund part way through the period, the ongoing charges figure has been based on the revised fee structure and therefore is not on an ex-post basis.

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 2019

| Investment  | Currency | Holding | Market Value<br>£000 | % of Net Assets |
|---|----------|---------|----------------------|-----------------|
| <b>Equities 97.49% (98.89%)</b>                             |          |         |                      |                 |
| <b>Communication Services 10.86% (8.95%)</b>                |          |         |                      |                 |
| <b>Diversified Telecommunication Services 2.09% (1.84%)</b> |          |         |                      |                 |
| Verizon Communications                                      | USD      | 80,286  | 3,422                | 2.09            |
|   |          |         | <u>3,422</u>         | <u>2.09</u>     |
| <b>Entertainment 1.95% (2.34%)</b>                          |          |         |                      |                 |
| Cinemark Holdings   | USD      | 111,861 | 3,184                | 1.95            |
|   |          |         | <u>3,184</u>         | <u>1.95</u>     |
| <b>Media 6.82% (4.77%)</b>                                  |          |         |                      |                 |
| Comcast 'A'   | USD      | 130,940 | 3,792                | 2.32            |
| Interpublic Group   | USD      | 141,960 | 2,454                | 1.50            |
| Meredith  | USD      | 41,746  | 1,787                | 1.09            |
| Omnicom Group   | USD      | 55,145  | 3,123                | 1.91            |
|   |          |         | <u>11,156</u>        | <u>6.82</u>     |
| <b>Communication Services total</b>                         |          |         | <b>17,762</b>        | <b>10.86</b>    |
| <b>Consumer Discretionary 7.64% (8.65%)</b>                 |          |         |                      |                 |
| <b>Hotels, Restaurants &amp; Leisure 3.71% (3.66%)</b>      |          |         |                      |                 |
| Extended Stay America                                       | USD      | 233,746 | 3,145                | 1.92            |
| Starbucks   | USD      | 55,511  | 2,927                | 1.79            |
|   |          |         | <u>6,072</u>         | <u>3.71</u>     |
| <b>Internet &amp; Direct Marketing Retail 0.75% (0.00%)</b> |          |         |                      |                 |
| PetMed Express  | USD      | 70,108  | 1,233                | 0.75            |
|   |          |         | <u>1,233</u>         | <u>0.75</u>     |
| <b>Leisure Products 0.66% (1.18%)</b>                       |          |         |                      |                 |
| Polaris Industries  | USD      | 16,487  | 1,079                | 0.66            |
|   |          |         | <u>1,079</u>         | <u>0.66</u>     |
| <b>Multiline Retail 2.52% (2.46%)</b>                       |          |         |                      |                 |
| Target  | USD      | 74,954  | 4,114                | 2.52            |
|   |          |         | <u>4,114</u>         | <u>2.52</u>     |
| <b>Textiles, Apparel &amp; Luxury Goods 0.00% (1.35%)</b>   |          |         |                      |                 |
| <b>Consumer Discretionary total</b>                         |          |         | <b>12,498</b>        | <b>7.64</b>     |
| <b>Consumer Staples 8.96% (10.88%)</b>                      |          |         |                      |                 |
| <b>Beverages 1.80% (1.14%)</b>                              |          |         |                      |                 |
| PepsiCo   | USD      | 33,870  | 2,937                | 1.80            |
|   |          |         | <u>2,937</u>         | <u>1.80</u>     |
| <b>Food &amp; Staples Retailing 3.25% (3.35%)</b>           |          |         |                      |                 |
| Walgreens Boots Alliance                                    | USD      | 42,807  | 2,297                | 1.40            |
| Walmart   | USD      | 40,955  | 3,020                | 1.85            |
|   |          |         | <u>5,317</u>         | <u>3.25</u>     |
| <b>Food Products 0.00% (1.07%)</b>                          |          |         |                      |                 |
| <b>Household Products 2.27% (2.26%)</b>                     |          |         |                      |                 |
| Kimberly-Clark  | USD      | 42,229  | 3,703                | 2.27            |
|   |          |         | <u>3,703</u>         | <u>2.27</u>     |
| <b>Personal Products 1.64% (3.06%)</b>                      |          |         |                      |                 |
| Unilever, ADR   | USD      | 67,270  | 2,688                | 1.64            |
|   |          |         | <u>2,688</u>         | <u>1.64</u>     |
| <b>Consumer Staples total</b>                               |          |         | <b>14,645</b>        | <b>8.96</b>     |

## PORTFOLIO STATEMENT (CONTINUED)

As at 28 February 2019

| Investment  | Currency | Holding | Market Value<br>£000 | % of Net Assets |
|---|----------|---------|----------------------|-----------------|
| <b>Energy 10.54% (8.80%)</b>                            |          |         |                      |                 |
| <b>Oil, Gas &amp; Consumable Fuels 10.54% (8.80%)</b>   |          |         |                      |                 |
| Chevron   | USD      | 23,273  | 2,100                | 1.28            |
| Exxon Mobil   | USD      | 47,609  | 2,844                | 1.74            |
| Kinder Morgan   | USD      | 261,727 | 3,791                | 2.32            |
| Marathon Petroleum                                      | USD      | 92,902  | 4,428                | 2.71            |
| Occidental Petroleum                                    | USD      | 42,870  | 2,147                | 1.31            |
| Valero Energy   | USD      | 30,803  | 1,924                | 1.18            |
|   |          |         | <u>17,234</u>        | <u>10.54</u>    |
| <b>Energy total</b>                                     |          |         | <b>17,234</b>        | <b>10.54</b>    |
| <b>Financials 16.47% (15.69%)</b>                       |          |         |                      |                 |
| <b>Banks 12.01% (11.41%)</b>                            |          |         |                      |                 |
| BB&T  | USD      | 142,026 | 5,450                | 3.33            |
| PNC Financial Services Group                            | USD      | 34,629  | 3,272                | 2.00            |
| Stock Yards Bancorp 'R'                                 | USD      | 38,516  | 1,035                | 0.63            |
| US Bancorp  | USD      | 125,706 | 4,868                | 2.98            |
| Wells Fargo   | USD      | 60,460  | 2,267                | 1.39            |
| WesBanco  | USD      | 86,206  | 2,738                | 1.68            |
|   |          |         | <u>19,630</u>        | <u>12.01</u>    |
| <b>Capital Markets 1.39% (1.33%)</b>                    |          |         |                      |                 |
| Lazard 'A'  | USD      | 81,089  | 2,272                | 1.39            |
|   |          |         | <u>2,272</u>         | <u>1.39</u>     |
| <b>Insurance 3.07% (2.95%)</b>                          |          |         |                      |                 |
| Axis Capital Holdings                                   | USD      | 42,193  | 1,815                | 1.11            |
| CNA Financial   | USD      | 63,111  | 2,042                | 1.25            |
| MetLife   | USD      | 34,296  | 1,160                | 0.71            |
|   |          |         | <u>5,017</u>         | <u>3.07</u>     |
| <b>Financials total</b>                                 |          |         | <b>26,919</b>        | <b>16.47</b>    |
| <b>Health Care 3.57% (1.96%)</b>                        |          |         |                      |                 |
| <b>Biotechnology 1.95% (1.96%)</b>                      |          |         |                      |                 |
| Amgen   | USD      | 22,170  | 3,190                | 1.95            |
|   |          |         | <u>3,190</u>         | <u>1.95</u>     |
| <b>Pharmaceuticals 1.62% (0.00%)</b>                    |          |         |                      |                 |
| Bristol-Myers Squibb                                    | USD      | 69,145  | 2,648                | 1.62            |
|   |          |         | <u>2,648</u>         | <u>1.62</u>     |
| <b>Health Care total</b>                                |          |         | <b>5,838</b>         | <b>3.57</b>     |
| <b>Industrials 15.71% (16.74%)</b>                      |          |         |                      |                 |
| <b>Air Freight &amp; Logistics 1.78% (1.75%)</b>        |          |         |                      |                 |
| United Parcel Service 'B'                               | USD      | 34,818  | 2,908                | 1.78            |
|   |          |         | <u>2,908</u>         | <u>1.78</u>     |
| <b>Building Products 0.00% (1.44%)</b>                  |          |         |                      |                 |
| <b>Commercial Services &amp; Supplies 1.56% (1.82%)</b> |          |         |                      |                 |
| KAR Auction Services                                    | USD      | 73,202  | 2,544                | 1.56            |
|   |          |         | <u>2,544</u>         | <u>1.56</u>     |
| <b>Electrical Equipment 1.27% (2.12%)</b>               |          |         |                      |                 |
| Emerson Electric  | USD      | 40,425  | 2,082                | 1.27            |
|   |          |         | <u>2,082</u>         | <u>1.27</u>     |
| <b>Industrial Conglomerates 0.00% (0.87%)</b>           |          |         |                      |                 |

## PORTFOLIO STATEMENT (CONTINUED)

As at 28 February 2019

| Investment  | Currency | Holding | Market Value<br>£000 | % of Net Assets |
|---|----------|---------|----------------------|-----------------|
| <b>Machinery 1.70% (0.00%)</b>  |          |         |                      |                 |
| Illinois Tool Works   | USD      | 25,505  | 2,785                | 1.70            |
|   |          |         | 2,785                | 1.70            |
| <b>Professional Services 2.02% (1.61%)</b>                              |          |         |                      |                 |
| Nielsen Holdings  | USD      | 81,117  | 1,544                | 0.95            |
| Thomson Reuters   | USD      | 43,274  | 1,756                | 1.07            |
|   |          |         | 3,300                | 2.02            |
| <b>Road &amp; Rail 0.00% (2.41%)</b>                                    |          |         |                      |                 |
| <b>Trading Companies &amp; Distributors 7.38% (4.72%)</b>               |          |         |                      |                 |
| Aircastle   | USD      | 222,979 | 3,372                | 2.06            |
| Fastenal  | USD      | 124,164 | 5,928                | 3.63            |
| MSC Industrial Direct 'A'   | USD      | 42,681  | 2,757                | 1.69            |
|   |          |         | 12,057               | 7.38            |
| <b>Industrials total</b>  |          |         | <b>25,676</b>        | <b>15.71</b>    |
| <b>Information Technology 8.12% (10.82%)</b>                            |          |         |                      |                 |
| <b>Communications Equipment 2.39% (3.45%)</b>                           |          |         |                      |                 |
| Cisco Systems   | USD      | 100,962 | 3,915                | 2.39            |
|   |          |         | 3,915                | 2.39            |
| <b>Electronic Equipment, Instruments &amp; Components 2.86% (2.50%)</b> |          |         |                      |                 |
| Corning   | USD      | 179,207 | 4,671                | 2.86            |
|   |          |         | 4,671                | 2.86            |
| <b>IT Services 0.74% (0.58%)</b>  |          |         |                      |                 |
| CSG Systems International   | USD      | 38,713  | 1,213                | 0.74            |
|   |          |         | 1,213                | 0.74            |
| <b>Semiconductors &amp; Semiconductor Equipment 2.13% (3.46%)</b>       |          |         |                      |                 |
| Intel   | USD      | 43,242  | 1,731                | 1.06            |
| QUALCOMM  | USD      | 43,748  | 1,744                | 1.07            |
|   |          |         | 3,475                | 2.13            |
| <b>Software 0.00% (0.83%)</b>   |          |         |                      |                 |
| <b>Information Technology total</b>                                     |          |         | <b>13,274</b>        | <b>8.12</b>     |
| <b>Materials 4.85% (5.09%)</b>  |          |         |                      |                 |
| <b>Chemicals 4.85% (3.81%)</b>  |          |         |                      |                 |
| Linde   | USD      | 21,384  | 2,805                | 1.71            |
| LyondellBasell Industries 'A'   | USD      | 40,371  | 2,630                | 1.61            |
| RPM International   | USD      | 56,513  | 2,496                | 1.53            |
|   |          |         | 7,931                | 4.85            |
| <b>Metals &amp; Mining 0.00% (1.28%)</b>                                |          |         |                      |                 |
| <b>Materials total</b>  |          |         | <b>7,931</b>         | <b>4.85</b>     |
| <b>Real Estate 8.64% (9.36%)</b>  |          |         |                      |                 |
| <b>Equity Real Estate Investment Trusts (REITs) 8.64% (9.36%)</b>       |          |         |                      |                 |
| GEO Group   | USD      | 122,060 | 2,097                | 1.28            |
| Iron Mountain   | USD      | 165,971 | 4,368                | 2.67            |
| Ryman Hospitality Properties  | USD      | 42,111  | 2,564                | 1.57            |
| Sabra Health Care REIT  | USD      | 150,389 | 2,084                | 1.28            |
| Ventas  | USD      | 63,511  | 3,013                | 1.84            |
|   |          |         | 14,126               | 8.64            |
| <b>Real Estate total</b>  |          |         | <b>14,126</b>        | <b>8.64</b>     |

## PORTFOLIO STATEMENT (CONTINUED)

As at 28 February 2019

| Investment                                      | Currency | Holding | Market Value<br>£000 | % of Net Assets |
|---|----------|---------|----------------------|-----------------|
| <b>Utilities 2.13% (1.95%)</b>                  |          |         |                      |                 |
| <b>Gas Utilities 1.07% (1.95%)</b>              |          |         |                      |                 |
| National Fuel Gas                               | USD      | 38,490  | 1,742                | 1.07            |
|   |          |         | <hr/> 1,742          | <hr/> 1.07      |
| <b>Multi-Utilities 1.06% (0.00%)</b>            |          |         |                      |                 |
| Dominion Energy                                 | USD      | 31,132  | 1,739                | 1.06            |
|   |          |         | <hr/> 1,739          | <hr/> 1.06      |
| <b>Utilities total</b>                          |          |         | <b>3,481</b>         | <b>2.13</b>     |
| <b>Equities total</b>                           |          |         | <b>159,384</b>       | <b>97.49</b>    |
| <b>Forward Currency Contracts 0.00% (0.00%)</b> |          |         |                      |                 |
| Buy GBP 6,092 sell USD 8,050 dated 04/03/2019   |          |         | –                    | –               |
| <b>Forward Currency Contracts total</b>         |          |         | <b>–</b>             | <b>–</b>        |
| Investment assets                               |          |         | 159,384              | 97.49           |
| Net other assets                                |          |         | 4,096                | 2.51            |
| <b>Net assets</b>                               |          |         | <b>163,480</b>       | <b>100.00</b>   |

All holdings are ordinary shares or stock units and admitted to an official stock exchange unless otherwise stated.  
The comparative percentage figures in brackets are as at 28 February 2018.

