Aviva Investors Funds ACS Value Assessment Report

April 2022

As Chairman of the board of directors (the "Board") of Aviva Investors UK Fund Services Limited ("AIUKFSL" or the "Company"), and on behalf of my fellow Board members, I would like to introduce the Value Assessment for the year to 31 December 2021.

This is our third Value Assessment report, and although this is only one aspect of our ongoing product governance process, it is our opportunity as a Board to communicate to investors how we continue to ensure that we act in your best interests, and help you to meet your investment needs, something Aviva Investors has been doing for over 50 years.

Throughout the review period Covid-19 continued to impact our daily lives and created challenges from an investment perspective. Positively we have seen improved performance outcomes in a number of Sub-funds, and others remain resilient despite these challenges.

In this report we set out how each Sub-fund has performed over the last 12 months, where we have seen opportunities for improvement, or where it has been necessary to make changes.

The Board takes the Value Assessment very seriously, and the rigorous process that we have implemented will continue to drive improvements where they are necessary. We have also implemented a number of changes to the process throughout the year, including some enhancements to these reports to assist you in interpreting the results of this review.

If you would like to understand more about how the Value Assessment is carried out and the factors we consider, I would encourage you to read our Value Assessment Approach which explains how we have reached our conclusions, which can be found here: Value assessment approach - Aviva Investors.

I would like to thank you for trusting Aviva Investors with your investment and taking the time to read this report.

Mark White
Chairman

Value assessment approach

An introduction to value assessments

The following describes how we, as Authorised Fund Manager ('AFM') of the Sub-funds, approach the assessment and the range of factors considered by the Board for each component.

This exercise is performed annually in addition to and in conjunction with our regular fund reviews. Those reviews include extensive assessments of service and performance for each Sub-fund, with appropriate action taken throughout the year. If the result of the value assessment is that charges are not considered to be justified in the context of overall value, appropriate action will be taken.

Components of the value assessment

1. Quality of service

Consideration is given to the range, nature, extent and quality of services provided directly to investors or undertaken on their behalf, and whether investors have benefited appropriately. This covers the services performed by the Company and its suppliers, as well as their reputation, expertise, resources and relative capabilities. This includes:

- The quality of the investment manager, including their processes (trading, risk management, compliance, technology, research and operational) and any environmental, social and governance (ESG) factors that are integrated into the investment process.
- The quality of administrative and investor services provided to the Sub-fund, using investor satisfaction surveys, complaints and data relating to operational accuracy to assess the positioning of the Company and its products and services over time, and relative to other similar firms.
- The timely delivery of clear communications, and the appropriateness of information provided to investors to help them make informed investment decisions.

2. Performance

Consideration is given to whether Sub-fund performance, before and after the deduction of expenses, is within a reasonable range of outcomes relative to its objective, policy and strategy when measured over appropriate time periods. The time periods will be set out in the investment objective or policy, and performance over 1, 3, 5 and 7 years, or since inception if there is not a full seven year's performance data. Performance is also considered in the context of the relevant peer group and whether the Sub-fund operated in accordance with its respective risk limits and investment restrictions.

Sub-fund performance, as measured against its objectives, is assessed in the regularly scheduled fund review, which is taken into account in reaching the conclusions for the value assessment.

If the performance is considered unsatisfactory, the following factors may be taken into account where relevant:

- Explanations for any underperformance provided by the investment manager as part of the Company's fund performance governance model; and
- Any appropriate steps (such as consideration of changing the investment objective, policy, strategy or investment personnel) that have been taken or are intended to be made with the goal of improving performance.

The Company could consider changing the investment manager or closing the Sub-fund where no other viable options are available.

Further information on the specific performance of individual Sub-funds is included in the Fund Manager Report section of the Report and Accounts, covering the period relevant to that report.

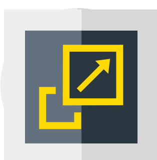
3. AFM costs and charges

Consideration is given to whether charges are reasonable, taking into account the underlying costs for the services provided and the performance objectives of each Sub-fund.

The underlying fees, costs and expenses are detailed in the fund prospectus, but in summary cover the following payments:

- the fees and expenses of the Company as AFM;
- the fees and expenses of the Investment Manager;
- the fees and expenses of the Depositary;
- the fees and expenses of the Custodian;
- the fees and expenses of the Auditor;
- FCA fees.

To assist with the value assessment, a costs and charges model is used that allows us to assess the costs attributable to each Sub-fund. The Company will determine whether the costs allocated to each Sub-fund is a fair reflection of the costs of the services provided for the relevant unit class of each Sub-fund, with an appropriate allowance for the levels of income earned for the Company from these activities.



4. Economies of scale

Consideration is given to whether investors have participated appropriately in any savings or benefits derived from the size of the Sub-fund. We also consider whether investors have benefited from the scale of the Aviva Group and the ability to negotiate favourable pricing with service providers due to the wide range of other products and services offered across the Group, along with the scale and range of other funds and assets managed by the Company.

The Board considers whether economies of scale have been realised in relation to the costs and operating expenses of each unit class and the extent to which investors might also benefit from financial savings that result. For example, whether the charges fairly reflects the fees charged in respect of the third party supplied services – which should be competitive due to the scale of Aviva and the potential breadth of other Aviva product ranges that the supplier also provides services for.

The assessment of the underlying service costs of running the Sub-fund, and the appropriate level of charges, takes place on an annual basis. Any changes to the underlying costs will be reflected in this analysis and may result in a change to the charges.

In looking at whether investors have benefited appropriately, either directly or indirectly, in any savings or benefits in relation to the management of the Sub-fund, the Board acknowledges the wider, albeit intangible, benefits to investors, such as the reputation, brand and financial strength of the Aviva Group.

The Board may also consider it appropriate to reinvest cost savings directly into the Company, to finance product development or retain savings for commercial reasons. Consideration will be given to the drivers of the scale generated in determining whether benefits should be shared or reinvested.

5. Comparable market rates

Consideration is given to whether the fees paid for each service provided to the Sub-funds by the Company or on its behalf are reasonable compared to fees for similar services in the market.

An independent consultant is used to carry out a periodic survey of the main expenses of the Sub-fund and those of competitors. The survey provides benchmarks for each of the main expense items associated with running a fund to help the Board determine whether the Sub-funds are paying a reasonable price.

The survey considers a number of expenses, including:

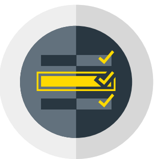
- Transfer agency fees
- Fund accounting fees
- Investment management fees
- Custodian fees
- Depositary fees
- Audit fees

Direct comparisons may be difficult because information is not generally publicly available and is affected by numerous factors. Where specific expenses are highlighted to be outliers in the report, the reasons for this will be considered to determine the extent to which they are appropriate.

The review will also consider the overall costs of comparable products, by benchmarking each Sub-fund against a suitable peer group. Where the aggregate charges (as calculated by the Ongoing Charges Figure) are greater than the average cost of equivalent peer group funds, consideration will be given to whether it would be appropriate to adjust the charge for each unit class.

6. Comparable services

The Board considers whether the fees charged by the Company for the services it performs for the Sub-funds are consistent with those charged by the Company and other companies within the Aviva Group. This considers other similar funds or services operated by the Aviva Group that are available in the UK, are of a comparable size, and are managed to similar objectives and policies.



7. Classes of units

The Board assesses whether investors hold units in the most appropriate unit class for their investment, in terms of fees applied.

Other factors may be considered in determining the conclusion of the value assessment, as deemed appropriate by the Board. If such other factors are considered, details will be provided in the value assessment report for the relevant Sub-fund.

Aviva Investors Asia Pacific ex-Japan Fund(the "Sub-fund")

In line with the requirement to conduct an assessment of value, the following summarises the conclusions reached by the Board having considered the range of factors as set out in the 'Value Assessment Approach' (see avivainvestors.com/value-assessments) which describes how we carry out the Value Assessment. This applies to all Unit Classes in the Sub-fund unless we have specifically noted Unit Class exceptions.

1. Quality of Service

The range, nature, extent and quality of the services provided to investors has been assessed and the Sub-fund's operating model was considered to be working effectively over the period. Investors received clear communications and relevant information at appropriate times to enable them to make informed decisions regarding their investment, and the service delivered has been timely and of an appropriate quality.

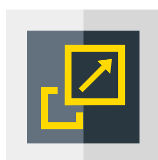
2. Performance

The Sub-fund's overall performance after charges, relative to its investment objectives, policy and strategy was deemed to be within a reasonable range of outcomes based on the various time periods reviewed and the information considered in the assessment.

A detailed explanation of the last 12 months performance is included in the Sub-fund Manager's Report below.

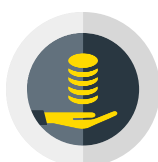
3. Authorised Fund Manager Costs

The fees paid were considered to be reasonable when taking into account the underlying costs for the services provided and the performance objectives set for the Sub-fund.



4. Economies of Scale

The specific benefits derived from economies of scale are returned to investors as a result of the single fee structure which operates for the entire Scheme, which enables each Sub-fund to benefit from the scale of the Scheme in totality. The Board concluded that all investors participated appropriately in the general economies of scale derived from investing with the Company based on a range of benefits and services provided and the overall fees charged. There has not been a material change in the size of the Scheme, or Sub-fund during the previous 12 months, and as such no additional savings have been identified.



5. Comparable Market Rates

The fees paid for each of the services provided to the Scheme and each Sub-fund (internally or externally) were considered to be competitive relative to those charged by similar competitor funds within the UK regulated funds market.

6. Comparable Services

On the basis of the available information and the comparable services considered, the fees were deemed to be reasonable compared to the fees charged by associated companies within the Aviva Group for any comparable products available in the UK of an equivalent size and with a similar investment objective and policy to the Sub-fund.

7. Classes of Units

The pricing of each Unit Class of the Sub-fund is considered to be reasonable based on the different Unit Class eligibility criteria and target investor for each Unit Class. All investors are invested appropriately in the Unit Class they are eligible to hold in the Sub-fund at the date of the assessment.

Overall Assessment Conclusion

In conclusion, the Board confirms all components of the assessment have been considered and the charges for each of the Unit Classes are justified in the context of overall value being delivered to investors.

Past performance is not a guide for future performance, the value of your investment can go down as well as up and you may not get back the amount invested.

Fund Manager's Report

Performance

From 1 January to 31 December 2021, the portfolio posted a return of 1.0% (net of fees in GBP terms)*, ahead of the benchmark which returned -1.8%.*

Review

Positive stock selection in China, Taiwan, and Australia contributed to performance over the period, while negative stock selection in Korea, Hong Kong, and Indonesia detracted value.

Our exposure to select Taiwanese technology names (e.g. **Mediatek, Novatek**) were key drivers of outperformance as these companies reported upbeat quarterly results and strong guidance while for the former, its new product launch in the flagship system-on-chip (SoC) segment pointed to potential market share gains and higher margins. In Australia, our overweight exposure to **James Hardie** was another key contributor as the company reported robust earnings and positive management guidance on the back of strength in US housing-related demand. Management also highlighted their confidence in expanding their addressable market into the new build segment, a strong focus on innovation and launch of new products.

Conversely, in China, our overweight position in **Vipshop** was the largest detractor from performance, impacted by the overall weak market sentiment towards the sector, while negative management guidance over its growth targets also impacted investor appetite. Our overweight position in **China Pacific Insurance Group** also detracted as shares pulled back on the weaker-than-expected operating environment for Chinese insurers. Elsewhere, in Korea, our overweight position in LG Chem underperformed as investors were concerned over battery safety issues and market share losses to LFP batteries. Shares were also weak in anticipation of the spin-off of its battery division.

Ongoing inflationary pressures has led to a shift in policymakers' stance towards tighter monetary policy, in particular in the developed world as several countries have initiated rate increases or started asset tapering. While inflation has picked up in Asia, it has not reached worrying levels given the output gaps that still exist in several countries due to the ongoing pandemic. Some countries like China have adopted a tighter overall policy stance last year and have now started to ease on the margin. Nevertheless, inflation and interest rates remain key risks to monitor as it can have a significant impact on consumption sentiment and investment activity.

In China, the slowing economic trajectory and sporadic virus cases have resulted in a gradually relaxed policy stance as evidenced by the lowering of reserve ratio for banks and a pick-up in growth for mortgages. That said, a push for major stimulus is unlikely as the government continues to pursue a more balanced growth agenda that prioritises regulatory reforms and financial deleveraging, while concurrently pursuing more egalitarian growth via 'common prosperity'. While the slowing economy may pose headwinds for discretionary consumption, daily consumption at the grassroot level is likely to remain resilient. For this reason, our exposure in China is relatively biased towards consumer staples such as dairy and healthy snacks. The overall policy environment also remains quite supportive for select sectors like renewables, electric vehicles, the battery supply chain, semiconductors, and software. Many of the interesting opportunities in these sectors are listed on the domestic A-share market, and we will continue to use market weakness to add exposure here.

The latest Omicron wave has created fresh uncertainty just as countries were starting to ease border controls. However, the milder nature of the current variant, better preparedness of healthcare infrastructure, and higher vaccination rates imply less severe outcomes on economies when compared to the prior variants. China and Hong Kong, due to their strict zero-Covid policy, are an exception as frequent lockdowns and restrictions are creating headwinds for their respective economies. The pandemic remains a continuously evolving event across the region, and given the still uncertain outlook, we remain largely underweight the re-opening trades linked to travel and tourism.

* Fund performance figures – source Lipper, a Thomson Reuters company, net of fees, net income reinvested

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Aviva Investors Balanced Life Fund(the “Sub-fund”)

In line with the requirement to conduct an assessment of value, the following summarises the conclusions reached by the Board having considered the range of factors as set out in the ‘Value Assessment Approach’ (see avivainvestors.com/value-assessments) which describes how we carry out the Value Assessment. This applies to all Unit Classes in the Sub-fund unless we have specifically noted Unit Class exceptions.

1. Quality of Service

The range, nature, extent and quality of the services provided to investors has been assessed and the Sub-fund's operating model was considered to be working effectively over the period. Investors received clear communications and relevant information at appropriate times to enable them to make informed decisions regarding their investment, and the service delivered has been timely and of an appropriate quality.

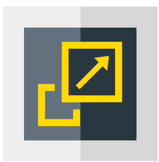
2. Performance

The Sub-fund's overall performance after charges, relative to its investment objectives, policy and strategy was deemed to be within a reasonable range of outcomes based on the various time periods reviewed and the information considered in the assessment.

A detailed explanation of the last 12 months performance is included in the Sub-fund Manager's Report below.

3. Authorised Fund Manager Costs

The fees paid were considered to be reasonable when taking into account the underlying costs for the services provided and the performance objectives set for the Sub-fund.

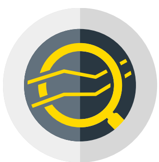


4. Economies of Scale

The specific benefits derived from economies of scale are returned to investors as a result of the single fee structure which operates for the entire Scheme, which enables each Sub-fund to benefit from the scale of the Scheme in totality. The Board concluded that all investors participated appropriately in the general economies of scale derived from investing with the Company based on a range of benefits and services provided and the overall fees charged. There has not been a material change in the size of the Scheme, or Sub-fund during the previous 12 months, and as such no additional savings have been identified.

5. Comparable Market Rates

The fees paid for each of the services provided to the Scheme and each Sub-fund (internally or externally) were considered to be competitive relative to those charged by similar competitor funds within the UK regulated funds market.



6. Comparable Services

On the basis of the available information and the comparable services considered, the fees were deemed to be reasonable compared to the fees charged by associated companies within the Aviva Group for any comparable products available in the UK of an equivalent size and with a similar investment objective and policy to the Sub-fund.

7. Classes of Units

The pricing of each Unit Class of the Sub-fund is considered to be reasonable based on the different Unit Class eligibility criteria and target investor for each Unit Class. All investors are invested appropriately in the Unit Class they are eligible to hold in the Sub-fund at the date of the assessment.

Overall Assessment Conclusion

In conclusion, the Board confirms all components of the assessment have been considered and the charges for each of the Unit Classes are justified in the context of overall value being delivered to investors.

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Fund Manager's Report

Performance

From 1 January 2021 to 31 December 2021, the portfolio returned 10.98% (net)*. In comparison, 3 month Sterling cash[1] + 4% generated a total return of 4.1%. Over the same period, global equities[2] returned 19.6%, while UK Gilts[3] returned -7.8%.

Review

While optimism over US fiscal stimulus measures continued to underpin markets, January saw volatility from abnormal and targeted trading, along with concerns over the pace of vaccine rollouts. Equity markets continued to gain in February, with vaccine optimism ultimately trumping fears that a stronger-than-expected economic rebound could alter the trajectory of monetary policy. Portfolio activity focused on broadening our equity exposure to capture opportunities predominantly in Japan and the UK, and added a global equity value portfolio to manage the risks to valuations posed by higher bond yields. We also added back some US dollar exposure to help offset the pro-cyclical positions we were taking elsewhere in the portfolio. Given the rapid rise in bond yields, most areas of the fixed income portfolio detracted from returns in the first quarter, with our exposure to credit particularly negative given US fiscal stimulus plans, we reduced some of this exposure in March.

Moving into the second quarter, global equities advanced, supported by the accelerating roll-out of Covid-19 vaccines. Within equities, we maintained a value tilt to manage the valuation risk posed by higher yields. To further balance risks, we continued to reduce credit and introduced alternatives. In April, we reduced the cyclicality of our holdings within equities as we felt a lot had been priced in, in terms of a post-Covid recovery, opting to close our position in Japan. From a regional perspective, we added to emerging market equities which we believe are due a catch-up relative to developed markets over the summer as vaccination rates increase and the economic recovery continues. Finally, we added a short US small caps position to hedge some cyclical risk as the business cycle moves into the next stage; typically small caps tend to underperform in the expansion phase.

We trimmed our exposure to risk assets in the third quarter, a period where equity markets struggled to progress and government bond yields were volatile but ended the quarter where they started. Compared to the beginning of this year, the main shift in our views has been in our assessment of the risks around our central scenario, with our forecasts having a stagflationary rather than reflationary tilt. This has led us to decrease the cyclicality of our positions through reductions in emerging equities and value stocks. Given our negative view on duration as a risk-reducing hedge, we have added to our exposure to the US dollar to benefit from positive carry (income) and to hedge against the risk of tighter liquidity. Looking to alternatives, we maintained our exposure to commodities and an attractive growth diversifier. Lastly we allocated capital to a new trend-following strategy, Cross Asset Momentum, which seeks to exploit asset price trends over a 3 to 6 month time horizon.

Despite fears mounting over rising cases of the Omicron variant of Covid-19, the speed of the Federal Reserve's (Fed) asset tapering and short-term inflation pressures, we believe it is important to resist the urge to over-steer the macro calls and rely instead on the underlying stock-pickers. That said, as the cycle matures, diversification is increasingly important and this was the focus of portfolio activity over the final quarter of 2021. We continue to favour equities and commodities from a return-seeking perspective but having been positioned pro-cyclically for much of the year, we reduced equities into year-end and added to our alternative cross asset momentum allocation. We topped up our exposure to US large caps, where the balance of risk was more favourable given the strength of the recovery there and finally fading growth momentum and a hawkish fed led us to move to a more neutral view on longer term US government bonds.

In recent years, we have compared the global economy to a "wobbly bicycle", where a lack of economic momentum left us vulnerable to being blown off course by any gust of wind. The pandemic forced governments to put stabilisers on the wobbly bicycle, allowing us some reprieve from cyclical volatility. Those stabilisers will be coming off in 2022 and the private sector will have to take on the baton of growth. The more technically-minded would describe the potential distribution of outcomes we are seeing at the moment as "platykurtic", a more muted upside with elevated risks. In more simple terms, this is not a time for big bets and we have a much more diversified stance than we did last year.

* Fund performance figures – source Lipper, a Thomson Reuters company, net of fees, net income reinvested

1. Cash is represented by LIBOR until 30 November 2021 where it is chain-linked to SONIA
2. MSCI ACWI Net GBP Hedged
3. FTSE All Gilts TR index

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Aviva Investors Balanced Pension Fund (the "Sub-fund")

In line with the requirement to conduct an assessment of value, the following summarises the conclusions reached by the Board having considered the range of factors as set out in the 'Value Assessment Approach' (see avivainvestors.com/value-assessments) which describes how we carry out the Value Assessment. This applies to all Unit Classes in the Sub-fund unless we have specifically noted Unit Class exceptions.

1. Quality of Service

The range, nature, extent and quality of the services provided to investors has been assessed and the Sub-fund's operating model was considered to be working effectively over the period. Investors received clear communications and relevant information at appropriate times to enable them to make informed decisions regarding their investment, and the service delivered has been timely and of an appropriate quality.

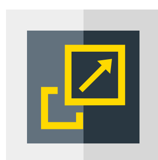
2. Performance

The Sub-fund's overall performance after charges, relative to its investment objectives, policy and strategy was deemed to be within a reasonable range of outcomes based on the various time periods reviewed and the information considered in the assessment.

A detailed explanation of the last 12 months performance is included in the Sub-fund Manager's Report below.

3. Authorised Fund Manager Costs

The fees paid were considered to be reasonable when taking into account the underlying costs for the services provided and the performance objectives set for the Sub-fund.



4. Economies of Scale

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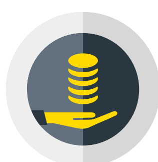

5. Comparable Market Rates

The fees paid for each of the services provided to the Scheme and each Sub-fund (internally or externally) were considered to be competitive relative to those charged by similar competitor funds within the UK regulated funds market.

6. Comparable Services

On the basis of the available information and the comparable services considered, the fees were deemed to be reasonable compared to the fees charged by associated companies within the Aviva Group for any comparable products available in the UK of an equivalent size and with a similar investment objective and policy to the Sub-fund.

7. Classes of Units

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Overall Assessment Conclusion

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Fund Manager's Report

Performance

From 1 January 2021 to 31 December 2021, the portfolio returned 11.01% (net)*. In comparison, 3 month Sterling cash[1] + 4% generated a total return of 4.1%. Over the same period, global equities[2] returned 19.6%, while UK Gilts[3] returned -7.8%.

Review

While optimism over US fiscal stimulus measures continued to underpin markets, January saw volatility from abnormal and targeted trading, along with concerns over the pace of vaccine rollouts. Equity markets continued to gain in February, with vaccine optimism ultimately trumping fears that a stronger-than-expected economic rebound could alter the trajectory of monetary policy. Portfolio activity focused on broadening our equity exposure to capture opportunities predominantly in Japan and the UK, and added a global equity value portfolio to manage the risks to valuations posed by higher bond yields. We also added back some US dollar exposure to help offset the pro-cyclical positions we were taking elsewhere in the portfolio. Given the rapid rise in bond yields, most areas of the fixed income portfolio detracted from returns in the first quarter, with our exposure to credit particularly negative given US fiscal stimulus plans, we reduced some of this exposure in March.

