2023
Value Assessment Report

Aviva Investors Investment Funds ICVC

It takes Aviva Investors

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Chairmans statement

Dear Investor,

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 15 October 2022.

This is our fourth 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 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.

We have continued to make improvements to our Fund range over the last 12 months. This includes the introduction of an economies of scale discount for our direct retail investors, which applies depending on the size of individual funds, as well as lowering fees for other investors where appropriate. We have also made changes to some funds' investment strategies and replaced the investment manager in the case of the Continental European Equity Fund, where we have deemed it necessary to improve outcomes, as we strive to deliver value for our investors.

However, these changes have been overshadowed by world events, which continue to create challenges from an investment perspective, whilst also impacting individuals personally as the cost of living crisis affects people's daily lives. We have set out below an overview of the economic environment and subsequent market turmoil which has evolved over the last 12 months and has had a negative impact on Fund performance over the last year.

In this report we set out how each 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. Once again, we have implemented a number of changes to the review process throughout the year, including to this report. I hope that you will find the introduction of a consolidated report, together with additional information and fund ratings, helpful when interpreting the results of this review. If you would like to provide any feedback on this report it would be very much appreciated as we look to make further improvements going forward.

Please contact our customer service helpline on 0800 051 2003 between the hours of 8:30 and 5:30 Monday to Friday, or alternatively write to us at enquiries.uk@avivainvestors.com.

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 and can be found on page 9 of this report.

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

Mark White

Chairman

"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"

How we have considered performance in the face of challenging markets

The assessment of fund performance must include the context of world events, as our ability to deliver positive returns will be adversely affected by global political instability and poor performance of the economies in which the funds invest.

The timing of this report has made the assessment of these funds particularly difficult, with most funds delivering negative absolute returns over the 12 months to 15 October 2022. However, this has mirrored the performance of markets in general. Positively, mid-October 2022 appears to have been the low point for both markets and our funds, which have rebounded since this date, albeit not to the levels we saw 12 months ago. Detailed below is a summary of the main causes of this significant downturn in markets and how this has impacted the funds under review.

In the summer of 2021 markets began to regain confidence, as global growth prospects looked solid, and the economic data continued to reflect the expected easing of the pandemic. Unfortunately, this optimism was derailed at the beginning of 2022 by Russia's invasion of Ukraine which triggered huge geopolitical uncertainty, with the availability of Europe's energy supplies being brought into question. This led to soaring energy prices, which in turn caused consumer inflation to rise to levels not seen for four decades. At the point of this review the consumer price index had risen to 11.1%, largely due to rising energy prices.

This has resulted in a significant slowdown in economic growth, as consumer confidence was knocked by the steep rise in the cost of living. The UK Governments 'mini budget' that was unveiled on 23 September 2022 had a further negative impact on both UK markets and many UK households with the subsequent rise in interest rates. The Bank of England tightened policy six times between December 2021 and September 2022, raising the base rate to 2.25%, compared to just 0.1% during the pandemic.

The MSCI World Index, which is widely used to measure global equities was down 6% in sterling terms in the twelve months to 15 October 2022, and the Bloomberg Global Aggregate Corp Index, which is often used to measure fixed income markets, was down over 19% in the same period. Closer to home the FTSE All Share was down 5.7% in the period.

Bond markets were exceptionally weak, as UK government bonds (gilts) suffered a major sell-off following the mini budget and investors anticipated an aggressive tightening of monetary policy in response to surging inflation. Corporate bonds have also fallen in value, dragged down by the weakness of government bonds and the increased possibility of defaults.

The events described above have had a negative impact on the world's major economies with the result that many funds under review have delivered negative performance over the year, and a loss for investors. As part of the value assessment, we also measure each fund's performance against an appropriate benchmark and compare its performance to a peer group of similar funds, which provides market context.

It is important to remember that our investment managers take a long-term view towards investing which remains unchanged despite these challenging conditions. This is a philosophy which has delivered value for our customers in the past.

At an individual fund level some of the investment decisions taken by our portfolio managers over the last 12 months have also contributed to this underperformance. Specifically in relation to our Environmental Social and Governance (ESG) approach, our research capability works in conjunction with the portfolio managers to consider ESG factors within the investment process, with the aim of making the right investment decisions for our customers over the long term.

As a result, a number of our funds do not currently hold traditional energy stocks, as our portfolio managers believe that they do not offer secure long-term investment opportunities as we move towards a more sustainable world, and these companies will have to transition away from their existing fossil fuel intensive businesses.

Therefore these funds have not benefited from the rise in oil and gas prices over the last twelve months, which has hindered their ability to beat their respective benchmarks and deliver positive relative returns, however our portfolio managers believe this decision remains appropriate in the long term, despite the specific factors impacting oil and gas prices over the last 12 months.

The Fund Manager's Report, included with each of the Fund reports below, will provide further details on the individual performance of the Fund. This introduction is intended to provide the broader context against which these funds have been assessed and will be referred back to where it helps explain the performance of individual fund.

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Meet the board

These are the people responsible for the Value Assessments and ensuring we continue to meet our customer expectations

Mark White

Chairman of Aviva Investors UK Fund Services Ltd

Main responsibilities

Mark White was appointed Non-Executive Director of Aviva Investors Holdings Ltd with effect from January 2015. Mark is also Non-Executive Chairman of Aviva Investors UK Fund Services Limited appointed in October 2019.

READ FULL BIOGRAPHY HERE

Barry Fowler

Chief Executive Officer of Aviva Investors UK Fund Services Ltd

Main responsibilities

Barry serves on a number of governance and oversight committees, including our UK management company and chairs the supervisory board of our Luxembourg management company.

READ FULL BIOGRAPHY HERE

Kate McClellan

Chief Operating Officer

Main responsibilities

As Chief Operating Officer, Kate is responsible for global operations and information technology across the Aviva Investors business.

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Alexa Coates

Independent Non-Executive Director

Main responsibilities

Alexa Coates is an independent non-executive director of Aviva Investors. Alexa was appointed to the Aviva Investors Holdings Limited Board and the Aviva Investors Global Services Limited Board in November 2019.

READ FULL BIOGRAPHY HERE

These are the people responsible for the Value Assessments and ensuring we continue to meet our customer expectations (continued)

Mike Craston

Non-Executive Director of Aviva plc

Main responsibilities

Mike is a Non-Executive Director of Aviva plc. In addition, he is Chairman and a non-executive director of Aviva Investors Holdings Limited, responsible for the leadership of the Board. Mike is currently Chair of the Aviva Investors' Boards in the UK and Canada and is director of the Aviva Investors' Board in North America.

READ FULL BIOGRAPHY HERE

Jane Adamson

Director of Financial Reporting and Control

Main responsibilities

Jane Adamson is the Director of Financial Reporting and Control for Aviva Investors, responsible for Group, Statutory and Regulatory Reporting and Capital Management.

READ FULL BIOGRAPHY HERE

Martin Bell

Director of Global Fund Services

Main responsibilities

Martin is the Director of Global Funds Services, which brings together the activities of the UK and Luxembourg Management Companies covering all Aviva Investors regulated funds business. Martin serves on a number of boards, including Aviva Investors UK Fund Services Limited and the Luxembourg Management Board.

READ FULL BIOGRAPHY HERE

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Our approach

An introduction to Value Assessments

As Authorised Fund Manager ('AFM') of the funds, the following sets out our approach to the assessment, and the range of factors considered by the Company's board of directors ('the Board') to determine if 'value' is being provided to investors, and whether costs and charges are justified.

This exercise is carried out annually in addition to, and in conjunction with, our regular fund reviews. Those reviews include extensive assessments of service and performance for each fund, with appropriate action taken where necessary throughout the year. If the result of the value assessment is that the charges paid by investors are not considered to be justified based on the level of service we are providing, appropriate action will be taken.

Quality of service

We consider the range, nature, extent and quality of services provided directly to investors or undertaken on their behalf, and whether investor's expectations have been met. This includes the services performed by the Company and its suppliers, as well as their reputation, expertise, resources and relative capabilities. The key factors are:

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

Performance

We consider whether fund performance, after the deduction of expenses, is within a reasonable range of outcomes relative to the fund's objective, policy and strategy when measured over appropriate time periods.

The time horizon that we consider most appropriate to assess performance will be stated within the individual fund's investment objective or policy, however we also review performance over one, three, five and seven years (or since inception if there is not a full seven year's performance data).

An introduction to Value Assessments (continued)

Performance is also considered in comparison to the respective fund's peer group, and whether the fund operated in accordance with its respective risk limits and investment restrictions.

Fund performance, as measured against its objectives, is assessed in regular governance meetings and this is also taken into account in reaching the conclusions for the value assessment.

If performance is considered unsatisfactory, the following factors may be considered:

- Explanations for any underperformance provided by the investment manager as part of our fund performance governance model.
- 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.

Alternatively, we could consider changing the investment manager or closing the fund where no other viable options are available or where previous actions have not delivered the desired results.

We provide further information on the specific performance of individual funds within the Fund Manager Report section of the Value Assessment, covering the period relevant to that report. More up to date information is available in the regular fund factsheets and updates, available on our website.

Authoried Fund Manager costs & charges

We consider whether our charges are reasonable, taking into account the underlying costs we incur for the services provided, and the performance objectives of each fund.

We use a Fund Management Fee ('FMF') to deduct the charges from the funds, this is a single all-inclusive charge and is designed to provide a straightforward, easy to understand charging model for investors.

The underlying fees, costs and expenses covered by the FMF 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
- the permitted costs in connection with periodic statements and accounts
- FCA fees

To assist with the value assessment, we use a costs and charges model to assess the costs applicable to each fund. The model is refreshed semi-annually and provides analysis of all elements of cost that must be paid out of the proceeds of the FMF. This helps us to determine whether the FMF is fair based on the costs of services provided for the relevant share class, with an appropriate allowance for the income earned by the Company from these activities.

An introduction to Value Assessments (continued)

Economies of scale

We consider whether we have been able to achieve any savings or benefits as a result of the size of the fund, referred to here as "Economies of Scale", and whether investors have benefited appropriately.

In particular, we consider whether economies of scale have been achieved in relation to the costs and operating expenses of each share class and the extent to which investors should benefit from financial savings that result.

For example, we will consider whether the FMF 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 the supplier provides services for, allowing us to obtain favourable rates.

The assessment of the underlying service costs of running the fund, and the appropriate level of the FMF, takes place annually. Any changes to the underlying costs will be reflected in this analysis and may result in a change to the FMF.

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

We may also consider it appropriate to reinvest cost savings directly into the Company, to finance product development, or retain savings for commercial reasons.

In reaching a conclusion, we will assess the extent to which investors in our direct retail share classes have already benefited from the automatic discount which is applied to each fund when it reaches a certain level of assets under management (AUM), with the discount ranging from 0.01% to 0.05% dependent on the complexity of the fund. For further details on this policy, please refer to the relevant Prospectus. All other share classes will be assessed on a case by case basis.

Comparable market rates

We consider whether the Ongoing Charge Figure (OCF) for each share class is reasonable compared to similar funds and share classes in the market by benchmarking each fund against a suitable peer group. The data used for the comparison is supplied by an independent data provider.

Direct comparisons of the individual fees that make up the overall OCF may be difficult because information is not generally publicly available and is affected by numerous factors. As noted, the underlying expenses included in the FMF are routinely reviewed and this component is focused on the overall fee for a share class in comparison to a suitable peer group.

Where the total charges (as calculated by the OCF) are greater than the average cost of equivalent peer group funds, we will review the FMF and consider whether an adjustment can be made to our fee.

Comparable services

We consider whether the fees charged by Aviva Investors for services it performs for the fund are consistent with those charged throughout the Aviva Group. This considers similar funds or services operated by both Aviva Investors and the wider Aviva Group that are available in the UK, are of a comparable size, and are managed to similar objectives and policies.

An introduction to Value Assessments (continued)

Classes of units

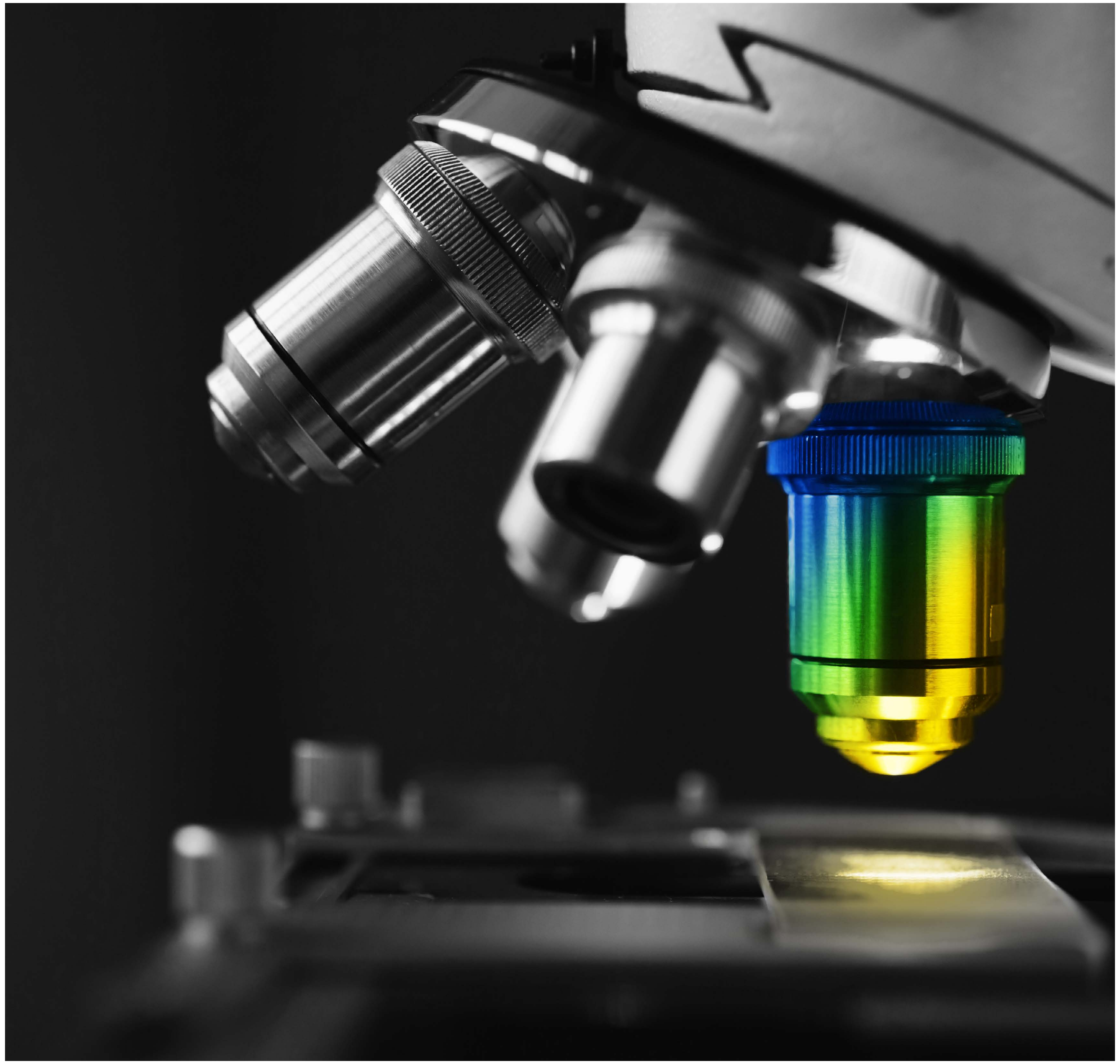
We assess whether investors hold shares in the most appropriate share class, in terms of the service offered, entry criteria and fees applied.