## STATEMENT OF TOTAL RETURN

### For the year ended 28 February 2019

|   | Notes | £000    | Year ended<br>28.02.19<br>£000 | £000    | Year ended<br>28.02.18<br>£000 |
|---|-------|---------|--------------------------------|---------|--------------------------------|
| Income  |       |         |                                |         |                                |
| Net capital gains/(losses)  | 2     |         | 11,490                         |         | (21,420)                       |
| Revenue   | 3     | 6,010   |                                | 7,496   |                                |
| Expenses  | 4     | (1,589) |                                | (2,214) |                                |
| Net revenue before taxation   |       | 4,421   |                                | 5,282   |                                |
| Taxation  | 5     | (729)   |                                | (1,035) |                                |
| Net revenue after taxation  |       |         | 3,692                          |         | 4,247                          |
| <b>Total return before distributions</b>  |       |         | <b>15,182</b>                  |         | <b>(17,173)</b>                |
| Distributions   | 6     |         | (5,090)                        |         | (5,972)                        |
| <b>Change in net assets attributable to shareholders from investment activities</b> |       |         | <b>10,092</b>                  |         | <b>(23,145)</b>                |

## STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

### For the year ended 28 February 2019

|  | £000     | Year ended<br>28.02.19<br>£000 | £000     | Year ended<br>28.02.18<br>£000 |
|--|----------|--------------------------------|----------|--------------------------------|
| <b>Opening net assets attributable to shareholders</b>                                   |          | <b>206,224</b>                 |          | <b>284,867</b>                 |
| Movement due to issue and cancellation of shares:  |          |                                |          |                                |
| Amounts receivable on issue of shares  | 2,227    |                                | 692      |                                |
| Amounts payable on cancellation of shares  | (55,266) |                                | (56,432) |                                |
|  |          | (53,039)                       |          | (55,740)                       |
| Dilution adjustment  |          | 5                              |          | 5                              |
| Change in net assets attributable to shareholders from investment activities (see above) |          | 10,092                         |          | (23,145)                       |
| Retained distribution on accumulation shares   |          | 198                            |          | 237                            |
| <b>Closing net assets attributable to shareholders</b>                                   |          | <b>163,480</b>                 |          | <b>206,224</b>                 |

## BALANCE SHEET

As at 28 February 2019

|  | Notes | As at<br>28.02.19<br>£000 | As at<br>28.02.18<br>£000 |
|--|-------|---------------------------|---------------------------|
| <b>Assets:</b>                                 |       |                           |                           |
| Investments                                    | 7     | 159,384                   | 203,937                   |
| <b>Current assets:</b>                         |       |                           |                           |
| Debtors  | 8     | 557                       | 1,468                     |
| Cash and bank balances                         | 9     | 5,213                     | 3,195                     |
| <b>Total assets</b>                            |       | <b>165,154</b>            | <b>208,600</b>            |
| <b>Liabilities:</b>                            |       |                           |                           |
| Investment liabilities                         |       | –                         | (2)                       |
| <b>Creditors:</b>                              |       |                           |                           |
| Distribution payable                           |       | (1,045)                   | (1,111)                   |
| Other creditors                                | 10    | (629)                     | (1,263)                   |
| <b>Total liabilities</b>                       |       | <b>(1,674)</b>            | <b>(2,376)</b>            |
| <b>Net assets attributable to shareholders</b> |       | <b>163,480</b>            | <b>206,224</b>            |

## NOTES TO THE FINANCIAL STATEMENTS

### 1 Accounting basis and policies

Please see pages 6 and 7 for accounting basis and policies.

### 2 Net capital gains/(losses)

|   | Year ended<br>28.02.19<br>£000 | Year ended<br>28.02.18<br>£000 |
|---|--------------------------------|--------------------------------|
| <b>Net capital gains/(losses) on investment during the year comprise:</b> |                                |                                |
| Currency gains/(losses)   | 278                            | (352)                          |
| Expenses relating to the purchase and sale of investments                 | (4)                            | (11)                           |
| Non-derivative securities gains/(losses)                                  | 11,216                         | (21,057)                       |
| <b>Net capital gains/(losses)</b>   | <b>11,490</b>                  | <b>(21,420)</b>                |

### 3 Revenue

|                           | Year ended<br>28.02.19<br>£000 | Year ended<br>28.02.18<br>£000 |
|---------------------------|--------------------------------|--------------------------------|
| Bank and deposit interest | 31                             | 12                             |
| Overseas dividends        | 5,766                          | 7,271                          |
| UK dividends              | 213                            | 213                            |
| <b>Total revenue</b>      | <b>6,010</b>                   | <b>7,496</b>                   |

### 4 Expenses

|   | Year ended<br>28.02.19<br>£000 | Year ended<br>28.02.18<br>£000 |
|---|--------------------------------|--------------------------------|
| <b>Payable to the Authorised Corporate Director ("ACD"), associates of the ACD or agents of either of them:</b> |                                |                                |
| ACD's periodic charge/Fund Management Fee*  | 1,543                          | 1,887                          |
| Registration fees   | 48                             | 247                            |
|   | 1,591                          | 2,134                          |
| <b>Payable to the Depositary, associates of the Depositary or agents of either of them:</b>                     |                                |                                |
| Depositary's fee  | 5                              | 32                             |
| Interest payable  | 1                              | 1                              |
| Safe custody fee  | (2)                            | 17                             |
|   | 4                              | 50                             |
| <b>Other expenses:</b>  |                                |                                |
| Audit fee**   | 3                              | 11                             |
| Dividend collection charges   | 2                              | 2                              |
| Printing & postage expenses   | (13)                           | 9                              |
| Statement fees  | 2                              | 8                              |
|   | (6)                            | 30                             |
| <b>Total expenses</b>   | <b>1,589</b>                   | <b>2,214</b>                   |

\* From 4 June 2018 the Fund changed to a single fixed charge known as the Fund Management Fee (FMF). The FMF covers fees and expenses in relation to the operation and administration of the Company and the Fund.

\*\* The audit fee was £9,827 (2018: £9,634) net of VAT. With effect 4 June 2018, the audit fee was no longer accrued for separately and now forms part of the FMF.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

|  | Year ended<br>28.02.19<br>£000 | Year ended<br>28.02.18<br>£000 |
|--|--------------------------------|--------------------------------|
| Overseas tax suffered                  | 729                            | 1,035                          |
| <b>Total current tax (see note 5b)</b> | <b>729</b>                     | <b>1,035</b>                   |

**b Factors affecting current tax charge**

The tax assessed for the year is lower (2018: lower) than the standard rate of corporation tax in the UK for an Authorised Investment Fund (20%) (2018: 20%).

The differences are explained below:

|   | Year ended<br>28.02.19<br>£000 | Year ended<br>28.02.18<br>£000 |
|---|--------------------------------|--------------------------------|
| <b>Net revenue before taxation</b>                | <b>4,421</b>                   | <b>5,282</b>                   |
| Corporation tax at 20%                            | 884                            | 1,056                          |
| <b>Effects of:</b>                                |                                |                                |
| Movement in excess management expenses            | 185                            | 249                            |
| Overseas dividends not subject to corporation tax | (1,004)                        | (1,228)                        |
| Overseas tax suffered                             | 729                            | 1,035                          |
| Tax relief for overseas tax suffered              | (22)                           | (34)                           |
| UK dividends not subject to corporation tax       | (43)                           | (43)                           |
|   | (155)                          | (21)                           |
| <b>Current tax charge (see note 5a)</b>           | <b>729</b>                     | <b>1,035</b>                   |

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

**c Deferred tax**

There was no provision for deferred tax at the year end (2018: £nil).

After claiming relief against accrued income taxable on receipt, the Fund has unrelieved excess expenses of £9,850,148 (2018: £8,925,171) creating a potential deferred tax asset of £1,970,030 (2018: £1,785,034). 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<br>28.02.19<br>£000 | Year ended<br>28.02.18<br>£000 |
|--|--------------------------------|--------------------------------|
| <b>The distributions take account of revenue received on the issue of shares and revenue deducted on the cancellation of shares, and comprise:</b> |                                |                                |
| Net dividend distribution for the three months ended 28 May  | 1,207                          | 1,567                          |
| Net dividend distribution for the three months ended 28 August   | 1,389                          | 1,702                          |
| Net dividend distribution for the three months ended 28 November   | 1,241                          | 1,377                          |
| Net dividend distribution for the three months ended 28 February   | 1,078                          | 1,157                          |
|  | 4,915                          | 5,803                          |
| Add: Revenue deducted on cancellation of shares  | 184                            | 171                            |
| Deduct: Revenue received on issue of shares  | (9)                            | (2)                            |
| <b>Total distributions</b>   | <b>5,090</b>                   | <b>5,972</b>                   |
| <b>Reconciliations of distributions for the year to net revenue after taxation</b>   |                                |                                |
| Distributions for the year   | 5,090                          | 5,972                          |
| ACD's periodic charge borne by the capital account   | (1,543)                        | (1,887)                        |
| Tax relief on capitalised ACD's periodic charge  | 145                            | 162                            |
| <b>Net revenue after taxation</b>  | <b>3,692</b>                   | <b>4,247</b>                   |

Details of the distributions per share are set out in the distribution tables on pages 25 to 28.

## 7 Fair value hierarchy

| Valuation technique             | Assets at<br>28.02.19<br>£000 | Liabilities at<br>28.02.19<br>£000 | Assets at<br>28.02.18<br>£000 | Liabilities at<br>28.02.18<br>£000 |
|---------------------------------|-------------------------------|------------------------------------|-------------------------------|------------------------------------|
| Level 1: Quoted prices          | 159,384                       | –                                  | 203,937                       | –                                  |
| Level 2: Observable market data | –                             | –                                  | –                             | 2                                  |
| <b>Total value</b>              | <b>159,384</b>                | <b>–</b>                           | <b>203,937</b>                | <b>2</b>                           |

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

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

The disclosure is split into the following categories:

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

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

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

## 8 Debtors

|                           | As at<br>28.02.19<br>£000 | As at<br>28.02.18<br>£000 |
|---------------------------|---------------------------|---------------------------|
| Accrued revenue           | 539                       | 632                       |
| Overseas tax recoverable  | 18                        | 14                        |
| Sales awaiting settlement | –                         | 822                       |
| <b>Total debtors</b>      | <b>557</b>                | <b>1,468</b>              |

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**9 Cash and bank balances**

|                                     | As at<br>28.02.19<br>£000 | As at<br>28.02.18<br>£000 |
|-------------------------------------|---------------------------|---------------------------|
| Cash and bank balances              | 5,213                     | 3,195                     |
| <b>Total cash and bank balances</b> | <b>5,213</b>              | <b>3,195</b>              |

**10 Other creditors**

|  | As at<br>28.02.19<br>£000 | As at<br>28.02.18<br>£000 |
|--|---------------------------|---------------------------|
| Accrued expenses                           | 112                       | 227                       |
| Amounts payable for cancellation of shares | 517                       | 1,036                     |
| <b>Total creditors</b>                     | <b>629</b>                | <b>1,263</b>              |

**11 Contingent liabilities and commitments**

There were no contingent liabilities or commitments at the year end (2018: £nil).