Moving into the second quarter, global equities advanced, supported by the accelerating roll-out of Covid-19 vaccines. Within equities, we maintained a value tilt to manage the valuation risk posed by higher yields. To further balance risks, we continued to reduce credit and introduced alternatives. In April, we reduced the cyclicality of our holdings within equities as we felt a lot had been priced in, in terms of a post-Covid recovery, opting to close our position in Japan. From a regional perspective, we added to emerging market equities which we believe are due a catch-up relative to developed markets over the summer as vaccination rates increase and the economic recovery continues. Finally, we added a short US small caps position to hedge some cyclical risk as the business cycle moves into the next stage; typically small caps tend to underperform in the expansion phase.

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305750 - 15022023

Aviva Investors Cautious Pension Fund(the "Sub-fund")

In line with the requirement to conduct an assessment of value, the following summarises the conclusions reached by the Board having considered the range of factors as set out in the 'Value Assessment Approach' (see avivainvestors.com/value-assessments) which describes how we carry out the Value Assessment. This applies to all Unit Classes in the Sub-fund unless we have specifically noted Unit Class exceptions.

1. Quality of Service

The range, nature, extent and quality of the services provided to investors has been assessed and the Sub-fund's operating model was considered to be working effectively over the period. Investors received clear communications and relevant information at appropriate times to enable them to make informed decisions regarding their investment, and the service delivered has been timely and of an appropriate quality.

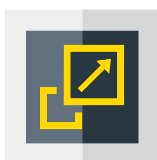
2. Performance

The Sub-fund's overall performance after charges, relative to its investment objectives, policy and strategy was deemed to be within a reasonable range of outcomes based on the various time periods reviewed and the information considered in the assessment.

A detailed explanation of the last 12 months performance is included in the Sub-fund Manager's Report below.

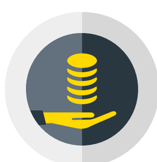
3. Authorised Fund Manager Costs

The fees paid were considered to be reasonable when taking into account the underlying costs for the services provided and the performance objectives set for the Sub-fund.



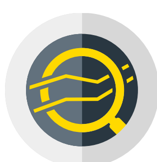
4. Economies of Scale

The specific benefits derived from economies of scale are returned to investors as a result of the single fee structure which operates for the entire Scheme, which enables each Sub-fund to benefit from the scale of the Scheme in totality. The Board concluded that all investors participated appropriately in the general economies of scale derived from investing with the Company based on a range of benefits and services provided and the overall fees charged. There has not been a material change in the size of the Scheme, or Sub-fund during the previous 12 months, and as such no additional savings have been identified.



5. Comparable Market Rates

The fees paid for each of the services provided to the Scheme and each Sub-fund (internally or externally) were considered to be competitive relative to those charged by similar competitor funds within the UK regulated funds market.



6. Comparable Services

On the basis of the available information and the comparable services considered, the fees were deemed to be reasonable compared to the fees charged by associated companies within the Aviva Group for any comparable products available in the UK of an equivalent size and with a similar investment objective and policy to the Sub-fund.

7. Classes of Units

The pricing of each Unit Class of the Sub-fund is considered to be reasonable based on the different Unit Class eligibility criteria and target investor for each Unit Class. All investors are invested appropriately in the Unit Class they are eligible to hold in the Sub-fund at the date of the assessment.

Overall Assessment Conclusion

In conclusion, the Board confirms all components of the assessment have been considered and the charges for each of the Unit Classes are justified in the context of overall value being delivered to investors.

Past performance is not a guide for future performance, the value of your investment can go down as well as up and you may not get back the amount invested.

Fund Manager's Report

Performance

From 1 January 2021 to 31 December 2021, the portfolio returned 7.72% (net)*. In comparison, 3 month Sterling LIBOR (+2.5%) generated a total return of 2.6%. Over the same period, global equities[1] returned 19.6%, while UK Gilts[2] returned -7.8%.

Review

While optimism over US fiscal stimulus measures continued to underpin markets, January saw volatility from abnormal and targeted trading, along with concerns over the pace of vaccine rollouts. Equity markets continued to gain in February, with vaccine optimism ultimately trumping fears that a stronger-than-expected economic rebound could alter the trajectory of monetary policy. Portfolio activity focused on broadening our equity exposure to capture opportunities predominantly in Japan and the UK, and added a global equity value portfolio to manage the risks to valuations posed by higher bond yields. We also added back some US dollar exposure to help offset the pro-cyclical positions we were taking elsewhere in the portfolio. Given the rapid rise in bond yields, most areas of the fixed income portfolio detracted from returns in the first quarter, with our exposure to credit particularly negative given US fiscal stimulus plans, we reduced some of this exposure in March.

Moving into the second quarter, global equities advanced, supported by the accelerating roll-out of Covid-19 vaccines. Within equities, we maintained a value tilt to manage the valuation risk posed by higher yields. To further balance risks, we introduced alternatives. In April, we reduced the cyclicality of our holdings within equities as we felt a lot had been priced in, in terms of a post-Covid recovery, opting to close our position in Japan. From a regional perspective, we added to emerging market equities which we believe are due a catch-up relative to developed markets over the summer as vaccination rates increase and the economic recovery continues. Finally, we added a short US small caps position to hedge some cyclical risk as the business cycle moves into the next stage; typically small caps tend to underperform in the expansion phase.

We trimmed our exposure to risk assets this quarter, a period where equity markets struggled to progress and government bond yields were volatile but ended the quarter where they started. Compared to the beginning of this year, the main shift in our views has been in our assessment of the risks around our central scenario, with our forecasts having a stagflationary rather than reflationary tilt. This has led us to decrease the cyclicality of our holdings through reductions in emerging equities and value stocks. Given our negative view on duration as a risk-reducing hedge, we have added to our exposure to the US dollar to benefit from positive carry (income) and to hedge against the risk of tighter liquidity. Looking to alternatives, we maintained our exposure to commodities and an attractive growth diversifier. Lastly we allocated capital to a new trend-following strategy, Cross Asset Momentum, which seeks to exploit asset price trends over a 3 to 6 month time horizon.

Despite fears mounting over rising cases of the Omicron variant of Covid-19, the speed of the Federal Reserve's (Fed) asset tapering and short-term inflation pressures, we believe it is important to resist the urge to over-steer the macro calls and rely instead on the underlying stock-pickers. That said, as the cycle matures, diversification is increasingly important and this was the focus of portfolio activity over the final quarter of 2021. We continue to favour equities and commodities from a return-seeking perspective but having been positioned pro-cyclically for much of the year, we reduced equities into year-end and added to our alternative cross asset momentum allocation. We topped up our exposure to US equities, where the balance of risk was more favourable given the strength of the recovery there.

In recent years, we have compared the global economy to a "wobbly bicycle", where a lack of economic momentum left us vulnerable to being blown off course by any gust of wind. The pandemic forced governments to put stabilisers on the wobbly bicycle, allowing us some reprieve from cyclical volatility. Those stabilisers will be coming off in 2022 and the private sector will have to take on the baton of growth. The more technically-minded would describe the potential distribution of outcomes we are seeing at the moment as "platykurtic", a more muted upside with elevated risks. In more simple terms, this is not a time for big bets and we have a much more diversified stance than we did last year.

* Fund performance figures – source Lipper, a Thomson Reuters company, net of fees, net income reinvested

1. MSCI ACWI Net GBP Hedged
2. FTSE All Gilts TR index

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305305 - 15022023

Aviva Investors Climate Transition Real Assets Fund (the "Sub-fund")

In line with the requirement to conduct an assessment of value, the following summarises the conclusions reached by the Board having considered the range of factors as set out in the 'Value Assessment Approach' (see avivainvestors.com/value-assessments) which describes how we carry out the Value Assessment. This applies to all Unit Classes in the Sub-fund unless we have specifically noted Unit Class exceptions.

It should be noted that this Sub-fund launched on 17 September 2021, so this assessment has been completed with limited reference data. The conclusions are, therefore, in a large part dependent upon the product feasibility assessment that was completed prior to launch which evidenced that the Sub-fund's long term objective and fees were appropriate for a fund with this strategy.

1. Quality of Service

The range, nature, extent and quality of the services provided to investors has been assessed and the Sub-fund's operating model was considered to be working effectively over the period. Investors received clear communications and relevant information at appropriate times to enable them to make informed decisions regarding their investment, and the service delivered has been timely and of an appropriate quality.

2. Performance

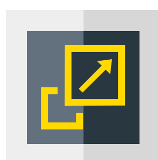
The Sub-fund launched in September 2021 with the aim of providing a combination of income and growth, targeting an overall GBP return (after charges) of 8% per annum on a rolling 5-year basis, through exposure to a diversified portfolio of real assets focusing on climate transition.

There are upfront costs that are associated with building a scalable portfolio for a fund of this nature, and the Board notes that the performance of the Sub-fund since launch has been impacted by the transaction costs incurred by the Sub-fund but given the short period since launch this is an expected outcome at this stage of the Sub-fund's lifecycle.

The Board would therefore note that this strategy is designed to be a long term investment, and on this basis the Sub-fund's overall performance after charges, relative to its investment objectives, policy and strategy was deemed to be within a reasonable range of outcomes based on the short time period reviewed and the information considered in the assessment.

3. Authorised Fund Manager Costs

The fees paid were considered to be reasonable when taking into account the underlying costs for the services provided and the performance objectives set for the Sub-fund.



4. Economies of Scale

The Board concluded that all investors participated appropriately in the general economies of scale derived from investing with the Company based on a range of benefits and services provided and the overall fees charged. As this Sub-fund launched on 17 September 2021, the fee has been set based on the target size of the Sub-fund, which has not yet been reached, and therefore there are no economies of scale cost savings that have been achieved.

5. Comparable Market Rates

The fees paid for each of the services provided to the Scheme and each Sub-fund (internally or externally) were considered to be competitive relative to those charged by similar competitor funds within the UK regulated funds market.

6. Comparable Services

On the basis of the available information and the comparable services considered, the fees were deemed to be reasonable compared to the fees charged by associated companies within the Aviva Group for any comparable products available in the UK of an equivalent size and with a similar investment objective and policy to the Sub-fund.

7. Classes of Units

The pricing of each Unit Class of the Sub-fund is considered to be reasonable based on the different Unit Class eligibility criteria and target investor for each Unit Class. All investors are invested appropriately in the Unit Class they are eligible to hold in the Sub-fund at the date of the assessment.

Overall Assessment Conclusion

In conclusion, the Board confirms all components of the assessment have been considered and the charges for each of the Unit Classes are justified in the context of overall value being delivered to investors.

Past performance is not a guide for future performance, the value of your investment can go down as well as up and you may not get back the amount invested.

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305876 - 15022023

Aviva Investors Continental European Equity Alpha Fund (the "Sub-fund")

In line with the requirement to conduct an assessment of value, the following summarises the conclusions reached by the Board having considered the range of factors as set out in the 'Value Assessment Approach' (see avivainvestors.com/value-assessments) which describes how we carry out the Value Assessment. This applies to all Unit Classes in the Sub-fund unless we have specifically noted Unit Class exceptions.

1. Quality of Service

The range, nature, extent and quality of the services provided to investors has been assessed and the Sub-fund's operating model was considered to be working effectively over the period. Investors received clear communications and relevant information at appropriate times to enable them to make informed decisions regarding their investment, and the service delivered has been timely and of an appropriate quality.

2. Performance

Share Class	Annualised Return (%) as at 31 Dec 2021		
	1 Year	3 Year	Since Launch
UK Institutional Acc	13.48	11.71	3.80
Insured Pension ACC	13.22	11.78	5.97
UK Corporate Acc	13.34	N/A	9.46
Benchmark[1]	17.40	15.37	7.63

1 FTSE® World Europe (ex UK) Index
^ Performance basis: Mid to mid, net income reinvested, net of ongoing charges and fees, net of tax payable by the Fund. The figures do not include the effect of any exit or entry charge.

The Sub-fund launched in October 2017 with the aim of growing your investment over the long term by investing in shares of European companies, whilst the Sub-fund's performance is compared against the FTSE® World Europe (ex UK) Index^.

The Sub-fund's overall performance, relative to its investment objectives, policy and strategy, is at the lower end of the range of expected outcomes for an actively managed fund of this nature.

The Sub-fund has consistently achieved its growth objective, but has materially underperformed relative to the benchmark over all periods under review, and therefore the Sub-Fund has not delivered value to the majority of investors since launch.

We were made aware that the main investor in the Sub-fund intended to withdraw their investment, the Board therefore determined that it was in the best interests of investors to close the Sub-fund, as it would not be in a position to deliver value over the long term.

Investors were duly notified of this decision, and the Sub-fund was closed on 18 January 2022, further details in respect of the closure can be found in the letter we sent to the investors in the Sub-fund dated 15 December 2021.

A detailed explanation of the last 12 months performance is included in the Fund Manager's Report below.

3. Authorised Fund Manager Costs

The fees paid were considered to be reasonable when taking into account the underlying costs for the services provided and the performance objectives set for the Sub-fund.

4. Economies of Scale

The specific benefits derived from economies of scale are returned to investors as a result of the single fee structure which operates for the entire Scheme, which enables each Sub-fund to benefit from the scale of the Scheme in totality. The Board concluded that all investors participated appropriately in the general economies of scale derived from investing with the Company based on a range of benefits and services provided and the overall fees charged. There has not been a material change in the size of the Scheme, or Sub-fund during the previous 12 months, and as such no additional savings have been identified.

5. Comparable Market Rates

The fees paid for each of the services provided to the Scheme and each Sub-fund (internally or externally) were considered to be competitive relative to those charged by similar competitor funds within the UK regulated funds market.

6. Comparable Services

On the basis of the available information and the comparable services considered, the fees were deemed to be reasonable compared to the fees charged by associated companies within the Aviva Group for any comparable products available in the UK of an equivalent size and with a similar investment objective and policy to the Sub-fund.

7. Classes of Units

The pricing of each Unit Class of the Sub-fund is considered to be reasonable based on the different Unit Class eligibility criteria and target investor for each Unit Class. All investors are invested appropriately in the Unit Class they are eligible to hold in the Sub-fund at the date of the assessment.

Overall Assessment Conclusion

In conclusion, the Board confirms all components of the assessment have been considered and due to the disappointing performance since launch the Board determined that it is in the best interests for all investors that the Sub-fund is closed, and therefore the Sub-fund closed on 18 January 2022.

Past performance is not a guide for future performance, the value of your investment can go down as well as up and you may not get back the amount invested.

Fund Manager's Report

Performance

In the twelve months to 31 December 2021, the sub-fund returned 13.4%* net of fees. The Fund's benchmark, the FTSE World Europe ex-UK Index^, returned 17.4%.

Market Review

It was a strong year for the European equity market, with stocks finishing 2021 above their pre-pandemic levels. While frequent and severe lockdown restrictions hindered the eurozone's economic recovery, the roll-out of vaccinations has lent support to equity markets. Recently, a spike in Covid-19 cases, signs of slowing economic recovery, global supply chain deficiencies and inflation concerns have nevertheless negatively impacted investor sentiment. The rise in case numbers inspired the reintroduction of some virus-related restrictions, including Austria's imposition of a new national lockdown, and new restrictions for unvaccinated people in other European countries.

The Eurozone has posted two consecutive periods of 2.2% economic expansion during the second and third quarters of 2021. Despite European Central Bank (ECB) policymakers reiterating its temporary nature, the eurozone's annual inflation rate rose for six consecutive months into year-end. Driven largely by rising energy costs, annual eurozone inflation rose to a 30-year high of 5.0% in December, according to initial estimates.

The ECB made no alterations to interest rates in 2021 but, at its December meeting, the bank announced that it would reduce the pace of asset purchases under its ongoing Pandemic Emergency Purchase Programme (PEPP). The bank intends to end the programme in March 2022. The ECB also announced that it would increase bond purchases under its asset purchase programme to offset the loss of the PEPP.

Although it posted an attractive total return, the fund underperformed its benchmark over the year. The main stock detractor was French IT services provider Atos. The technology giant issued profit warnings after it reported that there had been a major contract revision with one of its UK customers. French multinational payment and transactional services company Worldline suffered a setback after a strong run of performance as it missed earnings expectations as investors were disappointed it had not benefited more from the reopening of shops as social restrictions were lifted. Siemens Energy had a disappointing year as it became less positive on its margin outlook. On the positive side, Norway's Equinor (formerly Statoil) benefited from sharply higher oil and gas prices. Nordea's share price was driven higher by the announcement of a share buyback and rising earnings thanks to higher assets under management and a booming mortgage market. BioNtech's Covid vaccine technology drove good share price performance for much of the period, although it lost momentum into the year end.

Outlook

We expect 2022 will be another year of relatively strong growth and post-Covid-19 recovery, although the distribution of growth will depend on the pattern of coronavirus transmission. The Delta and Omicron variants may hamper growth, but we envisage setbacks to economic growth rather than outright losses. A revival of global trade flows should benefit European economies, while domestic demand should be supported by improving labour markets and a resolution of supply chain issues. High levels of inflation remain a concern, but we believe they should fall back in 2022 as energy prices drop and supply chain bottlenecks ease. The ECB has said it would reduce its Pandemic Emergency Purchase Programme in March 2022 and revert to its pre-pandemic Asset Purchase Programme. The ECB is also expected to eventually deliver its first interest rate hike for more than a decade. We believe that above-trend growth in Europe will be maintained as vaccination programmes continue and countries learn to live with the virus.

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* Fund performance figures – source Lipper, a Thomson Reuters company, net of fees, net income reinvested.

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306251 - 15022023

Aviva Investors Distribution Life Fund(the "Sub-fund")

In line with the requirement to conduct an assessment of value, the following summarises the conclusions reached by the Board having considered the range of factors as set out in the 'Value Assessment Approach' (see avivainvestors.com/value-assessments) which describes how we carry out the Value Assessment. This applies to all Unit Classes in the Sub-fund unless we have specifically noted Unit Class exceptions.

1. Quality of Service

The range, nature, extent and quality of the services provided to investors has been assessed and the Sub-fund's operating model was considered to be working effectively over the period. Investors received clear communications and relevant information at appropriate times to enable them to make informed decisions regarding their investment, and the service delivered has been timely and of an appropriate quality.

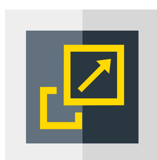
2. Performance

The Sub-fund's overall performance after charges, relative to its investment objectives, policy and strategy was deemed to be within a reasonable range of outcomes based on the various time periods reviewed and the information considered in the assessment.

A detailed explanation of the last 12 months performance is included in the Sub-fund Manager's Report below.

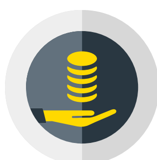
3. Authorised Fund Manager Costs

The fees paid were considered to be reasonable when taking into account the underlying costs for the services provided and the performance objectives set for the Sub-fund.



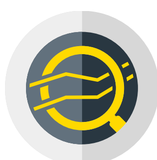
4. Economies of Scale

The specific benefits derived from economies of scale are returned to investors as a result of the single fee structure which operates for the entire Scheme, which enables each Sub-fund to benefit from the scale of the Scheme in totality. The Board concluded that all investors participated appropriately in the general economies of scale derived from investing with the Company based on a range of benefits and services provided and the overall fees charged. There has not been a material change in the size of the Scheme, or Sub-fund during the previous 12 months, and as such no additional savings have been identified.



5. Comparable Market Rates

The fees paid for each of the services provided to the Scheme and each Sub-fund (internally or externally) were considered to be competitive relative to those charged by similar competitor funds within the UK regulated funds market.



6. Comparable Services

On the basis of the available information and the comparable services considered, the fees were deemed to be reasonable compared to the fees charged by associated companies within the Aviva Group for any comparable products available in the UK of an equivalent size and with a similar investment objective and policy to the Sub-fund.

7. Classes of Units

The pricing of each Unit Class of the Sub-fund is considered to be reasonable based on the different Unit Class eligibility criteria and target investor for each Unit Class. All investors are invested appropriately in the Unit Class they are eligible to hold in the Sub-fund at the date of the assessment.

Overall Assessment Conclusion

In conclusion, the Board confirms all components of the assessment have been considered and the charges for each of the Unit Classes are justified in the context of overall value being delivered to investors.

Past performance is not a guide for future performance, the value of your investment can go down as well as up and you may not get back the amount invested.

Fund Manager's Report

Performance

From 1 January 2021 to 31 December 2021, the portfolio returned 8.7% (net)*. In comparison, 3 month cash (+2.5%)** generated a total return of 2.6%. Over the same period, global equities1returned 19.6%, while UK Gilts2returned -7.8%. The yield of the portfolio at the end of the year was 2.7%, ahead of its target of 2.0% (110% of the comparator index (50% MSCI AC World TR hedged to GBP^, 50% FTSE All Stocks Gilt TR index^^)).

Review

Positive contributions to return over the year were achieved across return-seeking assets, driven by global equities. While risk-reducing positions in government bonds and investment grade credit detracted from returns.

Over the first quarter of 2021, the portfolio maintained a pro-risk stance, given ongoing economic recovery and stimulative policies, particularly in the US. Portfolio activity focused on adding to our equity and high yield weights at the expense of fixed income. From a regional equity perspective, we rotated some US exposure into the UK and Europe as the regions offered cyclicality and attractive valuations. To further balance risks, we maintained some exposure to government bonds as a hedge against growth disappointments. With yields rising in the UK, we introduced a short UK 10 year gilts position. In terms of corporate credit, we reduced our UK corporate bond holding in favour of topping up our exposure in global high yield debt, which benefits from the cyclical recovery.

Turning to the second quarter, we maintained exposure to risk assets, continued to reduce credit and topped up government bond exposure. Having added to UK and European equities earlier in the year, we reduced exposure to the equity income baskets in the region this quarter. On the other hand we added back to US equites and also added to the growth and income strategy in global equities gaining access to higher dividend stocks with more exposure to growth than traditional income sectors. Looking to fixed income, we are less positive on bonds as we believe the risk of the Fed tapering later in the year is not adequately priced. However, we deployed some cash later on into a short-dated German government bonds position after yields rose, offering a better tactical entry point.