We routinely carry out an assessment of whether investors hold units in the most appropriate share class. In the past this has prompted the closure or merger of a number of share classes, along with the amendment of some minimum investment limits and share class eligibility criteria, and the removal of trail commission to advisers. These changes have resulted in some investors being moved into alternative share classes that either had fees of an equivalent or lower level than they had been paying previously.

More recently, we have implemented a process to identify investors who would be eligible for a share class with lower fees. If any such investors are identified, steps are taken to move them into that share class if possible.

Other factors

We may consider other factors 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 fund.



Our ratings explained

Individual Component Ratings

A green rating means that the Board is satisfied that the component is delivering value, and there are no issues or concerns with that specific element of the fund.

An amber rating means that the Board has identified some areas for improvement within that component, however investors have still received value from that component. This is because action may have already been taken throughout the normal course of business to address these concerns, or there may be other mitigating factors. Additional information will be included in the individual fund reports, including the reason this element has been rated amber, and any action taken to address the concern.

A red rating indicates that the Board has identified more serious concerns with the component, and therefore value may not be being delivered to investors. This could include situations where actions taken previously to address an amber rating may not have had the desired effect, or a new issue has been identified which hasn't yet been addressed. The individual fund reports will provide further information on what action is being taken to address the issue.

Overall Fund Ratings

A green rating means that the Board is satisfied that the fund is delivering value to investors. A fund may be rated green overall whilst having individual amber component ratings if the Board is satisfied that overall value has still been delivered to investors and/or actions are already being taken which will address these concerns.

An amber rating means that the Board has identified some areas for improvement, which will be reflected within the individual amber or red ratings for one or more of the components. This will usually mean that the Board believes that the individual components require further action to be taken to improve the rating in the future, and this will be detailed within the report.

A red rating indicates that the Board is not satisfied that the fund is delivering value to investors and action must be taken in order to meet the requirements of the value assessment in the future. It may also mean that actions have been taken previously to address these issues but these have not had the desired effect, and the Board therefore requires further action to be taken in the best interests of investors over the longer term.

AVIVA INVESTORS

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Types of share classes

Types of share classes available to investors

Understanding our costs

Our funds are available to all types of investors from individuals who wish to invest in an ISA, starting at £50 per month, up to large investors, investing on behalf of their own client base, such as a company pension scheme. We take a single Fund Management Fee (FMF) from our funds to cover all the costs incurred in running a fund and generating a profit for the business. The FMF charged to investors will depend on the costs incurred. We use the FMF so that our clients know exactly what they are paying to invest, avoiding fluctuating charges and making it easy to compare against other funds. The fees that are paid by our external investors cover the costs of the following:

Cost structure key

Investment Management Costs

The charge we pay for the investment management team to make the investment decisions for the fund.

The investment management costs are paid by all investors, and this is where the bulk of the fee goes to pay for the research and expertise to make the investment decisions on your behalf.

Fund Administration Costs

This includes charges for Fund Accounting, Custody, Depositary, Regulatory and Audit; covering the costs associated with valuing the assets, safe keeping of the assets, along with ensuring the fund's accounts are fully audited and they are in compliance with the regulations.

All investors pay a share of these costs, they are essential for running the Funds, regardless of the type of investor so it is fair that these costs are shared.

Customer Service Costs

This covers the costs associated with buying into and selling out of the fund, along with having a dedicated helpline to assist with investor queries. It also covers the costs of the 6 monthly statements that you receive or when we need to write to you or provide updates about your investment.

Economies of Scale: When a fund reaches a certain size, dependent on the complexity of the fund, the fees of our direct retail customers (share classes 1 and 6) are automatically reduced, ensuring that our individual investors are receiving the benefits of savings that are achieved when a fund grows.

Unit classes	Investor type	Cost levels	Cost breakdown	Subscription level
Share Class 1 **Share Class 6**	**Private Individuals** who have invested into a Fund directly through Aviva Investors or via an Independent Financial Advisor		Clients in these classes will pay a share of the costs incurred by the fund, and have access to our contact centre, either by phone or in writing.	Minimum initial subscription £1,000
Share Class 2 **Share Class 9**	**Investors** who have bought a Fund through an intermediary, such as an investment platform		Clients in this class will pay less for Investor Communication Costs because the platform manager provides the individual client support.	Minimum initial aggregate subscription £500,000
Share Class 4 **Share Class 5** **Share Class A**	**Large institutional investors**, investing on behalf of pension funds, or wealth managers		Clients in this class will pay less because they are large institutional investors and do not require administration support.	Minimum initial subscription £10,000,000

5

Aviva Investors Fund Reports

5.01

Aviva Investors Climate Transition Global Equity Fund

Aviva Investors Climate Transition Global Equity Fund

Overall assessment

Summary Ratings				
	Share Class 1	Share Class 2	Share Class 3	Share Class 4
Overall	●	●	●	●
Quality of service	●	●	●	●
Performance	●	●	●	●
Authorised fund manager costs	●	●	●	●
Economies of scale	●	●	●	●
Comparable market rates	●	●	●	●
Comparable services	●	●	●	●
Classes of units	●	●	●	●

In line with the requirement to conduct a value assessment, the Board has concluded that all components of the assessment have been considered and the charges for each share class are justified in the context of overall value being delivered to investors.

The following summarises the conclusions we have reached having considered the range of factors as set out in the 'Value Assessment Approach'. This applies to all share classes in the Fund unless we have specifically noted exceptions.

Quality of service

We have considered the overall quality of the services provided to investors, and have concluded that Investors have received clear communications, and relevant information at appropriate times to enable them to make informed decisions, and the service delivered has been timely and of an appropriate quality.

Performance

Performance: Annualised net return (%)					
	Share Class 1	Share Class 2	Share Class 3	Share Class 4	Benchmark^
1 Year	-7.73	-7.58	-7.49	-7.56	-6.03
Since Launch	8.98	9.16	9.36	9.29	7.68

^MSCI AC World NR GBP Index[2].

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.

Full performance data is available in the Fund Fact Sheet, which can be found here Fund centre - Aviva Investors

Aviva Investors Climate Transition Global Equity Fund (continued)

We have reviewed the Fund's overall performance after charges, relative to its investment objectives, policy and strategy, and the Fund's performance is 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. You can find more detailed information on fund performance within the Fund factsheet on our website.

Authoried Fund Manager costs

Authorised Fund Manager Costs				
	Share Class 1	**Share Class 2**	**Share Class 3**	**Share Class 4**
Fund management fee	1.00	0.85	0.40	0.48

The Fund Management Fee (FMF) is a single charge paid to the Authorised Fund Manager, and we consider this to be reasonable when taking into account the underlying costs for the services provided and performance objectives of the Fund.

Economies of scale

We have concluded that all investors participated appropriately in general economies of scale derived from investing with the Company based on a range of benefits and services provided and overall fees charged. There has not been a material change in the size of the Fund during the previous 12 months.

Investors who invest directly with us in share class 1 will benefit from the economies of scale discount that we apply at certain thresholds depending on the size of the fund, which for this fund is currently 0.01%.

Comparable market rates

We have reviewed the fees paid for each of the services provided to the Fund (internally or externally), and we consider these to be competitive relative to those charged by similar funds within the UK regulated funds market.

Comparable services

We have reviewed those services which we consider to be comparable, and the fees we charge are deemed reasonable compared to fees charged by associated companies within the Aviva Group for comparable products of an equivalent size and similar investment objective and policy to the Fund available in the UK.

Classes of units

The pricing of each share class of the Fund is considered reasonable based on the different eligibility criteria and target investor for each share class. All investors are invested in the appropriate share class they are eligible to hold at the date of the assessment.

Fund Managers Report

Performance

The Fund posted a net return of -7.73%* (share class 1) in the twelve months in review. The Fund's benchmark, the MSCI All Countries World Index[2] returned -6.03%.

Portfolio Review

The Fund's underperformance was driven predominantly by stock selection. Korean chemical company LG Chem was a notable detractor as the company agreed to reimburse GM $1.9 billion to cover the cost of electric car recalls following battery-caused fires. We nevertheless continue to believe that the uptake in demand for electric vehicles is accelerating globally and that LG Chem is well placed to benefit from this trend. French rolling stock manufacturer Alstom was hit by concerns about a large stake in an equivalent Russian company. Another detractor was electronic components company Murata Manufacturing, which was negatively impacted by the slowdown in demand for smartphones.

On the positive side, US healthcare group UnitedHealth enjoyed a strong quarter after posting good results in October and upgrading its earnings guidance. Value was also added by electronics firm Hubbell and pharmaceuticals giant Merck.

While the strong performance of fossil fuel companies created a headwind for climate-themed portfolios, sector allocation was otherwise helpful. Good contributions to returns were made by the underweighting of both communication services and consumer discretionary and the overweighting of utilities.

Outlook

There is currently a great deal of discussion about recession risk. Given the potentially toxic combination of supply-side shocks (war, Covid and post-Covid adjustments), real income squeezes from high inflation, tightening financial conditions (mainly because of higher rates), tumbling stock markets and collapsing consumer sentiment, it is understandable why such debates are taking place.

The increase in uncertainty about the outlook has raised both implied and realised volatility across all asset classes. Given the sharp fall in equity multiples this year, we are modestly constructive on shares. That said, we are cognisant of the risks of further downside in equity prices should margins decline meaningfully from here.

We have been adding to companies with resilient business models, and we have been reducing our exposure to purely cyclical companies. We continue to believe that our portfolio is positioned in the right way to benefit from the challenges that climate change poses and the opportunities that it may bring for businesses that are positioned in the right way.

Past performance is not a guide to the future. The value of an investment and any income from it can go down as well as up. Investors may not get back the original amount invested.

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

5.02

Aviva Investors Continental European Equity Fund

Aviva Investors Continental European Equity Fund

Overall assessment

Summary Ratings			
	Share Class 1	**Share Class 2**	**Share Class 3**
Overall	🔴	🔴	🔴
Quality of service	🟢	🟢	🟢
Performance	🔴	🔴	🔴
Authorised fund manager costs	🟢	🟢	🟢
Economies of scale	🟢	🟢	🟢
Comparable market rates	🟢	🟢	🟢
Comparable services	🟢	🟢	🟢
Classes of units	🟢	🟢	🟢

In line with the requirement to conduct a value assessment, the Board has concluded that due to the ongoing performance issues value has not been delivered to the majority of investors over the period under review. A strategic review of the Fund was completed in 2022 and resulted in the appointment of a new investment manager, who took over management of the Fund in November 2022, which we anticipate will improve returns for investors over the medium term. For further detail please see the Performance section below.

The following summarises the conclusions we have reached having considered the range of factors as set out in the 'Value Assessment Approach'. This applies to all share classes in the Fund unless we have specifically noted exceptions.

Quality of service

We have considered the overall quality of the services provided to investors, and have concluded that Investors have received clear communications, and relevant information at appropriate times to enable them to make informed decisions, and the service delivered has been timely and of an appropriate quality.

Performance

Performance: Annualised net return (%)				
	Share Class 1	**Share Class 2**	**Share Class 3**	**Benchmark^**
1 Year	-16.93	-16.81	-16.39	-16.43
3 Years	0.76	0.91	1.41	1.74
5 Years	-0.93	-0.78	-0.29	2.18
7 Years	5.03	5.18	5.71	7.31

^FTSE AW Europe Ex UK Total Return Index GBP[1].

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.

Full performance data is available in the Fund Fact Sheet, which can be found here Fund centre - Aviva Investors

AVIVA INVESTORS

Aviva Investors Continental European Equity Fund (continued)

The Fund aims to grow your investment over the long term (5 years or more) by investing in shares of European companies, whilst the Fund's performance is compared against the FTSE® Europe ex UK Total Return Index[1].

In the Value Assessment published in February 2022 the Board noted that the Fund's performance for the year to 15 October 2021 relative to the FTSE® Europe ex UK Total Return Index[1] had been unsatisfactory, and the actions previously taken to improve performance had not had the desired impact on Fund performance. The Board therefore concluded that the Fund had failed to deliver value to investors and initiated a strategic review to determine whether changes to the management of the Fund were necessary.

The strategic review concluded that investors would be best served by a change of investment manager, and a refresh of the investment strategy. We wrote to investors earlier this year to advise of our intention to appoint MFS International (UK) Limited, who took over management of the Fund on 21st November 2022.

Over the last year the Fund has underperformed relative to the benchmark once again, and the Board therefore considers that the Fund has not delivered value to the majority of investors. However, as the above changes were only implemented after the review date, and the Board are of the opinion that the new manager has the required attributes and experience to deliver value to investors over the long term, no further action will be taken at this stage.

The Fund will therefore remain under review following our standard monitoring process, whilst the new investment manager is given time to turnaround performance.