**12 Related party transactions**

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

ACD periodic charges/Fund Management Fee paid to Aviva Investors UK Fund Services Limited ("the ACD") are shown in note 4 and details of shares issued and cancelled by the ACD are shown in the statement of change in net assets attributable to shareholders. The balance due to the ACD at the year end in respect of ACD periodic charges was £112,232 (2018: £120,296). 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 £6,034 (2018: £2,215). The amount outstanding at the year end was £1,465 (2018: £506). 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<br>28.02.19<br>(shares) | Movement<br>(shares) | Holdings at<br>28.02.18<br>(shares) |
|---|-------------------------------------|----------------------|-------------------------------------|
| ACD and related parties (Class 1 Income shares)       | –                                   | (23,810)             | 23,810                              |
| ACD and related parties (Class 2 Income shares)       | 29,326                              | 26,326               | 3,000                               |
| ACD and related parties (Class 2 Income (USD) shares) | –                                   | (10,481,675)         | 10,481,675                          |
| ACD and related parties (Class 2 Accumulation shares) | 29,406                              | 29,406               | –                                   |
| ACD and related parties (Class 3 Accumulation shares) | 38,583                              | –                    | 38,583                              |

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

**13 Shareholder funds**

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

Class 1: 1.13%  
 Class 2: 0.88%  
 Class 3: 0.53%  
 Class 5: 0.80%

The net asset value per share class, the net asset value per share and the number of shares in the class are shown on pages 10 to 12. The distributions per share class are given in the distribution tables on pages 25 to 28. All the share classes have the same rights on winding up.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**14 Shares in issue reconciliation**

|                      | Number of shares<br>in issue at<br>28.02.18 | Number of<br>shares issued | Number of<br>shares cancelled | Number of<br>shares converted | Number of shares<br>in issue at<br>28.02.19 |
|----------------------|---|----------------------------|-------------------------------|-------------------------------|---|
| Class 1 Income       | 420,776                                     | –                          | (37,915)                      | (4,955)                       | 377,906                                     |
| Class 1 Accumulation | 378,106                                     | 870,203                    | (884,691)                     | (3,420)                       | 360,198                                     |
| Class 2 Income       | 99,717,514                                  | 172,387                    | (25,338,641)                  | 4,692                         | 74,555,952                                  |
| Class 2 Accumulation | 3,331,778                                   | –                          | (1,599,307)                   | 3,253                         | 1,735,724                                   |
| Class 2 Income (USD) | 10,481,675                                  | 40,477                     | (983,965)                     | –                             | 9,538,187                                   |
| Class 3 Accumulation | 38,583                                      | –                          | –                             | –                             | 38,583                                      |
| Class 5 Income       | 534   | 435                        | (464)                         | –                             | 505   |
| Class 5 Accumulation | 451   | 356                        | (392)                         | –                             | 415   |

**15 Stock lending**

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

**16 Derivatives and other financial instruments**

The policies applied in the management of financial instruments are set out on page 7.

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

There is no significant difference between the carrying values of the financial assets and liabilities and their fair values (2018: £nil).

**Currency risk**

At the year end date, 99.10% (2018: 99.82%) of the net assets of the Fund were denominated in currencies other than sterling with the effect that the balance sheet and total return can be significantly affected by currency movements. If currency rates were to change by 10.00%, the value of the Fund would change by 9.91% (2018: 9.98%).

| Currency  | Net foreign currency assets |          |                               |          |               |          |
|-----------|-----------------------------|----------|-------------------------------|----------|---------------|----------|
|           | Monetary exposure<br>£000   |          | Non monetary exposure<br>£000 |          | Total<br>£000 |          |
|           | 28.02.19                    | 28.02.18 | 28.02.19                      | 28.02.18 | 28.02.19      | 28.02.18 |
| US Dollar | 2,627                       | 2,081    | 159,377                       | 203,780  | 162,004       | 205,861  |

**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 3.19% (2018: 1.55%) of the net assets of the Fund were interest bearing and as such the interest rate risk is not considered significant.

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

**Market price risk**

At the year end date, 97.49% (2018: 98.89%) 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 9.75% (2018: 9.89%).

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**17 Direct transaction costs**

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

| 28.02.19   | Principal<br>before costs<br>£000 | Commissions<br>£000 | Taxes<br>£000 | Total<br>after costs<br>£000 | Commissions<br>as %<br>of principal | Taxes<br>as %<br>of principal |
|--|-----------------------------------|---------------------|---------------|------------------------------|-------------------------------------|-------------------------------|
| <b>Purchases (excluding in-specie transfers and corporate actions)</b> |                                   |                     |               |                              |                                     |                               |
| Equities   | (42,004)                          | (25)                | –             | (42,029)                     | 0.06%                               | 0.00%                         |
|  | (42,004)                          | (25)                | –             | (42,029)                     |                                     |                               |
| <b>Sales (excluding in-specie transfers and corporate actions)</b>     |                                   |                     |               |                              |                                     |                               |
| Equities   | 97,727                            | (41)                | (2)           | 97,684                       | 0.04%                               | 0.00%                         |
|  | 97,727                            | (41)                | (2)           | 97,684                       |                                     |                               |
| <b>Total</b>   |                                   | (66)                | (2)           |                              |                                     |                               |
| <b>Percentage of Fund average net assets</b>                           |                                   | 0.04%               | 0.00%         |                              |                                     |                               |

| 28.02.18   | Principal<br>before costs<br>£000 | Commissions<br>£000 | Taxes<br>£000 | Total<br>after costs<br>£000 | Commissions<br>as %<br>of principal | Taxes<br>as %<br>of principal |
|--|-----------------------------------|---------------------|---------------|------------------------------|-------------------------------------|-------------------------------|
| <b>Purchases (excluding in-specie transfers and corporate actions)</b> |                                   |                     |               |                              |                                     |                               |
| Equities   | (62,722)                          | (51)                | –             | (62,773)                     | 0.08%                               | 0.00%                         |
|  | (62,722)                          | (51)                | –             | (62,773)                     |                                     |                               |
| <b>Sales (excluding in-specie transfers and corporate actions)</b>     |                                   |                     |               |                              |                                     |                               |
| Equities   | 118,124                           | (51)                | (3)           | 118,070                      | 0.04%                               | 0.00%                         |
|  | 118,124                           | (51)                | (3)           | 118,070                      |                                     |                               |
| <b>Total</b>   |                                   | (102)               | (3)           |                              |                                     |                               |
| <b>Percentage of Fund average net assets</b>                           |                                   | 0.04%               | 0.00%         |                              |                                     |                               |

**Dealing spread**

As at 28 February 2019, the average portfolio dealing spread was 0.03% (2018: 0.02%). This spread represents the difference between the values determined respectively by reference to the bid and offer prices of investments expressed as a percentage of the value determined by reference to the offer price.

**18 Post balance sheet events**

There are no post balance sheet events which require adjustment or disclosure at the year end (2018: £nil).

## DISTRIBUTION TABLES

## Final distribution payable in pence per share for the three months ended 28 February 2019

| Income shares |         | Net revenue | Equalisation | Final distribution payable<br>28 April 2019 | Final distribution paid<br>27 April 2018 |
|---------------|---------|-------------|--------------|---|--|
| Class 1       | Group 1 | 1.2242      | –            | 1.2242                                      | 0.9908                                   |
|               | Group 2 | 0.7796      | 0.4446       | 1.2242                                      | 0.9908                                   |
| Class 2       | Group 1 | 1.2924      | –            | 1.2924                                      | 1.0414                                   |
|               | Group 2 | 1.0681      | 0.2243       | 1.2924                                      | 1.0414                                   |
| Class 5       | Group 1 | 1.2896      | –            | 1.2896                                      | 1.0883                                   |
|               | Group 2 | 1.2896      | 0.0000       | 1.2896                                      | 1.0883                                   |

| Accumulation shares |         | Net revenue | Equalisation | Final distribution payable<br>28 April 2019 | Final distribution paid<br>27 April 2018 |
|---------------------|---------|-------------|--------------|---|--|
| Class 1             | Group 1 | 1.4926      | –            | 1.4926                                      | 1.1768                                   |
|                     | Group 2 | 1.0167      | 0.4759       | 1.4926                                      | 1.1768                                   |
| Class 2             | Group 1 | 1.5739      | –            | 1.5739                                      | 1.2354                                   |
|                     | Group 2 | 0.8328      | 0.7411       | 1.5739                                      | 1.2354                                   |
| Class 3             | Group 1 | 1.6161      | –            | 1.6161                                      | 1.3111                                   |
|                     | Group 2 | 1.6161      | 0.0000       | 1.6161                                      | 1.3111                                   |
| Class 5             | Group 1 | 1.5672      | –            | 1.5672                                      | 1.2880                                   |
|                     | Group 2 | 1.5672      | 0.0000       | 1.5672                                      | 1.2880                                   |

## Final distribution payable in cents per share for the three months ended 28 February 2019

| Income shares |         | Net revenue | Equalisation | Final distribution payable<br>28 April 2019 | Final distribution paid<br>27 April 2018 |
|---------------|---------|-------------|--------------|---|--|
| Class 2 (USD) | Group 1 | 1.0736      | –            | 1.0736                                      | 0.9002                                   |
|               | Group 2 | 1.0736      | 0.0000       | 1.0736                                      | 0.9002                                   |

**Final Distribution**

Group 1 shares are those shares purchased at or before 12:00 noon on 28 November 2018.

Group 2 shares are those shares purchased after 12:00 noon on 28 November 2018.

## DISTRIBUTION TABLES (CONTINUED)

## Interim distribution paid in pence per share for the three months ended 28 November 2018

| Income shares |         | Net revenue | Equalisation | Interim distribution paid<br>28 January 2019 | Interim distribution paid<br>28 January 2018 |
|---------------|---------|-------------|--------------|--|--|
| Class 1       | Group 1 | 1.3612      | –            | 1.3612                                       | 1.0677                                       |
|               | Group 2 | 0.7174      | 0.6438       | 1.3612                                       | 1.0677                                       |
| Class 2       | Group 1 | 1.4361      | –            | 1.4361                                       | 1.1226                                       |
|               | Group 2 | 0.6382      | 0.7979       | 1.4361                                       | 1.1226                                       |
| Class 5       | Group 1 | 1.4475      | –            | 1.4475                                       | 1.1768                                       |
|               | Group 2 | 1.4475      | 0.0000       | 1.4475                                       | 1.1768                                       |

| Accumulation shares |         | Net revenue | Equalisation | Interim distribution paid<br>28 January 2019 | Interim distribution paid<br>28 January 2018 |
|---------------------|---------|-------------|--------------|--|--|
| Class 1             | Group 1 | 1.6480      | –            | 1.6480                                       | 1.2634                                       |
|                     | Group 2 | 0.9645      | 0.6835       | 1.6480                                       | 1.2634                                       |
| Class 2             | Group 1 | 1.7364      | –            | 1.7364                                       | 1.3235                                       |
|                     | Group 2 | 1.2828      | 0.4536       | 1.7364                                       | 1.3235                                       |
| Class 3             | Group 1 | 1.7813      | –            | 1.7813                                       | 1.4006                                       |
|                     | Group 2 | 1.7813      | 0.0000       | 1.7813                                       | 1.4006                                       |
| Class 5             | Group 1 | 1.7443      | –            | 1.7443                                       | 1.3843                                       |
|                     | Group 2 | 1.7443      | 0.0000       | 1.7443                                       | 1.3843                                       |

## Interim distribution paid in cents per share for the three months ended 28 November 2018

| Income shares |         | Net revenue | Equalisation | Interim distribution paid<br>28 January 2019 | Interim distribution paid<br>28 January 2018 |
|---------------|---------|-------------|--------------|--|--|
| Class 2 (USD) | Group 1 | 1.1476      | –            | 1.1476                                       | 0.9319                                       |
|               | Group 2 | 0.5004      | 0.6472       | 1.1476                                       | 0.9319                                       |

**Interim Distribution**

Group 1 shares are those shares purchased at or before 12:00 noon on 28 August 2018.

Group 2 shares are those shares purchased after 12:00 noon on 28 August 2018.

## DISTRIBUTION TABLES (CONTINUED)

## Interim distribution paid in pence per share for the three months ended 28 August 2018

| Income shares |         | Net revenue | Equalisation | Interim distribution paid<br>28 October 2018 | Interim distribution paid<br>28 October 2017 |
|---------------|---------|-------------|--------------|--|--|
| Class 1       | Group 1 | 1.4404      | –            | 1.4404                                       | 1.2433                                       |
|               | Group 2 | 0.6705      | 0.7699       | 1.4404                                       | 1.2433                                       |
| Class 2       | Group 1 | 1.5188      | –            | 1.5188                                       | 1.3014                                       |
|               | Group 2 | 0.5891      | 0.9297       | 1.5188                                       | 1.3014                                       |
| Class 5       | Group 1 | 1.5264      | –            | 1.5264                                       | 0.8035                                       |
|               | Group 2 | 1.5264      | 0.0000       | 1.5264                                       | 0.8035                                       |

| Accumulation shares |         | Net revenue | Equalisation | Interim distribution paid<br>28 October 2018 | Interim distribution paid<br>28 October 2017 |
|---------------------|---------|-------------|--------------|--|--|
| Class 1             | Group 1 | 1.7315      | –            | 1.7315                                       | 1.4568                                       |
|                     | Group 2 | 0.9417      | 0.7898       | 1.7315                                       | 1.4568                                       |
| Class 2             | Group 1 | 1.8232      | –            | 1.8232                                       | 1.5234                                       |
|                     | Group 2 | 0.9723      | 0.8509       | 1.8232                                       | 1.5234                                       |
| Class 3             | Group 1 | 1.8718      | –            | 1.8718                                       | 1.6013                                       |
|                     | Group 2 | 1.8718      | 0.0000       | 1.8718                                       | 1.6013                                       |
| Class 5             | Group 1 | 1.8289      | –            | 1.8289                                       | 0.9411                                       |
|                     | Group 2 | 1.8289      | 0.0000       | 1.8289                                       | 0.9411                                       |

## Interim distribution paid in cents per share for the three months ended 28 August 2018

| Income shares |         | Net revenue | Equalisation | Interim distribution paid<br>28 October 2018 | Interim distribution paid<br>28 October 2017 |
|---------------|---------|-------------|--------------|--|--|
| Class 2 (USD) | Group 1 | 1.2228      | –            | 1.2228                                       | 1.0431                                       |
|               | Group 2 | 1.2228      | 0.0000       | 1.2228                                       | 1.0431                                       |

**Interim Distribution**

Group 1 shares are those shares purchased at or before 12:00 noon on 28 May 2018.