Going into the third quarter, equity markets struggled to progress and government bond yields were volatile but ended the quarter where they started. Compared to the beginning of this year, the main shift in our views has been in our assessment of the risks around our central scenario, with our forecasts having a stagflationary rather than reflationary tilt. This has led us to decrease the cyclicality of our positions through reductions in value stocks. We trimmed our regional exposures in Asia Pacific (ex Japan) and Canada equities. On the other hand, we continue to add to the growth and income strategy in global equities. In fixed income, we remain negative on medium and long term government bonds with real yields at historic lows. We closed our Germany government bonds exposures as we turned negative given Germany's inflation expectations are accelerating faster compared with the US. In corporate credit, we maintained our position as we see limited opportunity for spread compression.

In the final quarter, as the cycle matures, diversification is increasingly important. We continue to favour equities from a return-seeking perspective but having been positioned pro-cyclically for much of the year, we reduced equities into year-end and topped up our fixed income and cash allocations. Starting with regional equities, we ended the period with a preference for US, where the balance of risk was more favourable given the strength of the recovery there. Within global equities, we topped up our weighting to the growth and income strategy in expense of our remaining UK positions as we are confident in earnings growth, despite the path of return is narrowing. Fixed income markets were buffeted by persistent elevated inflation, hawkish central bank policy shifts and Omicron this quarter. Against this backdrop, bonds were broadly flat. We added a curve flattener trade, a short position in the US 2-year versus the US 10-year. The flattener should benefit from a more hawkish central bank given inflation concerns. We rotated some of our UK Gilts exposure to fund this trade, as we saw opportunity for the US Fed to move to a hawkish stance in the new year.

In recent years, we have compared the global economy to a "wobbly bicycle", where a lack of economic momentum left us vulnerable to being blown off course by any gust of wind. The pandemic forced governments to put stabilisers on the wobbly bicycle, allowing us some reprieve from cyclical volatility. Those stabilisers will be coming off in 2022 and the private sector will

have to take on the baton of growth. The more technically-minded would describe the potential distribution of outcomes we are seeing at the moment as “platykurtic”, a more muted upside with elevated risks. In more simple terms, this is not a time for big bets and we have a much more diversified stance than we did last year.

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1. MSCI ACWI Net GBP Hedged.
2. FTSE All Gilts TR index.

* Fund performance figures – source Lipper, a Thomson Reuters company, net of fees, net income reinvested

** Cash is represented by LIBOR until 30 November 2021 where it is chain-linked to SONIA.

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305551 - 15022023

Aviva Investors Europe Equity Ex UK Fund(the "Sub-fund")

In line with the requirement to conduct an assessment of value, the following summarises the conclusions reached by the Board having considered the range of factors as set out in the 'Value Assessment Approach' (see avivainvestors.com/value-assessments) which describes how we carry out the Value Assessment. This applies to all Unit Classes in the Sub-fund unless we have specifically noted Unit Class exceptions.

1. Quality of Service

The range, nature, extent and quality of the services provided to investors has been assessed and the Sub-fund's operating model was considered to be working effectively over the period. Investors received clear communications and relevant information at appropriate times to enable them to make informed decisions regarding their investment, and the service delivered has been timely and of an appropriate quality.

2. Performance

Share Class	Annualised Return (%) as at 31 Dec 2021			
	1 Year	3 Year	5 Year	Since Launch
UK Corporate Inc	16.34	14.57	9.08	9.59
Insured Pension Inc	16.19	14.55	9.14	9.72
UK Institutional Acc	16.37	14.38	N/A	6.35
ACS Acc	16.35	14.63	N/A	8.42
Benchmark[1]	17.57	15.52	10.44	9.78

1 FTSE® Developed Europe ex UK TR Index
^ Performance basis: Mid to mid, net income reinvested, net of ongoing charges and fees, net of tax payable by the Fund. The figures do not include the effect of any exit or entry charge.

The Sub-fund aims to grow your investment over the long term (5 years or more) by investing in shares of European companies, excluding the UK, whilst the Sub-fund's performance is compared against the FTSE® Developed Europe ex UK Total Return Index^.

In the Value Assessment published in April 2021 the Board noted that the Sub-fund's performance for the year to 31 December relative to the benchmark had improved as 'value' stocks were coming back into favour, following an earlier period of disappointing performance.

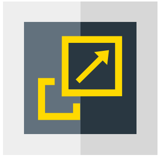
The Sub-fund has consistently achieved its growth objective but has underperformed relative to the benchmark over all periods under review. The portfolio manager has taken action over the last year to reposition the Sub-fund's asset allocation, moving to a more concentrated and higher active share portfolio, with a view to improving performance.

However, the performance is deemed to be below the reasonable range of outcomes expected from an actively managed Sub-fund of this nature, and the Board considers that the Sub-fund has not delivered value to the majority of investors. Consequently, a strategic review will be undertaken to determine whether further changes are required to the management of the Sub-fund to ensure the Sub-fund can deliver value to investors over the long term.

A detailed explanation of the last 12 months performance is included in the Fund Manager's Report below.

3. Authorised Fund Manager Costs

The fees paid were considered to be reasonable when taking into account the underlying costs for the services provided and the performance objectives set for the Sub-fund.



4. Economies of Scale

The specific benefits derived from economies of scale are returned to investors as a result of the single fee structure which operates for the entire Scheme, which enables each Sub-fund to benefit from the scale of the Scheme in totality. The Board concluded that all investors participated appropriately in the general economies of scale derived from investing with the Company based on a range of benefits and services provided and the overall fees charged. There has not been a material change in the size of the Scheme, or Sub-fund during the previous 12 months, and as such no additional savings have been identified.

5. Comparable Market Rates

The fees paid for each of the services provided to the Scheme and each Sub-fund (internally or externally) were considered to be competitive relative to those charged by similar competitor funds within the UK regulated funds market.

6. Comparable Services

On the basis of the available information and the comparable services considered, the fees were deemed to be reasonable compared to the fees charged by associated companies within the Aviva Group for any comparable products available in the UK of an equivalent size and with a similar investment objective and policy to the Sub-fund.

7. Classes of Units

The pricing of each Unit Class of the Sub-fund is considered to be reasonable based on the different Unit Class eligibility criteria and target investor for each Unit Class. All investors are invested appropriately in the Unit Class they are eligible to hold in the Sub-fund at the date of the assessment.

Overall Assessment Conclusion

In conclusion, the Board confirms all components of the assessment have been considered, and due to the ongoing performance issues we do not believe that value has been delivered to the majority of investors. As detailed above a strategic review will be undertaken to determine whether any changes are required to the Sub-fund, and we expect to be able to announce any changes as a consequence of this review to investors within 6 months of publishing this report.

Past performance is not a guide for future performance, the value of your investment can go down as well as up and you may not get back the amount invested.

Fund Manager's Report

Performance

The portfolio returned 16.2%* in 2021 whilst the benchmark returned 17.6% (net of fees).

Review

It is normally the case that two fundamental factors drive our relative performance in the short term; a difference in positioning relative to benchmark and stock specifics. Whilst the zero allocation to oil majors has weighed on relative performance, the performance outcome relative to benchmark in 2021 has been primarily stock specific driven.

The portfolio has previously benefitted from its exposure to the transitional energy market and it remains a theme we continue to play. Sustainable fuels specialist **Neste** has performed well long term but the shares pulled back in 2021 weighing on portfolio returns. Neste has suffered challenges this year with refinery maintenance causing disruption to production, while certain raw materials are becoming more costly. However, one of Neste's competitive advantages is the diversity of its feedstock supply chain. Neste had no volume growth this year as their new plant does not begin to raise capacity until 2023. We continue to believe that the market is under valuing Neste's longer term growth potential as biodiesel moves from the auto market to the airline market, dramatically increasing their addressable market. Neste's recent decision to make their remaining traditional diesel exposure as green as possible will enable them to help meet on going demand.

Another detractor to returns was **Ubisoft**, A failure to meaningfully convert sales into higher profitability alongside game delays have negatively impacted Ubisoft's performance. However, it should mean Ubisoft is well-placed for this year in terms of major releases. News that Microsoft plan to spend nearly $70bn to acquire gaming group Activision Blizzard highlights the attractions of strong brands in a growing industry. China's Tencent have a 10% stake in Ubisoft.

On the positive side, technology names have been a source of good performance led by our semiconductor equipment holding **ASM International**. Demand for semiconductors remains buoyant and firms are investing in new capacity, benefitting the equipment makers. We believe that ASMI is not only exposed to strong industry trends, but has a clear advantage compared to its peers in their cutting edge technology in both ALD (Atomic layer deposition) and Epitaxy both of which help answer the demand for ever smaller and more powerful chips.

Merck was another positive contributor. Its life sciences division is benefiting from strong demand, and this is not just for vaccines. The pharmaceutical franchise is also performing well. Fellow healthcare holding **Getinge** also aided returns. The group, which makes advanced ventilators among other products, has experienced a tailwind from Covid but has also been successful in improving its profit margins.

Among industrials, **CNH Industrial** added value in the run up to spinning off trucks division Iveco. The split took place on 3 January 2022. This leaves CNH as a pure play on agricultural equipment and services, and could help CNH re-rate towards the levels of US peers.

The shape of the portfolio retained a level of balance through the year, despite some changes at the stock level. Exited positions include profitable holdings STMicroelectronics, LVMH and Lonza. Part of the capital was recycled into IT company Capgemini. We expect it to benefit from a pick-up in corporate spending. Capgemini is a market leader in consulting and digital transformation, enabling other businesses to be more efficient. We expect it to retain a structural advantage from the pandemic as remote working look set to become permanent. Incentivising the workforce is crucial, given the need to retain staff in a competitive industry. Whilst the market environment is perhaps evolving, we anticipate stock specifics should once again drive the relative performance of the portfolio in 2022.

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* Fund performance figures – source Lipper, a Thomson Reuters company, net of fees, net income reinvested.

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305823 - 15022023

Aviva Investors Global Equity Fund (the "Sub-fund")

In line with the requirement to conduct an assessment of value, the following summarises the conclusions reached by the Board having considered the range of factors as set out in the 'Value Assessment Approach' (see avivainvestors.com/value-assessments) which describes how we carry out the Value Assessment. This applies to all Unit Classes in the Sub-fund unless we have specifically noted Unit Class exceptions.

1. Quality of Service

The range, nature, extent and quality of the services provided to investors has been assessed and the Sub-fund's operating model was considered to be working effectively over the period. Investors received clear communications and relevant information at appropriate times to enable them to make informed decisions regarding their investment, and the service delivered has been timely and of an appropriate quality.

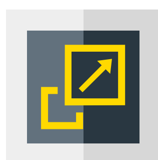
2. Performance

The Sub-fund's overall performance after charges, relative to its investment objectives, policy and strategy was deemed to be within a reasonable range of outcomes based on the various time periods reviewed and the information considered in the assessment.

A detailed explanation of the last 12 months performance is included in the Sub-fund Manager's Report below.

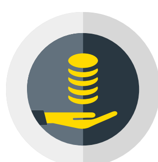
3. Authorised Fund Manager Costs

The fees paid were considered to be reasonable when taking into account the underlying costs for the services provided and the performance objectives set for the Sub-fund.



4. Economies of Scale

The specific benefits derived from economies of scale are returned to investors as a result of the single fee structure which operates for the entire Scheme, which enables each Sub-fund to benefit from the scale of the Scheme in totality. The Board concluded that all investors participated appropriately in the general economies of scale derived from investing with the Company based on a range of benefits and services provided and the overall fees charged. There has not been a material change in the size of the Scheme, or Sub-fund during the previous 12 months, and as such no additional savings have been identified.



5. Comparable Market Rates

The fees paid for each of the services provided to the Scheme and each Sub-fund (internally or externally) were considered to be competitive relative to those charged by similar competitor funds within the UK regulated funds market.

6. Comparable Services

On the basis of the available information and the comparable services considered, the fees were deemed to be reasonable compared to the fees charged by associated companies within the Aviva Group for any comparable products available in the UK of an equivalent size and with a similar investment objective and policy to the Sub-fund.

7. Classes of Units

The pricing of each Unit Class of the Sub-fund is considered to be reasonable based on the different Unit Class eligibility criteria and target investor for each Unit Class. All investors are invested appropriately in the Unit Class they are eligible to hold in the Sub-fund at the date of the assessment.

Overall Assessment Conclusion

In conclusion, the Board confirms all components of the assessment have been considered and the charges for each of the Unit Classes are justified in the context of overall value being delivered to investors.

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Fund Manager’s Report

Performance

The portfolio returned 24.5% (net of fees)*, outperforming the MSCI World^ by 1.27% over the period.

Review

Global equities gained in the first half of 2021 with the ongoing vaccine rollouts and fiscal stimulus measures Global equities achieved a positive performance in 2021. The successful roll-out of Covid-19 vaccines and monetary support measures by governments and central banks were significant drivers of investor appetite. Although supply chain problems and inflationary pressures posed significant headwinds in some parts of the market, broader investor sentiment remained positive buoyed by stronger-than-expected earnings throughout much of the year. Emerging market equities in aggregate were significant laggards relative to their developed counterparts as the evolving regulatory environment in some countries – particularly China – dragged down returns. The emergence of the highly contagious Omicron variant of Covid-19 in November was the primary source of a volatile fourth quarter, but mounting evidence of its lower severity eased fears in the closing weeks of the year.

Against this backdrop, the portfolio strongly outperformed over 2021. The portfolio’s energy holdings, **Equinor** and **ConocoPhillips**, were particularly strong as investors rotated into energy stocks following the rebound of oil prices in the early part of the year. Increasing demand for oil and gas – sparked by the economic recovery – was coupled with static supply growth, which kept oil prices at relatively elevated levels throughout much of the year. Semiconductor and related stocks **Nvidia** and **ASML** were also significant contributors due to a similar supply and demand dynamic as the global shortage of computer chips translated into strong pricing power for these companies. Stock picks in the healthcare sector were also beneficial for relative performance as well. The scale up in COVID vaccine manufacture and increasing likelihood of periodic vaccination programmes provided a positive tailwind for suppliers such as **West Pharmaceutical**, manufacturer of proprietary packaging, containment and drug delivery products. Contract manufacturer **ThermoFisher** was also a notable beneficiary of the new demand from the Covid vaccine supply chain.

Stock selection in industrials however proved to be a headwind for relative performance. Indeed, Danish wind turbine supplier **Vestas Wind Systems** was a substantial detractor as energy transition ‘enablers’ were impacted more than most by the global supply chain constraints and higher raw material costs. Elsewhere in the portfolio, Chinese tech stocks **Tencent** and **JD.com** also proved to be a drag on returns amidst hard-line Chinese government policies on antitrust, internet security and education. This weakened investor sentiment during the period due to concerns over the long-term profitability of Chinese internet platforms.

Much of the significant disruption to supply chains seen in 2021, largely linked to Covid-19-related capacity shutdowns and transportation bottlenecks, is set to diminish as we move into 2022. Supply chain backlogs historically adjust quite rapidly after periods of stress, as the market responds to higher demand and re-builds inventory. We see no reason to assume that this won’t be the case in 2022, and indeed freight shipping rates have already started to fall. However, energy prices are likely to remain elevated for a number of reasons. The economic recovery is boosting demand for oil and gas at a time when supply growth is static.

Corporate earnings growth in 2021 has been remarkably strong with margins back near record highs. Record monetary and fiscal stimulus has supported the rapid turnaround in business activity after Covid-19 vaccines were approved late last year. However, the full impact of higher input costs has yet to be felt and with the tight labour market creating competition for qualified workers across multiple industries, there will be further pressure on margins, particularly in the service sector. This all adds up to a more challenging environment for profitability. Against that backdrop, there are clear risks to equities next year, especially since valuations are now relatively extended (particularly in the US). The old maxim that bull markets don’t die of old age certainly seems to be holding true at present. It is also conceivable that companies will be able to muddle through the next 12 months by passing on higher prices to consumers, whose household finances are mostly in good shape and who may find a 5% price hike for consumer goods tolerable as wages rise.

However, many companies, especially those in fragmented industries with little or no product differentiation, will not be able to pass on higher costs. In the current environment, many consumer staples and industrial companies would appear most vulnerable to higher input costs given the sharp rise in base commodities such as grains and sugars or steel and copper. Perhaps

the best examples of positive pricing power are to be found in the technology sector, particularly amongst the dominant so-called mega-cap platforms. Similarly, a handful of very large internet platforms dominate the digital advertising market (which in turn is becoming the dominant channel for advertisers of all sizes). Many other software, internet, and semi-conductor companies can build in regular price rises while keeping cost growth extremely muted. These areas will continue to be fertile hunting ground for growth in the coming year.

* Fund performance figures – source Lipper, a Thomson Reuters company, net of fees, net income reinvested

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305566 - 15022023

Aviva Investors Global Equity Growth Fund (the "Sub-fund")

In line with the requirement to conduct an assessment of value, the following summarises the conclusions reached by the Board having considered the range of factors as set out in the 'Value Assessment Approach' (see avivainvestors.com/value-assessments) which describes how we carry out the Value Assessment. This applies to all Unit Classes in the Sub-fund unless we have specifically noted Unit Class exceptions.

1. Quality of Service

The range, nature, extent and quality of the services provided to investors has been assessed and the Sub-fund's operating model was considered to be working effectively over the period. Investors received clear communications and relevant information at appropriate times to enable them to make informed decisions regarding their investment, and the service delivered has been timely and of an appropriate quality.

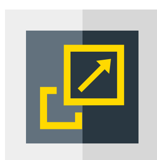
2. Performance

The Sub-fund's overall performance after charges, relative to its investment objectives, policy and strategy was deemed to be within a reasonable range of outcomes based on the various time periods reviewed and the information considered in the assessment.

A detailed explanation of the last 12 months performance is included in the Sub-fund Manager's Report below.

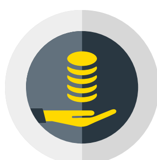
3. Authorised Fund Manager Costs

The fees paid were considered to be reasonable when taking into account the underlying costs for the services provided and the performance objectives set for the Sub-fund.



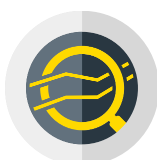
4. Economies of Scale

The specific benefits derived from economies of scale are returned to investors as a result of the single fee structure which operates for the entire Scheme, which enables each Sub-fund to benefit from the scale of the Scheme in totality. The Board concluded that all investors participated appropriately in the general economies of scale derived from investing with the Company based on a range of benefits and services provided and the overall fees charged. There has not been a material change in the size of the Scheme, or Sub-fund during the previous 12 months, and as such no additional savings have been identified.



5. Comparable Market Rates

The fees paid for each of the services provided to the Scheme and each Sub-fund (internally or externally) were considered to be competitive relative to those charged by similar competitor funds within the UK regulated funds market.



6. Comparable Services

On the basis of the available information and the comparable services considered, the fees were deemed to be reasonable compared to the fees charged by associated companies within the Aviva Group for any comparable products available in the UK of an equivalent size and with a similar investment objective and policy to the Sub-fund.

7. Classes of Units

The pricing of each Unit Class of the Sub-fund is considered to be reasonable based on the different Unit Class eligibility criteria and target investor for each Unit Class. All investors are invested appropriately in the Unit Class they are eligible to hold in the Sub-fund at the date of the assessment.

Overall Assessment Conclusion

In conclusion, the Board confirms all components of the assessment have been considered and the charges for each of the Unit Classes are justified in the context of overall value being delivered to investors.

Past performance is not a guide for future performance, the value of your investment can go down as well as up and you may not get back the amount invested.

Fund Manager's Report

Performance

The portfolio returned 25.78% (net of fees)*, outperforming the MSCI World^ by 2.31% over the period.

Review

Global equities achieved a positive performance in 2021. The successful roll-out of Covid-19 vaccines and monetary support measures by governments and central banks were significant drivers of investor appetite. Although supply chain problems and inflationary pressures posed significant headwinds in some parts of the market, broader investor sentiment remained positive buoyed by stronger-than-expected earnings throughout much of the year. Emerging market equities in aggregate were significant laggards relative to their developed counterparts as the evolving regulatory environment in some countries – particularly China – dragged down returns. The emergence of the highly contagious Omicron variant of Covid-19 in November was the primary source of a volatile fourth quarter, but mounting evidence of its lower severity eased fears in the closing weeks of the year.

Against this backdrop, the portfolio outperformed over 2021. The portfolio's energy holdings, **Equinor** and **Shell**, were particularly strong as investors rotated into energy stocks following the rebound of oil prices in the early part of the year. Increasing demand for oil and gas - sparked by the economic recovery – was coupled with static supply growth, which kept oil prices at relatively elevated levels throughout much of the year. Mega cap tech stocks **Alphabet** and **Microsoft** were also significant contributors as both companies recorded broad-based revenue and earnings growth. Elsewhere in technology, **Sea limited** also performed well as the company benefitted from soaring demand for its gaming services as well as rapid growth in e-commerce in a number of countries in the ASEAN region.

Stock selection in industrials however proved to be a headwind for relative performance. Indeed, Danish wind turbine supplier **Vestas Wind Systems** was a substantial detractor as energy transition 'enablers' were impacted more than most by the global supply chain constraints and higher raw material costs. Elsewhere in the portfolio, Chinese tech stock **Tencent** also proved to be a drag on returns amidst hard-line Chinese government policies on antitrust, internet security and education. This weakened investor sentiment during the period due to concerns over the long-term profitability of Chinese internet platforms.

Much of the significant disruption to supply chains seen in 2021, largely linked to Covid-19-related capacity shutdowns and transportation bottlenecks, is set to diminish as we move into 2022. Supply chain backlogs historically adjust quite rapidly after periods of stress, as the market responds to higher demand and re-builds inventory. We see no reason to assume that this won't be the case in 2022, and indeed freight shipping rates have already started to fall. However, energy prices are likely to remain elevated for a number of reasons. The economic recovery is boosting demand for oil and gas at a time when supply growth is static.

Corporate earnings growth in 2021 has been remarkably strong with margins back near record highs. Record monetary and fiscal stimulus has supported the rapid turnaround in business activity after Covid-19 vaccines were approved late last year. However, the full impact of higher input costs has yet to be felt and with the tight labour market creating competition for qualified workers across multiple industries, there will be further pressure on margins, particularly in the service sector. This all adds up to a more challenging environment for profitability. Against that backdrop, there are clear risks to equities next year, especially since valuations are now relatively extended (particularly in the US). The old maxim that bull markets don't die of old age certainly seems to be holding true at present. It is also conceivable that companies will be able to muddle through the next 12 months by passing on higher prices to consumers, whose household finances are mostly in good shape and who may find a 5% price hike for consumer goods tolerable as wages rise.