A detailed explanation of the last 12 months performance is included in the Fund Manager's Report below. You will also be able to find more detailed information on fund performance within the Fund Fact Sheet on our website.

Authoried Fund Manager costs

Authorised Fund Manager Costs

	Share Class 1	Share Class 2	Share Class 3
Fund management fee	1.00	0.85	0.35

The Fund Management Fee (FMF) is a single charge paid to the Authorised Fund Manager, and we consider this to be reasonable when taking into account the underlying costs for the services provided and performance objectives of the Fund.

Economies of scale

We have concluded that all investors participated appropriately in general economies of scale derived from investing with the Company based on a range of benefits and services provided and overall fees charged. There has not been a material change in the size of the Fund during the previous 12 months. As such, no additional savings have been identified.

Aviva Investors Continental European Equity Fund (continued)

Comparable market rates

We have reviewed the fees paid for each of the services provided to the Fund (internally or externally), and we consider these to be competitive relative to those charged by similar funds within the UK regulated funds market.

Comparable services

We have reviewed those services which we consider to be comparable, and the fees we charge are deemed reasonable compared to fees charged by associated companies within the Aviva Group for comparable products of an equivalent size and similar investment objective and policy to the Fund available in the UK.

Classes of units

The pricing of each share class of the Fund is considered reasonable based on the different eligibility criteria and target investor for each share class. All investors are invested in the appropriate share class they are eligible to hold at the date of the assessment.

Fund Managers Report

Performance

The Fund posted a net return of -16.93%* (share class 1) in the twelve months in review. The Fund's benchmark, the FTSE AW Europe Ex UK TR Index[1], returned -16.43%.

Portfolio Review

In a challenging period for European equities given the market's proximity to the war in Ukraine and the renewed threat of recession, the Fund suffered a disappointing absolute return.

At the sector level, the main contributor to the Fund's performance was the overweighting of consumer staples companies, which were seen as being defensive in the context of slowing growth and fragile risk appetite. Being underweight real estate, which continued to suffer sharp falls in the wake of structural market changes in the wake of the pandemic, was also helpful. The overweight position in technology had a moderately negative influence, however.

At the stock level, having no exposure to the leading Russian stocks was helpful. The Fund's largest holding, French technology company Thales, also made a good contribution as governments around the world committed to increased defence spending in the wake of the Ukraine war. Among the main detractors from performance were France-based automotive parts manufacturer Faurecia as car production continued to be blighted by global supply chain problems, most notably the microchip shortage. French information technology developer Atos performed disappointingly as sentiment towards technology companies soured.

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

Outlook

Growth prospects continue to be revised lower, while inflation is still showing no signs yet of retreating meaningfully. The energy shock is already having a major impact on activity, real incomes and sentiment and may on its own be sufficient to push some of the major economies and the region overall into recession over the winter quarters. The ECB has joined the growing group of central banks asserting that a slowdown in demand is necessary to address the underlying inflation issue.

Fiscal policy initiatives can help offset some of the immediate pain but cannot and should not prevent some difficult adjustments to changed circumstances. Inflation should fall back next year, and demand stabilise, but the ECB looks set to hike to between 2 per cent and 3 per cent.

Investment returns are being increasingly dispersed across sectors, and companies that can withstand inflationary pressures are likely to outperform in the short- to medium-term.

Past performance is not a guide to the future. The value of an investment and any income from it can go down as well as up. Investors may not get back the original amount invested.

5.03

Aviva Investors Corporate Bond Fund

Aviva Investors Corporate Bond Fund

Overall assessment

Summary Ratings			
	Share Class 1	**Share Class 2**	**Share Class 3**
Overall	🔴	🔴	🔴
Quality of service	🟢	🟢	🟢
Performance	🔴	🔴	🔴
Authorised fund manager costs	🟢	🟢	🟢
Economies of scale	🟢	🟢	🟢
Comparable market rates	🟢	🟢	🟢
Comparable services	🟢	🟢	🟢
Classes of units	🟢	🟢	🟢

In line with the requirement to conduct a value assessment, the Board has concluded that due to the performance issues detailed within the Performance section, value has not been delivered to the majority of investors, and therefore a strategic review of the Fund will be completed to determine whether changes to the objective and strategy are required.

The following summarises the conclusions we have reached having considered the range of factors as set out in the 'Value Assessment Approach'. This applies to all share classes in the Fund unless we have specifically noted exceptions.

Quality of service

We have considered the overall quality of the services provided to investors, and have concluded that Investors have received clear communications, and relevant information at appropriate times to enable them to make informed decisions, and the service delivered has been timely and of an appropriate quality.

Performance

Performance: Annualised net return (%)				
	Share Class 1	**Share Class 2**	**Share Class 3**	**Benchmark^**
1 Year	-22.37	-22.23	-22.06	-23.15
3 Years	-7.06	-6.92	-6.66	-7.03
5 Years	-2.89	-2.73	-2.45	-2.64
7 Years	-0.66	-0.37	-0.23	-0.12

^Markit iBoxx Sterling Non Gilts TR Index[4].
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.
Full performance data is available in the Fund Fact Sheet, which can be found here Fund centre - Aviva Investors

Aviva Investors Corporate Bond Fund (continued)

The Fund aims to grow your investment through a combination of income and capital returns by investing in bonds issued by companies, whilst aiming to provide a net return greater than the benchmark over the long term (5 years or more).

In the Value Assessment published in February 2022, the Board noted that the Fund had not delivered value to the majority of investors on a benchmark relative basis, although it had achieved annual net returns of 2.54% over 5 years. The report explained that the underperformance relative to the benchmark was due to the cautious investment philosophy, with the low risk approach being a factor in the Fund's ability to meet its objective.

In the year to 15 October 2022 the Fund's performance has improved when compared to the benchmark, delivering returns in excess of the Markit iBoxx Sterling Non-Gilts Total Return Index[4], by 0.78%, demonstrating that the lower risk philosophy does benefit investors in challenging markets. However, in the context of the wider market downturn, which has seen the value of bonds decrease by approximately 23% over the same period, the Fund has not been able to deliver growth over the longer term, and the Board therefore considers that the Fund has not delivered value to the majority of investors at the date of the assessment.

Although we have seen an improving picture since the date of the assessment, the Board has concluded that a strategic review should be undertaken to determine whether changes to the objective and strategy are required to ensure the Fund can deliver value to investors over the long term. We aim to provide an update to investors on the outcome of this review within 6 months of the date of this report.

A detailed explanation of the performance over the last year is included in the Fund Manager's Report below. You will also be able to find more detailed information on fund performance within the Fund Fact Sheet on our website.

Authoried Fund Manager costs

Authorised Fund Manager Costs			
	Share Class 1	Share Class 2	Share Class 3
Fund management fee	0.70	0.50	0.32

The Fund Management Fee (FMF) is a single charge paid to the Authorised Fund Manager, and we consider this to be reasonable when taking into account the underlying costs for the services provided and performance objectives of the Fund.

Economies of scale

We have concluded that all investors participated appropriately in general economies of scale derived from investing with the Company based on a range of benefits and services provided and overall fees charged. There has not been a material change in the size of the Fund during the previous 12 months.

Investors who invest directly with us in share class 1 will benefit from the economies of scale discount that we apply at certain thresholds depending on the size of the fund, which for this fund is currently 0.05%. In addition, investors in share class 2 will benefit from a 0.02% discount based on the current Fund size.

Aviva Investors Corporate Bond Fund (continued)

Comparable market rates

We have reviewed the fees paid for each of the services provided to the Fund (internally or externally), and we consider these to be competitive relative to those charged by similar funds within the UK regulated funds market.

Comparable services

We have reviewed those services which we consider to be comparable, and the fees we charge are deemed reasonable compared to fees charged by associated companies within the Aviva Group for comparable products of an equivalent size and similar investment objective and policy to the Fund available in the UK.

Classes of units

The pricing of each share class of the Fund is considered reasonable based on the different eligibility criteria and target investor for each share class. All investors are invested in the appropriate share class they are eligible to hold at the date of the assessment.

Fund Managers Report

Performance

The Fund posted a net return of -22.37%* (share class 1) in the twelve months in review. The Fund's benchmark, the Markit iBoxx Sterling Non-Gilts Total Return Index[4], returned -23.15%.

Portfolio Review

The Fund posted a deeply negative total return in what was a highly challenging twelve months for fixed income assets. The main drag on performance was the weakness of the underlying government bond market. Yields, which move inversely to prices, rose as inflation expectations climbed at their fastest pace for decades. This was a function of rising commodity prices (which accelerated in the wake of Russia's invasion of Ukraine) and the impact of clogged supply chains.

Excess returns for corporate bonds over government bonds were negative over the period, reflecting investors' concerns about the impact of rising inflation and tighter monetary policy on company earnings. Although initially performing well in global terms, the UK economy slowed markedly as consumer confidence dropped in response to a growing cost-of-living crisis. Sentiment was also hurt by a series of hikes in UK interest rates, which lifted the base rate to 2.25% in September.

Bonds with riskier credit profiles, such as subordinated insurance debt, were among the weakest performers. With central banks tightening their monetary policy, bonds with a shorter sensitivity to interest rate changes performed best.

In the Fund, performance was helped by the addition of risk to the portfolio in the wake of a market dip in November, when monetary policy concerns flared. As these worries intensified at the start of 2022, the portfolio's low sensitivity to changes in interest rates also added value. As the market became more attractively valued in March, we added a small amount of tactical risk to the portfolio, funding purchases such as AXA subordinated debt out of the defensive cash balances that we had been running.

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

In the second half of the period, the Fund maintained a broadly defensive profile, thereby benefiting as recessionary worries developed from holding low credit risk and moving to a more cautious position in terms of the portfolio's sensitivity to changes in interest rates. However, the exposure to lower-quality financial debt weighed on performance as market volatility spiked once more.

Outlook

Although the sterling credit market is now more attractively valued after recent setbacks, we remain cautious both in terms of the Fund's credit risk and sensitivity to changes in interest rates in the face of tightening financial conditions, high inflation and slowing growth. We are mindful that recession looms in the UK and that credit ratings are set to deteriorate as corporate earnings fall.

It is nevertheless an interesting juncture to be investing in sterling corporate bonds. A wide dispersion of return across the market has been created by the sharp rise in inflation, with the fortunes of those that are resilient to higher prices diverging significantly from those that are not. This is creating, therefore, attractive opportunities for active, focused investors.

The technical backdrop of the market is shifting to a less favourable position. With the UK government now selling back corporate bonds to the market rather than buying them, an important backstop has been removed. Furthermore, the 'hunt for yield' theme that has been so supportive of the market is now compromised by a much more competitive risk-free rate.

Our key overweights in the Fund remain in relatively more defensive sectors such as banks and telecommunications.

Past performance is not a guide to the future. The value of an investment and any income from it can go down as well as up. Investors may not get back the original amount invested.

5.04

Aviva Investors Distribution Fund

Aviva Investors Distribution Fund

Overall assessment

Summary Ratings			
	Share Class 1	Share Class 2	Share Class 3
Overall	🔴	🔴	🔴
Quality of service	🟢	🟢	🟢
Performance	🔴	🔴	🔴
Authorised fund manager costs	🟢	🟢	🟢
Economies of scale	🟢	🟢	🟢
Comparable market rates	🟢	🟢	🟢
Comparable services	🟢	🟢	🟢
Classes of units	🟢	🟢	🟢

In line with the requirement to conduct a value assessment, the Board has concluded that due to the performance issues detailed within the Performance section, value has not been delivered to the majority of investors and further changes will be made to the Fund to address these issues.

The following summarises the conclusions we have reached having considered the range of factors as set out in the 'Value Assessment Approach'. This applies to all share classes in the Fund unless we have specifically noted exceptions.

Quality of service

We have considered the overall quality of the services provided to investors, and have concluded that Investors have received clear communications, and relevant information at appropriate times to enable them to make informed decisions, and the service delivered has been timely and of an appropriate quality.

Performance

Performance: Annualised net return (%)				
	Share Class 1	Share Class 2	Share Class 3	Benchmark^
1 Year	-20.17	-20.05	-19.73	-19.38
3 Years	-5.21	-5.06	-4.68	-4.42
5 Years	-1.95	-1.74	-1.35	-1.18
7 Years	0.57	0.90	1.30	1.85

^35% FTSE® All-Share Index[1] and 65% ML Composite (50% ML £ Non-Gilt A 50% ML £ Non-Gilt BBB).
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.
Full performance data is available in the Fund Fact Sheet, which can be found here Fund centre - Aviva Investors

Aviva Investors Distribution Fund (continued)

The Fund aims to deliver an income equivalent to the benchmark's income, whilst seeking to provide capital growth over the long term (5 years or more). The benchmark is made up of 35% FTSE® All-Share Index[1] and 65% ML® Composite index. The income target is measured over any given 3-year period (before charges and taxes).

In the Value Assessment published in February 2022 the Board noted that a strategic review of the Fund was undertaken in 2021 with a view to improving investment performance, and investors were notified of some changes to the strategy of the Fund in a letter dated 4 November 2021, which were implemented on 7 January 2022. These changes focused on reducing the exposure to UK companies, by providing greater flexibility for the Fund to invest in global equities and bonds, with the aim of diversifying the portfolio and providing wider range of investment opportunities for the investment manager to select from.

Over the year to 15 October 2022, the Fund has achieved its income objective providing an average yield of 102% relative to the benchmark yield over the last 3 years. However, the target to deliver capital growth has not been met due to the steep downturn in markets over the last year. Furthermore, the Fund has delivered net returns below the benchmark over the long term.

The changes that were implemented earlier this year have however been beneficial for the Fund, with the additional exposures to global companies contributing positively, however this has been overshadowed by the significant underperformance of the UK Equity portion of the portfolio, which can be attributed to a combination of the Fund's underweight position in energy companies (the large oil majors in particular), being overweight industrials, and having a bias towards medium-sized companies.

The Fund has not therefore achieved its objective of delivering capital growth and given that returns are below the benchmark over all periods under review, the Board considers that the Fund is not delivering value to investors. To resolve this we plan to make further changes to the Fund, which will include increasing the level of exposure to global companies, to maximise the diversification benefits previously discussed.

A detailed explanation of the performance over the last year is included in the Fund Manager's Report below. You will also be able to find more detailed information on fund performance within the Fund Fact Sheet on our website.