Group 2 shares are those shares purchased after 12:00 noon on 28 May 2018.

## DISTRIBUTION TABLES (CONTINUED)

## Interim distribution paid in pence per share for the three months ended 28 May 2018

| Income shares |         | Net revenue | Equalisation | Interim distribution paid<br>28 July 2018 | Interim distribution paid<br>28 July 2017 |
|---------------|---------|-------------|--------------|---|---|
| Class 1       | Group 1 | 1.1591      | –            | 1.1591                                    | 1.1144                                    |
|               | Group 2 | 0.5070      | 0.6521       | 1.1591                                    | 1.1144                                    |
| Class 2       | Group 1 | 1.2204      | –            | 1.2204                                    | 1.1644                                    |
|               | Group 2 | 0.6163      | 0.6041       | 1.2204                                    | 1.1644                                    |
| Class 5       | Group 1 | 1.2673      | –            | 1.2673                                    | –   |
|               | Group 2 | 1.2673      | 0.0000       | 1.2673                                    | –   |

| Accumulation shares |         | Net revenue | Equalisation | Interim distribution paid<br>28 July 2018 | Interim distribution paid<br>28 July 2017 |
|---------------------|---------|-------------|--------------|---|---|
| Class 1             | Group 1 | 1.3844      | –            | 1.3844                                    | 1.2985                                    |
|                     | Group 2 | 0.1590      | 1.2254       | 1.3844                                    | 1.2985                                    |
| Class 2             | Group 1 | 1.4555      | –            | 1.4555                                    | 1.3554                                    |
|                     | Group 2 | 1.3376      | 0.1179       | 1.4555                                    | 1.3554                                    |
| Class 3             | Group 1 | 1.5327      | –            | 1.5327                                    | 1.4277                                    |
|                     | Group 2 | 1.5327      | 0.0000       | 1.5327                                    | 1.4277                                    |
| Class 5             | Group 1 | 1.5085      | –            | 1.5085                                    | –   |
|                     | Group 2 | 1.5085      | 0.0000       | 1.5085                                    | –   |

## Interim distribution paid in cents per share for the three months ended 28 May 2018

| Income shares |         | Net revenue | Equalisation | Interim distribution paid<br>28 July 2018 | Interim distribution paid<br>28 July 2017 |
|---------------|---------|-------------|--------------|---|---|
| Class 2 (USD) | Group 1 | 1.0164      | –            | 1.0164                                    | 0.9344                                    |
|               | Group 2 | 0.3716      | 0.6448       | 1.0164                                    | 0.9344                                    |

**Interim Distribution**

Group 1 shares are those shares purchased at or before 12:00 noon on 28 February 2018.

Group 2 shares are those shares purchased after 12:00 noon on 28 February 2018.

**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 deliver a combined income and capital growth return greater than that of the Russell® 3000 Value Index, measured over a rolling 5-year period. Within this combined return, the Fund aims to deliver an income return of at least 125% of the income return of the Russell 3000 Value Index over a rolling 12 month period.

Both the income and combined return aims are measured before the deduction of Fund charges and tax. Income will be paid quarterly.

### 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

#### Performance

Over the twelve months ended 28 February 2019 the Fund (share class 1) delivered a total return of 7.81%\* compared with an average return of 3.28% for the Russell® 3000 Value benchmark, an underperformance of 3.36%.

Over the period ended 28 February 2019, the Fund provided an income yield (before the deduction of charges and tax) of 3.70%, compared to the Russell® 3000 Value Index yield of 2.76%, an outperformance of 0.94% but falling short of its target of providing an annualised income yield 1.5% higher than that of the Index.

Over a 5-year rolling period ended 28 February 2019 the Fund (share class 1) delivered a return of 10.65% compared with a return of 7.54% for the Russell® 3000 Value benchmark, an outperformance of 3.11%.

#### Review

2018 came to a close with a resounding thud. As the summer came to an end, market, economic, and political concerns that were slowly simmering below the surface seemed to boil over all at once. In fact, the U.S. market closed with the single worst month, and the first negative year for the S&P 500 since the 2008-2009 financial crisis. This decline snapped a nine-year streak of positive returns, which matched the 1991-1999 period as the longest such expansion since 1936. At the end of quarter three, the CBOE Volatility Index (VIX) hovered near lows for the year, but the 'fear index' spiked in the first week of October and was up almost +200% by Christmas Eve – a surge similar in scale to quarter one 2018.

Volatility reached a fever pitch in the wake of the December Federal Open Market Committee (FOMC) meeting. Despite growing concerns and fervent lobbying from Wall Street and even President Donald Trump himself, Fed officials continued to tighten monetary policy. The federal funds rate was increased another +25 bps to a range of 2.25% to 2.50% and the Fed announced that monthly bond sales (i.e. quantitative tightening) would continue apace. However, in the weeks after the announcement, the U.S. Treasury yield curve flattened and even inverted in parts. By year end, the 2-year Treasury yield stood at 2.50%. Not only was this within the current target range for the federal funds rate, it was below the FOMC's own projections on where it was likely to take short-term rates over the next two years. Whereas Fed officials may have thought further tightening would be in order, bond investors were betting the other direction.

2019 got off to a great start as the market rallied sharply in January and February. However, the earnings environment slowed notably. FactSet Research Systems reported that quarter one S&P 500 aggregate earnings growth is now tracking to -2.7% year over year, a sharp deceleration from recent quarters as companies lap the tax reform boost. At the same time, expectations for 2019 continued to decline and earnings are now only expected to increase +4.5% next year, slightly slower than the +4.9% revenue growth projection. This expectation likely reflects headwinds from tariffs, lower oil prices, and slower economic growth, and ultimately could prove to be too pessimistic. Then again, if global economic growth does slow, a repeat of the 2015-2016 earnings recession could be in the offing. As we have noted in the past, we expect that the market will prove more volatile over the course of 2019, but fortunately it does appear that monetary policy may prove to be more accommodative than originally expected.

Broadly surveying the market, mid-caps led and growth stocks significantly outperformed during the period.

Seven of eleven sectors in the Russell 3000 Value posted positive returns in the period, with Utilities (+21.8%), Real Estate (+18.8%), and Health Care (+14.6%) providing the highest returns. The worst performing sectors were Materials (-8.4%), Financials (-6.2%), and Consumer Discretionary (-3.3%).

Looking at what worked during the period; overall stock selection was positive driven by stock selection in the Industrials sector. The underweight allocation in Financials also had a significant positive impact on relative performance. Seven of twelve holdings in Industrials outperformed the broader sector return, including Fastenal Co. (FAST, +18.5%), the highest contributor to Portfolio return during the period.

The other top holdings with the highest contribution to Portfolio return during the period were Ventas Inc. (VTR, +37.5%), Corning Inc. (GLW, +22.6%), Iron Mountain Inc. (IRM, +20.4%), and Ryman Hospitality Properties Inc. (RHP, +23.0 %).

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

## FUND MANAGER'S REPORT (CONTINUED)

**Review (continued)**

Speaking to what did not work; overall sector allocation was negative, driven by the underweight allocation in Health Care and in Utilities. The Portfolio has been substantially underweight in Health Care for an extended period due to the relative dearth of higher-yielding opportunities in the sector. The opportunity set improved marginally after the market decline in December, but it remains one of the most expensive parts of our investable universe. The underweight in Utilities increased following the elimination and reduction of two of its three holdings during the period.

The five holdings with the lowest contribution to Portfolio return during the period were Coty Inc. (CI A) (COTY, -39.1%), Kraft Heinz Co. (KHC, -28.1%), QUALCOMM Inc. (QCOM, -15.4%), Weyerhaeuser Co. (WY, -29.2%), and Nielsen Holdings PLC (NLSN, -15.8%).

As of February 28, the Portfolio held a total of 55 positions. During the period, we established 11 and eliminated 12 positions. The five largest positions established (based on average weight) were Comcast Corp. (CI A) (CMCSA, +6.3%), RPM International Inc. (RPM, +21.2%), Walgreens Boots Alliance Inc. (WBA, +12.3%), Black Hills Corp. (BKH, +35.6%), and Kinder Morgan Inc. (CI P) (KMI, +7.4%). The five largest positions eliminated (based on average weight) were Union Pacific Corp. (UNP, +14.7%), Kraft Heinz Co. (KHC, -28.1%), Johnson Controls International PLC (JCI, -4.3%), Weyerhaeuser Co. (WY, -29.2%), and Black Hills Corp. (BKH, +35.6%). We eliminated the positions in UNP and BKH as they were trading at premiums to their assessed valuations and the positions in KHC, JCI, and WY due to unrealized losses.

**Outlook**

Expectations for 2019 continued to decline and earnings are now only expected to increase +4.5% next year, slightly slower than the +4.9% revenue growth projection. This expectation likely reflects headwinds from tariffs, lower oil prices, and slower economic growth, and ultimately could prove to be too pessimistic. Then again, if global economic growth does slow, a repeat of the 2015-2016 earnings recession could be in the offing. As we have noted in the past, we expect that the market will prove more volatile over the course of 2019, but fortunately it does appear that monetary policy may prove to be more accommodative than originally expected.

April 2019

\* 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 pages 31 and 32 are based on the net asset value per the published accounts and may be different due to post year end accounting adjustments.

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

**Material Portfolio Changes**

| Purchases                 | Sales                          |
|---------------------------|--------------------------------|
| Comcast 'A'               | Union Pacific                  |
| Kinder Morgan             | Motorola Solutions             |
| MSC Industrial Direct 'A' | Linde                          |
| Bristol-Myers Squibb      | Kraft Heinz                    |
| Lazard 'A'                | Johnson Controls International |
| Illinois Tool Works       | Black Hills                    |
| Walgreens Boots Alliance  | National Fuel Gas              |
| RPM International         | Hanesbrands                    |
| Dominion Energy           | Weyerhaeuser                   |
| Black Hills               | Compass Minerals International |

**Synthetic Risk and Reward Indicator**

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

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

## COMPARATIVE TABLES

| Class 1 Income                                 | 2019<br>p per share | 2018<br>p per share | 2017<br>p per share |
|--|---------------------|---------------------|---------------------|
| <b>Change in net assets per share</b>          |                     |                     |                     |
| Opening net asset value per share              | 146.77              | 162.00              | 121.14              |
| Return before operating charges <sup>†</sup>   | 13.31               | (9.12)              | 46.55               |
| Operating charges                              | (1.85)              | (2.49)              | (2.31)              |
| Return after operating charges <sup>†</sup>    | 11.46               | (11.61)             | 44.24               |
| Distributions                                  | (4.25)              | (3.62)              | (3.38)              |
| Closing net asset value per share              | 153.98              | 146.77              | 162.00              |
| <sup>†</sup> after direct transaction costs of | (0.05)              | (0.06)              | (0.06)              |
| <b>Performance</b>                             |                     |                     |                     |
| Return after operating charges                 | 7.81%               | (7.17)%             | 36.52%              |
| <b>Other information</b>                       |                     |                     |                     |
| Closing net asset value (£000)                 | 193                 | 154                 | 170                 |
| Closing number of shares                       | 125,519             | 105,139             | 105,139             |
| Operating charges (%) <sup>†</sup>             | 1.18%               | 1.63%               | 1.63%               |
| Direct transaction costs (%) <sup>#</sup>      | 0.03%               | 0.04%               | 0.04%               |
| <b>Prices<sup>°</sup></b>                      |                     |                     |                     |
| Highest share price                            | 167.04              | 164.82              | 163.02              |
| Lowest share price                             | 135.96              | 142.35              | 120.32              |

| Class 2 Income                                 | 2019<br>p per share | 2018<br>p per share | 2017<br>p per share |
|--|---------------------|---------------------|---------------------|
| <b>Change in net assets per share</b>          |                     |                     |                     |
| Opening net asset value per share              | 151.82              | 166.32              | 123.44              |
| Return before operating charges <sup>†</sup>   | 13.92               | (9.39)              | 47.63               |
| Operating charges                              | (1.41)              | (1.38)              | (1.29)              |
| Return after operating charges <sup>†</sup>    | 12.51               | (10.77)             | 46.34               |
| Distributions                                  | (4.41)              | (3.73)              | (3.46)              |
| Closing net asset value per share              | 159.92              | 151.82              | 166.32              |
| <sup>†</sup> after direct transaction costs of | (0.05)              | (0.06)              | (0.06)              |
| <b>Performance</b>                             |                     |                     |                     |
| Return after operating charges                 | 8.24%               | (6.48)%             | 37.54%              |
| <b>Other information</b>                       |                     |                     |                     |
| Closing net asset value (£000)                 | 295,573             | 310,565             | 316,551             |
| Closing number of shares                       | 184,828,499         | 204,558,500         | 190,329,296         |
| Operating charges (%) <sup>†</sup>             | 0.88%               | 0.88%               | 0.88%               |
| Direct transaction costs (%) <sup>#</sup>      | 0.03%               | 0.04%               | 0.04%               |
| <b>Prices<sup>°</sup></b>                      |                     |                     |                     |
| Highest share price                            | 173.21              | 169.22              | 167.31              |
| Lowest share price                             | 140.72              | 147.19              | 122.61              |