However, many companies, especially those in fragmented industries with little or no product differentiation, will not be able to pass on higher costs. In the current environment, many consumer staples and industrial companies would appear most vulnerable to higher input costs given the sharp rise in base commodities such as grains and sugars or steel and copper. Perhaps the best examples of positive pricing power are to be found in the technology sector, particularly amongst the dominant so-called mega-cap platforms. Similarly, a handful of very large internet platforms dominate the digital advertising market (which in turn is becoming

the dominant channel for advertisers of all sizes). Many other software, internet, and semi-conductor companies can build in regular price rises while keeping cost growth extremely muted. These areas will continue to be fertile hunting ground for growth in the coming year.

* Fund performance figures – source Lipper, a Thomson Reuters company, net of fees, net income reinvested

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305321 - 15022023

Aviva Investors Index-Linked Gilt Fund (the "Sub-fund")

In line with the requirement to conduct an assessment of value, the following summarises the conclusions reached by the Board having considered the range of factors as set out in the 'Value Assessment Approach' (see avivainvestors.com/value-assessments) which describes how we carry out the Value Assessment. This applies to all Unit Classes in the Sub-fund unless we have specifically noted Unit Class exceptions.

1. Quality of Service

The range, nature, extent and quality of the services provided to investors has been assessed and the Sub-fund's operating model was considered to be working effectively over the period. Investors received clear communications and relevant information at appropriate times to enable them to make informed decisions regarding their investment, and the service delivered has been timely and of an appropriate quality.

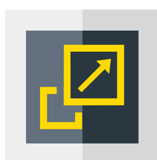
2. Performance

The Sub-fund's overall performance after charges, relative to its investment objectives, policy and strategy was deemed to be within a reasonable range of outcomes based on the various time periods reviewed and the information considered in the assessment.

A detailed explanation of the last 12 months performance is included in the Sub-fund Manager's Report below.

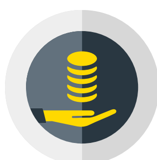
3. Authorised Fund Manager Costs

The fees paid were considered to be reasonable when taking into account the underlying costs for the services provided and the performance objectives set for the Sub-fund.



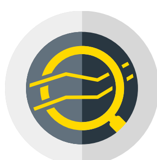
4. Economies of Scale

The specific benefits derived from economies of scale are returned to investors as a result of the single fee structure which operates for the entire Scheme, which enables each Sub-fund to benefit from the scale of the Scheme in totality. The Board concluded that all investors participated appropriately in the general economies of scale derived from investing with the Company based on a range of benefits and services provided and the overall fees charged. There has not been a material change in the size of the Scheme, or Sub-fund during the previous 12 months, and as such no additional savings have been identified.



5. Comparable Market Rates

The fees paid for each of the services provided to the Scheme and each Sub-fund (internally or externally) were considered to be competitive relative to those charged by similar competitor funds within the UK regulated funds market.



6. Comparable Services

On the basis of the available information and the comparable services considered, the fees were deemed to be reasonable compared to the fees charged by associated companies within the Aviva Group for any comparable products available in the UK of an equivalent size and with a similar investment objective and policy to the Sub-fund.

7. Classes of Units

The pricing of each Unit Class of the Sub-fund is considered to be reasonable based on the different Unit Class eligibility criteria and target investor for each Unit Class. All investors are invested appropriately in the Unit Class they are eligible to hold in the Sub-fund at the date of the assessment.

Overall Assessment Conclusion

In conclusion, the Board confirms all components of the assessment have been considered and the charges for each of the Unit Classes are justified in the context of overall value being delivered to investors.

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Fund Manager's Report

Performance

In the twelve months to 31 December 2021, the sub-fund returned 4.25%* net of fees. By comparison, the benchmark, the FTSE Government All-Stocks Index^, returned 4.17%.

Market Review

Posting positive returns for 2021, UK index-linked bonds generated a strong outperformance of conventional gilts, which were negative.

The index-linked gilt market drew heavy demand as investors sought inflation protection amid an acceleration of activity across the UK economy and a sharp rise in manufacturers' input prices as a consequence of global supply chain blockages resulting from the pandemic. At a government auction in March, £2.8 billion of bids were placed for £800 million worth of bonds maturing in August 2031. This was despite real yields falling to their lowest level since sterling index-linked bonds were first issued in 1980.

Despite forecasting that CPI would rise further above its target in the near term, the BoE's monetary policy committee (MPC) remained officially sanguine on inflation for much of the year, indicating that many of the pressures were transitory. It held interest rates at 0.1% and made no change to its quantitative easing target. However, as CPI reached 5.1% in November (the BoE target is 2.0%), the MPC became notably more hawkish and, despite fears about the economic impact of the new Omicron Covid variant, raised interest rates in December by 15 basis points to 0.25%. The expectation of more rapid hikes in rates saw the broad index-linked market dip by over 5% in the final month of the year.

At the start of the year, the portfolio profited from a position anticipating weakness in US bonds. The trade was closed in February as a lot of optimism was factored into bond prices. This, together with attractive valuations, warranted an opportunistic long duration position looking for a reversal of the already significant sell-off in developed market yields. However, as the relentless move higher in yields continued, the position was closed. In aggregate, over the quarter the portfolio gained circa 6 basis points.

Given the many unknowns that remained around vaccination programmes and the pace of reopening, especially in Europe, the portfolio entered the second quarter with a long duration bias via German bunds. A quick reappraisal of this position was required as investors were overlooking the short-term risks and instead focusing on better-than-expected inflation prints, mostly in the US. Valuations however remained attractive in US government bonds, and as such a further long duration position was added in this geography. This proved successful as the US Federal Reserve continued to deem the rise in inflation as transitory. Meanwhile in the UK, the fast rollout of the vaccination programme, combined with better-than-expected growth data, provided temporary support to the portfolio's long sterling position. Elsewhere, at the margin being long of Italian bonds vs German bunds proved marginally unsuccessful. Net net, over the quarter the fund again outperformed its benchmark by circa 4 basis points.

The third quarter saw portfolio largely positioned with a 'pro-risk' bias once more. This was typically held through a short duration position in US bonds which worked well through the latter part of the period and was the biggest contributor to the performance seen. Elsewhere, US inflation positions also added to performance at the margin, as did a euro currency short against the US dollar. However, large curve moves caught the portfolio off guard and as a result by the end of the quarter the fund had largely performed in line with its benchmark.

The final quarter of the year saw some sizeable yield moves, significant curve gyrations and at times a complete loss of liquidity. Similar to the third quarter, the portfolio was again largely positioned with a 'pro-risk' bias. However, early on in the quarter this position proved unsuccessful, yet some but not all of this underperformance was counteracted with the fund being dynamic with its real yield curve positions. Over the quarter, the fund underperformed its benchmark by circa 22bps, of which 8-10bps was lost at year-end. This will automatically be added into the relative performance seen at the start of 2022.

Outlook

Supply chain disruptions owing to the economy opening back up have seen shorter-dated inflation protection price markedly higher in recent months and we would expect this dynamic to remain in place at least to the start of the final quarter of 2022. The fallout from Brexit has no doubt accentuated this move as inflation remains stubbornly higher than our developed market

counterparts. This is something that has clearly not gone unnoticed with both the BoE and also gilt market investors as the covering of long-held short inflation positions has only served to exacerbate the move higher in inflation markets. These factors combined with a lack of supply are likely to constrain any move to the downside in this asset class for the time being.

This will be a difficult period for the BoE to manage monetary policy through as the potential mix of elevated inflation, weaker growth and slightly higher unemployment is not one they would desire.

* Fund performance figures – source Lipper, a Thomson Reuters company, net of fees, net income reinvested

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306400 - 15022023

Aviva Investors Japan Equity Alpha Fund (the "Sub-fund")

In line with the requirement to conduct an assessment of value, the following summarises the conclusions reached by the Board having considered the range of factors as set out in the 'Value Assessment Approach' (see avivainvestors.com/value-assessments) which describes how we carry out the Value Assessment. This applies to all Unit Classes in the Sub-fund unless we have specifically noted Unit Class exceptions.

1. Quality of Service

The range, nature, extent and quality of the services provided to investors has been assessed and the Sub-fund's operating model was considered to be working effectively over the period. Investors received clear communications and relevant information at appropriate times to enable them to make informed decisions regarding their investment, and the service delivered has been timely and of an appropriate quality.

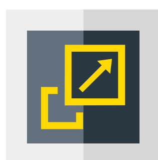
2. Performance

The Sub-fund's overall performance after charges, relative to its investment objectives, policy and strategy was deemed to be within a reasonable range of outcomes based on the various time periods reviewed and the information considered in the assessment.

A detailed explanation of the last 12 months performance is included in the Sub-fund Manager's Report below.

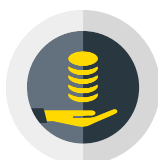
3. Authorised Fund Manager Costs

The fees paid were considered to be reasonable when taking into account the underlying costs for the services provided and the performance objectives set for the Sub-fund.



4. Economies of Scale

The specific benefits derived from economies of scale are returned to investors as a result of the single fee structure which operates for the entire Scheme, which enables each Sub-fund to benefit from the scale of the Scheme in totality. The Board concluded that all investors participated appropriately in the general economies of scale derived from investing with the Company based on a range of benefits and services provided and the overall fees charged. There has not been a material change in the size of the Scheme, or Sub-fund during the previous 12 months, and as such no additional savings have been identified.



5. Comparable Market Rates

The fees paid for each of the services provided to the Scheme and each Sub-fund (internally or externally) were considered to be competitive relative to those charged by similar competitor funds within the UK regulated funds market.

6. Comparable Services

On the basis of the available information and the comparable services considered, the fees were deemed to be reasonable compared to the fees charged by associated companies within the Aviva Group for any comparable products available in the UK of an equivalent size and with a similar investment objective and policy to the Sub-fund.

7. Classes of Units

The pricing of each Unit Class of the Sub-fund is considered to be reasonable based on the different Unit Class eligibility criteria and target investor for each Unit Class. All investors are invested appropriately in the Unit Class they are eligible to hold in the Sub-fund at the date of the assessment.

Overall Assessment Conclusion

In conclusion, the Board confirms all components of the assessment have been considered and the charges for each of the Unit Classes are justified in the context of overall value being delivered to investors.

Past performance is not a guide for future performance, the value of your investment can go down as well as up and you may not get back the amount invested.

Fund Manager's Report

Performance

For the review period ending December 2021, the portfolio outperformed the benchmark index by 251bps returning +5.04%* in GBP terms against the FT Japan index return of +2.53%.

Market Review

Japanese stocks extended their gains throughout the calendar year 2021 review period. While new variants of the coronavirus are still emerging, economic prospects received a boost from the progress made in the vaccination programs offered by the major advanced countries. These developments also supported the prospects for a steady recovery in corporate earnings for Japanese companies. In the summer months of 2021, speculation about the timing of changes in US monetary policy brought rallies in world equity markets to a halt. The Japan stock market rallied in September following the change of Prime Minister, but this ended abruptly due to profit taking. Investors also expressed reservations about incoming Prime Minister Kishida's policies and reformist claims. Unconvinced of the prime minister's priorities, the market gave a muted response to an exceptionally large economic stimulus package announced by the incoming government. Towards the end of the year, global equity markets experienced a jump in volatility triggered by the outbreak of the Omicron variant. However along with some solid economic data, reports that Omicron might be less severe than previous variants helped to support the equity markets. The Federal Reserve's move to accelerate its policy tapering in response to rising inflation was unsettling for the financial markets, but it seemed not to interrupt the overall positive stock market momentum since the prospect of an earlier interest rate hike was widely expected.

Both sector allocation and stock selection were able to add value during this review period. Since corporate earnings were buoyant across a broad range of manufacturing sectors as the global economy moved steadily towards recovery, export-driven manufacturing sectors significantly outperformed the domestic demand oriented non-manufacturers. As a result, our asset allocation strategy, which has overweight positions in manufacturing and underweight positions in non-manufacturing sectors, added value. In particular, the largest overweight sector position in Electronics made a positive contribution. Semiconductor production equipment (SPE) and electronic component manufacturers in the sector maintained their strong outperformance, as they were expected to enjoy strong demand due to secular or structural trends towards even more complex technological requirements and a wider range of semiconductor applications. The underweight positions in the Information/System and Consumption sectors also worked well. These domestic demand oriented sectors have lost momentum amid the trend towards economic normalization.

Stock selection in the Information/System, Medical and Infrastructure sectors provided the main positive contributions. In the Information/ System sector, the absence of exposure to **Softbank Group** and **Nintendo**, which have relatively large market capitalizations in the sector, generated positive results. Softbank Group has suffered a major sell-off over recent months, as investors feared the impact of China's regulatory clampdown on large technology companies, withtech stocks comprising a large part of Softbank's investment exposure in China. Nintendo appears to be facing some profit-taking activities, probably due to the lack of catalysts for further profit growth. The lack of exposure to **M3** and **Takeda Pharmaceutical**, two large-cap stocks in the Medical sector, worked positively. M3 operates platforms that provide on-line information for doctors and marketing support for pharmaceutical companies. This richly valued stock appeared to face profit-taking activity, probably due to a lack of catalysts for further growth. Takeda's share price plummeted following unexpected news about the suspension of trials for one of its major pipeline drugs TAK-994, which was developed to treat type 1 narcolepsy and other disorders. Meanwhile, the overweight exposure to **Shionogi & Co.**, a pharmaceutical company that specializes in treatments for infectious diseases, bounced back and generated a positive contribution. The company announced progress in the development of a new orally administered treatment for Covid-19 and a vaccine, which had lifted the company's earnings outlook. In the Infrastructure sector, a lack of exposure to rail transportation stocks had a positive effect as well. The prolonged coronavirus situation has caused many of these companies to downgrade their earnings forecasts. On the other hand, the underweight position in **Toyota Motor** weighed on the performance. Automotive OEMs (Original Equipment Manufacturer) bounced back during the year, reflecting a catch up from when demand growth was outstripping supply. However, those negative results were not enough to offset the positive contributions elsewhere and the overall stock selection effect was positive for 2021.

Outlook

The OECD's forecast for world GDP growth in 2021 is 5.6% (yoy), well above the potential economic growth rate. As a result, the bounce-back from the recession of 2020 caused by the pandemic appears to have largely run its course, making it more difficult to estimate the direction of global economic output for 2022 and beyond. Again, the Covid-19 situation and inflation rates are likely to remain key variables for the world economy. It is also difficult to envisage a complete return to the pre-pandemic way of life, as new strains could continue to emerge even after the Omicron outbreak has subsided. However, severe disease and fatality rates may keep declining thanks to the development and availability of vaccines and treatments. Moreover, many companies are also adapting to the "new normal" in terms of working practices and lifestyles. Therefore, we believe the pandemic can gradually transition to becoming a manageable endemic disease like seasonal influenza.

Meanwhile, global inflation rates remained high, contrary to the Federal Reserve's initial assessment that it would be transitory. However, Japan's CPI remains unchanged from the year before, which limits the impact on all but a few domestic demand-oriented industries where it is difficult to pass on prices. On the other hand, supply chain disruption that has contributed to the jump in inflation rates so far seems likely to ease gradually. In fact, Japan's Industrial Production Index (seasonally adjusted) saw a strong increase of 7.2% (mom) in November, boosted by improved production in the automotive industry. Looking ahead, the economic recovery could progress further as production levels in the automobile and semiconductor industries normalise. Japan's largest-ever economic stimulus package of 55.7 trillion yen enacted by Prime Minister Kishida's government is also expected to boost Japan's GDP growth rate.

Despite this volatile macroeconomic environment, the earnings of Japanese companies have so far achieved a solid recovery, as in the US and Europe. Nonetheless, the TOPIX has been lagging behind the S&P500 and the STOXX Europe 600 in terms of share price appreciation (total return and local currency basis) in 2021. The TOPIX advanced by 12.7% compared to a 28.7% gain for the S&P500 and 25.8% for the STOXX Europe 600. As a result, the TOPIX P/E ratio based on 12-month EPS forecasts remains at 13.9, compared with 21.1 for the S&P500 and 16.1 for the STOXX Europe 600, increasing Japan's relative appeal. The lack of visibility on the sustainability of earnings growth so far, based to some extent on Japan's track record, might have dampened the appetite of investors for this market. However, we believe highly competitive manufacturing sectors, such as Japanese carmakers, will continue to enjoy strong earnings growth this year and beyond. They will also benefit from pent-up demand as supply constraints begin to dissipate. Therefore, with further improvements in earnings becoming apparent, we expect the valuation discounts to other major markets to be eliminated.

* Fund performance figures – source Lipper, a Thomson Reuters company, net of fees, net income reinvested

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306317 - 15022023

Aviva Investors Japan Equity Fund (the "Sub-fund")

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1. Quality of Service

The range, nature, extent and quality of the services provided to investors has been assessed and the Sub-fund's operating model was considered to be working effectively over the period. Investors received clear communications and relevant information at appropriate times to enable them to make informed decisions regarding their investment, and the service delivered has been timely and of an appropriate quality.

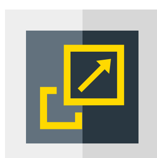
2. Performance

The Sub-fund's overall performance after charges, relative to its investment objectives, policy and strategy was deemed to be within a reasonable range of outcomes based on the various time periods reviewed and the information considered in the assessment.

A detailed explanation of the last 12 months performance is included in the Sub-fund Manager's Report below.

3. Authorised Fund Manager Costs

The fees paid were considered to be reasonable when taking into account the underlying costs for the services provided and the performance objectives set for the Sub-fund.



4. Economies of Scale

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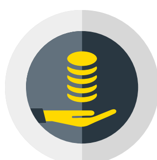
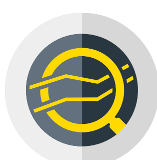


5. Comparable Market Rates

The fees paid for each of the services provided to the Scheme and each Sub-fund (internally or externally) were considered to be competitive relative to those charged by similar competitor funds within the UK regulated funds market.



6. Comparable Services

On the basis of the available information and the comparable services considered, the fees were deemed to be reasonable compared to the fees charged by associated companies within the Aviva Group for any comparable products available in the UK of an equivalent size and with a similar investment objective and policy to the Sub-fund.

7. Classes of Units

The pricing of each Unit Class of the Sub-fund is considered to be reasonable based on the different Unit Class eligibility criteria and target investor for each Unit Class. All investors are invested appropriately in the Unit Class they are eligible to hold in the Sub-fund at the date of the assessment.

Overall Assessment Conclusion

In conclusion, the Board confirms all components of the assessment have been considered and the charges for each of the Unit Classes are justified in the context of overall value being delivered to investors.

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Fund Manager's Report

Performance

The portfolio returned 0.6%* against the benchmark return of 2.0% over the period.

Review

The Japanese equity market rose 12.7% in 2022 but the yen weakened against sterling, especially in the first half of the year, which restricted the total return for a sterling-based investor to just 2.0%.

Although the rate of Covid infections in Japan remained markedly below most other countries throughout 2021, a persistent increase in cases earlier in the year led the government to impose successive states of emergency and spectators were ultimately barred from most events at the Tokyo Olympics.

On 3 September, Prime Minister Suga announced his intention to resign without contesting the Liberal Democratic Party (LDP) leadership election. This surprise decision inevitably led to some short-term political uncertainty before Mr Kishida ultimately emerged as the new party leader with a slightly stronger mandate than might have been originally expected.

Mr Kishida therefore became Japan's 100th prime minister and was viewed as a safe, if unexciting, choice to guide Japan through the next stage of its post-Covid recovery. Expectations for the ruling party's performance at the subsequent general election in October were modest at best but, in the event, the LDP lost only 15 seats and retained a solid majority in its own right.

With the election out of the way, the political focus shifted to a substantial fiscal stimulus package, details of which became clearer later in November. This includes direct cash handouts to households in an effort to kick-start a consumption recovery in the first half of 2022.

From late November, renewed short-term uncertainty over the new Covid variant temporarily obscured the increasingly positive outlook for Japan and the first known case of Omicron was imported in December. Although overall infection rates remained very low until the year-end, domestic sentiment continues to be affected by the potential risk from a pick-up in infections together with the broader impact on economic growth prospects. The Fed's discussion of accelerated tapering also led to some short-term weakness in stock prices in December, despite the fact that such a move is very unlikely to be followed by Japan in the foreseeable future. Japan's current inflation rate has crept back into positive territory but there still seems little chance of Japan experiencing a short-term inflation spike as seen elsewhere.

The portfolio underperformed the benchmark in the year, with a negative impact from stock selection. The largest negative contribution came from TDK, a major supplier of electronic components. There was also a negative impact from not holding Toyota Motor during the year. There were offsetting positive impacts from NTT Data, an IT service provider, and Isuzu Motor, a major truck maker.

There has been no change in strategy, and the portfolio remains focused on companies with sustainable mid- to long-term earnings, backed by company-specific growth drivers. Among new positions added recently are Ulvac, a manufacturer of vacuum-technology-based products used in semiconductor production equipment, and Chugai Pharmaceutical, a Japan-based pharmaceutical company belonging to Roche group.

Despite the global uncertainty generated by the Omicron variant, the new prime minister should still have the opportunity to preside over a genuine recovery in domestic consumption in the first half of 2022, supported by the major fiscal stimulus package.

After the strong corporate results seen in recent quarters, we have also seen a rise in profit expectations as investors anticipate a recovery in consumer confidence. We are aware that rising input costs are putting pressure on margins for some Japanese companies that still lack effective pricing power after such a long deflationary period. In general, however, there is room for productivity improvements to offset higher costs and we continue to see the potential for corporate profits to hit a new high this fiscal year.

* Fund performance figures – source Lipper, a Thomson Reuters company, net of fees, net income reinvested

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305366 - 15022023

Aviva Investors Money Market VNAV Fund(the “Sub-fund”)

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1. Quality of Service

The range, nature, extent and quality of the services provided to investors has been assessed and the Sub-fund’s operating model was considered to be working effectively over the period. Investors received clear communications and relevant information at appropriate times to enable them to make informed decisions regarding their investment, and the service delivered has been timely and of an appropriate quality.

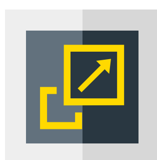
2. Performance

The Sub-fund’s overall performance after charges, relative to its investment objectives, policy and strategy was deemed to be within a reasonable range of outcomes based on the various time periods reviewed and the information considered in the assessment.

A detailed explanation of the last 12 months performance is included in the Sub-fund Manager’s Report below.