Authoried Fund Manager costs

Authorised Fund Manager Costs			
	Share Class 1	**Share Class 2**	**Share Class 3**
Fund management fee	0.88	0.73	0.33

The Fund Management Fee (FMF) is a single charge paid to the Authorised Fund Manager, and we consider this to be reasonable when taking into account the underlying costs for the services provided and performance objectives of the Fund.

Economies of scale

We have concluded that all investors participated appropriately in general economies of scale derived from investing with the Company based on a range of benefits and services provided and overall fees charged. There has not been a material change in the size of the Fund during the previous 12 months. As such, no additional savings have been identified.

Aviva Investors Distribution Fund (continued)

Comparable market rates

We have reviewed the fees paid for each of the services provided to the Fund (internally or externally), and we consider these to be competitive relative to those charged by similar funds within the UK regulated funds market.

Comparable services

We have reviewed those services which we consider to be comparable, and the fees we charge are deemed reasonable compared to fees charged by associated companies within the Aviva Group for comparable products of an equivalent size and similar investment objective and policy to the Fund available in the UK.

Classes of units

The pricing of each share class of the Fund is considered reasonable based on the different eligibility criteria and target investor for each share class. All investors are invested in the appropriate share class they are eligible to hold at the date of the assessment.

Fund Managers Report

Performance

The Fund posted a net return of -20.17%* (share class 1) in the twelve months in review. The Fund's benchmark, which comprises 35% FTSE All-Share Index[1] and 65% ML Composite (50% ML £ Non-Gilt A, 50% ML £ Non Gilt BBB), returned -19.38%.

Portfolio Review

The Fund posted a sharply negative total return as sterling corporate bonds were hit hard by the sell-off in underlying government bonds.

In the Fund, the relative performance of the corporate bond portfolio was supported by the addition of risk in the wake of a market dip in November, when monetary policy concerns flared. As these worries intensified at the start of 2022, the portfolio's low sensitivity to changes in interest rates also added value. As the market became more attractively valued in March, we added a small amount of tactical risk to the portfolio, funding purchases such as AXA subordinated debt out of the defensive cash balances that we had been running. In the second half of the period, the Fund maintained a broadly defensive profile, thereby benefiting as recessionary worries developed from holding low credit risk and moving to a more cautious position in terms of the portfolio's sensitivity to changes in interest rates. However, the exposure to lower-quality financial debt weighed on performance as market volatility spiked once more.

The performance of the Fund's UK equity investments was held back by the lack of exposure to the integrated oil majors and the energy sector in general, as well as the overweighting of industrials. Stock selection was also disappointing, with asset manager Intermediate Capital and economy-sensitive holdings Melrose Industries and Grafton Group weighing on performance as investor sentiment ebbed as the period progressed.

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

Outlook

Although the sterling credit market is now more attractively valued after recent setbacks, we remain cautious both in terms of the Fund's credit risk and sensitivity to changes in interest rates in the face of tightening financial conditions, high inflation and slowing growth. We are mindful that recession looms in the UK and that credit ratings are set to deteriorate as corporate earnings fall. It is nevertheless an interesting juncture to be investing in sterling corporate bonds. A wide dispersion of return across the market has been created by the sharp rise in inflation, with the fortunes of those that are resilient to higher prices diverging significantly from those that are not. This is creating, therefore, attractive opportunities for active, focused investors.

In equities, increasing inflation and rising interest rates will persist, putting significant squeezes on the consumer and economic growth. The market turmoil created by recent events, however, can create dislocations from longer-term fundamentals, creating pockets of opportunity for patient long-term investors. We continue to stick to our investment belief structure and are satisfied with our portfolio positioning at present, reviewing and monitoring market opportunities to deliver long-term value for our clients. However, we maintain some caution on the potential for implementing portfolio changes in a volatile trading environment.

Past performance is not a guide to the future. The value of an investment and any income from it can go down as well as up. Investors may not get back the original amount invested.

5.05

Aviva Investors Global Equity Endurance Fund

Aviva Investors Global Equity Endurance Fund

Overall assessment

Summary Ratings	Share Class 2	Share Class 6	Share Class 8
Overall	●	●	●
Quality of service	●	●	●
Performance	●	●	●
Authorised fund manager costs	●	●	●
Economies of scale	●	●	●
Comparable market rates	●	●	●
Comparable services	●	●	●
Classes of units	●	●	●

In line with the requirement to conduct a value assessment, the Board has concluded that all components of the assessment have been considered and the charges for each share class are justified in the context of overall value being delivered to investors.

The following summarises the conclusions we have reached having considered the range of factors as set out in the 'Value Assessment Approach'. This applies to all share classes in the Fund unless we have specifically noted exceptions.

Quality of service

We have considered the overall quality of the services provided to investors, and have concluded that Investors have received clear communications, and relevant information at appropriate times to enable them to make informed decisions, and the service delivered has been timely and of an appropriate quality.

Performance

Performance: Annualised net return (%)	Share Class 2	Share Class 6	Share Class 8	Benchmark^
1 Year	-3.63	-3.76	-3.02	-6.03
3 Years	11.14	10.94	11.71	7.59
Since Launch	10.40	10.17	10.93	7.23

^MSCI AC World TR GBP Index[2].

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.

Full performance data is available in the Fund Fact Sheet, which can be found here Fund centre - Aviva Investors

Aviva Investors Global Equity Endurance Fund (continued)

We have reviewed the Fund's overall performance after charges, relative to its investment objectives, policy and strategy, and the Fund's performance is 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. You can find more detailed information on fund performance within the Fund factsheet on our website.

Authoried Fund Manager costs

Authorised Fund Manager Costs			
	Share Class 2	**Share Class 6**	**Share Class 8**
Fund management fee	0.87	1.00	0.02

The Fund Management Fee (FMF) is a single charge paid to the Authorised Fund Manager, and we consider this to be reasonable when taking into account the underlying costs for the services provided and performance objectives of the Fund.

Economies of scale

We have concluded that all investors participated appropriately in general economies of scale derived from investing with the Company based on a range of benefits and services provided and overall fees charged. There has not been a material change in the size of the Fund during the previous 12 months. As such, no additional savings have been identified.

Comparable market rates

We have reviewed the fees paid for each of the services provided to the Fund (internally or externally), and we consider these to be competitive relative to those charged by similar funds within the UK regulated funds market.

Comparable services

We have reviewed those services which we consider to be comparable, and the fees we charge are deemed reasonable compared to fees charged by associated companies within the Aviva Group for comparable products of an equivalent size and similar investment objective and policy to the Fund available in the UK.

Classes of units

The pricing of each share class of the Fund is considered reasonable based on the different eligibility criteria and target investor for each share class. All investors are invested in the appropriate share class they are eligible to hold at the date of the assessment.

Fund Managers Report

Performance

The Fund posted a net return of -3.76%* in the twelve months in review (share class 6). The MSCI All Country World Index (TR GBP)[2] returned -6.03%.

Portfolio Review

The biggest drag on performance was the Fund's lack of exposure to energy, which performed strongly as oil and natural gas prices soared. Being overweight communication services was also unhelpful. The most beneficial sector position was the underweighting of consumer discretionary companies given the sharp rise in the cost of living.

At the individual security level, wholesaler Costco was among the most profitable positions. The company reported 10% growth in sales and increasing membership fee revenue. US managed care provider UnitedHealth was another notable performer. The company held an investor day at the end of November which highlighted a strong outlook for 2022, particularly for their Optum division, which has become a major growth engine. They are expanding their service offering here into areas such as the home and community setting which, in our view, enhance their value-based care proposition, whilst also adding further resilience to their business model. From an income perspective, they have delivered c.20% growth per annum in their annual dividend over the past five years and we expect them to continue to offer compelling growth here. Other leading contributors included Jack Henry & Associates, Booz Allen Hamilton and Marsh & McLennan.

One of the biggest disappointments was UK-based online cosmetics retailer THG, which fell sharply on concerns about the company's valuation and corporate governance. Having no exposure to Apple was also unhelpful.

We initiated a new position in pest control and hygiene company Rentokil. We view the pest control industry as offering a high degree of predictability as well as strong network effects from operating in areas with high density of customers, with urbanisation a key driver of this. We believe the pending acquisition of US peer Terminix offers them the opportunity to further cement their position in the US residential market and should drive further growth in earnings and free cash flow.

Outlook

While the potential for policy error by central banks and geopolitical tail-risks following Russia's escalation in the Ukraine conflict are preventing us from taking on too much risk, valuations are beginning to look attractive in certain sectors of global equities.

The Fund remains focused on owning companies with a high degree of predictability in their business models and sustained competitive advantages, allied to strong free cash flow generation and robust balance sheets. The companies held in the Fund on average have far superior profit margins as well as returns on capital compared to the broader market and we believe this offers the best protection against inflationary pressures as well as the uncertain macro backdrop.

Past performance is not a guide to the future. The value of an investment and any income from it can go down as well as up. Investors may not get back the original amount invested.

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

5.06

Aviva Investors Global Equity Income Fund

Aviva Investors Global Equity Income Fund

Overall assessment

Summary Ratings	Share Class 1	Share Class 2	Share Class 3	Share Class 4
Overall	●	●	●	●
Quality of service	●	●	●	●
Performance	●	●	●	●
Authorised fund manager costs	●	●	●	●
Economies of scale	●	●	●	●
Comparable market rates	●	●	●	●
Comparable services	●	●	●	●
Classes of units	●	●	●	●

In line with the requirement to conduct a value assessment, the Board has concluded that all components of the assessment have been considered and the charges for each share class are justified in the context of overall value being delivered to investors.

The following summarises the conclusions we have reached having considered the range of factors as set out in the 'Value Assessment Approach'. This applies to all share classes in the Fund unless we have specifically noted exceptions.

Quality of service

We have considered the overall quality of the services provided to investors, and have concluded that Investors have received clear communications, and relevant information at appropriate times to enable them to make informed decisions, and the service delivered has been timely and of an appropriate quality.

Performance

Performance: Annualised net return (%)

	Share Class 1	Share Class 2	Share Class 3	Share Class 4	Benchmark^
1 Year	4.38	4.64	5.12	5.03	-6.03
3 Years	8.80	9.07	9.56	–	7.59
5 Years	8.63	8.97	9.44	–	7.58
7 Years	10.96	11.44	11.95	–	11.59

^MSCI AC World TR GBP Index[2].

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.

Full performance data is available in the Fund Fact Sheet, which can be found here Fund centre - Aviva Investors

Aviva Investors Global Equity Income Fund (continued)

We have reviewed the Fund's overall performance after charges, relative to its investment objectives, policy and strategy, and the Fund's performance is 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. You can find more detailed information on fund performance within the Fund factsheet on our website.

Authoried Fund Manager costs

Authorised Fund Manager Costs				
	Share Class 1	**Share Class 2**	**Share Class 3**	**Share Class 4**
Fund management fee	1.12	0.87	0.42	0.58

The Fund Management Fee (FMF) is a single charge paid to the Authorised Fund Manager, and we consider this to be reasonable when taking into account the underlying costs for the services provided and performance objectives of the Fund.

Economies of scale

We have concluded that all investors participated appropriately in general economies of scale derived from investing with the Company based on a range of benefits and services provided and overall fees charged. There has not been a material change in the size of the Fund during the previous 12 months. As such, no additional savings have been identified.

Comparable market rates

We have reviewed the fees paid for each of the services provided to the Fund (internally or externally), and we consider these to be competitive relative to those charged by similar funds within the UK regulated funds market.

Comparable services

We have reviewed those services which we consider to be comparable, and the fees we charge are deemed reasonable compared to fees charged by associated companies within the Aviva Group for comparable products of an equivalent size and similar investment objective and policy to the Fund available in the UK.

Classes of units

The pricing of each share class of the Fund is considered reasonable based on the different eligibility criteria and target investor for each share class. All investors are invested in the appropriate share class they are eligible to hold at the date of the assessment.

Fund Managers Report

Performance

The Fund returned 4.38%* in the twelve months in review (share class 1, income units), while the MSCI All Country World Index[2] (total returns, in sterling) returned -6.03%.

Portfolio Review

The Fund performed well in relative terms over the period, with stock selection adding the most value.

The leading stock contributors included US healthcare and insurance group UnitedHealth, which enjoyed strong returns after posting good results in October and upgrading its earnings guidance. From an income perspective, they have delivered c.20% growth per annum in their annual dividend over the past five years and we expect them to continue to offer compelling growth in payouts to shareholders. Defence company BAE Systems rallied sharply in the wake of the Russian invasion of Ukraine and statements by the German government indicating a sharp increase in defence spending.

Good contributions were also made by US electrical equipment manufacturer Hubbell and US information technology consultancy Booz Allen Hamilton. There were disappointing returns from Italian electric utility Enel, which was rattled by government moves to intervene in the energy sector to cap prices for consumers.

At the sector allocation level, the underweight positions in energy and consumer staples proved unhelpful. However, the underweighting of communication services and consumer discretionary added value.

Outlook

The increase in uncertainty about the outlook has raised both implied and realised volatility across all asset classes. Given the sharp fall in equity multiples this year, we are modestly constructive, apart from in Europe, where the growth risks are more pronounced. That said, we are cognisant of the risks of further downside in equity markets should margins decline meaningfully from here.

We view the portfolio as offering attractive resilience characteristics, in particular our focus on free cash flow generation, allied to our preference for companies with sustained growth in their dividends, which we believe offers the best protection against the current volatile market backdrop as well as elevated inflationary pressures. We continue to focus on companies with attractive growth prospects, but only where we see resilience in the underlying business and a margin of safety in terms of valuation.

Past performance is not a guide to the future. The value of an investment and any income from it can go down as well as up. Investors may not get back the original amount invested.

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

5.07

Aviva Investors Higher Income Plus Fund

Aviva Investors Higher Income Plus Fund

Overall assessment

Summary Ratings			
	Share Class 1	Share Class 2	Share Class 8
Overall	🟠	🟠	🟠
Quality of service	🟢	🟢	🟢
Performance	🟠	🟠	🟠
Authorised fund manager costs	🟢	🟢	🟢
Economies of scale	🟢	🟢	🟢
Comparable market rates	🟢	🟢	🟢
Comparable services	🟢	🟢	🟢
Classes of units	🟢	🟢	🟢

In line with the requirement to conduct a value assessment, the Board has concluded that all components of the assessment have been considered and the charges for each share class are justified in the context of overall value being delivered to investors. However we will be undertaking a strategic review of the Fund to determine whether any changes are required to the Fund's strategy to improve performance. Further detail can be found in the Performance section below.