| Class 2 Accumulation                           | 2019<br>p per share | 2018<br>p per share | 2017<br>p per share |
|--|---------------------|---------------------|---------------------|
| <b>Change in net assets per share</b>          |                     |                     |                     |
| Opening net asset value per share              | 169.06              | 180.81              | 131.12              |
| Return before operating charges <sup>†</sup>   | 15.43               | (10.23)             | 51.07               |
| Operating charges                              | (1.59)              | (1.52)              | (1.38)              |
| Return after operating charges <sup>†</sup>    | 13.84               | (11.75)             | 49.69               |
| Distributions                                  | (4.97)              | (4.09)              | (3.71)              |
| Retained distributions on accumulation shares  | 4.97                | 4.09                | 3.71                |
| Closing net asset value per share              | 182.90              | 169.06              | 180.81              |
| <sup>†</sup> after direct transaction costs of | (0.05)              | (0.07)              | (0.06)              |
| <b>Performance</b>                             |                     |                     |                     |
| Return after operating charges                 | 8.19%               | (6.50)%             | 37.90%              |
| <b>Other information</b>                       |                     |                     |                     |
| Closing net asset value (£000)                 | 29,903              | 21,566              | 19,487              |
| Closing number of shares                       | 16,349,041          | 12,756,372          | 10,777,903          |
| Operating charges (%) <sup>†</sup>             | 0.88%               | 0.88%               | 0.88%               |
| Direct transaction costs (%) <sup>#</sup>      | 0.03%               | 0.04%               | 0.04%               |
| <b>Prices<sup>°</sup></b>                      |                     |                     |                     |
| Highest share price                            | 194.70              | 183.96              | 180.85              |
| Lowest share price                             | 156.70              | 162.98              | 130.24              |

| Class 2 Income (USD)                           | 2019<br>c per share | 2018<br>c per share | 2017<br>c per share |
|--|---------------------|---------------------|---------------------|
| <b>Change in net assets per share</b>          |                     |                     |                     |
| Opening net asset value per share              | 134.12              | 132.02              | 109.95              |
| Return before operating charges <sup>†</sup>   | 6.48                | 6.40                | 26.03               |
| Operating charges                              | (1.18)              | (1.16)              | (1.07)              |
| Return after operating charges <sup>†</sup>    | 5.30                | 5.24                | 24.96               |
| Distributions                                  | (3.68)              | (3.14)              | (2.89)              |
| Closing net asset value per share              | 135.74              | 134.12              | 132.02              |
| <sup>†</sup> after direct transaction costs of | (0.04)              | (0.05)              | (0.05)              |
| <b>Performance</b>                             |                     |                     |                     |
| Return after operating charges                 | 3.95%               | 3.97%               | 22.70%              |
| <b>Other information</b>                       |                     |                     |                     |
| Closing net asset value (£000)                 | 1,890               | 1,805               | 1,255               |
| Closing number of shares                       | 1,852,649           | 1,862,880           | 1,182,591           |
| Operating charges (%) <sup>†</sup>             | 0.88%               | 0.88%               | 0.88%               |
| Direct transaction costs (%) <sup>#</sup>      | 0.03%               | 0.04%               | 0.04%               |
| <b>Prices<sup>°</sup></b>                      |                     |                     |                     |
| Highest share price                            | 142.80              | 144.63              | 132.80              |
| Lowest share price                             | 121.36              | 126.46              | 109.32              |

## COMPARATIVE TABLES (CONTINUED)

| Class 3 Accumulation                           | 2019<br>p per share | 2018<br>p per share | 2017<br>p per share |
|--|---------------------|---------------------|---------------------|
| <b>Change in net assets per share</b>          |                     |                     |                     |
| Opening net asset value per share              | 223.02              | 237.69              | 171.76              |
| Return before operating charges <sup>†</sup>   | 20.36               | (13.46)             | 67.02               |
| Operating charges                              | (1.26)              | (1.21)              | (1.09)              |
| Return after operating charges <sup>†</sup>    | 19.10               | (14.67)             | 65.93               |
| Distributions                                  | (6.60)              | (5.56)              | (4.49)              |
| Retained distributions on accumulation shares  | 6.60                | 5.56                | 4.49                |
| Closing net asset value per share              | 242.12              | 223.02              | 237.69              |
| <sup>†</sup> after direct transaction costs of | (0.07)              | (0.09)              | (0.08)              |
| <b>Performance</b>                             |                     |                     |                     |
| Return after operating charges                 | 8.56%               | (6.17)%             | 38.38%              |
| <b>Other information</b>                       |                     |                     |                     |
| Closing net asset value (£000)                 | 94                  | 87                  | 93                  |
| Closing number of shares                       | 38,976              | 38,976              | 38,976              |
| Operating charges (%) <sup>†</sup>             | 0.53%               | 0.53%               | 0.53%               |
| Direct transaction costs (%) <sup>#</sup>      | 0.03%               | 0.04%               | 0.04%               |
| <b>Prices<sup>≈</sup></b>                      |                     |                     |                     |
| Highest share price                            | 257.30              | 241.84              | 237.74              |
| Lowest share price                             | 206.77              | 214.96              | 170.62              |

| Class 5 Income                                 | 2019<br>p per share | 2018 <sup>††</sup><br>p per share |
|--|---------------------|-----------------------------------|
| <b>Change in net assets per share</b>          |                     |                                   |
| Opening net asset value per share              | 152.31              | 158.61                            |
| Return before operating charges <sup>†</sup>   | 13.94               | (3.02)                            |
| Operating charges                              | (1.18)              | (0.76)                            |
| Return after operating charges <sup>†</sup>    | 12.76               | (3.78)                            |
| Distributions                                  | (4.44)              | (2.52)                            |
| Closing net asset value per share              | 160.63              | 152.31                            |
| <sup>†</sup> after direct transaction costs of | (0.05)              | (0.06)                            |
| <b>Performance</b>                             |                     |                                   |
| Return after operating charges                 | 8.38%               | (2.38)%                           |
| <b>Other information</b>                       |                     |                                   |
| Closing net asset value (£000)                 | 1                   | 1                                 |
| Closing number of shares                       | 619                 | 653                               |
| Operating charges (%) <sup>†</sup>             | 0.74%               | 0.80%                             |
| Direct transaction costs (%) <sup>#</sup>      | 0.03%               | 0.04%                             |
| <b>Prices<sup>≈</sup></b>                      |                     |                                   |
| Highest share price                            | 173.85              | 162.60                            |
| Lowest share price                             | 141.18              | 147.69                            |

| Class 5 Accumulation                           | 2019<br>p per share | 2018 <sup>††</sup><br>p per share |
|--|---------------------|-----------------------------------|
| <b>Change in net assets per share</b>          |                     |                                   |
| Opening net asset value per share              | 169.25              | 173.42                            |
| Return before operating charges <sup>†</sup>   | 15.42               | (3.34)                            |
| Operating charges                              | (1.33)              | (0.83)                            |
| Return after operating charges <sup>†</sup>    | 14.09               | (4.17)                            |
| Distributions                                  | (4.99)              | (2.77)                            |
| Retained distributions on accumulation shares  | 4.99                | 2.77                              |
| Closing net asset value per share              | 183.34              | 169.25                            |
| <sup>†</sup> after direct transaction costs of | (0.05)              | (0.07)                            |
| <b>Performance</b>                             |                     |                                   |
| Return after operating charges                 | 8.32%               | (2.40)%                           |
| <b>Other information</b>                       |                     |                                   |
| Closing net asset value (£000)                 | 1                   | 1                                 |
| Closing number of shares                       | 545                 | 591                               |
| Operating charges (%) <sup>†</sup>             | 0.74%               | 0.80%                             |
| Direct transaction costs (%) <sup>#</sup>      | 0.03%               | 0.04%                             |
| <b>Prices<sup>≈</sup></b>                      |                     |                                   |
| Highest share price                            | 195.04              | 179.63                            |
| Lowest share price                             | 156.89              | 163.15                            |

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

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

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

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

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

<sup>††</sup> Class 5 (GBP) and Class 5 (Acc) (GBP) were launched on 23 June 2017.

**Ongoing Charges Figure\***

| Share class   | 28.02.19 | 28.02.18 |
|---------------|----------|----------|
| Class 1       | 1.13%**  | 1.63%    |
| Class 2       | 0.88%    | 0.88%    |
| Class 2 (USD) | 0.88%    | 0.88%    |
| Class 3       | 0.53%    | 0.53%    |
| Class 5       | 0.80%    | 0.80%    |

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

\*\* Following the update to the Prospectus and the change in charging structure of the Fund part way through the period, the ongoing charges figure has been based on the revised fee structure and therefore is not on an ex-post basis.

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 2019

| Investment  | Currency | Holding | Market Value<br>£000 | % of Net Assets |
|---|----------|---------|----------------------|-----------------|
| <b>Equities 96.92% (97.73%)</b>                             |          |         |                      |                 |
| <b>Communication Services 11.39% (9.26%)</b>                |          |         |                      |                 |
| <b>Diversified Telecommunication Services 2.20% (1.93%)</b> |          |         |                      |                 |
| Verizon Communications                                      | USD      | 169,365 | 7,218                | 2.20            |
|   |          |         | <u>7,218</u>         | <u>2.20</u>     |
| <b>Entertainment 2.05% (2.40%)</b>                          |          |         |                      |                 |
| Cinemark Holdings   | USD      | 235,614 | 6,707                | 2.05            |
|   |          |         | <u>6,707</u>         | <u>2.05</u>     |
| <b>Media 7.14% (4.93%)</b>                                  |          |         |                      |                 |
| Comcast 'A'   | USD      | 277,750 | 8,044                | 2.45            |
| Interpublic Group   | USD      | 292,953 | 5,064                | 1.55            |
| Meredith  | USD      | 87,177  | 3,732                | 1.14            |
| Omnicom Group   | USD      | 115,658 | 6,550                | 2.00            |
|   |          |         | <u>23,390</u>        | <u>7.14</u>     |
| <b>Communication Services total</b>                         |          |         | <b>37,315</b>        | <b>11.39</b>    |
| <b>Consumer Discretionary 7.18% (8.95%)</b>                 |          |         |                      |                 |
| <b>Hotels, Restaurants &amp; Leisure 3.90% (3.77%)</b>      |          |         |                      |                 |
| Extended Stay America                                       | USD      | 493,186 | 6,635                | 2.02            |
| Starbucks   | USD      | 116,782 | 6,157                | 1.88            |
|   |          |         | <u>12,792</u>        | <u>3.90</u>     |
| <b>Leisure Products 0.68% (1.22%)</b>                       |          |         |                      |                 |
| Polaris Industries  | USD      | 33,868  | 2,216                | 0.68            |
|   |          |         | <u>2,216</u>         | <u>0.68</u>     |
| <b>Multiline Retail 2.60% (2.57%)</b>                       |          |         |                      |                 |
| Target  | USD      | 155,183 | 8,519                | 2.60            |
|   |          |         | <u>8,519</u>         | <u>2.60</u>     |
| <b>Textiles, Apparel &amp; Luxury Goods 0.00% (1.39%)</b>   |          |         |                      |                 |
| <b>Consumer Discretionary total</b>                         |          |         | <b>23,527</b>        | <b>7.18</b>     |
| <b>Consumer Staples 9.44% (11.11%)</b>                      |          |         |                      |                 |
| <b>Beverages 1.87% (1.09%)</b>                              |          |         |                      |                 |
| PepsiCo   | USD      | 70,735  | 6,134                | 1.87            |
|   |          |         | <u>6,134</u>         | <u>1.87</u>     |
| <b>Food &amp; Staples Retailing 3.42% (3.37%)</b>           |          |         |                      |                 |
| Walgreens Boots Alliance                                    | USD      | 90,187  | 4,838                | 1.48            |
| Walmart   | USD      | 86,464  | 6,376                | 1.94            |
|   |          |         | <u>11,214</u>        | <u>3.42</u>     |
| <b>Food Products 0.00% (1.10%)</b>                          |          |         |                      |                 |
| <b>Household Products 2.45% (2.37%)</b>                     |          |         |                      |                 |
| Kimberly-Clark  | USD      | 91,440  | 8,019                | 2.45            |
|   |          |         | <u>8,019</u>         | <u>2.45</u>     |
| <b>Personal Products 1.70% (3.18%)</b>                      |          |         |                      |                 |
| Unilever, ADR   | USD      | 138,940 | 5,553                | 1.70            |
|   |          |         | <u>5,553</u>         | <u>1.70</u>     |
| <b>Consumer Staples total</b>                               |          |         | <b>30,920</b>        | <b>9.44</b>     |