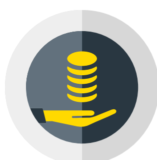
3. Authorised Fund Manager Costs

The fees paid were considered to be reasonable when taking into account the underlying costs for the services provided and the performance objectives set for the Sub-fund.



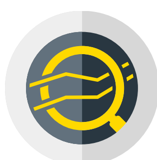
4. Economies of Scale

The specific benefits derived from economies of scale are returned to investors as a result of the single fee structure which operates for the entire Scheme, which enables each Sub-fund to benefit from the scale of the Scheme in totality. The Board concluded that all investors participated appropriately in the general economies of scale derived from investing with the Company based on a range of benefits and services provided and the overall fees charged. There has not been a material change in the size of the Scheme, or Sub-fund during the previous 12 months, and as such no additional savings have been identified.



5. Comparable Market Rates

The fees paid for each of the services provided to the Scheme and each Sub-fund (internally or externally) were considered to be competitive relative to those charged by similar competitor funds within the UK regulated funds market.



6. Comparable Services

On the basis of the available information and the comparable services considered, the fees were deemed to be reasonable compared to the fees charged by associated companies within the Aviva Group for any comparable products available in the UK of an equivalent size and with a similar investment objective and policy to the Sub-fund.

7. Classes of Units

The pricing of each Unit Class of the Sub-fund is considered to be reasonable based on the different Unit Class eligibility criteria and target investor for each Unit Class. All investors are invested appropriately in the Unit Class they are eligible to hold in the Sub-fund at the date of the assessment.

Overall Assessment Conclusion

In conclusion, the Board confirms all components of the assessment have been considered and the charges for each of the Unit Classes are justified in the context of overall value being delivered to investors.

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Fund Manager's Report

Performance

For the 12-month period ended 31 December 2021, the portfolio posted returns of 0.11%* versus the benchmark return of -0.04%. The benchmark changed from the 7-day London Interbank Bid Rate (LIBID) to the SONIA at the end of November. The portfolio's yield advantage over the year decreased, ending the year in line with that of the benchmark.

Review

2021 started on a positive note, characterised by optimism around a global economic recovery. With an unprecedented level of monetary and fiscal support, successful vaccine rollouts and a significant level of pent-up consumer demand, the outlook had undoubtedly brightened. This increased optimism was closely correlated with rising global bond yields, including in the UK. Both realised inflation and market-based inflation expectations rose to historically high levels in response to the economy re-opening and the unleashing of pent-up demand.

Despite periods of uncertainty caused by the emergence of the Omicron Covid-19 variant once again impacting mobility and economic activity, the remainder of 2021 was characterised by ongoing economic resilience and persistent elevated inflationary pressures. We saw central banks globally respond to high inflation by either raising interest rates or reflecting their hawkish views through forward guidance. The Bank of England (BoE) was no exception, raising the base rate in December by 15 basis points. Short term yields sold-off the most drastically in response.

Portfolio construction remained consistent with the primary objectives of the Fund to preserve capital and provide liquidity. We maintained our diversified portfolio by investing in high-quality commercial paper, certificates of deposit and time deposits. We held a greater preference for certificates of deposit as the year progressed, funding this increase from maturing commercial paper securities. We continue to hold a small proportion of the Fund in UK Treasury bills: this exposure varied over time, ending the year at 0.9%.

Due to the rise in interest rates by the BoE, we reduced the weighted average maturity (WAM) of the portfolio, resulting in a yield neutral position against SONIA. The WAM decreased significantly towards the end of the year, with WAM at the end of December being reduced to 49 days.

The transitory nature of inflation continues to be a source of debate by investors and policymakers alike with central banks globally having already begun reacting to elevated rates of inflation. Those with the lowest tolerance for inflation and / or the lowest credibility in terms of anchoring inflation expectations have been among the first to raise rates. UK cash rates rose as the BoE took its first tentative steps towards normalising monetary policy in December, as they reacted to prolonged above-target inflation, combined with labour market resilience following the end of the furlough scheme. However, while we expect the BoE to continue to increase base rates, we are cognisant that we are approaching a peak in headline inflation, with base effects expected to fade and tentative signs of easing supply chain bottlenecks. This disinflationary pressure, combined with a slower pace of growth, will mean that the BoE may struggle to meet market expectations with regards to future rate hikes.

From a portfolio perspective we will continue to allocate to high-quality issuers in order to achieve our objectives of capital preservation and liquidity whilst maximising the portfolio's yield within the constraints of the investment guidelines.

*Fund performance figures – source Lipper, a Thomson Reuters company, net of fees, net income reinvested

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305581 - 15022023

Aviva Investors North American Equity Fund (the "Sub-fund")

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1. Quality of Service

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2. Performance

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A detailed explanation of the last 12 months performance is included in the Sub-fund Manager's Report below.

3. Authorised Fund Manager Costs

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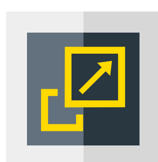

4. Economies of Scale

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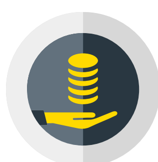

5. Comparable Market Rates

The fees paid for each of the services provided to the Scheme and each Sub-fund (internally or externally) were considered to be competitive relative to those charged by similar competitor funds within the UK regulated funds market.

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Overall Assessment Conclusion

In conclusion, the Board confirms all components of the assessment have been considered and the charges for each of the Unit Classes are justified in the context of overall value being delivered to investors.

Past performance is not a guide for future performance, the value of your investment can go down as well as up and you may not get back the amount invested.

Fund Manager's Report

Performance

The portfolio returned 31.18% (net of fees)*, outperforming the FTSE North America^ by 2.38% over the period.

Review

US equities achieved a positive performance in 2021. The successful roll-out of Covid-19 vaccines and monetary support measures by governments and central banks were significant drivers of investor appetite. Although supply chain problems and inflationary pressures posed significant headwinds in some parts of the market, broader investor sentiment remained positive buoyed by stronger-than-expected earnings throughout much of the year. Emerging market equities in aggregate were significant laggards relative to their developed counterparts as the evolving regulatory environment in some countries – particularly China – dragged down returns. The emergence of the highly contagious Omicron variant of Covid-19 in November was the primary source of a volatile fourth quarter, but mounting evidence of its lower severity eased fears in the closing weeks of the year.

Against this backdrop, the portfolio outperformed over 2021. Energy holding ConocoPhillips was particularly strong as investors rotated into energy stocks following the rebound of oil prices in the early part of the year. Increasing demand for oil and gas – sparked by the economic recovery – was coupled with static supply growth, which kept oil prices at relatively elevated levels throughout much of the year. Google's parent company Alphabet was another significant contributor benefitting from strong operating and financial performance throughout the year. Stock selection in technology was however negative, largely as a result of our overweight position in solar power panel manufacturer First Solar as energy transition 'enablers' were impacted more than most by the global supply chain constraints and higher raw material costs. Elsewhere in technology, credit card providers Visa and Mastercard also detracted. Investors became increasingly concerned during the year about the impact on card networks from the rise of alternative payment methods, though we believe that these risks have been overestimated.

Much of the significant disruption to supply chains seen in 2021, largely linked to Covid-19-related capacity shutdowns and transportation bottlenecks, is set to diminish as we move into 2022. Supply chain backlogs historically adjust quite rapidly after periods of stress, as the market responds to higher demand and re-builds inventory. We see no reason to assume that this won't be the case in 2022, and indeed freight shipping rates have already started to fall. However, energy prices are likely to remain elevated for a number of reasons. The economic recovery is boosting demand for oil and gas at a time when supply growth is static.

Corporate earnings growth in 2021 has been remarkably strong with margins back near record highs. Record monetary and fiscal stimulus has supported the rapid turnaround in business activity after Covid-19 vaccines were approved late last year. However, the full impact of higher input costs has yet to be felt and with the tight labour market creating competition for qualified workers across multiple industries, there will be further pressure on margins, particularly in the service sector. This all adds up to a more challenging environment for profitability. Against that backdrop, there are clear risks to equities next year, especially since valuations are now relatively extended (particularly in the US). The old maxim that bull markets don't die of old age certainly seems to be holding true at present. It is also conceivable that companies will be able to muddle through the next 12 months by passing on higher prices to consumers, whose household finances are mostly in good shape and who may find a 5% price hike for consumer goods tolerable as wages rise.

However, many companies, especially those in fragmented industries with little or no product differentiation, will not be able to pass on higher costs. In the current environment, many consumer staples and industrial companies would appear most vulnerable to higher input costs given the sharp rise in base commodities such as grains and sugars or steel and copper. Perhaps the best examples of positive pricing power are to be found in the technology sector, particularly amongst the dominant so-called mega-cap platforms. Similarly, a handful of very large internet platforms dominate the digital advertising market (which in turn is becoming the dominant channel for advertisers of all sizes). Many other software, internet, and semi-conductor companies can build in regular price rises while keeping cost growth extremely muted. These areas will continue to be fertile hunting ground for growth in the coming year.

* Fund performance figures – source Lipper, a Thomson Reuters company, net of fees, net income reinvested

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305652 - 15022023

AVIVA INVESTORS

Aviva Investors Pre-Annuity Fixed Interest Fund(the "Sub-fund")

In line with the requirement to conduct an assessment of value, the following summarises the conclusions reached by the Board having considered the range of factors as set out in the 'Value Assessment Approach' (see avivainvestors.com/value-assessments) which describes how we carry out the Value Assessment. This applies to all Unit Classes in the Sub-fund unless we have specifically noted Unit Class exceptions.

1. Quality of Service

The range, nature, extent and quality of the services provided to investors has been assessed and the Sub-fund's operating model was considered to be working effectively over the period. Investors received clear communications and relevant information at appropriate times to enable them to make informed decisions regarding their investment, and the service delivered has been timely and of an appropriate quality.

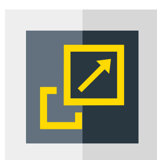
2. Performance

The Sub-fund's overall performance after charges, relative to its investment objectives, policy and strategy was deemed to be within a reasonable range of outcomes based on the various time periods reviewed and the information considered in the assessment.

A detailed explanation of the last 12 months performance is included in the Sub-fund Manager's Report below.

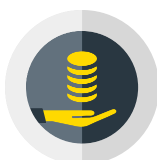
3. Authorised Fund Manager Costs

The fees paid were considered to be reasonable when taking into account the underlying costs for the services provided and the performance objectives set for the Sub-fund.



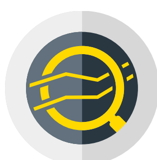
4. Economies of Scale

The specific benefits derived from economies of scale are returned to investors as a result of the single fee structure which operates for the entire Scheme, which enables each Sub-fund to benefit from the scale of the Scheme in totality. The Board concluded that all investors participated appropriately in the general economies of scale derived from investing with the Company based on a range of benefits and services provided and the overall fees charged. There has not been a material change in the size of the Scheme, or Sub-fund during the previous 12 months, and as such no additional savings have been identified.



5. Comparable Market Rates

The fees paid for each of the services provided to the Scheme and each Sub-fund (internally or externally) were considered to be competitive relative to those charged by similar competitor funds within the UK regulated funds market.



6. Comparable Services

On the basis of the available information and the comparable services considered, the fees were deemed to be reasonable compared to the fees charged by associated companies within the Aviva Group for any comparable products available in the UK of an equivalent size and with a similar investment objective and policy to the Sub-fund.

7. Classes of Units

The pricing of each Unit Class of the Sub-fund is considered to be reasonable based on the different Unit Class eligibility criteria and target investor for each Unit Class. All investors are invested appropriately in the Unit Class they are eligible to hold in the Sub-fund at the date of the assessment.

Overall Assessment Conclusion

In conclusion, the Board confirms all components of the assessment have been considered and the charges for each of the Unit Classes are justified in the context of overall value being delivered to investors.

Past performance is not a guide for future performance, the value of your investment can go down as well as up and you may not get back the amount invested.

Fund Manager's Report

Performance

In the twelve months to 31 December 2021, the sub-fund returned -5.31%* net of fees. This compared to a return of -5.10% by the composite benchmark.

Market Review

Sterling corporate bonds posted negative returns in 2021. This was largely a consequence of disappointing performance by the underlying government bond market, which suffered bouts of weakness, notably in the first and third quarters. Worries that accelerating inflation, brought about mostly by higher commodity prices and blocked supply chains, would compel central banks to bring forward monetary tightening drove government bond yields sharply higher in March, while more hawkish central bank rhetoric drove a similar correction in September as rates of consumer inflation accelerated towards multi-decade highs in some countries.

Corporate bonds delivered modest excess returns over government bonds. The market was underpinned by both improving fundamentals in the form of a strong recovery in corporate earnings and supportive technical factors as demand for income-generating assets remained strong, easily absorbing high levels of issuance. Credit spreads, which form part of the excess return of corporate bonds, narrowed overall over the period, although their progress was held back by the richness of valuations, with much of the recovery already priced into the market. There was also a marked widening of spreads in November as fears about the potential economic impact of the Covid variant Omicron took hold.

Given the objective of the Fund to preserve capital prior to investment in an annuity, we adopt a conservative stance to managing the portfolio, taking small positions relative to the benchmark. Rather than taking risk by expressing a view on interest rate moves, we sought to add value through credit selection.

Holding GE added value as much of its business is positively geared into the theme of reopening economies. It also announced that it was tendering more bonds than anticipated to pay down debt, which was well received by the market. Shopping centre operator Westfield also contributed well as the lifting of social restrictions saw footfall increase significantly, while BT-owned telecom group Telsec performed solidly as investors saw it as a stable and secure bond backed by strong assets.

On the negative side, the bonds of oil giant Shell struggled as, despite a strong rise in the price of crude, investors awaited more progress on its upgrading of environmental standards. Communications giant Verizon performed disappointingly as its $81 billion purchase of 5G company Spectrum stretched its balance sheet and dashed hopes of a credit rating upgrade as the market anticipated that it would take some years for the investment to be monetised. Warren Buffet's Berkshire Hathaway group of companies also performed disappointingly. While there was no obvious catalyst, Berkshire's poor disclosure on climate and social responsibility issues led to some selling pressure. Furthermore, as a long-dated bond that trades on a very tight spread, it has less ability to absorb negative news.

Outlook

We expect the macro-economic environment to remain relatively benign in 2022, although growth will fall back from the levels seen in 2021. Inflation is likely to fall off into the second half of the year as the pandemic eases (hopefully), supply chain disruptions moderate and base effects come into play. We do not expect core sovereign bond yields to rise too sharply as the huge debt overhang created by the pandemic keeps a lid on interest rate rises.

For corporate bonds, there remains little room for material spread compression into 2022. That said, while the key challenge remains the withdrawal of policy support, credit typically performs well in the early stages of an interest rate hiking cycle.

Environmental, social and governance (ESG) factors are expected to continue to be a significant theme as central banks look to "green" their portfolios of corporate bonds and investors generally tilt away from ESG laggards. Event risk is a threat, however, with company balance sheets poised to come under greater pressure as capital is reinvested and merger and acquisition activity remains high.

* Fund performance figures – source Lipper, a Thomson Reuters company, net of fees, net income reinvested

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305506 - 15022023

Aviva Investors Sterling Corporate Bond Fund (the "Sub-fund")

In line with the requirement to conduct an assessment of value, the following summarises the conclusions reached by the Board having considered the range of factors as set out in the 'Value Assessment Approach' (see avivainvestors.com/value-assessments) which describes how we carry out the Value Assessment. This applies to all Unit Classes in the Sub-fund unless we have specifically noted Unit Class exceptions.

1. Quality of Service

The range, nature, extent and quality of the services provided to investors has been assessed and the Sub-fund's operating model was considered to be working effectively over the period. Investors received clear communications and relevant information at appropriate times to enable them to make informed decisions regarding their investment, and the service delivered has been timely and of an appropriate quality.

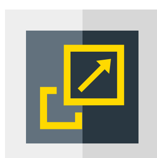
2. Performance

The Sub-fund's overall performance after charges, relative to its investment objectives, policy and strategy was deemed to be within a reasonable range of outcomes based on the various time periods reviewed and the information considered in the assessment.

A detailed explanation of the last 12 months performance is included in the Sub-fund Manager's Report below.

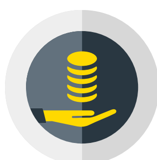
3. Authorised Fund Manager Costs

The fees paid were considered to be reasonable when taking into account the underlying costs for the services provided and the performance objectives set for the Sub-fund.



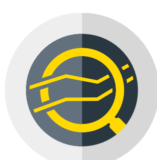
4. Economies of Scale

The specific benefits derived from economies of scale are returned to investors as a result of the single fee structure which operates for the entire Scheme, which enables each Sub-fund to benefit from the scale of the Scheme in totality. The Board concluded that all investors participated appropriately in the general economies of scale derived from investing with the Company based on a range of benefits and services provided and the overall fees charged. There has not been a material change in the size of the Scheme, or Sub-fund during the previous 12 months, and as such no additional savings have been identified.



5. Comparable Market Rates

The fees paid for each of the services provided to the Scheme and each Sub-fund (internally or externally) were considered to be competitive relative to those charged by similar competitor funds within the UK regulated funds market.



6. Comparable Services

On the basis of the available information and the comparable services considered, the fees were deemed to be reasonable compared to the fees charged by associated companies within the Aviva Group for any comparable products available in the UK of an equivalent size and with a similar investment objective and policy to the Sub-fund.

7. Classes of Units

The pricing of each Unit Class of the Sub-fund is considered to be reasonable based on the different Unit Class eligibility criteria and target investor for each Unit Class. All investors are invested appropriately in the Unit Class they are eligible to hold in the Sub-fund at the date of the assessment.

Overall Assessment Conclusion

In conclusion, the Board confirms all components of the assessment have been considered and the charges for each of the Unit Classes are justified in the context of overall value being delivered to investors.

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Fund Manager's Report

Performance

In the twelve months to 31 December 2021, the sub-fund returned -2.68%* net of fees. By comparison, the benchmark, the iBoxx Sterling Corporate and Collateralized Index, returned -3.06%.

Market Review

Sterling corporate bonds posted negative returns in 2021. This was largely a consequence of disappointing performance by the underlying government bond market, which suffered bouts of weakness, notably in the first and third quarters. Worries that accelerating inflation, brought about mostly by higher commodity prices and blocked supply chains, would compel central banks to bring forward monetary tightening drove government bond yields sharply higher in March, while more hawkish central bank rhetoric drove a similar correction in September as rates of consumer inflation accelerated towards multi-decade highs in some countries.

Corporate bonds delivered modest excess returns over government bonds. The market was underpinned by both improving fundamentals in the form of a strong recovery in corporate earnings and supportive technical factors as demand for income-generating assets remained strong, easily absorbing high levels of issuance. Credit spreads, which form part of the excess return of corporate bonds, narrowed overall over the period, although their progress was held back by the richness of valuations, with much of the recovery already priced into the market. There was also a marked widening of spreads in November as fears about the potential economic impact of the Covid variant Omicron took hold.

The Fund held a broadly cautious positioning in terms of credit risk given rich market valuations and ongoing uncertainties about the path of the pandemic. However, there were tactical adjustments of risk which added value over the course of the quarter, such as in the wake of the November Omicron sell-off.

Returns were boosted by the exposure to UK pub group Mitchells & Butlers, which profited from the highly successful UK vaccination programme, which put the economy on course for a full re-opening in the summer. Expectations that travel restrictions would be eased also helped the bonds of airport operator Heathrow to perform well. US telecommunications group AT&T also contributed well as the company sold Time Warner, thereby reducing its huge debt burden. GE added value as the company tendered bonds at a faster pace than expected as it sought to pay down debt. On the negative side, Berkshire Hathaway bonds were the biggest disappointment. While there was no obvious catalyst, Berkshire's poor disclosure on climate and social responsibility issues led to some selling pressure. It also has less ability to absorb negative news given that it trades on a very tight spread as a long-dated bond.

Outlook

We expect the macro-economic environment to remain relatively benign in 2022, although growth will fall back from the levels seen in 2021. Inflation is likely to fall off into the second half of the year as the pandemic eases (hopefully), supply chain disruptions moderate and base effects come into play. We do not expect core sovereign bond yields to rise too sharply as the huge debt overhang created by the pandemic keeps a lid on interest rate rises.

For corporate bonds, there remains little room for material spread compression into 2022. That said, while the key challenge remains the withdrawal of policy support, credit typically performs well in the early stages of an interest rate hiking cycle.

Environmental, social and governance (ESG) factors are expected to continue to be a significant theme as central banks look to "green" their portfolios of corporate bonds and investors generally tilt away from ESG laggards. Event risk is a threat, however, with company balance sheets poised to come under greater pressure as capital is reinvested and merger and acquisition activity remains high.

* Fund performance figures – source Lipper, a Thomson Reuters company, net of fees, net income reinvested

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306282 - 15022023

Aviva Investors Sterling Gilt Fund (the "Sub-fund")

In line with the requirement to conduct an assessment of value, the following summarises the conclusions reached by the Board having considered the range of factors as set out in the 'Value Assessment Approach' (see avivainvestors.com/value-assessments) which describes how we carry out the Value Assessment. This applies to all Unit Classes in the Sub-fund unless we have specifically noted Unit Class exceptions.

1. Quality of Service

The range, nature, extent and quality of the services provided to investors has been assessed and the Sub-fund's operating model was considered to be working effectively over the period. Investors received clear communications and relevant information at appropriate times to enable them to make informed decisions regarding their investment, and the service delivered has been timely and of an appropriate quality.

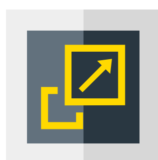
2. Performance

The Sub-fund's overall performance after charges, relative to its investment objectives, policy and strategy was deemed to be within a reasonable range of outcomes based on the various time periods reviewed and the information considered in the assessment.

A detailed explanation of the last 12 months performance is included in the Sub-fund Manager's Report below.

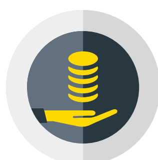
3. Authorised Fund Manager Costs

The fees paid were considered to be reasonable when taking into account the underlying costs for the services provided and the performance objectives set for the Sub-fund.



4. Economies of Scale

The specific benefits derived from economies of scale are returned to investors as a result of the single fee structure which operates for the entire Scheme, which enables each Sub-fund to benefit from the scale of the Scheme in totality. The Board concluded that all investors participated appropriately in the general economies of scale derived from investing with the Company based on a range of benefits and services provided and the overall fees charged. There has not been a material change in the size of the Scheme, or Sub-fund during the previous 12 months, and as such no additional savings have been identified.