The following summarises the conclusions we have reached having considered the range of factors as set out in the 'Value Assessment Approach'. This applies to all share classes in the Fund unless we have specifically noted exceptions.

Quality of service

We have considered the overall quality of the services provided to investors, and have concluded that Investors have received clear communications, and relevant information at appropriate times to enable them to make informed decisions, and the service delivered has been timely and of an appropriate quality.

Performance

Performance: Annualised net return (%)				
	Share Class 1	Share Class 2	Share Class 8	Benchmark^
1 Year	-19.37	-19.17	-18.83	-19.82
3 Years	-4.57	-4.33	-4.00	-5.16
5 Years	-1.54	-1.28	-0.96	-1.66
7 Years	0.58	0.86	1.17	0.89

^50% Markit iBoxx Sterling Non-Gilts Index[4], 40% Bloomberg Pan European High Yield Index 2% issuer capped (GBP Hedged)[3] and 10% JPM Emerging Market Bond Index (GBP hedged)[5].

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.

Full performance data is available in the Fund Fact Sheet, which can be found here Fund centre - Aviva Investors

Aviva Investors Higher Income Plus Fund (continued)

The Fund aims to provide an income of at least 110% of the income of the benchmark (before charges and taxes), whilst seeking to provide an overall net return greater than the benchmark over the long term (5 years or more) by investing in bonds issued by companies.

For the period to 15 October 2022 the Board note that the Fund has delivered a yield of 106% relative to the benchmark yield, with an average of 110% over the last five years, and the net returns are greater than the benchmark over one, three and five years.

The Board do however note that the value of investor's holdings have declined in the year to 15 October 2022, which is mainly due to the current volatile market conditions that we have explained in the introduction to this report on page 5.

However, allowing for the market conditions and taking all factors into account, the Board has determined that a strategic review will be undertaken to assess whether any changes are required to the Fund's strategy to ensure value is delivered to investors over the long term. We expect to be able to announce any changes as a consequence of this review to investors within 6 months of publishing this report.

A detailed explanation of the last 12 months performance is included in the Fund Manager's Report below. You will also be able to find more detailed information on fund performance within the Fund Fact Sheet on our website.

Authoried Fund Manager costs

Authorised Fund Manager Costs			
	Share Class 1	Share Class 2	Share Class 8
Fund management fee	0.87	0.62	0.02

The Fund Management Fee (FMF) is a single charge paid to the Authorised Fund Manager, and we consider this to be reasonable when taking into account the underlying costs for the services provided and performance objectives of the Fund.

Economies of scale

We have concluded that all investors participated appropriately in general economies of scale derived from investing with the Company based on a range of benefits and services provided and overall fees charged. There has not been a material change in the size of the Fund during the previous 12 months. As such, no additional savings have been identified.

Aviva Investors Higher Income Plus Fund (continued)

Comparable market rates

We have reviewed the fees paid for each of the services provided to the Fund (internally or externally), and we consider these to be competitive relative to those charged by similar funds within the UK regulated funds market.

Comparable services

We have reviewed those services which we consider to be comparable, and the fees we charge are deemed reasonable compared to fees charged by associated companies within the Aviva Group for comparable products of an equivalent size and similar investment objective and policy to the Fund available in the UK.

Classes of units

The pricing of each share class of the Fund is considered reasonable based on the different eligibility criteria and target investor for each share class. All investors are invested in the appropriate share class they are eligible to hold at the date of the assessment.

Fund Managers Report

Performance

The Fund posted a net return of -19.37%* (share class 1). The Fund's benchmark* (50% Markit iBoxx Sterling Non-Gilts Index[4], 40% Bloomberg Pan European High Yield Index 2% issuer capped[3] and 10% JPM Emerging Market Bond Index[5]) returned -19.82%.

Portfolio Review

The Fund posted a negative return as government and corporate bonds traded lower on worries about tighter central bank policy in response to sharply rising inflation globally.

In the Fund, at the start of the period, useful contributions were made by holdings offering protection against rising inflation (for example German index-linked bonds) as consumer price indices pushed further past central bank targets. Returns were also supported by tactical adjustments in portfolio risk, with the adoption of a more aggressive stance when the corporate bond market weakened in November allowing the Fund to capture much of the subsequent recovery.

As the continued rise in inflation set off fears of a much more expansive central bank policy response as the period progressed, the Fund benefited from its positioning with a low sensitivity to changes in interest rates. As the Ukraine crisis developed, the Fund benefited from its lack of exposure to Russia. However, being underweight the rallying energy sector was an offsetting factor.

In the latter stages of the period as market volatility ramped up once again, the Fund continued to benefit from being positioned with low sensitivity to changes in interest rates. When the market rebounded somewhat in July, returns benefited from the decision to raise credit spread risk in the middle of June.

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

Outlook

Whether demand or supply driven, both headline and core inflation remain stubbornly high. We see central banks' credibility as more linked to taming this versus avoiding a recession.

Whilst there is more evidence of headline inflation peaking in the US, hikes are still priced aggressively and will take effect with a lag into the final quarter of 2022. In Europe, we still see risks as heavily tilted to the downside with the Russian energy situation. Moreover, the higher inflation in the periphery makes the ECB's anti-fragmentation objective much harder. We see this combination of factors as supporting medium-term core inflation, meaning higher rates for longer.

In the credit markets, while fundamentals look relatively positive superficially, there is growing dispersion below the surface, with concerns about lower-quality companies with weaker pricing power versus both suppliers and customers. As the macroeconomic backdrop weakens further, defaults are set to rise, with negative ratings migration expected as companies feel increasing costs as hedges roll off and margins get squeezed. Continual downgrades to growth outlooks globally increase the risk of 'fallen angels' and defaults, both of which have been below long-run averages since 2021.

From a technical perspective, there is a 'crowding out' risk for corporate bonds in sterling, with bonds now being sold back to the market amid 'quantitative tightening' and a much more attractive risk-free rate.

Past performance is not a guide to the future. The value of an investment and any income from it can go down as well as up. Investors may not get back the original amount invested.

5.08

Aviva Investors International Index Tracking Fund

Aviva Investors International Index Tracking Fund

Overall assessment

Summary Ratings	Share Class 1	Share Class 2	Share Class 3	Share Class 5
Overall	●	●	●	●
Quality of service	●	●	●	●
Performance	●	●	●	●
Authorised fund manager costs	●	●	●	●
Economies of scale	●	●	●	●
Comparable market rates	●	●	●	●
Comparable services	●	●	●	●
Classes of units	●	●	●	●

In line with the requirement to conduct a value assessment, the Board has concluded that all components of the assessment have been considered and the charges for each share class are justified in the context of overall value being delivered to investors.

The following summarises the conclusions we have reached having considered the range of factors as set out in the 'Value Assessment Approach'. This applies to all share classes in the Fund unless we have specifically noted exceptions.

Quality of service

We have considered the overall quality of the services provided to investors, and have concluded that Investors have received clear communications, and relevant information at appropriate times to enable them to make informed decisions, and the service delivered has been timely and of an appropriate quality.

Performance

Performance: Annualised net return (%)	Share Class 1	Share Class 2	Share Class 3	Share Class 5	Benchmark^
1 Year	-2.49	-2.29	-2.24	-2.39	-4.73
3 Years	8.74	8.96	9.01	8.86	9.00
5 Years	8.41	8.67	8.70	–	8.97
7 Years	11.97	12.31	12.33	–	12.96

^FTSE World ex UK TR GBP Index[1].

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.

Full performance data is available in the Fund Fact Sheet, which can be found here Fund centre - Aviva Investors

Aviva Investors International Index Tracking Fund (continued)

We have reviewed the Fund's overall performance after charges, relative to its investment objectives, policy and strategy, and the Fund's performance is 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. You can find more detailed information on fund performance within the Fund factsheet on our website.

Authoried Fund Manager costs

Authorised Fund Manager Costs				
	Share Class 1	Share Class 2	Share Class 3	Share Class 5
Fund management fee	0.45	0.25	0.20	0.20

The Fund Management Fee (FMF) is a single charge paid to the Authorised Fund Manager, and we consider this to be reasonable when taking into account the underlying costs for the services provided and performance objectives of the Fund.

Economies of scale

We have concluded that all investors participated appropriately in general economies of scale derived from investing with the Company based on a range of benefits and services provided and overall fees charged. There has not been a material change in the size of the Fund during the previous 12 months.

Investors who invest directly with us in share class 1 will benefit from the economies of scale discount that we apply at certain thresholds depending on the size of the fund, which for this fund is currently 0.01%.

Comparable market rates

We have reviewed the fees paid for each of the services provided to the Fund (internally or externally), and we consider these to be competitive relative to those charged by similar funds within the UK regulated funds market.

Comparable services

We have reviewed those services which we consider to be comparable, and the fees we charge are deemed reasonable compared to fees charged by associated companies within the Aviva Group for comparable products of an equivalent size and similar investment objective and policy to the Fund available in the UK.

Classes of units

The pricing of each share class of the Fund is considered reasonable based on the different eligibility criteria and target investor for each share class. All investors are invested in the appropriate share class they are eligible to hold at the date of the assessment.

Fund Managers Report

Performance

The Fund returned -2.49%* in the twelve months in review (share class 1, accumulation units). The Fund's benchmark, the FTSE World ex UK Index[1], returned -4.73%.

Portfolio Review

The Fund is passively managed, meaning returns are not expected to vary meaningfully from those of the benchmark.

Shares suffered something of a rollercoaster ride in the review period. While the markets had begun in confident mood as global growth prospects looked solid as economic data continued to reflect the expected easing of the pandemic, the emergence of the highly infectious Omicron variant in December spooked sentiment as its seriousness had yet to be quantified.

The markets kicked off 2022 in robust fashion as Omicron's apparent mildness suggested that the widescale reimposition of social restrictions would not be necessary. However, the rally reversed at the end of February as Russia's invasion of Ukraine triggered huge geopolitical uncertainty, with Europe's energy security being brought into question. Despite little sign of hostilities ending in the short term, the markets staged a surprising recovery. However, they failed to gain traction as the influential US central bank, the Federal Reserve, hinted at a more rapid pace of interest rate hikes to combat soaring inflation.

The summer months were characterised by turbulent markets as central banks aggressively moved to tighten monetary policy as consumer inflation soared to levels not seen for four decades. This came against a backdrop of sharply decelerating economic growth as consumer confidence was battered by the steep rise in the cost of living. As the period drew to a close, the prospect of several of the developed economies sliding into recession for much of 2023 looked increasingly likely. Elsewhere, China's economy remained hamstrung by both the zero-Covid policy and government intervention in several key sectors.

Outlook

Slowing and below-trend growth, rising real rates and heightened uncertainty due to geopolitical risks have resulted in a challenging environment for equities. Our view is that this negative environment is likely to persist over the next six months.

Despite many companies being able to pass on input and labour costs, earnings per share estimates continue to trend down. The market bottom will likely be reached only when purchasing manager indices and leading indicators durably improve from low levels and inflation and employment soften enough to allow central banks to loosen policy.

On a structural, multi-year view, equities are likely to produce positive, perhaps even excess-to-cash returns, as long as a deep recession or financial crisis is avoided.

Past performance is not a guide to the future. The value of an investment and any income from it can go down as well as up. Investors may not get back the original amount invested.

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

5.09

Aviva Investors Managed High Income Fund

Aviva Investors Managed High Income Fund

Overall assessment

Summary Ratings	Share Class 1	Share Class 2	Share Class 8
Overall	🟠	🟠	🟠
Quality of service	🟢	🟢	🟢
Performance	🟠	🟠	🟠
Authorised fund manager costs	🟢	🟢	🟢
Economies of scale	🟢	🟢	🟢
Comparable market rates	🟢	🟢	🟢
Comparable services	🟢	🟢	🟢
Classes of units	🟢	🟢	🟢

In line with the requirement to conduct a value assessment, the Board has concluded that all components of the assessment have been considered and the charges for each share class are justified in the context of overall value being delivered to investors. However, the Board has determined that a strategic review will be undertaken to assess whether any changes are required to the Fund's strategy to improve Fund performance over the long term, further information can be found in the Performance section below.

The following summarises the conclusions we have reached having considered the range of factors as set out in the 'Value Assessment Approach'. This applies to all share classes in the Fund unless we have specifically noted exceptions.

Quality of service

We have considered the overall quality of the services provided to investors, and have concluded that Investors have received clear communications, and relevant information at appropriate times to enable them to make informed decisions, and the service delivered has been timely and of an appropriate quality.

Performance

Performance: Annualised net return (%)	Share Class 1	Share Class 2	Share Class 8	Benchmark^
1 Year	-18.18	-17.97	-17.62	-19.13
3 Years	-4.15	-3.90	-3.58	-4.35
5 Years	-1.45	-1.14	-0.82	-1.34
7 Years	0.59	1.00	1.31	1.21

^40% Markit iBoxx Sterling Non-Gilts Index[4], 50% Bloomberg Global High Yield Index ex CMBS ex EMG 2% issuer capped (GBP hedged)[3] and 10% JPM Emerging Markets Bond Index (GBP hedged)[5].

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.

Full performance data is available in the Fund Fact Sheet, which can be found here Fund centre - Aviva Investors

Aviva Investors Managed High Income Fund (continued)

The Fund aims to provide an income of at least 110% of the income of the benchmark (before charges and taxes), whilst seeking to provide an overall net return greater than the benchmark over the long term (5 years or more) by investing in bonds issued by companies.

In previous years the Fund has achieved its stated objective and the Board have considered that the Fund's performance was within a reasonable range of outcomes for an actively managed fund of this nature. For the period to 15 October 2022, the Board note that the Fund delivered a yield of 101% of the benchmark with an average of 104% over the last five years, which is below the expected outcome. The net returns of the Fund are greater than the benchmark over one and three years, and an improvement on last year, however the long term returns of share class 1 are below the benchmark.