## PORTFOLIO STATEMENT (CONTINUED)

As at 28 February 2019

| Investment  | Currency | Holding | Market Value<br>£000 | % of Net Assets |
|---|----------|---------|----------------------|-----------------|
| <b>Energy 10.85% (9.12%)</b>                            |          |         |                      |                 |
| <b>Oil, Gas &amp; Consumable Fuels 10.85% (9.12%)</b>   |          |         |                      |                 |
| Chevron   | USD      | 44,268  | 3,996                | 1.22            |
| Exxon Mobil   | USD      | 100,262 | 5,989                | 1.83            |
| Kinder Morgan   | USD      | 547,045 | 7,923                | 2.42            |
| Marathon Petroleum                                      | USD      | 191,487 | 9,127                | 2.79            |
| Occidental Petroleum                                    | USD      | 90,585  | 4,537                | 1.38            |
| Valero Energy   | USD      | 63,553  | 3,969                | 1.21            |
|   |          |         | <u>35,541</u>        | <u>10.85</u>    |
| <b>Energy total</b>                                     |          |         | <b>35,541</b>        | <b>10.85</b>    |
| <b>Financials 14.46% (12.27%)</b>                       |          |         |                      |                 |
| <b>Banks 10.23% (9.66%)</b>                             |          |         |                      |                 |
| BB&T  | USD      | 306,701 | 11,769               | 3.59            |
| PNC Financial Services Group                            | USD      | 72,344  | 6,836                | 2.09            |
| US Bancorp  | USD      | 261,214 | 10,115               | 3.09            |
| Wells Fargo   | USD      | 127,990 | 4,799                | 1.46            |
|   |          |         | <u>33,519</u>        | <u>10.23</u>    |
| <b>Capital Markets 1.52% (0.00%)</b>                    |          |         |                      |                 |
| Lazard 'A'  | USD      | 178,300 | 4,995                | 1.52            |
|   |          |         | <u>4,995</u>         | <u>1.52</u>     |
| <b>Insurance 2.71% (2.61%)</b>                          |          |         |                      |                 |
| Axis Capital Holdings                                   | USD      | 90,608  | 3,899                | 1.19            |
| CNA Financial   | USD      | 80,619  | 2,608                | 0.80            |
| MetLife   | USD      | 69,880  | 2,363                | 0.72            |
|   |          |         | <u>8,870</u>         | <u>2.71</u>     |
| <b>Financials total</b>                                 |          |         | <b>47,384</b>        | <b>14.46</b>    |
| <b>Health Care 3.73% (1.99%)</b>                        |          |         |                      |                 |
| <b>Biotechnology 2.04% (1.99%)</b>                      |          |         |                      |                 |
| Amgen   | USD      | 46,469  | 6,686                | 2.04            |
|   |          |         | <u>6,686</u>         | <u>2.04</u>     |
| <b>Pharmaceuticals 1.69% (0.00%)</b>                    |          |         |                      |                 |
| Bristol-Myers Squibb                                    | USD      | 144,370 | 5,529                | 1.69            |
|   |          |         | <u>5,529</u>         | <u>1.69</u>     |
| <b>Health Care total</b>                                |          |         | <b>12,215</b>        | <b>3.73</b>     |
| <b>Industrials 14.92% (17.82%)</b>                      |          |         |                      |                 |
| <b>Air Freight &amp; Logistics 1.89% (1.87%)</b>        |          |         |                      |                 |
| United Parcel Service 'B'                               | USD      | 74,260  | 6,202                | 1.89            |
|   |          |         | <u>6,202</u>         | <u>1.89</u>     |
| <b>Building Products 0.00% (1.48%)</b>                  |          |         |                      |                 |
| <b>Commercial Services &amp; Supplies 1.65% (1.88%)</b> |          |         |                      |                 |
| KAR Auction Services                                    | USD      | 155,417 | 5,401                | 1.65            |
|   |          |         | <u>5,401</u>         | <u>1.65</u>     |
| <b>Electrical Equipment 1.34% (2.07%)</b>               |          |         |                      |                 |
| Emerson Electric  | USD      | 85,455  | 4,402                | 1.34            |
|   |          |         | <u>4,402</u>         | <u>1.34</u>     |
| <b>Industrial Conglomerates 0.00% (0.93%)</b>           |          |         |                      |                 |

## PORTFOLIO STATEMENT (CONTINUED)

As at 28 February 2019

| Investment  | Currency | Holding | Market Value<br>£000 | % of Net Assets |
|---|----------|---------|----------------------|-----------------|
| <b>Machinery 1.72% (0.00%)</b>  |          |         |                      |                 |
| Illinois Tool Works   | USD      | 51,636  | 5,638                | 1.72            |
|   |          |         | 5,638                | 1.72            |
| <b>Professional Services 2.08% (3.08%)</b>                              |          |         |                      |                 |
| Nielsen Holdings  | USD      | 167,690 | 3,192                | 0.98            |
| Thomson Reuters   | USD      | 88,985  | 3,610                | 1.10            |
|   |          |         | 6,802                | 2.08            |
| <b>Road &amp; Rail 0.00% (2.43%)</b>                                    |          |         |                      |                 |
| <b>Trading Companies &amp; Distributors 6.24% (4.08%)</b>               |          |         |                      |                 |
| Aircastle   | USD      | 133,189 | 2,014                | 0.62            |
| Fastenal  | USD      | 266,414 | 12,720               | 3.88            |
| MSC Industrial Direct 'A'   | USD      | 88,207  | 5,698                | 1.74            |
|   |          |         | 20,432               | 6.24            |
| <b>Industrials total</b>  |          |         | <b>48,877</b>        | <b>14.92</b>    |
| <b>Information Technology 8.60% (10.66%)</b>                            |          |         |                      |                 |
| <b>Communications Equipment 2.52% (3.54%)</b>                           |          |         |                      |                 |
| Cisco Systems   | USD      | 212,906 | 8,256                | 2.52            |
|   |          |         | 8,256                | 2.52            |
| <b>Electronic Equipment, Instruments &amp; Components 3.11% (2.69%)</b> |          |         |                      |                 |
| Corning   | USD      | 391,101 | 10,195               | 3.11            |
|   |          |         | 10,195               | 3.11            |
| <b>IT Services 0.75% (0.00%)</b>  |          |         |                      |                 |
| CSG Systems International   | USD      | 77,899  | 2,440                | 0.75            |
|   |          |         | 2,440                | 0.75            |
| <b>Semiconductors &amp; Semiconductor Equipment 2.22% (3.57%)</b>       |          |         |                      |                 |
| Intel   | USD      | 88,699  | 3,550                | 1.08            |
| QUALCOMM  | USD      | 93,749  | 3,737                | 1.14            |
|   |          |         | 7,287                | 2.22            |
| <b>Software 0.00% (0.86%)</b>   |          |         |                      |                 |
| <b>Information Technology total</b>                                     |          |         | <b>28,178</b>        | <b>8.60</b>     |
| <b>Materials 5.03% (5.18%)</b>  |          |         |                      |                 |
| <b>Chemicals 5.03% (3.91%)</b>  |          |         |                      |                 |
| Linde   | USD      | 44,083  | 5,782                | 1.76            |
| LyondellBasell Industries 'A'   | USD      | 85,111  | 5,545                | 1.69            |
| RPM International   | USD      | 116,946 | 5,165                | 1.58            |
|   |          |         | 16,492               | 5.03            |
| <b>Metals &amp; Mining 0.00% (1.27%)</b>                                |          |         |                      |                 |
| <b>Materials total</b>  |          |         | <b>16,492</b>        | <b>5.03</b>     |
| <b>Real Estate 9.07% (9.33%)</b>  |          |         |                      |                 |
| <b>Equity Real Estate Investment Trusts (REITs) 9.07% (9.33%)</b>       |          |         |                      |                 |
| GEO Group   | USD      | 255,583 | 4,391                | 1.34            |
| Iron Mountain   | USD      | 349,972 | 9,210                | 2.81            |
| Ryman Hospitality Properties  | USD      | 88,812  | 5,407                | 1.65            |
| Sabra Health Care REIT  | USD      | 308,199 | 4,272                | 1.30            |
| Ventas  | USD      | 135,836 | 6,444                | 1.97            |
|   |          |         | 29,724               | 9.07            |
| <b>Real Estate total</b>  |          |         | <b>29,724</b>        | <b>9.07</b>     |

## PORTFOLIO STATEMENT (CONTINUED)

As at 28 February 2019

| Investment                                      | Currency | Holding | Market Value<br>£000 | % of Net Assets |
|---|----------|---------|----------------------|-----------------|
| <b>Utilities 2.25% (2.04%)</b>                  |          |         |                      |                 |
| <b>Gas Utilities 1.13% (2.04%)</b>              |          |         |                      |                 |
| National Fuel Gas                               | USD      | 82,083  | 3,714                | 1.13            |
|   |          |         | <u>3,714</u>         | <u>1.13</u>     |
| <b>Multi-Utilities 1.12% (0.00%)</b>            |          |         |                      |                 |
| Dominion Energy                                 | USD      | 65,680  | 3,669                | 1.12            |
|   |          |         | <u>3,669</u>         | <u>1.12</u>     |
| <b>Utilities total</b>                          |          |         | <b>7,383</b>         | <b>2.25</b>     |
| <b>Equities total</b>                           |          |         | <b>317,556</b>       | <b>96.92</b>    |
| <b>Forward Currency Contracts 0.00% (0.00%)</b> |          |         |                      |                 |
| Buy USD 75,419 sell GBP 57,633 dated 01/03/2019 |          |         | (1)                  | –               |
| <b>Forward Currency Contracts total</b>         |          |         | <b>(1)</b>           | <b>–</b>        |
| Investment assets                               |          |         | 317,555              | 96.92           |
| Net other assets                                |          |         | 10,100               | 3.08            |
| <b>Net assets</b>                               |          |         | <b>327,655</b>       | <b>100.00</b>   |

All holdings are ordinary shares or stock units and admitted to an official stock exchange unless otherwise stated.  
The comparative percentage figures in brackets are as at 28 February 2018.

## STATEMENT OF TOTAL RETURN

### For the year ended 28 February 2019

|   | Notes | £000    | Year ended<br>28.02.19<br>£000 | £000    | Year ended<br>28.02.18<br>£000 |
|---|-------|---------|--------------------------------|---------|--------------------------------|
| Income  |       |         |                                |         |                                |
| Net capital gains/(losses)  | 2     |         | 19,975                         |         | (28,788)                       |
| Revenue   | 3     | 10,811  |                                | 10,494  |                                |
| Expenses  |       |         |                                |         |                                |
| Net revenue before taxation   | 4     | (2,888) |                                | (3,072) |                                |
| Taxation  | 5     | (1,355) |                                | (1,552) |                                |
| Net revenue after taxation  |       |         | 6,568                          |         | 5,870                          |
| <b>Total return before distributions</b>  |       |         | <b>26,543</b>                  |         | <b>(22,918)</b>                |
| Distributions   | 6     |         | (9,081)                        |         | (8,248)                        |
| <b>Change in net assets attributable to shareholders from investment activities</b> |       |         | <b>17,462</b>                  |         | <b>(31,166)</b>                |

## STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

### For the year ended 28 February 2019

|  | £000     | Year ended<br>28.02.19<br>£000 | £000     | Year ended<br>28.02.18<br>£000 |
|--|----------|--------------------------------|----------|--------------------------------|
| <b>Opening net assets attributable to shareholders</b>                                   |          | <b>334,179</b>                 |          | <b>337,556</b>                 |
| Movement due to issue and cancellation of shares:  |          |                                |          |                                |
| Amounts receivable on issue of shares  | 46,938   |                                | 60,873   |                                |
| Amounts payable on cancellation of shares  | (71,673) |                                | (33,578) |                                |
|  |          | (24,735)                       |          | 27,295                         |
| Change in net assets attributable to shareholders from investment activities (see above) |          | 17,462                         |          | (31,166)                       |
| Retained distribution on accumulation shares   |          | 749                            |          | 494                            |
| <b>Closing net assets attributable to shareholders</b>                                   |          | <b>327,655</b>                 |          | <b>334,179</b>                 |

## BALANCE SHEET

As at 28 February 2019

|  | Notes | As at<br>28.02.19<br>£000 | As at<br>28.02.18<br>£000 |
|--|-------|---------------------------|---------------------------|
| <b>Assets:</b>                                 |       |                           |                           |
| Investments                                    | 7     | 317,556                   | 326,591                   |
| <b>Current assets:</b>                         |       |                           |                           |
| Debtors  | 8     | 1,972                     | 2,329                     |
| Cash and bank balances                         | 9     | 10,447                    | 7,412                     |
| <b>Total assets</b>                            |       | <b>329,975</b>            | <b>336,332</b>            |
| <b>Liabilities:</b>                            |       |                           |                           |
| Investment liabilities                         | 7     | (1)                       | -                         |
| <b>Creditors:</b>                              |       |                           |                           |
| Distribution payable                           |       | (1,831)                   | (1,771)                   |
| Other creditors                                | 10    | (488)                     | (382)                     |
| <b>Total liabilities</b>                       |       | <b>(2,320)</b>            | <b>(2,153)</b>            |
| <b>Net assets attributable to shareholders</b> |       | <b>327,655</b>            | <b>334,179</b>            |

## NOTES TO THE FINANCIAL STATEMENTS

### 1 Accounting basis and policies

Please see pages 6 and 7 for accounting basis and policies.