5. Comparable Market Rates

The fees paid for each of the services provided to the Scheme and each Sub-fund (internally or externally) were considered to be competitive relative to those charged by similar competitor funds within the UK regulated funds market.

6. Comparable Services

On the basis of the available information and the comparable services considered, the fees were deemed to be reasonable compared to the fees charged by associated companies within the Aviva Group for any comparable products available in the UK of an equivalent size and with a similar investment objective and policy to the Sub-fund.

7. Classes of Units

The pricing of each Unit Class of the Sub-fund is considered to be reasonable based on the different Unit Class eligibility criteria and target investor for each Unit Class. All investors are invested appropriately in the Unit Class they are eligible to hold in the Sub-fund at the date of the assessment.

Overall Assessment Conclusion

In conclusion, the Board confirms all components of the assessment have been considered and the charges for each of the Unit Classes are justified in the context of overall value being delivered to investors.

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Fund Manager's Report

Performance

In the twelve months to 31 December 2021, the sub-fund returned -4.82%* net of fees. By comparison, the benchmark, the FTSE Government All-Stocks Index^, returned -5.18%.

Market Review

Gilts generated disappointing returns in 2021. Yields, which move inversely to bond prices, climbed rapidly in March and September as investors began to speculate that rising inflation would force the main central banks to tighten monetary policy earlier than had been anticipated. Consumer inflation accelerated briskly past the Bank of England's 2.0% target, driven by the impact of choked supply chains and surging oil prices. By November UK CPI had reached 5.1%. The ongoing pandemic nevertheless ensured that the Bank of England remained wary of raising interest rates too soon, even despite some encouraging growth numbers posted by the UK economy. Eventually, however, inflation forced the bank's hand and December saw the first rate hike in a major economy since the start of the pandemic, with the UK base rate being raised by 15 basis points to 0.25% in December. The final quarter of the year saw something of a recovery, with the market being boosted by the announcement by the UK government that it would need to issue far fewer bonds than anticipated because of higher-than-expected tax receipts during the recovery.

The Fund outperformed its benchmark over the review period. At the start of the year, the portfolio profited from a position anticipating weakness in US bonds. The trade was closed in February as a lot of optimism was factored into bond prices. This, together with attractive valuations, warranted an opportunistic long duration position looking for a reversal of the already significant sell-off in developed market yields. However, as the relentless move higher in yields continued, the position was closed. In aggregate, over the quarter the portfolio gained circa 5 basis points.

Given the many unknowns that remained around vaccination programmes and the pace of reopening, especially in Europe, the portfolio entered the second quarter with a long duration bias via German bunds. A quick reappraisal of this position was required as investors were overlooking the short-term risks and instead focusing on better-than-expected inflation prints, mostly in the US. Valuations however remained attractive in US government bonds, and as such a further long duration position was added in this geography. This proved successful as the US Federal Reserve continued to deem the rise in inflation as transitory. Meanwhile in the UK, the fast rollout of the vaccination programme, combined with better-than-expected growth data, provided temporary support to the portfolio's long sterling position. Elsewhere, at the margin being long of Italian bonds vs German bunds proved marginally unsuccessful. Net net, the fund largely performed in line with its benchmark in the second quarter of the year.

The third quarter saw the portfolio largely positioned with a 'pro-risk' bias and as such was again looking for higher yields. This was typically held through a short duration position in US bonds which worked well through the latter part of the period and was the biggest contributor to the outperformance seen. Elsewhere, US inflation positions also added to performance at the margin, as did a euro currency short against the US dollar. By the end of the quarter, the fund had outperformed its benchmark by circa 12 basis points.

The final quarter of the year saw some sizeable yield moves, significant curve gyrations and at times a complete loss of liquidity. Similar to the third quarter, the portfolio was again largely positioned with a 'pro-risk' bias and as such was looking for higher yields. However, early on in the period this position proved unsuccessful, yet all underperformance here was counteracted by the fund being dynamic with its yield curve positions. This saw the portfolio navigate between a steepening and a flattening bias several times over the period and consequently it was this positioning which resulted in the funds outperformance of circa 3 basis points in the final quarter of 2021.

Outlook

The Bank of England potentially finds itself in a more uncomfortable predicament than most other developed central banks. Not only does it have to tackle any pandemic-related scarring on the economy, but Brexit-related issues also need to be considered. Both factors will hold significant sway over prospects for growth and inflation going forward.

Elevated inflation has remained far more persistent than policy makers were expecting, but the labour market's resilience has also surprised to the upside. Overall, while we expect gradual hiking from the BoE, there is the risk it falls too far behind the curve and will subsequently need to hike faster and to a greater level than what the market is currently pricing.

We believe that UK government bonds deserve a greater risk premium for this uncertainty as it currently looks too low. Further to this, the quicker the BoE reaches a base rate of 0.50%, the quicker the passive unwind of the balance sheet begins. This refers to the non-reinvestment of quantitative easing proceeds which will ultimately increase net gilt supply over the coming financial year.

Therefore, while a somewhat benign path of interest rates is currently being priced by markets, there is the risk that both wage growth and levels of inflation remain persistently higher than expectations, forcing the BoE to act to a greater extent than currently believed. This could well result in gilt yields reaching levels that are in some excess of current estimates.

* Fund performance figures – source Lipper, a Thomson Reuters company, net of fees, net income reinvested

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305960 - 15022023

Aviva Investors Stewardship Fixed Interest Fund (the "Sub-fund")

In line with the requirement to conduct an assessment of value, the following summarises the conclusions reached by the Board having considered the range of factors as set out in the 'Value Assessment Approach' (see avivainvestors.com/value-assessments) which describes how we carry out the Value Assessment. This applies to all Unit Classes in the Sub-fund unless we have specifically noted Unit Class exceptions.

1. Quality of Service

The range, nature, extent and quality of the services provided to investors has been assessed and the Sub-fund's operating model was considered to be working effectively over the period. Investors received clear communications and relevant information at appropriate times to enable them to make informed decisions regarding their investment, and the service delivered has been timely and of an appropriate quality.

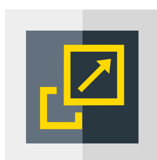
2. Performance

The Sub-fund's overall performance after charges, relative to its investment objectives, policy and strategy was deemed to be within a reasonable range of outcomes based on the various time periods reviewed and the information considered in the assessment.

A detailed explanation of the last 12 months performance is included in the Sub-fund Manager's Report below.

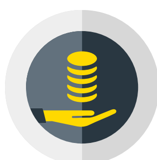
3. Authorised Fund Manager Costs

The fees paid were considered to be reasonable when taking into account the underlying costs for the services provided and the performance objectives set for the Sub-fund.



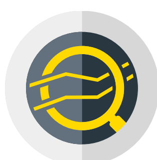
4. Economies of Scale

The specific benefits derived from economies of scale are returned to investors as a result of the single fee structure which operates for the entire Scheme, which enables each Sub-fund to benefit from the scale of the Scheme in totality. The Board concluded that all investors participated appropriately in the general economies of scale derived from investing with the Company based on a range of benefits and services provided and the overall fees charged. There has not been a material change in the size of the Scheme, or Sub-fund during the previous 12 months, and as such no additional savings have been identified.



5. Comparable Market Rates

The fees paid for each of the services provided to the Scheme and each Sub-fund (internally or externally) were considered to be competitive relative to those charged by similar competitor funds within the UK regulated funds market.



6. Comparable Services

On the basis of the available information and the comparable services considered, the fees were deemed to be reasonable compared to the fees charged by associated companies within the Aviva Group for any comparable products available in the UK of an equivalent size and with a similar investment objective and policy to the Sub-fund.

7. Classes of Units

The pricing of each Unit Class of the Sub-fund is considered to be reasonable based on the different Unit Class eligibility criteria and target investor for each Unit Class. All investors are invested appropriately in the Unit Class they are eligible to hold in the Sub-fund at the date of the assessment.

Overall Assessment Conclusion

In conclusion, the Board confirms all components of the assessment have been considered and the charges for each of the Unit Classes are justified in the context of overall value being delivered to investors.

Past performance is not a guide for future performance, the value of your investment can go down as well as up and you may not get back the amount invested.

Fund Manager's Report

Performance

In the twelve months to 31 December 2021, the sub-fund returned -3.67%* net of fees. By comparison, the benchmark, the iBoxx Sterling Non-Gilts Index, also returned -3.08%.

Market Review

Sterling corporate bonds posted negative returns in 2021. This was largely a consequence of disappointing performance by the underlying government bond market, which suffered bouts of weakness, notably in the first and third quarters. Worries that accelerating inflation, brought about mostly by higher commodity prices and blocked supply chains, would compel central banks to bring forward monetary tightening drove government bond yields sharply higher in March, while more hawkish central bank rhetoric drove a similar correction in September as rates of consumer inflation accelerated towards multi-decade highs in some countries.

Corporate bonds delivered modest excess returns over government bonds. The market was underpinned by both improving fundamentals in the form of a strong recovery in corporate earnings and supportive technical factors as demand for income-generating assets remained strong, easily absorbing high levels of issuance. Credit spreads, which form part of the excess return of corporate bonds, narrowed overall over the period, although their progress was held back by the richness of valuations, with much of the recovery already priced into the market. There was also a marked widening of spreads in November as fears about the potential economic impact of the Covid variant Omicron took hold.

The Fund held a broadly cautious positioning in terms of credit risk given rich market valuations and ongoing uncertainties about the path of the pandemic. However, there were tactical adjustments of risk which added value over the course of the quarter, such as in the wake of the November Omicron sell-off.

Returns were boosted by the exposure to lower-quality insurance company debt through AXA, as this part of the market profited from increasing confidence in the UK economic outlook. US telecommunications group AT&T also contributed well as the company sold Time Warner, thereby reducing its huge debt burden. Value was also added by Spanish bank BBVA and Investec. At the credit quality level, being overweight BBB-rated bonds and underweight A-rated bonds was profitable. On the negative side, bonds of supermarket group Morrisons struggled as its debt pile was expected to grow in the wake of an anticipated acquisition by private equity investors. The lack of exposure to GE, one of the year's top performers, was also unhelpful.

Outlook

We expect the macro-economic environment to remain relatively benign in 2022, although growth will fall back from the levels seen in 2021. Inflation is likely to fall off into the second half of the year as the pandemic eases (hopefully), supply chain disruptions moderate and base effects come into play. We do not expect core sovereign bond yields to rise too sharply as the huge debt overhang created by the pandemic keeps a lid on interest rate rises.

For corporate bonds, there remains little room for material spread compression into 2022. That said, while the key challenge remains the withdrawal of policy support, credit typically performs well in the early stages of an interest rate hiking cycle.

Environmental, social and governance (ESG) factors are expected to continue to be a significant theme as central banks look to "green" their portfolios of corporate bonds and investors generally tilt away from ESG laggards. Event risk is a threat, however, with company balance sheets poised to come under greater pressure as capital is reinvested and merger and acquisition activity remains high.

* Fund performance figures – source Lipper, a Thomson Reuters company, net of fees, net income reinvested

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306417 - 15022023

Aviva Investors Stewardship International Equity Fund (the "Sub-fund")

In line with the requirement to conduct an assessment of value, the following summarises the conclusions reached by the Board having considered the range of factors as set out in the 'Value Assessment Approach' (see avivainvestors.com/value-assessments) which describes how we carry out the Value Assessment. This applies to all Unit Classes in the Sub-fund unless we have specifically noted Unit Class exceptions.

1. Quality of Service

The range, nature, extent and quality of the services provided to investors has been assessed and the Sub-fund's operating model was considered to be working effectively over the period. Investors received clear communications and relevant information at appropriate times to enable them to make informed decisions regarding their investment, and the service delivered has been timely and of an appropriate quality.

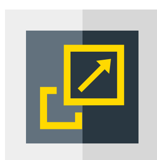
2. Performance

The Sub-fund's overall performance after charges, relative to its investment objectives, policy and strategy was deemed to be within a reasonable range of outcomes based on the various time periods reviewed and the information considered in the assessment.

A detailed explanation of the last 12 months performance is included in the Sub-fund Manager's Report below.

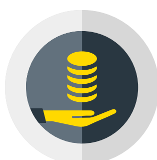
3. Authorised Fund Manager Costs

The fees paid were considered to be reasonable when taking into account the underlying costs for the services provided and the performance objectives set for the Sub-fund.



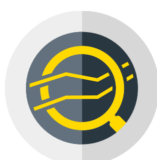
4. Economies of Scale

The specific benefits derived from economies of scale are returned to investors as a result of the single fee structure which operates for the entire Scheme, which enables each Sub-fund to benefit from the scale of the Scheme in totality. The Board concluded that all investors participated appropriately in the general economies of scale derived from investing with the Company based on a range of benefits and services provided and the overall fees charged. There has not been a material change in the size of the Scheme, or Sub-fund during the previous 12 months, and as such no additional savings have been identified.



5. Comparable Market Rates

The fees paid for each of the services provided to the Scheme and each Sub-fund (internally or externally) were considered to be competitive relative to those charged by similar competitor funds within the UK regulated funds market.



6. Comparable Services

On the basis of the available information and the comparable services considered, the fees were deemed to be reasonable compared to the fees charged by associated companies within the Aviva Group for any comparable products available in the UK of an equivalent size and with a similar investment objective and policy to the Sub-fund.

7. Classes of Units

The pricing of each Unit Class of the Sub-fund is considered to be reasonable based on the different Unit Class eligibility criteria and target investor for each Unit Class. All investors are invested appropriately in the Unit Class they are eligible to hold in the Sub-fund at the date of the assessment.

Overall Assessment Conclusion

In conclusion, the Board confirms all components of the assessment have been considered and the charges for each of the Unit Classes are justified in the context of overall value being delivered to investors.

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Fund Manager's Report

Performance

In the twelve months to 31 December 2021, the sub-fund returned 19.37%* net of fees. The Fund's benchmark, the MSCI World Index, returned 22.28%.

Market Review

Despite the persistence of the Covid-19 pandemic, global equities enjoyed strong performance in 2021. The world's developed economies in particular adjusted well to the disrupted environment, with the roll-outs of mass vaccination programmes offering a pathway to a return to normality. Rates of growth were higher than expected in many economies, despite the onset of accelerating inflation amid stubborn supply chain blockages and the sporadic reinstatement of Covid-driven social restrictions.

Forecast-beating corporate earnings were the key driver of equity returns, while the maintenance of huge monetary and fiscal stimulus programmes created a firm underpinning for markets. It was, in the first half of the year at least, a period of attractive gains for companies geared into the theme of reopening economies, and US technology stocks in particular. The energy sector was another notable winner as the oil price rebounded from the lows suffered in 2020. As the year progressed, however, there were signs of a shift in market leadership as slow but steady 'value' stocks began to gain ascendancy over 'growth' shares.

At the regional level, the US led the way as the economy sustained its strong momentum, boosted by the injection of massive fiscal stimulus. European stocks prospered from clear evidence that growth was recovering from the 2020 crisis, with manufacturing output rallying and the service sector getting back on its feet.

Returns from emerging markets were nevertheless disappointing and, in some countries, negative. Developing nations by and large were less successful in their Covid vaccination programmes, while the stuttering Chinese economy dampened investor sentiment towards Asia. Latin America saw political machinations, particularly in Brazil, while Turkey suffered a financial crisis and a plunging currency.

While the fund posted attractive absolute returns, disappointing stock selection pulled performance lower against the benchmark. The main stock detractor was financial services technology solutions provider Fidelity National Information Services, which cut its earnings guidance for the third quarter despite earlier beating expectations. While Ping An Insurance experienced a rebound in new business volumes, its shares were weak as demand for long-term protection products has still not fully returned to pre-pandemic levels. London Stock Exchange was a further detractor as it struggled to integrate its 2019 acquisition, market data provider Refinitiv, into its business. On the positive side, value was added by exposure to Google owner Alphabet, which was boosted by strong sentiment to US technology, Equifax, which beat its earnings forecasts and raised guidance, and Home Depot, which prospered from a boom in US home renovating.

Outlook

We expect the macro-economic environment to remain relatively benign in 2022, although growth will moderate from the levels seen in 2021. Inflation is expected to fall off into the second half of the year as the pandemic eases (hopefully), supply chain disruptions moderate and base effects come into play. Risks do remain to the upside, however, as inflation has shown itself to be more persistent than central banks initially argued.

We see further positive potential for equities in 2022, with significant scope for a global rebound in capital expenditure given the robust health of corporate balance sheets. Valuations remain high in most developed regions against their historical averages, but earnings growth should continue to support the asset class. We see potential for many of the supply-side shortages to ease as Covid comes under greater control in key manufacturing hubs, notably in South-East Asia. The markets' obsession with expensive technology, service and pharmaceutical stocks, particularly those benefiting from trends in working from home and home entertainment, reversed to an extent in 2021 and we see further potential for a rotation from 'growth' to 'value' in 2022.

* Fund performance figures – source Lipper, a Thomson Reuters company, net of fees, net income reinvested

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305469 - 15022023

Aviva Investors Stewardship UK Equity Fund (the "Sub-fund")

In line with the requirement to conduct an assessment of value, the following summarises the conclusions reached by the Board having considered the range of factors as set out in the 'Value Assessment Approach' (see avivainvestors.com/value-assessments) which describes how we carry out the Value Assessment. This applies to all Unit Classes in the Sub-fund unless we have specifically noted Unit Class exceptions.

1. Quality of Service

The range, nature, extent and quality of the services provided to investors has been assessed and the Sub-fund's operating model was considered to be working effectively over the period. Investors received clear communications and relevant information at appropriate times to enable them to make informed decisions regarding their investment, and the service delivered has been timely and of an appropriate quality.

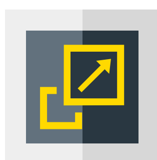
2. Performance

The Sub-fund's overall performance after charges, relative to its investment objectives, policy and strategy was deemed to be within a reasonable range of outcomes based on the various time periods reviewed and the information considered in the assessment.

A detailed explanation of the last 12 months performance is included in the Sub-fund Manager's Report below.

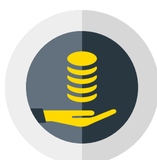
3. Authorised Fund Manager Costs

The fees paid were considered to be reasonable when taking into account the underlying costs for the services provided and the performance objectives set for the Sub-fund.



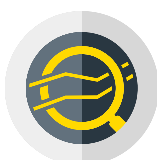
4. Economies of Scale

The specific benefits derived from economies of scale are returned to investors as a result of the single fee structure which operates for the entire Scheme, which enables each Sub-fund to benefit from the scale of the Scheme in totality. The Board concluded that all investors participated appropriately in the general economies of scale derived from investing with the Company based on a range of benefits and services provided and the overall fees charged. There has not been a material change in the size of the Scheme, or Sub-fund during the previous 12 months, and as such no additional savings have been identified.



5. Comparable Market Rates

The fees paid for each of the services provided to the Scheme and each Sub-fund (internally or externally) were considered to be competitive relative to those charged by similar competitor funds within the UK regulated funds market.



6. Comparable Services

On the basis of the available information and the comparable services considered, the fees were deemed to be reasonable compared to the fees charged by associated companies within the Aviva Group for any comparable products available in the UK of an equivalent size and with a similar investment objective and policy to the Sub-fund.

7. Classes of Units

The pricing of each Unit Class of the Sub-fund is considered to be reasonable based on the different Unit Class eligibility criteria and target investor for each Unit Class. All investors are invested appropriately in the Unit Class they are eligible to hold in the Sub-fund at the date of the assessment.

Overall Assessment Conclusion

In conclusion, the Board confirms all components of the assessment have been considered and the charges for each of the Unit Classes are justified in the context of overall value being delivered to investors.

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Fund Manager's Report

Performance

In the twelve months to 31 December 2021, the sub-fund returned 15.7%* net of fees. The Fund's benchmark, the FTSE All-Share Custom Index^, returned 16.9%.

Market Review

The UK market posted a strong return in 2021 as it continued its recovery from the Brexit transition and the shock of the early stages of the pandemic. Despite disrupted exports, the performance of the economy was much stronger than had been anticipated as proactive moves by the government to safeguard jobs through the furlough scheme, together with direct payments to pandemic-affected companies, prevented the feared surge in unemployment and accompanying deep recession. The rebound was also fuelled by a highly successful Covid-19 vaccine rollout, with raised hopes that a return to normal life was approaching and that the economy was poised to fully reopen. Monetary policy remained supportive, with the Bank of England keeping interest rates unchanged until December, when it raised its base rate from 0.1% to 0.25%.

Within the market, performance was supported by strong returns from the dominant oil majors, which benefited from a sharp recovery in the price of oil. Expectations that the global economy would pick up speed also drove healthy performance by materials companies. Other sectors to rally included real estate, industrials and utilities.

The fund posted a strong absolute return but was slightly behind its benchmark. The top contributor was equipment rental company Ashtead, which benefited from the reopening of the economy and the release of pent-up demand. Ferguson, the plumbing and heating products distributor, continued to perform well, buoyed by its exposure to US GDP and the building/ repair-maintenance-improvement end markets. Elsewhere, value was added by a recent addition to the portfolio, distribution logistics company Tritax Europe. The company is prospering from the shift towards online sales and the connected need for high-quality logistics space that those business' supply chains rely on. This is a pre-existing trend that has strengthened in the wake of the pandemic.

The main detractor was London Stock Exchange. Despite the company's reassurances, investors were concerned about the higher-than-expected costs of integrating data provider Refinitiv into its business. Prudential also performed disappointingly as it was negatively impacted by sentiment around Hong Kong lockdowns.

Outlook

The consensus view seems to be for strong UK GDP growth in 2022 (around 4-5%), inflation to peak around March/April but to be lower by end of the year with the Bank of England's desire to increase rates to a more normal level. We believe the risk to this consensus view is rates rising faster and earlier than the market expects with the effects of Omicron and any future variants being a key driver of this.

We continue to expect UK plc boards to take important positive action on ESG. Whilst we recognise the direction of travel is in line with our desire, we will continue to push for them to move more quickly.

* Fund performance figures – source Lipper, a Thomson Reuters company, net of fees, net income reinvested

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306301 - 15022023

Aviva Investors Stewardship UK Equity Income Fund (the "Sub-fund")

In line with the requirement to conduct an assessment of value, the following summarises the conclusions reached by the Board having considered the range of factors as set out in the 'Value Assessment Approach' (see avivainvestors.com/value-assessments) which describes how we carry out the Value Assessment. This applies to all Unit Classes in the Sub-fund unless we have specifically noted Unit Class exceptions.