The Board do however note that the value of investor's holdings have declined in the year to 15 October 2022, which is mainly due to the current volatile market conditions that we have explained in the introduction to this report on page 5.

However, allowing for the market conditions and taking all factors into account, the Board has determined that a strategic review will be undertaken to assess whether any changes are required to the Fund's strategy to ensure value is delivered to investors over the long term. We expect to be able to announce any changes as a consequence of this review to investors within 6 months of publishing this report.

A detailed explanation of the last 12 months performance is included in the Fund Manager's Report below. You will also be able to find more detailed information on fund performance within the Fund Fact Sheet on our website.

Authoried Fund Manager costs

Authorised Fund Manager Costs			
	Share Class 1	Share Class 2	Share Class 8
Fund management fee	0.87	0.63	0.02

The Fund Management Fee (FMF) is a single charge paid to the Authorised Fund Manager, and we consider this to be reasonable when taking into account the underlying costs for the services provided and performance objectives of the Fund.

Economies of scale

We have concluded that all investors participated appropriately in general economies of scale derived from investing with the Company based on a range of benefits and services provided and overall fees charged. There has not been a material change in the size of the Fund during the previous 12 months. As such, no additional savings have been identified.

Aviva Investors Managed High Income Fund (continued)

Comparable market rates

We have reviewed the fees paid for each of the services provided to the Fund (internally or externally), and we consider these to be competitive relative to those charged by similar funds within the UK regulated funds market.

Comparable services

We have reviewed those services which we consider to be comparable, and the fees we charge are deemed reasonable compared to fees charged by associated companies within the Aviva Group for comparable products of an equivalent size and similar investment objective and policy to the Fund available in the UK.

Classes of units

The pricing of each share class of the Fund is considered reasonable based on the different eligibility criteria and target investor for each share class. All investors are invested in the appropriate share class they are eligible to hold at the date of the assessment.

Aviva Investors Managed High Income Fund (continued)

Fund Managers Report

Performance

The Fund posted a net return of -18.18%* (share class 1) in the twelve months in review. The Fund's composite benchmark (40% Markit iBoxx Sterling Non-Gilts Index[4], 50% Bloomberg Barclays Global High Yield Index ex CMBS ex EMG 2% issuer capped[3] and 10% JPM Emerging Markets Bond Index[5]) returned -19.13%.

Portfolio Review

The Fund posted a negative return as government and corporate bonds traded lower on worries about tighter central bank policy in response to sharply rising inflation globally.

In the Fund, at the start of the period, useful contributions were made by holdings offering protection against rising inflation (for example German index-linked bonds) as consumer price indices pushed further past central bank targets. Returns were also supported by tactical adjustments in portfolio risk, with the adoption of a more aggressive stance when the corporate bond market weakened in November allowing the Fund to capture much of the subsequent recovery.

As the continued rise in inflation set off fears of a much more expansive central bank policy response as the period progressed, the Fund benefited from its positioning with a low sensitivity to changes in interest rates. As the Ukraine crisis developed, the Fund benefited from its lack of exposure to Russia. However, being underweight the rallying energy sector was an offsetting factor.

In the latter stages of the period as market volatility ramped up once again, the Fund continued to benefit from being positioned with low sensitivity to changes in interest rates. When the market rebounded somewhat in July, returns benefited from the decision to raise credit spread risk in the middle of June.

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

Outlook

Whether demand or supply driven, both headline and core inflation remain stubbornly high. We see central banks' credibility as more linked to taming this versus avoiding a recession.

Whilst there is more evidence of headline inflation peaking in the US, hikes are still priced aggressively and will take effect with a lag into the final quarter of 2022. In Europe, we still see risks as heavily tilted to the downside with the Russian energy situation. Moreover, the higher inflation in the periphery makes the ECB's anti-fragmentation objective much harder. We see this combination of factors as supporting medium-term core inflation, meaning higher rates for longer.

In the credit markets, while fundamentals look relatively positive superficially, there is growing dispersion below the surface, with concerns about lower-quality companies with weaker pricing power versus both suppliers and customers. As the macroeconomic backdrop weakens further, defaults are set to rise, with negative ratings migration expected as companies feel increasing costs as hedges roll off and margins get squeezed. Continual downgrades to growth outlooks globally increase the risk of 'fallen angels' and defaults, both of which have been below long-run averages since 2021.

From a technical perspective, there is a 'crowding out' risk for corporate bonds in sterling, with bonds now being sold back to the market amid 'quantitative tightening' and a much more attractive risk-free rate.

Past performance is not a guide to the future. The value of an investment and any income from it can go down as well as up. Investors may not get back the original amount invested.

5.10

Aviva Investors Monthly Income Plus Fund

Aviva Investors Monthly Income Plus Fund

Overall assessment

Summary Ratings			
	Share Class 1	Share Class 2	Share Class 3
Overall	🟠	🟠	🟠
Quality of service	🟢	🟢	🟢
Performance	🟠	🟠	🟠
Authorised fund manager costs	🟢	🟢	🟢
Economies of scale	🟢	🟢	🟢
Comparable market rates	🟢	🟢	🟢
Comparable services	🟢	🟢	🟢
Classes of units	🟢	🟢	🟢

In line with the requirement to conduct a value assessment, the Board has concluded that all components of the assessment have been considered and the charges for each share class are justified in the context of overall value being delivered to investors. However, the Board notes the value of investments have declined over the year due to the underlying market conditions, further information can be found in the Performance section below and in the introduction to this report.

The following summarises the conclusions we have reached having considered the range of factors as set out in the 'Value Assessment Approach'. This applies to all share classes in the Fund unless we have specifically noted exceptions.

Quality of service

We have considered the overall quality of the services provided to investors, and have concluded that Investors have received clear communications, and relevant information at appropriate times to enable them to make informed decisions, and the service delivered has been timely and of an appropriate quality.

Performance

Performance: Annualised net return (%)				
	Share Class 1	Share Class 2	Share Class 3	Benchmark^
1 Year	-22.18	-22.04	-21.84	-23.15
3 Years	-6.54	-6.38	-6.11	-7.03
5 Years	-2.43	-2.20	-1.92	-2.64
7 Years	-0.18	0.11	0.39	-0.12

^Markit iBoxx Sterling Non Gilts TR Index[4].
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.
Full performance data is available in the Fund Fact Sheet, which can be found here Fund centre - Aviva Investors

Aviva Investors Monthly Income Plus Fund (continued)

The Fund aims to provide an income equivalent to the benchmark (before charges and taxes)^ and grow your investment by investing in bonds issued by companies, with an overall net return greater than the benchmark^ over the long term (5 years or more).

The Fund's overall performance after charges is considered to offer value to investors, taking into consideration performance relative to its investment objectives, policy and strategy, and other relevant information considered in the assessment.

The Board do however note that the value of investor's holdings have declined in the year to 15 October 2022, which is mainly due to the current volatile market conditions that we have explained in the introduction to this report on page 5. However they retain confidence in the strategy adopted by the portfolio manager, which should benefit investors over the long term.

A detailed explanation of the last 12 months performance is included in the Fund Manager's Report below. You will also be able to find more detailed information on fund performance within the Fund Fact Sheet on our website.

^Markit iBoxx Sterling Non Gilts Overall TR Index[4].

Authoried Fund Manager costs

Authorised Fund Manager Costs			
	Share Class 1	Share Class 2	Share Class 3
Fund management fee	0.75	0.55	0.33

The Fund Management Fee (FMF) is a single charge paid to the Authorised Fund Manager, and we consider this to be reasonable when taking into account the underlying costs for the services provided and performance objectives of the Fund.

Economies of scale

We have concluded that all investors participated appropriately in general economies of scale derived from investing with the Company based on a range of benefits and services provided and overall fees charged. There has not been a material change in the size of the Fund during the previous 12 months. As such, no additional savings have been identified.

Aviva Investors Monthly Income Plus Fund (continued)

Comparable market rates

We have reviewed the fees paid for each of the services provided to the Fund (internally or externally), and we consider these to be competitive relative to those charged by similar funds within the UK regulated funds market.

Comparable services

We have reviewed those services which we consider to be comparable, and the fees we charge are deemed reasonable compared to fees charged by associated companies within the Aviva Group for comparable products of an equivalent size and similar investment objective and policy to the Fund available in the UK.

Classes of units

The pricing of each share class of the Fund is considered reasonable based on the different eligibility criteria and target investor for each share class. All investors are invested in the appropriate share class they are eligible to hold at the date of the assessment.

Aviva Investors Monthly Income Plus Fund (continued)

Fund Managers Report

Performance

The Fund posted a net return of -22.18%* (share class 1, income units) in the twelve months in review. The Fund's benchmark, the Markit iBoxx Sterling Non-Gilts Total Return Index[4], returned -23.15%.

Portfolio Review

The Fund posted a deeply negative total return in what was a highly challenging twelve months for fixed income assets. The main drag on performance was the weakness of the underlying government bond market. Yields, which move inversely to prices, rose as inflation expectations climbed at their fastest pace for decades. This was a function of rising commodity prices (which accelerated in the wake of Russia's invasion of Ukraine) and the impact of clogged supply chains.

Excess returns for corporate bonds over government bonds were negative over the period, reflecting investors' concerns about the impact of rising inflation and tighter monetary policy on company earnings. Although initially performing well in global terms, the UK economy slowed markedly as consumer confidence dropped in response to a growing cost-of-living crisis. Sentiment was also hurt by a series of hikes in UK interest rates, which lifted the base rate to 2.25% in September.

Bonds with riskier credit profiles, such as subordinated insurance debt, were among the weakest performers. With central banks tightening their monetary policy, bonds with a shorter sensitivity to interest rate changes performed best.

In the Fund, performance was helped by the addition of risk to the portfolio in the wake of a market dip in November, when monetary policy concerns flared. As these worries intensified at the start of 2022, the portfolio's low sensitivity to changes in interest rates also added value. As the market became more attractively valued in March, we added a small amount of tactical risk to the portfolio, funding purchases such as AXA subordinated debt out of the defensive cash balances that we had been running. In the second half of the period, the Fund maintained a broadly defensive profile, thereby benefiting as recessionary worries developed from holding low credit risk and moving to a more cautious position in terms of the portfolio's sensitivity to changes in interest rates. However, the exposure to lower-quality financial debt weighed on performance as market volatility spiked once more.

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

Outlook

Although the sterling credit market is now more attractively valued after recent setbacks, we remain cautious both in terms of the Fund's credit risk and sensitivity to changes in interest rates in the face of tightening financial conditions, high inflation and slowing growth. We are mindful that recession looms in the UK and that credit ratings are set to deteriorate as corporate earnings fall.

It is nevertheless an interesting juncture to be investing in sterling corporate bonds. A wide dispersion of return across the market has been created by the sharp rise in inflation, with the fortunes of those that are resilient to higher prices diverging significantly from those that are not. This is creating, therefore, attractive opportunities for active, focused investors.

The technical backdrop of the market is shifting to a less favourable position. With the UK government now selling back corporate bonds to the market rather than buying them, an important backstop has been removed. Furthermore, the 'hunt for yield' theme that has been so supportive of the market is now compromised by a much more competitive risk-free rate.

Our key overweights in the Fund remain in relatively more defensive sectors such as banks and telecommunications.

Past performance is not a guide to the future. The value of an investment and any income from it can go down as well as up. Investors may not get back the original amount invested.

5.11

Aviva Investors Multi-Strategy Target Return Fund

Aviva Investors Multi-Strategy Target Return Fund

Overall assessment

Summary Ratings					
	Share Class 1	Share Class 2	Share Class 3	Share Class 5	Share Class 9
Overall	🟢	🟢	🟢	🟢	🟢
Quality of service	🟢	🟢	🟢	🟢	🟢
Performance	🟠	🟠	🟠	🟠	🟠
Authorised fund manager costs	🟢	🟢	🟢	🟢	🟢
Economies of scale	🟢	🟢	🟢	🟢	🟢
Comparable market rates	🟢	🟢	🟢	🟢	🟢
Comparable services	🟢	🟢	🟢	🟢	🟢
Classes of units	🟢	🟢	🟢	🟢	🟢

In line with the requirement to conduct a value assessment, the Board has concluded that all components of the assessment have been considered and the charges for each share class are justified in the context of overall value being delivered to investors.

The following summarises the conclusions we have reached having considered the range of factors as set out in the 'Value Assessment Approach'. This applies to all share classes in the Fund unless we have specifically noted exceptions.

Quality of service

We have considered the overall quality of the services provided to investors, and have concluded that Investors have received clear communications, and relevant information at appropriate times to enable them to make informed decisions, and the service delivered has been timely and of an appropriate quality.

Performance

Performance: Annualised net return (%)						
	Share Class 1	Share Class 2	Share Class 3	Share Class 5	Share Class 9	Benchmark^
1 Year	1.82	2.02	2.29	2.17	2.07	5.78
3 Years	2.38	2.59	2.84	2.74	2.64	5.42
5 Years	1.61	1.81	2.04	1.94	1.85	5.50
7 Years	1.09	1.29	1.52	1.43	1.34	5.46

^Bank of England Base Rate +5%.

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.

Full performance data is available in the Fund Fact Sheet, which can be found here Fund centre - Aviva Investors

Aviva Investors Multi-Strategy Target Return Fund (continued)

The Fund aims to deliver on average 5% per year above the Bank of England base rate before the deduction of charges over rolling three-year periods (‘Return Target’) whilst aiming to manage volatility to a target of less than half the volatility of global equities measured over the same rolling three-year periods (‘Volatility Target’).

Over the course of the last three years markets have been particularly volatile, firstly due to the covid-19 pandemic and then more recently the war in Ukraine, which has led to the subsequent rise in oil and gas prices, resulting in high inflation and interest rate rises. Despite the unprecedented market environment, the Fund has maintained low volatility and has generated positive returns for each of the last three years, with an average rolling three year return of 3.54% before fees and taxes (2.38% on a net basis).

However, the Board note that the Fund has not achieved the 5% above base rate target on a consistent basis and have conducted a detailed review with the portfolio manager on the Fund’s ability to achieve this going forwards. The Board gained comfort that changes implemented to the investment process, including how the portfolio manager utilises the Fund’s risk budget to generate returns, and the additional personnel that have been added to the team over several years is beginning to deliver consistent positive returns for investors. In addition, the portfolio manager was able to demonstrate how the Fund’s target could be achieved going forwards, in what is considered to be a more favourable market for this type of strategy.