### 2 Net capital gains/(losses)

|   | Year ended<br>28.02.19<br>£000 | Year ended<br>28.02.18<br>£000 |
|---|--------------------------------|--------------------------------|
| <b>Net capital gains/(losses) on investment during the year comprise:</b> |                                |                                |
| Currency losses   | (221)                          | (1,367)                        |
| Expenses relating to the purchase and sale of investments                 | (3)                            | (9)                            |
| Forward currency contracts losses   | (2)                            | –                              |
| Non-derivative securities gains/(losses)                                  | 20,201                         | (27,412)                       |
| <b>Net capital gains/(losses)</b>   | <b>19,975</b>                  | <b>(28,788)</b>                |

### 3 Revenue

|                           | Year ended<br>28.02.19<br>£000 | Year ended<br>28.02.18<br>£000 |
|---------------------------|--------------------------------|--------------------------------|
| Bank and deposit interest | 52                             | 3                              |
| Overseas dividends        | 10,366                         | 10,176                         |
| UK dividends              | 393                            | 315                            |
| <b>Total revenue</b>      | <b>10,811</b>                  | <b>10,494</b>                  |

### 4 Expenses

|   | Year ended<br>28.02.19<br>£000 | Year ended<br>28.02.18<br>£000 |
|---|--------------------------------|--------------------------------|
| <b>Payable to the Authorised Corporate Director ("ACD"), associates of the ACD or agents of either of them:</b> |                                |                                |
| ACD's periodic charge/Fund Management Fee*  | 2,789                          | 2,625                          |
| Registration fees   | 80                             | 351                            |
|   | 2,869                          | 2,976                          |
| <b>Payable to the Depositary, associates of the Depositary or agents of either of them:</b>                     |                                |                                |
| Depositary's fee  | 8                              | 44                             |
| Interest payable  | 1                              | 4                              |
| Safe custody fee  | 6                              | 22                             |
|   | 15                             | 70                             |
| <b>Other expenses:</b>  |                                |                                |
| Audit fee**   | 3                              | 11                             |
| Dividend collection charges   | 2                              | 4                              |
| Statement fee   | (1)                            | 11                             |
|   | 4                              | 26                             |
| <b>Total expenses</b>   | <b>2,888</b>                   | <b>3,072</b>                   |

\* From 4 June 2018 the Fund changed to a single fixed charge known as the Fund Management Fee (FMF). The FMF covers fees and expenses in relation to the operation and administration of the Company and the Fund.

\*\* The audit fee was £9,827 (2018: £9,634) net of VAT. With effect 4 June 2018, the audit fee was no longer accrued for separately and now forms part of the FMF.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

|  | Year ended<br>28.02.19<br>£000 | Year ended<br>28.02.18<br>£000 |
|--|--------------------------------|--------------------------------|
| Overseas tax suffered                  | 1,355                          | 1,552                          |
| <b>Total current tax (see note 5b)</b> | <b>1,355</b>                   | <b>1,552</b>                   |

**b Factors affecting current tax charge**

The tax assessed for the year is lower (2018: higher) than the standard rate of corporation tax in the UK for an Authorised Investment Fund (20%) (2018: 20%).

The differences are explained below:

|   | Year ended<br>28.02.19<br>£000 | Year ended<br>28.02.18<br>£000 |
|---|--------------------------------|--------------------------------|
| <b>Net revenue before taxation</b>                | <b>7,923</b>                   | <b>7,422</b>                   |
| Corporation tax at 20%                            | 1,585                          | 1,484                          |
| <b>Effects of:</b>                                |                                |                                |
| Movement in excess management expenses            | 327                            | 322                            |
| Overseas dividends not subject to corporation tax | (1,790)                        | (1,692)                        |
| Overseas tax suffered                             | 1,355                          | 1,552                          |
| Tax relief for overseas tax suffered              | (43)                           | (52)                           |
| UK dividends not subject to corporation tax       | (79)                           | (62)                           |
|   | (230)                          | 68                             |
| <b>Current tax charge (see note 5a)</b>           | <b>1,355</b>                   | <b>1,552</b>                   |

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

**c Deferred tax**

There was no provision for deferred tax at the year end (2018: £nil).

After claiming relief against accrued income taxable on receipt, the Fund has unrelieved excess expenses of £5,946,271 (2018: £4,311,699) creating a potential deferred tax asset of £1,189,254 (2018: £862,340). 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<br>28.02.19<br>£000 | Year ended<br>28.02.18<br>£000 |
|--|--------------------------------|--------------------------------|
| <b>The distributions take account of revenue received on the issue of shares and revenue deducted on the cancellation of shares, and comprise:</b> |                                |                                |
| Net dividend distribution for the three months ended 28 May  | 2,126                          | 1,940                          |
| Net dividend distribution for the three months ended 28 August   | 2,499                          | 2,358                          |
| Net dividend distribution for the three months ended 28 November   | 2,346                          | 2,133                          |
| Net dividend distribution for the three months ended 28 February   | 2,015                          | 1,892                          |
|  | 8,986                          | 8,323                          |
| Add: Revenue deducted on cancellation of shares  | 222                            | 111                            |
| Deduct: Revenue received on issue of shares  | (127)                          | (186)                          |
| <b>Total distributions</b>   | <b>9,081</b>                   | <b>8,248</b>                   |
| <b>Reconciliations of distributions for the year to net revenue after taxation</b>   |                                |                                |
| Distributions for the year   | 9,081                          | 8,248                          |
| ACD's periodic charge borne by the capital account   | (2,789)                        | (2,625)                        |
| Tax relief on capitalised ACD's periodic charge  | 276                            | 247                            |
| <b>Net revenue after taxation</b>  | <b>6,568</b>                   | <b>5,870</b>                   |

Details of the distributions per share are set out in the distribution tables on pages 45 to 48.

**7 Fair value hierarchy**

| Valuation technique             | Assets at<br>28.02.19<br>£000 | Liabilities at<br>28.02.19<br>£000 | Assets at<br>28.02.18<br>£000 | Liabilities at<br>28.02.18<br>£000 |
|---------------------------------|-------------------------------|------------------------------------|-------------------------------|------------------------------------|
| Level 1: Quoted prices          | 317,556                       | –                                  | 326,591                       | –                                  |
| Level 2: Observable market data | –                             | (1)                                | –                             | –                                  |
| <b>Total value</b>              | <b>317,556</b>                | <b>(1)</b>                         | <b>326,591</b>                | <b>–</b>                           |

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

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

The disclosure is split into the following categories:

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

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

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

**8 Debtors**

|                                       | As at<br>28.02.19<br>£000 | As at<br>28.02.18<br>£000 |
|---------------------------------------|---------------------------|---------------------------|
| Accrued revenue                       | 966                       | 977                       |
| Amounts receivable on issue of shares | 283                       | 664                       |
| Overseas tax recoverable              | 723                       | 688                       |
| <b>Total debtors</b>                  | <b>1,972</b>              | <b>2,329</b>              |

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**9 Cash and bank balances**

|                                     | As at<br>28.02.19<br>£000 | As at<br>28.02.18<br>£000 |
|-------------------------------------|---------------------------|---------------------------|
| Cash and bank balances              | 10,447                    | 7,412                     |
| <b>Total cash and bank balances</b> | <b>10,447</b>             | <b>7,412</b>              |

**10 Other creditors**

|  | As at<br>28.02.19<br>£000 | As at<br>28.02.18<br>£000 |
|--|---------------------------|---------------------------|
| Accrued expenses                           | 223                       | 281                       |
| Amounts payable for cancellation of shares | 265                       | 101                       |
| <b>Total creditors</b>                     | <b>488</b>                | <b>382</b>                |

**11 Contingent liabilities and commitments**

There were no contingent liabilities or commitments at the year end (2018: £nil).

**12 Related party transactions**

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

ACD periodic charges/Fund Management Fee paid to Aviva Investors UK Fund Services Limited ("the ACD") are shown in note 4 and details of shares issued and cancelled by the ACD are shown in the statement of change in net assets attributable to shareholders. The balance due to the ACD at the year end in respect of ACD periodic charges/Fund Management Fees was £222,746 (2018: £195,447). 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 £95,519 (2018: £2,890). The amount outstanding at the year end was £21,094 (2018: £676). 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<br>28.02.19<br>(shares) | Movement<br>(shares) | Holdings at<br>28.02.18<br>(shares) |
|---|-------------------------------------|----------------------|-------------------------------------|
| ACD and related parties (Class 2 Income shares)       | 769,789                             | 769,789              | –                                   |
| ACD and related parties (Class 2 Accumulation shares) | 1,151,574                           | 1,133,923            | 17,651                              |
| ACD and related parties (Class 3 Accumulation shares) | 38,976                              | –                    | 38,976                              |

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

**13 Shareholder funds**

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

Class 1: 1.13%  
Class 2: 0.88%  
Class 3: 0.53%  
Class 5: 0.80%

The net asset value per share class, the net asset value per share and the number of shares in the class are shown on pages 31 and 32. The distributions per share class are given in the distribution tables on pages 45 to 48. All the share classes have the same rights on winding up.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**14 Shares in issue reconciliation**

|                      | Number of shares<br>in issue at<br>28.02.18 | Number of<br>shares issued | Number of<br>shares cancelled | Number of<br>shares converted | Number of shares<br>in issue at<br>28.02.19 |
|----------------------|---|----------------------------|-------------------------------|-------------------------------|---|
| Class 1 Income       | 105,139                                     | 2,534,127                  | (2,513,747)                   | -                             | 125,519                                     |
| Class 2 Income       | 204,558,500                                 | 17,234,040                 | (36,964,041)                  | -                             | 184,828,499                                 |
| Class 2 Income (USD) | 1,862,880                                   | 456,877                    | (467,108)                     | -                             | 1,852,649                                   |
| Class 2 Accumulation | 12,756,372                                  | 8,294,631                  | (4,701,962)                   | -                             | 16,349,041                                  |
| Class 3 Accumulation | 38,976                                      | -                          | -                             | -                             | 38,976                                      |
| Class 5 Income       | 653   | 538                        | (572)                         | -                             | 619   |
| Class 5 Accumulation | 591   | 472                        | (518)                         | -                             | 545   |

**15 Derivatives and other financial instruments**

The policies applied in the management of financial instruments are set out on page 7.

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

There is no significant difference between the carrying values of the financial assets and liabilities and their fair values (2018: £nil).

**Currency risk**

At the year end date, 99.91% (2018: 100.05%) of the net assets of the Fund were denominated in currencies other than sterling with the effect that the balance sheet and total return can be significantly affected by currency movements. If currency rates were to change by 10.00%, the value of the Fund would change by 9.99% (2018: 10.00%).

| Currency  | Net foreign currency assets |          |                               |          |               |          |
|-----------|-----------------------------|----------|-------------------------------|----------|---------------|----------|
|           | Monetary exposure<br>£000   |          | Non monetary exposure<br>£000 |          | Total<br>£000 |          |
|           | 28.02.19                    | 28.02.18 | 28.02.19                      | 28.02.18 | 28.02.19      | 28.02.18 |
| US Dollar | 9,738                       | 7,750    | 317,613                       | 326,591  | 327,351       | 334,341  |

**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 3.19% (2018: 2.22%) of the net assets of the Fund were interest bearing and as such the interest rate risk is not considered significant.

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

**Market price risk**

At the year end date, 96.92% (2018: 97.73%) 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 9.69% (2018: 9.77%).

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**16 Direct transaction costs**

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

| 28.02.19   | Principal<br>before costs<br>£000 | Commissions<br>£000 | Taxes<br>£000 | Total<br>after costs<br>£000 | Commissions<br>as %<br>of principal | Taxes<br>as %<br>of principal |
|--|-----------------------------------|---------------------|---------------|------------------------------|-------------------------------------|-------------------------------|
| <b>Purchases (excluding in-specie transfers and corporate actions)</b> |                                   |                     |               |                              |                                     |                               |
| Equities   | (84,103)                          | (45)                | –             | (84,148)                     | 0.05%                               | 0.00%                         |
|  | (84,103)                          | (45)                | –             | (84,148)                     |                                     |                               |
| <b>Sales (excluding in-specie transfers and corporate actions)</b>     |                                   |                     |               |                              |                                     |                               |
| Equities   | 113,273                           | (55)                | (2)           | 113,216                      | 0.05%                               | 0.00%                         |
|  | 113,273                           | (55)                | (2)           | 113,216                      |                                     |                               |
| <b>Total</b>   |                                   | (100)               | (2)           |                              |                                     |                               |
| <b>Percentage of Fund average net assets</b>                           |                                   | 0.03%               | 0.00%         |                              |                                     |                               |

| 28.02.18   | Principal<br>before costs<br>£000 | Commissions<br>£000 | Taxes<br>£000 | Total<br>after costs<br>£000 | Commissions<br>as %<br>of principal | Taxes<br>as %<br>of principal |
|--|-----------------------------------|---------------------|---------------|------------------------------|-------------------------------------|-------------------------------|
| <b>Purchases (excluding in-specie transfers and corporate actions)</b> |                                   |                     |               |                              |                                     |                               |
| Equities   | (136,428)                         | (88)                | –             | (136,516)                    | 0.06%                               | 0.00%                         |
|  | (136,428)                         | (88)                | –             | (136,516)                    |                                     |                               |
| <b>Sales (excluding in-specie transfers and corporate actions)</b>     |                                   |                     |               |                              |                                     |                               |
| Equities   | 105,542                           | (49)                | (2)           | 105,491                      | 0.05%                               | 0.00%                         |
|  | 105,542                           | (49)                | (2)           | 105,491                      |                                     |                               |
| <b>Total</b>   |                                   | (137)               | (2)           |                              |                                     |                               |
| <b>Percentage of Fund average net assets</b>                           |                                   | 0.04%               | 0.00%         |                              |                                     |                               |

**Dealing spread**

As at 28 February 2019, the average portfolio dealing spread was 0.03% (2018: 0.02%). This spread represents the difference between the values determined respectively 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 (2018: £nil).