1. Quality of Service

The range, nature, extent and quality of the services provided to investors has been assessed and the Sub-fund's operating model was considered to be working effectively over the period. Investors received clear communications and relevant information at appropriate times to enable them to make informed decisions regarding their investment, and the service delivered has been timely and of an appropriate quality.

2. Performance

Share Class	Annualised Return (%) as at 31 Dec 2021			
	1 Year	3 Year	5 Year	Since Launch
UK Corporate Inc	16.92	10.31	6.99	6.28
UK Institutional Acc	17.10	10.35	N/A	6.35
Insured Pension Acc	16.93	N/A	N/A	6.31
Benchmark[1]	18.32	8.33	5.42	5.42

1 FTSE® All Share TR Index
^ Performance basis: Mid to mid, net income reinvested, net of ongoing charges and fees, net of tax payable by the Fund. The figures do not include the effect of any exit or entry charge.

The Sub-fund aims to deliver an income return in excess of the income return of the FTSE® All Share Index^, annualised, over 3-year rolling periods, whilst also aiming to grow your investment over the long term (5 years or more) by investing in shares of UK companies.

In the Value Assessment published in 2021 the Board noted that the level of income generated over the previous 12 months had fallen when compared to previous years. This was attributed to the specific stock exclusions required by the Sub-fund's ethical investment objective, which resulted in the yield target being amended, along with a general decline in dividends from companies during the Covid-19 pandemic.

The Board is pleased to note that the level of income generated over the last 12 months is exceeding the Sub-fund's revised yield objective relative to the benchmark. Therefore, the Sub-fund's overall performance after charges, relative to its investment objectives, policy and strategy was deemed to be within a reasonable range of outcomes based on the time periods reviewed and the information considered in the assessment.

A detailed explanation of the last 12 months performance is included in the Fund Manager's Report below.

3. Authorised Fund Manager Costs

The fees paid were considered to be reasonable when taking into account the underlying costs for the services provided and the performance objectives set for the Sub-fund.

4. Economies of Scale

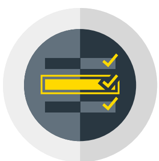
The specific benefits derived from economies of scale are returned to investors as a result of the single fee structure which operates for the entire Scheme, which enables each Sub-fund to benefit from the scale of the Scheme in totality. The Board concluded that all investors participated appropriately in the general economies of scale derived from investing with the Company based on a range of benefits and services provided and the overall fees charged. There has not been a material change in the size of the Scheme, or Sub-fund during the previous 12 months, and as such no additional savings have been identified.

5. Comparable Market Rates

The fees paid for each of the services provided to the Scheme and each Sub-fund (internally or externally) were considered to be competitive relative to those charged by similar competitor funds within the UK regulated funds market.

6. Comparable Services

On the basis of the available information and the comparable services considered, the fees were deemed to be reasonable compared to the fees charged by associated companies within the Aviva Group for any comparable products available in the UK of an equivalent size and with a similar investment objective and policy to the Sub-fund.



7. Classes of Units

The pricing of each Unit Class of the Sub-fund is considered to be reasonable based on the different Unit Class eligibility criteria and target investor for each Unit Class. All investors are invested appropriately in the Unit Class they are eligible to hold in the Sub-fund at the date of the assessment.

Overall Assessment Conclusion

In conclusion, the Board confirms all components of the assessment have been considered and the charges for each of the Unit Classes are justified in the context of overall value being delivered to investors.

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Fund Manager's Report

Performance

In the twelve months to 31 December 2021, the sub-fund returned 16.9%* net of fees. The fund's benchmark, the FTSE All-Share Index^, returned 18.3%.

Market Review

The UK market posted a strong return in 2021 as it continued its recovery from the Brexit transition and the shock of the early stages of the pandemic. Despite disrupted exports, the performance of the economy was much stronger than had been anticipated as proactive moves by the government to safeguard jobs through the furlough scheme, together with direct payments to pandemic-affected companies, prevented the feared surge in unemployment and accompanying deep recession. The rebound was also fuelled by a highly successful Covid-19 vaccine rollout, with raised hopes that a return to normal life was approaching and that the economy was poised to fully reopen. Monetary policy remained supportive, with the Bank of England keeping interest rates unchanged until December, when it raised its base rate from 0.1% to 0.25%.

Within the market, performance was supported by strong returns from the dominant oil majors, which benefited from a sharp recovery in the price of oil. Expectations that the global economy would pick up speed also drove healthy performance by materials companies. Other sectors to rally included real estate, industrials and utilities.

The most value was added to the Fund by storage company Safestore after it reported what it described as a 'record-breaking' year of growth, with profits almost doubling. Sentiment towards the stock was also buoyed by strong gains on its investment properties. Heavy inflows of new investor assets pushed shares of wealth manager St James's Place to new highs, while equipment rental firm Ashtead was boosted by hopes that the end of lockdown would drive an increase in demand for its services.

The weakest individual holding was Sabre Insurance, which came under pressure as the number of policies on its books has been in decline for several years. However, the stock ended the year on a firmer note as the market welcomed a deal struck with motorcycle insurer MCE for Sabre to become its main underwriter. London Stock Exchange also detracted as investors became concerned about the costs associated with the company's integration of the data provider Refinitiv into its business.

Outlook

Markets have had a lot thrown at them and yet remain very resilient. It appears the journey to recovery, long and drawn out as it is, is the key factor that is keeping investors interested and invested. We expect the economy and earnings to continue recovering in 2022 – higher inflation levels, tightening monetary policy and the threat of Covid-19 notwithstanding. History shows that the early stages of a tightening cycle are often favourable periods for investors. Further, given fiscal pressures, we do not expect central banks to tighten too far, despite the surge in inflation.

Whilst uncertainty remains, we believe it is not back to square one with Covid-induced economic restrictions given the progress that has been made with treatments and population immunity levels, and the virus appearing to cause a milder illness. We are continuing to monitor any significant dislocations across sectors in the market and will not hesitate to add to companies who have attractive business models not materially affected by Covid in the longer-term.

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* Fund performance figures – source Lipper, a Thomson Reuters company, net of fees, net income reinvested.

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306350 - 15022023

Aviva Investors Strategic Global Equity Fund (the "Sub-fund")

In line with the requirement to conduct an assessment of value, the following summarises the conclusions reached by the Board having considered the range of factors as set out in the 'Value Assessment Approach' (see avivainvestors.com/value-assessments) which describes how we carry out the Value Assessment. This applies to all Unit Classes in the Sub-fund unless we have specifically noted Unit Class exceptions.

1. Quality of Service

The range, nature, extent and quality of the services provided to investors has been assessed and the Sub-fund's operating model was considered to be working effectively over the period. Investors received clear communications and relevant information at appropriate times to enable them to make informed decisions regarding their investment, and the service delivered has been timely and of an appropriate quality.

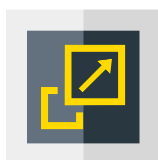
2. Performance

The Sub-fund's overall performance after charges, relative to its investment objectives, policy and strategy was deemed to be within a reasonable range of outcomes based on the various time periods reviewed and the information considered in the assessment.

A detailed explanation of the last 12 months performance is included in the Sub-fund Manager's Report below.

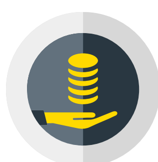
3. Authorised Fund Manager Costs

The fees paid were considered to be reasonable when taking into account the underlying costs for the services provided and the performance objectives set for the Sub-fund.



4. Economies of Scale

The specific benefits derived from economies of scale are returned to investors as a result of the single fee structure which operates for the entire Scheme, which enables each Sub-fund to benefit from the scale of the Scheme in totality. The Board concluded that all investors participated appropriately in the general economies of scale derived from investing with the Company based on a range of benefits and services provided and the overall fees charged. There has not been a material change in the size of the Scheme, or Sub-fund during the previous 12 months, and as such no additional savings have been identified.



5. Comparable Market Rates

The fees paid for each of the services provided to the Scheme and each Sub-fund (internally or externally) were considered to be competitive relative to those charged by similar competitor funds within the UK regulated funds market.

6. Comparable Services

On the basis of the available information and the comparable services considered, the fees were deemed to be reasonable compared to the fees charged by associated companies within the Aviva Group for any comparable products available in the UK of an equivalent size and with a similar investment objective and policy to the Sub-fund.

7. Classes of Units

The pricing of each Unit Class of the Sub-fund is considered to be reasonable based on the different Unit Class eligibility criteria and target investor for each Unit Class. All investors are invested appropriately in the Unit Class they are eligible to hold in the Sub-fund at the date of the assessment.

Overall Assessment Conclusion

In conclusion, the Board confirms all components of the assessment have been considered and the charges for each of the Unit Classes are justified in the context of overall value being delivered to investors.

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Fund Manager's Report

Performance

The portfolio returned 25.35% (net of fees)*, outperforming the MSCI AC World TR^, which returned 20.57% over the period.

Review

Investors' hopes for a global economic recovery continued to grow over the first few months of the year, amid the rollout of Covid-19 vaccines. The outlook for the global economic recovery gathered momentum in Q2. This did raise questions over the timing of policy support withdrawal from major global central banks, which sparked some underlying volatility. However, equities globally continued to gain ground, registering strong performance over the first half of 2021. Markets struggled to progress in the third quarter amid growth and inflation concerns. Equities were stronger in the final quarter after fears of the emergence of a new contagious variant of the Covid-19 virus increased market volatility.

Throughout most of the first half of the year we saw robust performance across our factors before things levelled off somewhat in the mid-part of the year. The fund lost some ground in the start of the Q3 before recovering these losses in the tail end of the year. Value, which has been enjoying a long-awaited good run of form since November of last year, started the period well, making sizable gains in the first three months. However, the "reflation trade" that has dominated financial markets since the emergence of the coronavirus vaccines last year stalled in June after the Federal Reserve unexpectedly signalled a shift in its stance on inflation. The factor gave back some of these gains in Q3 before having a resurgence in the closing months as news broke out about the rapid emergence and spread of the Omicron variant of Covid-19 followed by the Federal Reserve signalling its willingness to accelerate US monetary policy tightening. The factor ended the ended the year as the largest contributor to returns.

Elsewhere, Governance and Profitability also provided a good source of returns. The former following a similar, albeit less steep, path to Value. The latter had a turbulent year, recovering from a difficult start in the first half of the year only to hit further bumpy roads in Q3. However, the factor recovered again with particularly strong performance in November to end the year as a strong contributor to excess performance. The funds additional allocation to Low volatility was a drag on performance in the first half of the year. However, the fund's exposure to our proprietary Low Volatility signal was a contributor to performance in the latter half as market volatility increased. Relatively muted returns came from Momentum and SustainEx factors.

During this year, we made some changes to the portfolio. The changes were completed in two stages. In April, we moved to a new bespoke global multi-factor approach incorporating a low beta target. At the start of June, we included a range of sustainability features alongside the requested stock exclusions. We added SustainEx to our roster of targeted factors and capped the carbon intensity of the portfolio relative to the benchmark. A summary impact analysis is included immediately below.

As of 31 December, the carbon intensity of the portfolio was below 50% of the benchmark. The reading was 69 for the portfolio compared to 152 for the MSCI AC World Index, a 55% reduction1. With respect to SustainEx, Schroders proprietary measure of sustainability impact, we recorded an improvement of around 5% over the benchmark with the benchmark showing a negative SustainEx to sales impact of -3.6%2. This SustainEx improvement translates to $5 of relative social value benefits for every $100 of revenues generated by the underlying portfolio companies.

Overall, it was an encouraging 2021. On the one hand, we successfully implemented some significant changes to the portfolio, including the transition to a sustainable model. On the other, we continue to see healthy performance across most factors.

* Fund performance figures – source Lipper, a Thomson Reuters company, net of fees, net income reinvested

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305596 - 15022023

Aviva Investors UK Equity Alpha Fund (the "Sub-fund")

In line with the requirement to conduct an assessment of value, the following summarises the conclusions reached by the Board having considered the range of factors as set out in the 'Value Assessment Approach' (see avivainvestors.com/value-assessments) which describes how we carry out the Value Assessment. This applies to all Unit Classes in the Sub-fund unless we have specifically noted Unit Class exceptions.

1. Quality of Service

The range, nature, extent and quality of the services provided to investors has been assessed and the Sub-fund's operating model was considered to be working effectively over the period. Investors received clear communications and relevant information at appropriate times to enable them to make informed decisions regarding their investment, and the service delivered has been timely and of an appropriate quality.

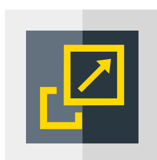
2. Performance

The Sub-fund's overall performance after charges, relative to its investment objectives, policy and strategy was deemed to be within a reasonable range of outcomes based on the various time periods reviewed and the information considered in the assessment.

A detailed explanation of the last 12 months performance is included in the Sub-fund Manager's Report below.

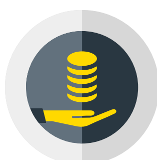
3. Authorised Fund Manager Costs

The fees paid were considered to be reasonable when taking into account the underlying costs for the services provided and the performance objectives set for the Sub-fund.



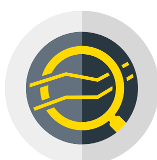
4. Economies of Scale

The specific benefits derived from economies of scale are returned to investors as a result of the single fee structure which operates for the entire Scheme, which enables each Sub-fund to benefit from the scale of the Scheme in totality. The Board concluded that all investors participated appropriately in the general economies of scale derived from investing with the Company based on a range of benefits and services provided and the overall fees charged. There has not been a material change in the size of the Scheme, or Sub-fund during the previous 12 months, and as such no additional savings have been identified.



5. Comparable Market Rates

The fees paid for each of the services provided to the Scheme and each Sub-fund (internally or externally) were considered to be competitive relative to those charged by similar competitor funds within the UK regulated funds market.



6. Comparable Services

On the basis of the available information and the comparable services considered, the fees were deemed to be reasonable compared to the fees charged by associated companies within the Aviva Group for any comparable products available in the UK of an equivalent size and with a similar investment objective and policy to the Sub-fund.

7. Classes of Units

The pricing of each Unit Class of the Sub-fund is considered to be reasonable based on the different Unit Class eligibility criteria and target investor for each Unit Class. All investors are invested appropriately in the Unit Class they are eligible to hold in the Sub-fund at the date of the assessment.

Overall Assessment Conclusion

In conclusion, the Board confirms all components of the assessment have been considered and the charges for each of the Unit Classes are justified in the context of overall value being delivered to investors.

Past performance is not a guide for future performance, the value of your investment can go down as well as up and you may not get back the amount invested.

Fund Manager's Report

Performance

In the twelve months to 31 December 2021, the sub-fund returned 18.54%* net of fees. The fund's benchmark, the FTSE All-Share Index ex IT, ex Aviva^, returned 18.62%.

Market Review

The UK market posted a strong return in 2021 as it continued its recovery from the Brexit transition and the shock of the early stages of the pandemic. Despite disrupted exports, the performance of the economy was much stronger than had been anticipated as proactive moves by the government to safeguard jobs through the furlough scheme, together with direct payments to pandemic-affected companies, prevented the feared surge in unemployment and accompanying deep recession. The rebound was also fuelled by a highly successful Covid-19 vaccine rollout, with raised hopes that a return to normal life was approaching and that the economy was poised to fully reopen. Monetary policy remained supportive, with the Bank of England keeping interest rates unchanged until December, when it raised its base rate from 0.1% to 0.25%.

Within the market, performance was supported by strong returns from the dominant oil majors, which benefited from a sharp recovery in the price of oil. Expectations that the global economy would pick up speed also drove healthy performance by materials companies. Other sectors to rally included real estate, industrials and utilities.

The fund posted a strong absolute return and performed in line with its benchmark over the review period. The top-performing stock was equipment rental company Ashtead, which benefited from the reopening of the economy and the release of pent-up demand. Next Fifteen Communications also performed well as the company announced strong revenues and indicated that organic growth should be ahead of guidance. Distribution logistics company Tritax Europe added value as the company is prospering from the shift towards online sales and the connected need for high-quality logistics space that those business' supply chains rely on. This is a pre-existing trend that has strengthened in the wake of the pandemic.

The main disappointment was London Stock Exchange as investors became concerned about the costs associated with the company's integration of the data provider Refinitiv into its business. Elsewhere, not owning drinks maker Diageo weighed on relative performance as it notched a series of all-time share price highs as the reopening of economies suggested a strong increase in revenues.

Outlook

Markets have had a lot thrown at them and yet remain very resilient. It appears the journey to recovery, long and drawn out as it is, is the key factor that is keeping investors interested and invested. We expect the economy and earnings to continue recovering in 2022 – higher inflation levels, tightening monetary policy and the threat of Covid-19 notwithstanding. History shows that the early stages of a tightening cycle are often favourable periods for investors. Further, given fiscal pressures, we do not expect central banks to tighten policy too far, despite the surge in inflation.

We are also increasingly positive on the domestic UK economy, as we expect that it will continue to normalise through the year, buoyed by high government and strong consumer spending trends.

Overweight positioning in stock-specific ideas in banks, housebuilding, construction, retail and leisure should benefit if this positivity is not misplaced.

* Fund performance figures – source Lipper, a Thomson Reuters company, net of fees, net income reinvested

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305454 - 15022023

Aviva Investors UK Equity Dividend Fund (the "Sub-fund")

In line with the requirement to conduct an assessment of value, the following summarises the conclusions reached by the Board having considered the range of factors as set out in the 'Value Assessment Approach' (see avivainvestors.com/value-assessments) which describes how we carry out the Value Assessment. This applies to all Unit Classes in the Sub-fund unless we have specifically noted Unit Class exceptions.

1. Quality of Service

The range, nature, extent and quality of the services provided to investors has been assessed and the Sub-fund's operating model was considered to be working effectively over the period. Investors received clear communications and relevant information at appropriate times to enable them to make informed decisions regarding their investment, and the service delivered has been timely and of an appropriate quality.

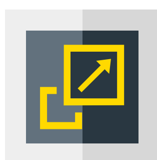
2. Performance

The Sub-fund's overall performance after charges, relative to its investment objectives, policy and strategy was deemed to be within a reasonable range of outcomes based on the various time periods reviewed and the information considered in the assessment.

A detailed explanation of the last 12 months performance is included in the Sub-fund Manager's Report below.

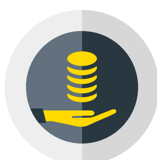
3. Authorised Fund Manager Costs

The fees paid were considered to be reasonable when taking into account the underlying costs for the services provided and the performance objectives set for the Sub-fund.



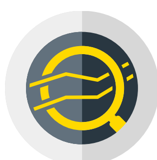
4. Economies of Scale

The specific benefits derived from economies of scale are returned to investors as a result of the single fee structure which operates for the entire Scheme, which enables each Sub-fund to benefit from the scale of the Scheme in totality. The Board concluded that all investors participated appropriately in the general economies of scale derived from investing with the Company based on a range of benefits and services provided and the overall fees charged. There has not been a material change in the size of the Scheme, or Sub-fund during the previous 12 months, and as such no additional savings have been identified.



5. Comparable Market Rates

The fees paid for each of the services provided to the Scheme and each Sub-fund (internally or externally) were considered to be competitive relative to those charged by similar competitor funds within the UK regulated funds market.



6. Comparable Services

On the basis of the available information and the comparable services considered, the fees were deemed to be reasonable compared to the fees charged by associated companies within the Aviva Group for any comparable products available in the UK of an equivalent size and with a similar investment objective and policy to the Sub-fund.

7. Classes of Units

The pricing of each Unit Class of the Sub-fund is considered to be reasonable based on the different Unit Class eligibility criteria and target investor for each Unit Class. All investors are invested appropriately in the Unit Class they are eligible to hold in the Sub-fund at the date of the assessment.

Overall Assessment Conclusion

In conclusion, the Board confirms all components of the assessment have been considered and the charges for each of the Unit Classes are justified in the context of overall value being delivered to investors.

Past performance is not a guide for future performance, the value of your investment can go down as well as up and you may not get back the amount invested.

Fund Manager's Report

Performance

In the twelve months to 31 December 2021, the sub-fund returned 14.59%* net of fees. The Fund's benchmark, the FTSE All-Share Index ex IT, ex Aviva^, returned 17.99%.

Market Review

The UK market posted a strong return in 2021 as it continued its recovery from the Brexit transition and the shock of the early stages of the pandemic. Despite disrupted exports, the performance of the economy was much stronger than had been anticipated as proactive moves by the government to safeguard jobs through the furlough scheme, together with direct payments to pandemic-affected companies, prevented the feared surge in unemployment and accompanying deep recession. The rebound was also fuelled by a highly successful Covid-19 vaccine rollout, with raised hopes that a return to normal life was approaching and that the economy was poised to fully reopen. Monetary policy remained supportive, with the Bank of England keeping interest rates unchanged until December, when it raised its base rate from 0.1% to 0.25%.

Within the market, performance was supported by strong returns from the dominant oil majors, which benefited from a sharp recovery in the price of oil. Expectations that the global economy would pick up speed also drove healthy performance by materials companies. Other sectors to rally included real estate, industrials and utilities.

The Fund posted a strong absolute return but underperformed its benchmark, with security selection being the main detractor. The weakest individual holding was Sabre Insurance, which came under pressure as the number of policies on its books has been in decline for several years. However, the stock ended the year on a firmer note as the market welcomed a deal struck with motorcycle insurer MCE for Sabre to become its main underwriter.

It was a relatively turbulent year for business turnaround specialist Melrose. Although it pleased the market with a special dividend following the sale of one of its subsidiaries, sentiment towards the company sagged as a resurgence of Covid clouded the outlook for its aerospace operations. We take a long-term view on the broader company fundamentals as the management team continue to deliver the margin improvements on the turnaround of the GKN business.

The most value was added by Ultra Electronics, which rallied sharply in July after it became the subject of a takeover bid by fellow defence firm Cobham. A useful contribution was also made by software group Sage as strong demand for its cloud-based business services attracted significant numbers of new customers.

Outlook

Markets have had a lot thrown at them and yet remain very resilient. It appears the journey to recovery, long and drawn out as it is, is the key factor that is keeping investors interested and invested. We expect the economy and earnings to continue recovering in 2022 – higher inflation levels, tightening monetary policy and the threat of Covid-19 notwithstanding. History shows that the early stages of a tightening cycle are often favourable periods for investors. Further, given fiscal pressures, we do not expect central banks to tighten policy too far, despite the surge in inflation.

We are also increasingly positive on the domestic UK economy, as we expect that it will continue to normalise through the year, buoyed by high government and strong consumer spending trends.