The Board therefore considers that the Fund’s overall performance, relative to its investment objectives, policy and strategy, was at the lower end of expected outcomes for the year to 15 October 2022. However in the wider context of a challenging market, the Fund has provided positive returns whilst also managing volatility in line with the Fund’s target, and offers investors an alternative investment strategy to traditional equity and bond funds which have experienced large swings in gains and losses over recent years.

Therefore the Board have concluded that the Investment Manager’s continued management should still benefit the Fund and its investors, but that performance should remain under review.

A detailed explanation of the performance since launch is included in the Fund Manager’s Report below. You will also be able to find more detailed information on fund performance within the Fund Fact Sheet on our website.

Authoried Fund Manager costs

Authorised Fund Manager Costs					
	Share Class 1	**Share Class 2**	**Share Class 3**	**Share Class 5**	**Share Class 9**
Fund management fee	1.05	0.85	0.59	0.70	0.80

The Fund Management Fee (FMF) is a single charge paid to the Authorised Fund Manager, and we consider this to be reasonable when taking into account the underlying costs for the services provided and performance objectives of the Fund.

Economies of scale

We have concluded that all investors participated appropriately in general economies of scale derived from investing with the Company based on a range of benefits and services provided and overall fees charged. There has not been a material change in the size of the Fund during the previous 12 months. As such, no additional savings have been identified.

Aviva Investors Multi-Strategy Target Return Fund (continued)

Comparable market rates

We have reviewed the fees paid for each of the services provided to the Fund (internally or externally), and we consider these to be competitive relative to those charged by similar funds within the UK regulated funds market.

Comparable services

We have reviewed those services which we consider to be comparable, and the fees we charge are deemed reasonable compared to fees charged by associated companies within the Aviva Group for comparable products of an equivalent size and similar investment objective and policy to the Fund available in the UK.

Classes of units

The pricing of each share class of the Fund is considered reasonable based on the different eligibility criteria and target investor for each share class. All investors are invested in the appropriate share class they are eligible to hold at the date of the assessment.

Aviva Investors Multi-Strategy Target Return Fund (continued)

Fund Managers Report

Performance

In the twelve months to 15 October 2022 the Fund posted a net return of 1.82%* (share class 1). By comparison, the Fund's benchmark (Bank of England Base Rate Plus 5%) returned 5.78%.

Portfolio Review

Despite some starts and stops, market conditions were quite favourable through the last quarter of 2021, with global equities continuing their upward surge to end the year near the recent all-time highs in spite of the discovery of the more contagious Covid variant Omicron. Developed market equities led the gains while emerging market equities lagged behind, closing the year in negative territory. Global bond yields rose as it became clear inflation was not as transitory as previously presumed, bringing central bank policy back to the forefront of investors' minds. The Fund delivered positive performance over Q4 2021, with Market Returns, Opportunistic and Risk-Reducing sections of the portfolio all delivering gains. Market Returns, which delivered most of the upside, was driven by long US equities. The short volatility position as well as long carbon emissions were the top contributors within Opportunistic Returns. Meanwhile, gains in our defensive equity relative value, long Chinese rates and short emerging market currency basket offset losses from the tail hedging and intraday momentum strategies in our Risk-Reducing strategies.

Risk assets had a tougher time in 2022, as rising bond yields, an escalating conflict between Russia and Ukraine alongside the market turmoil induced by the UK's September 23rd fiscal budget weighed on investor confidence. Despite the negative market backdrop, the Fund delivered positive returns through the year. Market Returns detracted from fund performance, led primarily by our long US equities exposure. The Opportunistic section of the portfolio contributed strong gains, led by the short US rates position which benefited from rising rates induced by central bank tightening. The equity relative value strategy in healthcare as well as the short volatility position were also strong contributors. On the other hand, the UK yield curve steepener position was the main detractor, followed by the long commodities strategy. The underperformance of the Risk-Reducing section of the portfolio was driven largely by the now closed emerging market currency basket and intra-day momentum strategies. Gains within the more recently introduced short Asian currencies and long US dollar versus Euro helped to mitigate some of those losses.

Outlook

We believe the current balance of risks warrants a more watchful approach than normal. We are therefore temporarily running lower levels of risk than in the past. However, as we start to see divergences between major central banks and they start to step back from a decade long suppression of volatility in the bond market, opportunities for those investors who have flexible mandates are starting to appear.

At portfolio level, we increased our overall equity risk toward the beginning of October 2022 but it remains below our historic average. We continue to maintain preference for value versus growth in US and Europe, as well as the resources sector. Within duration, our largest conviction positions are in UK rates versus European rates while maintaining a small position in short Japanese rates.

Within Market Returns, we have increased our overall equity risk but it remains below our historic average. We also added to European and US high yield bonds.

We introduced a long UK rates and short European rates positions within the Opportunistic section of the portfolio. We maintain our value bias through our long resources and select value equity relative value strategies. We also reintroduced the short volatility strategy, albeit in relatively small size.

We introduced a long equity volatility strategy within Risk Reducing. We maintain long US dollar currency positions versus the euro, UK sterling and Asia FX alongside defensive equity relative value strategies.

Past performance is not a guide to the future. The value of an investment and any income from it can go down as well as up. Investors may not get back the original amount invested.

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

5.12

Aviva Investors Strategic Bond Fund

Aviva Investors Strategic Bond Fund

Overall assessment

Summary Ratings				
	Share Class 1	Share Class 2	Share Class 3	Share Class 5
Overall	🟠	🟠	🟠	🟠
Quality of service	🟢	🟢	🟢	🟢
Performance	🟠	🟠	🟠	🟠
Authorised fund manager costs	🟢	🟢	🟢	🟢
Economies of scale	🟢	🟢	🟢	🟢
Comparable market rates	🟢	🟢	🟢	🟢
Comparable services	🟢	🟢	🟢	🟢
Classes of units	🟢	🟢	🟢	🟢

In line with the requirement to conduct a value assessment, the Board has concluded that all components of the assessment have been considered and the charges for each share class are justified in the context of overall value being delivered to investors. However, the Board notes the value of investments have declined over the year due to the underlying market conditions, further information can be found in the Performance section below and in the introduction to this report.

The following summarises the conclusions we have reached having considered the range of factors as set out in the 'Value Assessment Approach'. This applies to all share classes in the Fund unless we have specifically noted exceptions.

Quality of service

We have considered the overall quality of the services provided to investors, and have concluded that Investors have received clear communications, and relevant information at appropriate times to enable them to make informed decisions, and the service delivered has been timely and of an appropriate quality.

Performance

Performance: Annualised net return (%)					
	Share Class 1	Share Class 2	Share Class 3	Share Class 5	Benchmark^
1 Year	-15.09	-14.89	-14.63	-14.84	-15.47
3 Years	-2.46	-2.22	-1.92	-2.16	-3.33
5 Years	-1.06	-0.78	-0.48	-0.73	-0.71
7 Years	0.43	0.76	1.05	–	0.94

^One third Bloomberg Treasury G7 Index (GBP Hedged), one third Bloomberg Global Aggregate Corporate Index (GBP hedged), and one third Bloomberg Global High Yield Index ex CMBS ex EMG 2% issuer capped (GBP)[3].

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.

Full performance data is available in the Fund Fact Sheet, which can be found here Fund centre - Aviva Investors

Aviva Investors Strategic Bond Fund (continued)

The Fund aims to grow your investment through a combination of income and capital returns by investing in bonds issued by companies, governments or supranational organisations, whilst aiming to provide an overall net return greater than the benchmark^ over the long term (5 years or more).

The Fund's overall performance after charges is considered to offer value to investors, taking into consideration performance relative to its investment objectives, policy and strategy, and other relevant information considered in the assessment.

The Board do however note that the value of investor's holdings have declined in the year to 15 October 2022, which is mainly due to the current volatile market conditions that we have explained in the introduction to this report on page 5. However, they retain confidence in the strategy adopted by the portfolio manager, which should benefit investors over the long term.

A detailed explanation of the last 12 months performance is included in the Fund Manager's Report below. You will also be able to find more detailed information on fund performance within the Fund Fact Sheet on our website.

^One third Bloomberg Treasury G7 Index (GBP Hedged), one third Bloomberg Global Aggregate Corporate Index (GBP hedged), and one third Bloomberg Global High Yield Index ex CMBS ex EMG 2% issuer capped (GBP)[3].

Authoried Fund Manager costs

Authorised Fund Manager Costs

	Share Class 1	Share Class 2	Share Class 3	Share Class 5
Fund management fee	0.88	0.63	0.33	0.58

The Fund Management Fee (FMF) is a single charge paid to the Authorised Fund Manager, and we consider this to be reasonable when taking into account the underlying costs for the services provided and performance objectives of the Fund.

Economies of scale

We have concluded that all investors participated appropriately in general economies of scale derived from investing with the Company based on a range of benefits and services provided and overall fees charged. There has not been a material change in the size of the Fund during the previous 12 months. As such, no additional savings have been identified.

Aviva Investors Strategic Bond Fund (continued)

Comparable market rates

We have reviewed the fees paid for each of the services provided to the Fund (internally or externally), and we consider these to be competitive relative to those charged by similar funds within the UK regulated funds market.

Comparable services

We have reviewed those services which we consider to be comparable, and the fees we charge are deemed reasonable compared to fees charged by associated companies within the Aviva Group for comparable products of an equivalent size and similar investment objective and policy to the Fund available in the UK.

Classes of units

The pricing of each share class of the Fund is considered reasonable based on the different eligibility criteria and target investor for each share class. All investors are invested in the appropriate share class they are eligible to hold at the date of the assessment.

Fund Managers Report

Performance

The Fund posted a return of -15.09%* (share class 1), net of fees in the twelve months in review. The Fund's composite benchmark (one third Bloomberg Barclays Treasury G7 Index, one third Bloomberg Barclays Global Aggregate Corporate Index and one third Bloomberg Barclays Global High Yield Index ex CMBS ex EMG 2% issuer capped)[3] returned -15.47%.

Portfolio Review

The Fund posted a negative return as government and corporate bonds traded lower on worries about tighter central bank policy in response to sharply rising inflation globally.

In the Fund, at the start of the period, useful contributions were made by holdings offering protection against rising inflation (for example German index-linked bonds) as consumer price indices pushed further past central bank targets. Returns were also supported by tactical adjustments in portfolio risk, with the adoption of a more aggressive stance when the corporate bond market weakened in November allowing the Fund to capture much of the subsequent recovery.

As the continued rise in inflation set off fears of a much more expansive central bank policy response as the period progressed, the Fund benefited from its positioning with a low sensitivity to changes in interest rates. As the Ukraine crisis developed, the Fund benefited from its lack of exposure to Russia. However, being underweight the rallying energy sector was an offsetting factor.

In the latter stages of the period as market volatility ramped up once again, the Fund continued to benefit from being positioned with low sensitivity to changes in interest rates. When the market rebounded somewhat in July, returns benefited from the decision to raise credit spread risk in the middle of June. However, from mid-August, the Fund began reducing risk by trimming high-yield bonds, AT1 bonds and hybrids.

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

Outlook

Whether demand or supply driven, both headline and core inflation remain stubbornly high. We see central banks' credibility as more linked to taming this versus avoiding a recession.

Whilst there is more evidence of headline inflation peaking in the US, hikes are still priced aggressively and will take effect with a lag into the final quarter of 2022. In Europe, we still see risks as heavily tilted to the downside with the Russian energy situation. Moreover, the higher inflation in the periphery makes the ECB's anti-fragmentation objective much harder. We see this combination of factors as supporting medium-term core inflation, meaning higher rates for longer.

In the credit markets, while fundamentals look relatively positive superficially, there is growing dispersion below the surface, with concerns about lower-quality companies with weaker pricing power versus both suppliers and customers. As the macroeconomic backdrop weakens further, defaults are set to rise, with negative ratings migration expected as companies feel increasing costs as hedges roll off and margins get squeezed. Continual downgrades to growth outlooks globally increase the risk of 'fallen angels' and defaults, both of which have been below long-run averages since 2021.

From a technical perspective, there is a 'crowding out' risk for corporate bonds in sterling, with bonds now being sold back to the market amid 'quantitative tightening' and a much more attractive risk-free rate.

Past performance is not a guide to the future. The value of an investment and any income from it can go down as well as up. Investors may not get back the original amount invested.

5.13

Aviva Investors UK Index Tracking Fund

Aviva Investors UK Index Tracking Fund

Overall assessment

Summary Ratings	Share Class 1	Share Class 2	Share Class 3	Share Class A
Overall	●	●	●	●
Quality of service	●	●	●	●
Performance	●	●	●	●
Authorised fund manager costs	●	●	●	●
Economies of scale	●	●	●	●
Comparable market rates	●	●	●	●
Comparable services	●	●	●	●
Classes of units	●	●	●	●

In line with the requirement to conduct a value assessment, the Board has concluded that all components of the assessment have been considered and the charges for each share class are justified in the context of overall value being delivered to investors.

The following summarises the conclusions we have reached having considered the range of factors as set out in the 'Value Assessment Approach'. This applies to all share classes in the Fund unless we have specifically noted exceptions.

Quality of service

We have considered the overall quality of the services provided to investors, and have concluded that Investors have received clear communications, and relevant information at appropriate times to enable them to make informed decisions, and the service delivered has been timely and of an appropriate quality.

Performance

Performance: Annualised net return (%)	Share Class 1	Share Class 2	Share Class 3	Share Class A	Benchmark^
1 Year	-5.95	-5.76	-5.76	-5.66	-5.69
3 Years	1.07	1.29	1.29	1.39	1.27
5 Years	1.25	1.50	1.50	1.62	1.60
7 Years	4.48	4.79	4.79	4.75	4.98

^FTSE All-Share TR Index[1].

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.

Full performance data is available in the Fund Fact Sheet, which can be found here Fund centre - Aviva Investors

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Aviva Investors UK Index Tracking Fund (continued)

We have reviewed the Fund's overall performance after charges, relative to its investment objectives, policy and strategy, and the Fund's performance is 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. You can find more detailed information on fund performance within the Fund factsheet on our website.