## DISTRIBUTION TABLES

## Final distribution payable in pence per share for the three months ended 28 February 2019

| Income shares |         | Net revenue | Equalisation | Final distribution payable<br>28 April 2019 | Final distribution paid<br>28 April 2018 |
|---------------|---------|-------------|--------------|---|--|
| Class 1       | Group 1 | 0.9480      | –            | 0.9480                                      | 0.8324                                   |
|               | Group 2 | 0.6217      | 0.3263       | 0.9480                                      | 0.8324                                   |
| Class 2       | Group 1 | 0.9837      | –            | 0.9837                                      | 0.8602                                   |
|               | Group 2 | 0.6473      | 0.3364       | 0.9837                                      | 0.8602                                   |
| Class 5       | Group 1 | 0.9827      | –            | 0.9827                                      | 0.9040                                   |
|               | Group 2 | 0.9827      | 0.0000       | 0.9827                                      | 0.9040                                   |

| Accumulation shares |         | Net revenue | Equalisation | Interim distribution payable<br>28 April 2019 | Interim distribution paid<br>28 April 2018 |
|---------------------|---------|-------------|--------------|---|--|
| Class 2             | Group 1 | 1.1241      | –            | 1.1241  | 0.9525                                     |
|                     | Group 2 | 0.8456      | 0.2785       | 1.1241  | 0.9525                                     |
| Class 3             | Group 1 | 1.4804      | –            | 1.4804  | 1.3023                                     |
|                     | Group 2 | 1.4804      | 0.0000       | 1.4804  | 1.3023                                     |
| Class 5             | Group 1 | 1.1166      | –            | 1.1166  | 0.9986                                     |
|                     | Group 2 | 1.1166      | 0.0000       | 1.1166  | 0.9986                                     |

## Final distribution payable in cents per share for the three months ended 28 February 2019

| Accumulation shares |         | Net revenue | Equalisation | Final distribution payable<br>28 April 2019 | Final distribution paid<br>28 April 2018 |
|---------------------|---------|-------------|--------------|---|--|
| Class 2 (USD)       | Group 1 | 0.8354      | –            | 0.8354                                      | 0.7600                                   |
|                     | Group 2 | 0.2350      | 0.6004       | 0.8354                                      | 0.7600                                   |

**Final Distribution**

Group 1 shares are those shares purchased at or before 12:00 noon on 28 November 2018.

Group 2 shares are those shares purchased after 12:00 noon on 28 November 2018.

## DISTRIBUTION TABLES (CONTINUED)

## Interim distribution paid in pence per share for the three months ended 28 November 2018

| Income shares |         | Net revenue | Equalisation | Interim distribution paid<br>28 January 2019 | Interim distribution paid<br>28 January 2018 |
|---------------|---------|-------------|--------------|--|--|
| Class 1       | Group 1 | 1.1351      | –            | 1.1351                                       | 0.8971                                       |
|               | Group 2 | 0.5327      | 0.6024       | 1.1351                                       | 0.8971                                       |
| Class 2       | Group 1 | 1.1775      | –            | 1.1775                                       | 0.9254                                       |
|               | Group 2 | 0.5947      | 0.5828       | 1.1775                                       | 0.9254                                       |
| Class 5       | Group 1 | 1.1852      | –            | 1.1852                                       | 0.9658                                       |
|               | Group 2 | 1.1852      | 0.0000       | 1.1852                                       | 0.9658                                       |

| Accumulation shares |         | Net revenue | Equalisation | Interim distribution paid<br>28 January 2019 | Interim distribution paid<br>28 January 2018 |
|---------------------|---------|-------------|--------------|--|--|
| Class 2             | Group 1 | 1.3292      | –            | 1.3292                                       | 1.0186                                       |
|                     | Group 2 | 0.6587      | 0.6705       | 1.3292                                       | 1.0186                                       |
| Class 3             | Group 1 | 1.7575      | –            | 1.7575                                       | 1.3887                                       |
|                     | Group 2 | 1.7575      | 0.0000       | 1.7575                                       | 1.3887                                       |
| Class 5             | Group 1 | 1.3334      | –            | 1.3334                                       | 1.0622                                       |
|                     | Group 2 | 1.3334      | 0.0000       | 1.3334                                       | 1.0622                                       |

## Interim distribution paid in cents per share for the three months ended 28 November 2018

| Income shares |         | Net revenue | Equalisation | Interim distribution paid<br>28 January 2019 | Interim distribution paid<br>28 January 2018 |
|---------------|---------|-------------|--------------|--|--|
| Class 2 (USD) | Group 1 | 0.9616      | –            | 0.9616                                       | 0.7853                                       |
|               | Group 2 | 0.2243      | 0.7373       | 0.9616                                       | 0.7853                                       |

**Interim Distribution**

Group 1 shares are those shares purchased at or before 12:00 noon on 28 August 2018.

Group 2 shares are those shares purchased after 12:00 noon on 28 August 2018.

## DISTRIBUTION TABLES (CONTINUED)

## Interim distribution paid in pence per share for the three months ended 28 August 2018

| Income shares |         | Net revenue | Equalisation | Interim distribution paid<br>28 October 2018 | Interim distribution paid<br>28 October 2017 |
|---------------|---------|-------------|--------------|--|--|
| Class 1       | Group 1 | 1.1876      | –            | 1.1876                                       | 1.0103                                       |
|               | Group 2 | 0.1688      | 1.0188       | 1.1876                                       | 1.0103                                       |
| Class 2       | Group 1 | 1.2312      | –            | 1.2312                                       | 1.0402                                       |
|               | Group 2 | 0.6979      | 0.5333       | 1.2312                                       | 1.0402                                       |
| Class 5       | Group 1 | 1.2296      | –            | 1.2296                                       | 0.6456                                       |
|               | Group 2 | 1.2296      | 0.0000       | 1.2296                                       | 0.6456                                       |

| Accumulation shares |         | Net revenue | Equalisation | Interim distribution paid<br>28 October 2018 | Interim distribution paid<br>28 October 2017 |
|---------------------|---------|-------------|--------------|--|--|
| Class 2             | Group 1 | 1.3799      | –            | 1.3799                                       | 1.1367                                       |
|                     | Group 2 | 0.7295      | 0.6504       | 1.3799                                       | 1.1367                                       |
| Class 3             | Group 1 | 1.8258      | –            | 1.8258                                       | 1.5416                                       |
|                     | Group 2 | 1.8258      | 0.0000       | 1.8258                                       | 1.5416                                       |
| Class 5             | Group 1 | 1.3755      | –            | 1.3755                                       | 0.7059                                       |
|                     | Group 2 | 1.3755      | 0.0000       | 1.3755                                       | 0.7059                                       |

## Interim distribution paid in cents per share for the three months ended 28 August 2018

| Income shares |         | Net revenue | Equalisation | Interim distribution paid<br>28 October 2018 | Interim distribution paid<br>28 October 2017 |
|---------------|---------|-------------|--------------|--|--|
| Class 2 (USD) | Group 1 | 1.0131      | –            | 1.0131                                       | 0.8519                                       |
|               | Group 2 | 0.1121      | 0.9010       | 1.0131                                       | 0.8519                                       |

**Interim Distribution**

Group 1 shares are those shares purchased at or before 12:00 noon on 28 May 2018.

Group 2 shares are those shares purchased after 12:00 noon on 28 May 2018.

## DISTRIBUTION TABLES (CONTINUED)

## Interim distribution paid in pence per share for the three months ended 28 May 2018

| Income shares |         | Net revenue | Equalisation | Interim distribution paid<br>28 July 2018 | Interim distribution paid<br>28 July 2017 |
|---------------|---------|-------------|--------------|---|---|
| Class 1       | Group 1 | 0.9823      | –            | 0.9823                                    | 0.8759                                    |
|               | Group 2 | 0.4798      | 0.5025       | 0.9823                                    | 0.8759                                    |
| Class 2       | Group 1 | 1.0170      | –            | 1.0170                                    | 0.9001                                    |
|               | Group 2 | 0.5360      | 0.4810       | 1.0170                                    | 0.9001                                    |
| Class 5       | Group 1 | 1.0454      | –            | 1.0454                                    | 0.0000                                    |
|               | Group 2 | 1.0454      | 0.0000       | 1.0454                                    | 0.0000                                    |

| Accumulation shares |         | Net revenue | Equalisation | Interim distribution paid<br>28 July 2018 | Interim distribution paid<br>28 July 2017 |
|---------------------|---------|-------------|--------------|---|---|
| Class 2             | Group 1 | 1.1323      | –            | 1.1323                                    | 0.9784                                    |
|                     | Group 2 | 0.4935      | 0.6388       | 1.1323                                    | 0.9784                                    |
| Class 3             | Group 1 | 1.5357      | –            | 1.5357                                    | 1.3305                                    |
|                     | Group 2 | 1.5357      | 0.0000       | 1.5357                                    | 1.3305                                    |
| Class 5             | Group 1 | 1.1617      | –            | 1.1617                                    | 0.0000                                    |
|                     | Group 2 | 1.1617      | 0.0000       | 1.1617                                    | 0.0000                                    |

## Interim distribution paid in cents per share for the three months ended 28 May 2018

| Income shares |         | Net revenue | Equalisation | Interim distribution paid<br>28 July 2018 | Interim distribution paid<br>28 July 2017 |
|---------------|---------|-------------|--------------|---|---|
| Class 2 (USD) | Group 1 | 0.8654      | –            | 0.8654                                    | 0.7382                                    |
|               | Group 2 | 0.7594      | 0.1060       | 0.8654                                    | 0.7382                                    |

**Interim Distribution**

Group 1 shares are those shares purchased at or before 12:00 noon on 28 February 2018.

Group 2 shares are those shares purchased after 12:00 noon on 28 February 2018.

**Equalisation**

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

## STATEMENT OF THE AUTHORISED CORPORATE DIRECTOR'S RESPONSIBILITIES

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

In preparing the financial statements the ACD is required to:

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

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

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

## AUTHORISED CORPORATE DIRECTOR'S STATEMENT

We hereby approve the Report and Financial Statements of Aviva Investors Select Funds ICVC for the year ended 28 February 2019 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  
27 June 2019

## 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 revenue 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 revenue in accordance with the COLL Sourcebook, 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  
London  
27 June 2019

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

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

#### OPINION

In our opinion, Aviva Investors Select Funds ICVC's financial statements:

- give a true and fair view of the financial position of the Company and each of the sub-funds as at 28 February 2019 and of the net revenue and the net capital gains on the scheme property of the Company and each of the sub-funds for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law), the Statement of Recommended Practice for UK Authorised Funds, the Collective Investment Schemes sourcebook and the Instrument of Incorporation.

Aviva Investors Select Funds ICVC (the "company") is an Open Ended Investment Company ("OEIC") with 2 sub-funds. The financial statements of the company comprise the financial statements of each of the sub-funds. We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the balance sheets as at 28 February 2019; the statements of total return, the statements of change in net assets attributable to shareholders for the year then ended; the distribution tables; the accounting policies (within the Policies and Risks section); and the notes to the financial statements.

#### BASIS FOR OPINION

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

#### Independence

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

#### CONCLUSIONS RELATING TO GOING CONCERN

ISAs (UK) require us to report to you when:

- the Authorised Corporate Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Authorised Corporate Director has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's or any of the sub-funds' ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear and it is difficult to evaluate all of the potential implications on the Company's business and the wider economy.

#### REPORTING ON OTHER INFORMATION

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

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

#### Authorised Corporate Director's Report

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

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

### RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

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

As explained more fully in the Statement of the Authorised Corporate Director's Responsibilities set out on page 49, the Authorised Corporate Director is responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Authorised Corporate Director is also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

#### Use of this report

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

### OTHER REQUIRED REPORTING

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

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

#### COLLECTIVE INVESTMENT SCHEMES SOURCEBOOK EXCEPTION REPORTING

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

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

We have no exceptions to report arising from this responsibility.

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Edinburgh  
27 June 2019

## SECURITIES FINANCING TRANSACTIONS REGULATION DISCLOSURE (UNAUDITED)

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

## GENERAL INFORMATION

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

Past performance is not a guide to the future.

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

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

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

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

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

### **Publication of Prices**

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