* Fund performance figures – source Lipper, a Thomson Reuters company, net of fees, net income reinvested

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306366 - 15022023

Aviva Investors UK Listed Equity ex-Tobacco Fund (the "Sub-fund")

In line with the requirement to conduct an assessment of value, the following summarises the conclusions reached by the Board having considered the range of factors as set out in the 'Value Assessment Approach' (see avivainvestors.com/value-assessments) which describes how we carry out the Value Assessment. This applies to all Unit Classes in the Sub-fund unless we have specifically noted Unit Class exceptions.

1. Quality of Service

The range, nature, extent and quality of the services provided to investors has been assessed and the Sub-fund's operating model was considered to be working effectively over the period. Investors received clear communications and relevant information at appropriate times to enable them to make informed decisions regarding their investment, and the service delivered has been timely and of an appropriate quality.

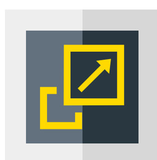
2. Performance

The Sub-fund's overall performance after charges, relative to its investment objectives, policy and strategy was deemed to be within a reasonable range of outcomes based on the various time periods reviewed and the information considered in the assessment.

A detailed explanation of the last 12 months performance is included in the Sub-fund Manager's Report below.

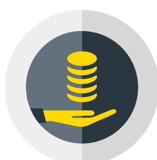
3. Authorised Fund Manager Costs

The fees paid were considered to be reasonable when taking into account the underlying costs for the services provided and the performance objectives set for the Sub-fund.



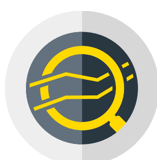
4. Economies of Scale

The specific benefits derived from economies of scale are returned to investors as a result of the single fee structure which operates for the entire Scheme, which enables each Sub-fund to benefit from the scale of the Scheme in totality. The Board concluded that all investors participated appropriately in the general economies of scale derived from investing with the Company based on a range of benefits and services provided and the overall fees charged. There has not been a material change in the size of the Scheme, or Sub-fund during the previous 12 months, and as such no additional savings have been identified.



5. Comparable Market Rates

The fees paid for each of the services provided to the Scheme and each Sub-fund (internally or externally) were considered to be competitive relative to those charged by similar competitor funds within the UK regulated funds market.



6. Comparable Services

On the basis of the available information and the comparable services considered, the fees were deemed to be reasonable compared to the fees charged by associated companies within the Aviva Group for any comparable products available in the UK of an equivalent size and with a similar investment objective and policy to the Sub-fund.

7. Classes of Units

The pricing of each Unit Class of the Sub-fund is considered to be reasonable based on the different Unit Class eligibility criteria and target investor for each Unit Class. All investors are invested appropriately in the Unit Class they are eligible to hold in the Sub-fund at the date of the assessment.

Overall Assessment Conclusion

In conclusion, the Board confirms all components of the assessment have been considered and the charges for each of the Unit Classes are justified in the context of overall value being delivered to investors.

Past performance is not a guide for future performance, the value of your investment can go down as well as up and you may not get back the amount invested.

Fund Manager's Report

Performance

The portfolio returned 14.0%* in 2021 whilst the FTSE All Share index^ returned 18.3% (net of fees), with the second half of the year particularly disappointing for relative performance.

Review

2021 saw equity markets shift in response to effects of the pandemic. Initially the market rewarded companies that could benefit from economies re-opening as vaccine programmes spread worldwide. As new Covid-19 variants disrupted supply chains and resulted in many countries implementing more restrictions, this rally faltered before appearing again late in the year. Data indicating a lower risk of severe illness from the Omicron variant than initially expected gave the market comfort and the year ended with expectations that central banks will partially reverse the huge monetary stimulus they have provided to markets in response to persistent inflationary pressures.

In this uncertain environment, many companies in more cyclical sectors including a number of our holdings notably in the industrial sector, experienced near-term trading setbacks with supply chain disruption and wage inflation being significant factors. Flexible office space provider **IWG**, defence services business QinetiQ and chemicals and technology group **Johnson Matthey** were the largest negatives in industrials. Budget hotel operator **Whitbread** was also hit by further Covid restrictions, suffering disappointing trading. Where we have seen near-term trading disappointments but retain our conviction in a company being a long-term winner, we have used a lower share price to add to our positions at attractive valuations. QinetiQ is one example where we believe there is strong organic growth potential together with a strong balance sheet.

Leading the positives, were power firm **Drax Group** that benefited from government backing for the East Coast Cluster venture and power price inflation and media group **Daily Mail & General Trust**. The latter returned cash to shareholders from disposals as the controlling shareholder took the rump of the media business private.

We hold companies that should benefit from the full re-opening of economies such as luxury goods firm **Burberry**, **Whitbread** and **IWG**. Governments' investment in infrastructure development and efforts to aid the energy transition is another key area. We have holdings in miner **Anglo American**, construction firm **Balfour Beatty** and US building products distributor Ferguson. Holdings such as Anglo American, Ferguson and also **BT Group** can be beneficiaries of rising inflation. Some of our financial holdings are also well-placed to weather an inflationary environment and we have added to some of our banks holdings including **Lloyds Banking Group**, **Standard Chartered** and **HSBC**. Our gaming companies such as new holding **Flutter Entertainment** and pharmaceuticals should prove resilient should inflation increase further.

We believe the UK stock market has many opportunities, with valuations looking attractive relative to peers in other equity markets. We expect to see further significant merger and acquisition activity here from corporate and private equity buyers like that seen in infrastructure group **John Laing's** purchase by US private equity last May. While relative performance disappointed in 2021, we continue to apply our investment process that has served us well for over 20 years. As a result, we are prepared to back companies that we believe can be long-term winners despite short-term disappointments. In stock selection our long-term view prioritises financial strength and robust and sustainable business models and we believe the portfolio is well-placed for the future.

* Fund performance figures – source Lipper, a Thomson Reuters company, net of fees, net income reinvested

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305338 - 15022023

Aviva Investors UK Listed Equity Fund (the "Sub-fund")

In line with the requirement to conduct an assessment of value, the following summarises the conclusions reached by the Board having considered the range of factors as set out in the 'Value Assessment Approach' (see avivainvestors.com/value-assessments) which describes how we carry out the Value Assessment. This applies to all Unit Classes in the Sub-fund unless we have specifically noted Unit Class exceptions.

1. Quality of Service

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2. Performance

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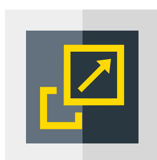
A detailed explanation of the last 12 months performance is included in the Sub-fund Manager's Report below.

3. Authorised Fund Manager Costs

The fees paid were considered to be reasonable when taking into account the underlying costs for the services provided and the performance objectives set for the Sub-fund.



4. Economies of Scale

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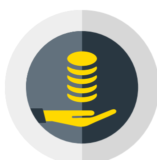

5. Comparable Market Rates

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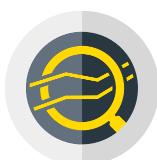

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On the basis of the available information and the comparable services considered, the fees were deemed to be reasonable compared to the fees charged by associated companies within the Aviva Group for any comparable products available in the UK of an equivalent size and with a similar investment objective and policy to the Sub-fund.

7. Classes of Units

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Overall Assessment Conclusion

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Fund Manager's Report

Performance

The portfolio returned 13.79%* in 2021 whilst the FTSE All Share index^ returned 18.3% (net of fees), with the second half of the year particularly disappointing for relative performance.

Review

2021 saw equity markets shift in response to effects of the pandemic. Initially the market rewarded companies that could benefit from economies re-opening as vaccine programmes spread worldwide. As new Covid-19 variants disrupted supply chains and resulted in many countries implementing more restrictions, this rally faltered before appearing again late in the year. Data indicating a lower risk of severe illness from the Omicron variant than initially expected gave the market comfort and the year ended with expectations that central banks will partially reverse the huge monetary stimulus they have provided to markets in response to persistent inflationary pressures.

In this uncertain environment, many companies in more cyclical sectors including a number of our holdings notably in the industrial sector, experienced near-term trading setbacks with supply chain disruption and wage inflation being significant factors. Flexible office space provider **IWG**, defence services business **QinetiQ** and chemicals and technology group **Johnson Matthey** were the largest negatives in industrials. Budget hotel operator **Whitbread** was also hit by further Covid restrictions, suffering disappointing trading. Where we have seen near-term trading disappointments but retain our conviction in a company being a long-term winner, we have used a lower share price to add to our positions at attractive valuations. QinetiQ is one example where we believe there is strong organic growth potential together with a strong balance sheet.

Leading the positives, were power firm **Drax Group** that benefited from government backing for the East Coast Cluster venture and power price inflation and media group **Daily Mail & General Trust**. The latter returned cash to shareholders from disposals as the controlling shareholder took the rump of the media business private.

We hold companies that should benefit from the full re-opening of economies such as luxury goods firm **Burberry, Whitbread** and **IWG**. Governments' investment in infrastructure development and efforts to aid the energy transition is another key area. We have holdings in miner **Anglo American**, construction firm **Balfour Beatty** and US building products distributor **Ferguson**. Holdings such as Anglo American, Ferguson and also **BT Group** can be beneficiaries of rising inflation. Some of our financial holdings are also well-placed to weather an inflationary environment and we have added to some of our banks holdings including **Lloyds Banking Group**, **Standard Chartered** and **HSBC**. Our gaming companies such as new holding **Flutter Entertainment** and pharmaceuticals should prove resilient should inflation increase further.

We believe the UK stock market has many opportunities, with valuations looking attractive relative to peers in other equity markets. We expect to see further significant merger and acquisition activity here from corporate and private equity buyers like that seen in infrastructure group **John Laing's** purchase by US private equity last May. While relative performance disappointed in 2021, we continue to apply our investment process that has served us well for over 20 years. As a result, we are prepared to back companies that we believe can be long-term winners despite short-term disappointments. In stock selection our long-term view prioritises financial strength and robust and sustainable business models and we believe the portfolio is well-placed for the future.

* Fund performance figures – source Lipper, a Thomson Reuters company, net of fees, net income reinvested

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AVIVA INVESTORS

Aviva Investors UK Listed Equity Income Fund (the "Sub-fund")

In line with the requirement to conduct an assessment of value, the following summarises the conclusions reached by the Board having considered the range of factors as set out in the 'Value Assessment Approach' (see avivainvestors.com/value-assessments) which describes how we carry out the Value Assessment. This applies to all Unit Classes in the Sub-fund unless we have specifically noted Unit Class exceptions.

1. Quality of Service

The range, nature, extent and quality of the services provided to investors has been assessed and the Sub-fund's operating model was considered to be working effectively over the period. Investors received clear communications and relevant information at appropriate times to enable them to make informed decisions regarding their investment, and the service delivered has been timely and of an appropriate quality.

2. Performance

Share Class	Annualised Return (%) as at 31 Dec 2021			
	1 Year	3 Year	5 Year	Since Launch
UK Corporate Inc	31.39	6.66	5.66	6.30
Insured Pension Inc	31.37	6.66	5.67	6.30
UK Institutional Acc	31.56	6.5	N/A	4.95
Benchmark[1]	18.32	8.33	5.42	5.35

1 FTSE® All Share TR Index
^ Performance basis: Mid to mid, net income reinvested, net of ongoing charges and fees, net of tax payable by the Fund. The figures do not include the effect of any exit or entry charge.

The Fund aims to deliver an income return of 110% of the income return of the FTSE® All Share Index^, annualised, over 3-year rolling periods, whilst also aiming to grow your investment over the long term (5 years or more) by investing in shares of UK companies.

In the Value Assessment published in 2021 the Board noted that the level of income generated over the previous 12 months had fallen when compared to previous years. This was attributed to the Covid-19 pandemic, which had resulted in regular dividend paying companies either deferring or cancelling their 2020 dividends.

The Board is pleased to note that the level of income generated over the last 12 months is once again exceeding the Sub-fund's yield objective relative to the benchmark.

However, the Sub-fund has operated with a level of risk above the expected risk range of between 2% and 8% over the last 3 years. Over the course of the year the level of risk taken by the Sub-fund has steadily declined, which is due to a combination of portfolio changes and a general reduction in market volatility, and at the point of the assessment the Sub-fund is trending back to the expected range. The backward-looking risk measure, which is calculated over a three-year period, may remain high for a longer period of time as a consequence of the historic level of risk the Sub-fund has taken, particularly during the period of heightened market volatility due to the Covid-19 pandemic.

The Board therefore believes that the Investment Manager's continued management of the Sub-fund is in the best interests of investors, and the Sub-fund is delivering against its stated objective, but that the level of risk taken by the Sub-fund should remain under review.

A detailed explanation of the last 12 months performance is included in the Fund Manager's Report below.

3. Authorised Fund Manager Costs

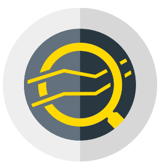
The fees paid were considered to be reasonable when taking into account the underlying costs for the services provided and the performance objectives set for the Sub-fund.

4. Economies of Scale

The specific benefits derived from economies of scale are returned to investors as a result of the single fee structure which operates for the entire Scheme, which enables each Sub-fund to benefit from the scale of the Scheme in totality. The Board concluded that all investors participated appropriately in the general economies of scale derived from investing with the Company based on a range of benefits and services provided and the overall fees charged. There has not been a material change in the size of the Scheme, or Sub-fund during the previous 12 months, and as such no additional savings have been identified.

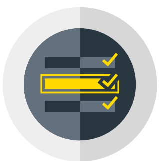
5. Comparable Market Rates

The fees paid for each of the services provided to the Scheme and each Sub-fund (internally or externally) were considered to be competitive relative to those charged by similar competitor funds within the UK regulated funds market.



6. Comparable Services

On the basis of the available information and the comparable services considered, the fees were deemed to be reasonable compared to the fees charged by associated companies within the Aviva Group for any comparable products available in the UK of an equivalent size and with a similar investment objective and policy to the Sub-fund.



7. Classes of Units

The pricing of each Unit Class of the Sub-fund is considered to be reasonable based on the different Unit Class eligibility criteria and target investor for each Unit Class. All investors are invested appropriately in the Unit Class they are eligible to hold in the Sub-fund at the date of the assessment.

Overall Assessment Conclusion

In conclusion, the Board confirms all components of the assessment have been considered and the charges for each of the Unit Classes are justified in the context of overall value being delivered to investors.

Past performance is not a guide for future performance, the value of your investment can go down as well as up and you may not get back the amount invested.

Fund Manager's Report

Performance

The portfolio returned 31.4%* in 2021 whilst the FTSE All Share index^ returned 18.3% (net of fees).

Review

UK equities enjoyed a strong rebound in 2021 as the economy started its recovery as the country started to re-open as the impact of the COVID-19 pandemic lessened. The cheapest pockets of the market continued their market leadership which had started in November 2020 on the news of a credible vaccine. Energy and financials were the two sectors that benefited the most, as commodity price rises and the expectations of rate rises were viewed favourably for those companies, which were also trading on trough valuation multiples.

The strongest performer in the fund was Marks and Spencer was the top performer in the fund in 2021. The business is performing very well from an operational perspective. The stock market has started to believe in the company again, and sentiment reflects this, with shares nearly doubling over the last twelve months. The focus on costs, and the rotation of the store network is genuinely transformational. We talked in our last letter about management's proactiveness and lowering lease durations and aggregate property exposure which is increasing operational leverage as stores re-open and in-store trading recovers. The growth in the food business, which now makes up 75% of revenues continues. The narrative that M&S is just a tired, old clothing shop of yesteryear is simply untrue today. The Ocado deal is increasingly looking like one with good strategic merit.

UK supermarket Morrisons was another top contributor as a 50% premium bid was accepted by shareholders in the closing months of the year. Clayton, Dubilier & Rice, the US private equity group were the winning bidders at the final auction. We supported the final bid price and the position exited the portfolio in the further quarter.

Other top performers included Royal Mail, South 32, Pfizer, Centrica and Eni. With the exception of Pfizer, many of the funds top contributors in 2021 were names that were significant detractors in 2020. Sticking to our knitting, buying when others were selling and staying resolute to our valuation discipline has brought the rewards we hoped it would do.

The biggest detractor was TP ICAP, the UK broker. The business is still going through a significant turnaround and we are happy to remain patient, cognisant of any change in risks. Elsewhere, Standard Chartered, Intel and Pearson all detracted, albeit minimally.

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* Fund performance figures – source Lipper, a Thomson Reuters company, net of fees, net income reinvested.

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306267 - 15022023

Aviva Investors US Large Cap Equity Fund (the "Sub-fund")

In line with the requirement to conduct an assessment of value, the following summarises the conclusions reached by the Board having considered the range of factors as set out in the 'Value Assessment Approach' (see avivainvestors.com/value-assessments) which describes how we carry out the Value Assessment. This applies to all Unit Classes in the Sub-fund unless we have specifically noted Unit Class exceptions.

1. Quality of Service

The range, nature, extent and quality of the services provided to investors has been assessed and the Sub-fund's operating model was considered to be working effectively over the period. Investors received clear communications and relevant information at appropriate times to enable them to make informed decisions regarding their investment, and the service delivered has been timely and of an appropriate quality.

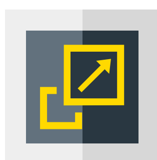
2. Performance

The Sub-fund's overall performance after charges, relative to its investment objectives, policy and strategy was deemed to be within a reasonable range of outcomes based on the various time periods reviewed and the information considered in the assessment.

A detailed explanation of the last 12 months performance is included in the Sub-fund Manager's Report below.

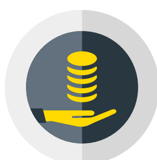
3. Authorised Fund Manager Costs

The fees paid were considered to be reasonable when taking into account the underlying costs for the services provided and the performance objectives set for the Sub-fund.



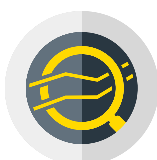
4. Economies of Scale

The specific benefits derived from economies of scale are returned to investors as a result of the single fee structure which operates for the entire Scheme, which enables each Sub-fund to benefit from the scale of the Scheme in totality. The Board concluded that all investors participated appropriately in the general economies of scale derived from investing with the Company based on a range of benefits and services provided and the overall fees charged. There has not been a material change in the size of the Scheme, or Sub-fund during the previous 12 months, and as such no additional savings have been identified.



5. Comparable Market Rates

The fees paid for each of the services provided to the Scheme and each Sub-fund (internally or externally) were considered to be competitive relative to those charged by similar competitor funds within the UK regulated funds market.



6. Comparable Services

On the basis of the available information and the comparable services considered, the fees were deemed to be reasonable compared to the fees charged by associated companies within the Aviva Group for any comparable products available in the UK of an equivalent size and with a similar investment objective and policy to the Sub-fund.

7. Classes of Units

The pricing of each Unit Class of the Sub-fund is considered to be reasonable based on the different Unit Class eligibility criteria and target investor for each Unit Class. All investors are invested appropriately in the Unit Class they are eligible to hold in the Sub-fund at the date of the assessment.

Overall Assessment Conclusion

In conclusion, the Board confirms all components of the assessment have been considered and the charges for each of the Unit Classes are justified in the context of overall value being delivered to investors.

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Fund Manager's Report

Performance

The portfolio returned 30.64% (net of fees)*, performing in line with the S&P 500 over the period.

Review

US equities achieved a positive performance in 2021. The successful roll-out of Covid-19 vaccines and monetary support measures by governments and central banks were significant drivers of investor appetite. Although supply chain problems and inflationary pressures posed significant headwinds in some parts of the market, broader investor sentiment remained positive buoyed by stronger-than-expected earnings throughout much of the year. Emerging market equities in aggregate were significant laggards relative to their developed counterparts as the evolving regulatory environment in some countries – particularly China – dragged down returns. The emergence of the highly contagious Omicron variant of Covid-19 in November was the primary source of a volatile fourth quarter, but mounting evidence of its lower severity eased fears in the closing weeks of the year.

Against this backdrop, the portfolio performed in line with the index during 2021. Energy holding **ConocoPhillips** was particularly strong as investors rotated into energy stocks following the rebound of oil prices in the early part of the year. Increasing demand for oil and gas – sparked by the economic recovery – was coupled with static supply growth, which kept oil prices at relatively elevated levels throughout much of the year. Google's parent company **Alphabet** was another significant contributor benefitting from strong operating and financial performance throughout the year. Stock selection in technology was however negative, largely as a result of our overweight position in solar power panel manufacturer First **Solar** as energy transition 'enablers' were impacted more than most by the global supply chain constraints and higher raw material costs. Elsewhere in technology, credit card providers **Visa** and **Mastercard** also detracted. Investors became increasingly concerned during the year about the impact on card networks from the rise of alternative payment methods, though we believe that these risks have been overestimated.

Much of the significant disruption to supply chains seen in 2021, largely linked to Covid-19-related capacity shutdowns and transportation bottlenecks, is set to diminish as we move into 2022. Supply chain backlogs historically adjust quite rapidly after periods of stress, as the market responds to higher demand and re-builds inventory. We see no reason to assume that this won't be the case in 2022, and indeed freight shipping rates have already started to fall. However, energy prices are likely to remain elevated for a number of reasons. The economic recovery is boosting demand for oil and gas at a time when supply growth is static.

Corporate earnings growth in 2021 has been remarkably strong with margins back near record highs. Record monetary and fiscal stimulus has supported the rapid turnaround in business activity after Covid-19 vaccines were approved late last year. However, the full impact of higher input costs has yet to be felt and with the tight labour market creating competition for qualified workers across multiple industries, there will be further pressure on margins, particularly in the service sector. This all adds up to a more challenging environment for profitability. Against that backdrop, there are clear risks to equities next year, especially since valuations are now relatively extended (particularly in the US). The old maxim that bull markets don't die of old age certainly seems to be holding true at present. It is also conceivable that companies will be able to muddle through the next 12 months by passing on higher prices to consumers, whose household finances are mostly in good shape and who may find a 5% price hike for consumer goods tolerable as wages rise. However, many companies, especially those in fragmented industries with little or no product differentiation, will not be able to pass on higher costs. In the current environment, many consumer staples and industrial companies would appear most vulnerable to higher input costs given the sharp rise in base commodities such as grains and sugars or steel and copper. Perhaps the best examples of positive pricing power are to be found in the technology sector, particularly amongst the dominant so-called mega-cap platforms. Similarly, a handful of very large internet platforms dominate the digital advertising market (which in turn is becoming the dominant channel for advertisers of all sizes). Many other software, internet, and semi-conductor companies can build in regular price rises while keeping cost growth extremely muted. These areas will continue to be fertile hunting ground for growth in the coming year.

* Fund performance figures – source Lipper, a Thomson Reuters company, net of fees, net income reinvested

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