Authoried Fund Manager costs

Authorised Fund Manager Costs				
	Share Class 1	**Share Class 2**	**Share Class 3**	**Share Class A**
Fund management fee	0.41	0.20	0.20	0.10

The Fund Management Fee (FMF) is a single charge paid to the Authorised Fund Manager, and we consider this to be reasonable when taking into account the underlying costs for the services provided and performance objectives of the Fund.

Economies of scale

We have concluded that all investors participated appropriately in general economies of scale derived from investing with the Company based on a range of benefits and services provided and overall fees charged. There has not been a material change in the size of the Fund during the previous 12 months.

Investors who invest directly with us in share class 1 will benefit from the economies of scale discount that we apply at certain thresholds depending on the size of the fund, which for this fund is currently 0.01%.

Comparable market rates

We have reviewed the fees paid for each of the services provided to the Fund (internally or externally), and we consider these to be competitive relative to those charged by similar funds within the UK regulated funds market.

Comparable services

We have reviewed those services which we consider to be comparable, and the fees we charge are deemed reasonable compared to fees charged by associated companies within the Aviva Group for comparable products of an equivalent size and similar investment objective and policy to the Fund available in the UK.

Classes of units

The pricing of each share class of the Fund is considered reasonable based on the different eligibility criteria and target investor for each share class. All investors are invested in the appropriate share class they are eligible to hold at the date of the assessment.

Fund Managers Report

Performance

The Fund returned -5.95%* in the twelve months in review (share class 1, income units). The Fund's benchmark, the FTSE All Share Index[1], returned -5.69%.

The Fund is passively managed, meaning Fund returns are not expected to vary meaningfully from those of the benchmark.

Portfolio Review

The UK equity market posted modest gains over the review period against a turbulent political and economic backdrop. The salient feature was a sharp rise in inflation, which had been caused by a confluence of global factors, most notably supply chain blockages and labour shortages as a consequence of the pandemic and an intensifying energy crisis brought about initially by the 'growing pains' of the green energy transition and then accelerated by the restricted supply of oil and gas in the wake of Russia's invasion of Ukraine. With consumer inflation hovering around 10% by the end of the period, the Bank of England raised interest rates in a rapid series of hikes from 0.1% to 2.25%.

The soaring cost of living jolted the economy, which slowed appreciably as the period progressed. With monetary policy support no longer an option given the ongoing battle with inflation, the government employed further fiscal measures. Nevertheless, by October 2022 the economy looked set to slide into recession.

UK equities were nevertheless supported by their heavy exposure to large integrated oil companies such as Shell and BP, which saw their profits soar on the back of barrel prices that at one point rose to over $120. The dominance of the oil majors led the large-cap FTSE 100 Index to outperform smaller companies, which are typically more sensitive to the fortunes of the domestic economy.

Elsewhere in the market, defensive sectors such as healthcare, utilities and consumer staples outperformed. Notable laggards were consumer discretionary companies and real estate.

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

Outlook

The immediate outlook for the UK economy is grim, with recession likely to be accompanied by stubbornly high inflation – even with the energy price cap – and more rate hikes from a hawkish Bank of England. As elsewhere, inflation should fall back in 2023. However, if fiscal policy is loosened 'excessively', the monetary stance may have to remain tougher for longer.

Market sentiment has continued to deteriorate as the UK appears to be stuck in a 'stagflationary' environment. We expect this to be reflected increasingly in companies' earnings projections, leading to negative earnings momentum. Add in the unstable geopolitical environment (not least the West's relations with Russia), and it makes for an unpromising backdrop to investment at present.

Past performance is not a guide to the future. The value of an investment and any income from it can go down as well as up. Investors may not get back the original amount invested.

5.14

Aviva Investors UK Listed Equity Income Fund

Aviva Investors UK Listed Equity Income Fund

Overall assessment

Summary Ratings	Share Class 1	Share Class 2	Share Class 3	Share Class 4
Overall	🟠	🟠	🟠	🟠
Quality of service	🟢	🟢	🟢	🟢
Performance	🟠	🟠	🟠	🟠
Authorised fund manager costs	🟢	🟢	🟢	🟢
Economies of scale	🟢	🟢	🟢	🟢
Comparable market rates	🟢	🟢	🟢	🟢
Comparable services	🟢	🟢	🟢	🟢
Classes of units	🟢	🟢	🟢	🟢

In line with the requirement to conduct a value assessment, the Board has concluded that all components of the assessment have been considered and the charges for each share class are justified in the context of overall value being delivered to investors. However, we do acknowledge the downturn in performance over the last year, and further information can be found on this in the Performance section below.

The following summarises the conclusions we have reached having considered the range of factors as set out in the 'Value Assessment Approach'. This applies to all share classes in the Fund unless we have specifically noted exceptions.

Quality of service

We have considered the overall quality of the services provided to investors, and have concluded that Investors have received clear communications, and relevant information at appropriate times to enable them to make informed decisions, and the service delivered has been timely and of an appropriate quality.

Performance

Performance: Annualised net return (%)	Share Class 1	Share Class 2	Share Class 3	Share Class 4	Benchmark^
1 Year	-13.33	-13.17	-12.74	-12.79	-5.69
3 Years	-0.55	-0.37	0.12	0.06	1.27
5 Years	0.22	0.41	0.90	–	1.60
7 Years	3.41	3.60	4.12	–	4.98

^FTSE All-Share TR Index[1].

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.

Full performance data is available in the Fund Fact Sheet, which can be found here Fund centre - Aviva Investors

Aviva Investors UK Listed Equity Income Fund (continued)

The Fund aims to deliver an income return of 110% of the income return of the FTSE® All Share Index[1], 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.

Over the last year, the Fund has achieved its income target, returning 115% relative to the benchmark yield, and this has been achieved in four out of the last five years, with the exception of 2020 when many companies stopped or reduced dividends during the pandemic.

The Fund has not achieved its target of growing your investment over the last year, this is largely due to the economic environment as described on page 5 of this report. The Fund's benchmark relative underperformance is largely attributable to the Fund's underweight position in energy companies (the large oil majors in particular).

Given that the Fund has a long term investment objective, the portfolio manager believes that holding traditional energy companies is not appropriate over the medium term, and has instead focused on energy companies which are already in the process of making the transition to a lower carbon economy. The portfolio manager has constructed a forward-looking diversified portfolio seeking best in class, resilient companies with pricing power to better manage inflation, which have robust business models, and therefore remains confident in this strategy over the longer term.

Although the Board are disappointed with the Fund's performance over the last year, they are mindful of the portfolio managers history of delivering value to investors and believe that the investment philosophy adopted by the manager remains effective and will benefit investors over the long term.

A detailed explanation of the last 12 months performance is included in the Fund Manager's Report below. You will also be able to find more detailed information on fund performance within the Fund Fact Sheet on our website.

Authoried Fund Manager costs

Authorised Fund Manager Costs

	Share Class 1	Share Class 2	Share Class 3	Share Class 4
Fund management fee	1.00	0.81	0.32	0.45

The Fund Management Fee (FMF) is a single charge paid to the Authorised Fund Manager, and we consider this to be reasonable when taking into account the underlying costs for the services provided and performance objectives of the Fund.

Economies of scale

We have concluded that all investors participated appropriately in general economies of scale derived from investing with the Company based on a range of benefits and services provided and overall fees charged. There has not been a material change in the size of the Fund during the previous 12 months. As such, no additional savings have been identified.

Investors who invest directly with us in share class 1 will benefit from the economies of scale discount that we apply at certain thresholds depending on the size of the fund, which for this fund is currently 0.01%.

Aviva Investors UK Listed Equity Income Fund (continued)

Comparable market rates

We have reviewed the fees paid for each of the services provided to the Fund (internally or externally), and we consider these to be competitive relative to those charged by similar funds within the UK regulated funds market.

Comparable services

We have reviewed those services which we consider to be comparable, and the fees we charge are deemed reasonable compared to fees charged by associated companies within the Aviva Group for comparable products of an equivalent size and similar investment objective and policy to the Fund available in the UK.

Classes of units

The pricing of each share class of the Fund is considered reasonable based on the different eligibility criteria and target investor for each share class. All investors are invested in the appropriate share class they are eligible to hold at the date of the assessment.

Fund Managers Report

Performance

The Fund posted a net return of -13.33%* (share class 1) in the twelve months in review. The Fund's benchmark, the FTSE All-Share Index[1], returned -5.69%.

Portfolio Review

The UK equity market traded lower against a turbulent political and economic backdrop. The salient feature was a sharp rise in inflation, which had been caused by a confluence of global factors, most notably supply chain blockages and labour shortages as a consequence of the pandemic and an intensifying energy crisis brought about initially by the 'growing pains' of the green energy transition and then accelerated by the restricted supply of oil and gas in the wake of Russia's invasion of Ukraine. With consumer inflation hovering around 10% by the end of the period, the Bank of England raised interest rates in a rapid series of hikes from 0.1% to 2.25%.

The soaring cost of living jolted the economy, which slowed appreciably as the period progressed. With monetary policy support no longer an option given the ongoing battle with inflation, the government employed further fiscal support. Nevertheless, by October 2022 the economy looked set to slide into recession.

UK equities were nevertheless supported by their heavy exposure to large integrated oil companies such as Shell and BP, which saw their profits soar on the back of barrel prices that at one point rose to over $120. The dominance of the oil majors led the large-cap FTSE 100 Index to outperform smaller companies, which are typically more sensitive to the fortunes of the domestic economy.

Elsewhere in the market, defensive sectors such as healthcare, utilities and consumer staples outperformed. Notable laggards were consumer discretionary companies and real estate.

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

The underweighting of energy (and the large oil majors in particular) was a key cause of the Fund's sharp underperformance of its benchmark over the period. Being overweight industrials, as well as having a more structural bias towards medium-sized companies, also weighed on performance.

At the stock level, engineering and aerospace company Melrose Industries was among the most significant detractor as fears of recession mounted and dented sentiment towards economy-sensitive companies. We nevertheless added to the position as management continues to deliver margin improvements on the turnaround of the GKN business. Another disappointment was specialist fund manager Intermediate Capital, which suffered against the volatile market backdrop.

BAE Systems was among the positions to add value, however, owing to the trend of increased spending on defence given recent aggression from Russia. Mining stock BHP also contributed well.

Outlook

Our broader outlook remains unchanged. Increasing inflation and rising interest rates will persist, putting significant squeezes on the consumer and economic growth. The market turmoil created by recent events, however, can create dislocations from longer-term fundamentals, creating pockets of opportunity for patient long-term investors.

We continue to stick to our investment beliefs and are satisfied with our portfolio positioning at present, reviewing and monitoring market opportunities to deliver long-term value for our clients. However, we maintain some caution on the potential for implementing portfolio changes in a volatile trading environment.

Past performance is not a guide to the future. The value of an investment and any income from it can go down as well as up. Investors may not get back the original amount invested.

5.15

Aviva Investors UK Listed Equity Unconstrained Fund

Aviva Investors UK Listed Equity Unconstrained Fund

Overall assessment

Summary Ratings			
	Share Class 1	Share Class 2	Share Class 3
Overall	●	●	●
Quality of service	●	●	●
Performance	●	●	●
Authorised fund manager costs	●	●	●
Economies of scale	●	●	●
Comparable market rates	●	●	●
Comparable services	●	●	●
Classes of units	●	●	●

In line with the requirement to conduct a value assessment, the Board has concluded that all components of the assessment have been considered and the charges for each share class are justified in the context of overall value being delivered to investors.

The following summarises the conclusions we have reached having considered the range of factors as set out in the 'Value Assessment Approach'. This applies to all share classes in the Fund unless we have specifically noted exceptions.

Quality of service

We have considered the overall quality of the services provided to investors, and have concluded that Investors have received clear communications, and relevant information at appropriate times to enable them to make informed decisions, and the service delivered has been timely and of an appropriate quality.

Performance

Performance: Annualised net return (%)				
	Share Class 1	Share Class 2	Share Class 3	Benchmark^
1 Year	-13.62	-13.46	-13.03	-5.69
3 Years	6.15	6.34	6.87	1.27
5 Years	2.90	3.08	3.60	1.60
7 Years	6.00	6.19	6.72	4.98

^FTSE All-Share TR Index[1].

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.

Full performance data is available in the Fund Fact Sheet, which can be found here Fund centre - Aviva Investors

Aviva Investors UK Listed Equity Unconstrained Fund (continued)

The Fund's overall performance after charges is considered to offer value to investors, taking into consideration performance relative to its investment objectives, policy and strategy, and other relevant information considered in the assessment.

The Board do however note that the value of investor's holdings have declined in the year to 15 October 2022, which is mainly due to the current volatile market conditions that we have explained in the introduction to this report on page 5. However, they retain confidence in the strategy adopted by the portfolio manager, which should benefit investors over the long term

A detailed explanation of the last 12 months performance is included in the Fund Manager's Report below. You will also be able to find more detailed information on fund performance within the Fund Fact Sheet on our website.

Authoried Fund Manager costs

Authorised Fund Manager Costs			
	Share Class 1	Share Class 2	Share Class 3
Fund management fee	1.00	0.82	0.32

The Fund Management Fee (FMF) is a single charge paid to the Authorised Fund Manager, and we consider this to be reasonable when taking into account the underlying costs for the services provided and performance objectives of the Fund.

Economies of scale

We have concluded that all investors participated appropriately in general economies of scale derived from investing with the Company based on a range of benefits and services provided and overall fees charged. There has not been a material change in the size of the Fund during the previous 12 months. As such, no additional savings have been identified.

Comparable market rates

We have reviewed the fees paid for each of the services provided to the Fund (internally or externally), and we consider these to be competitive relative to those charged by similar funds within the UK regulated funds market.

Comparable services

We have reviewed those services which we consider to be comparable, and the fees we charge are deemed reasonable compared to fees charged by associated companies within the Aviva Group for comparable products of an equivalent size and similar investment objective and policy to the Fund available in the UK.

Classes of units

The pricing of each share class of the Fund is considered reasonable based on the different eligibility criteria and target investor for each share class. All investors are invested in the appropriate share class they are eligible to hold at the date of the assessment.

Fund Managers Report

Performance

The Fund posted a net return of -13.62* (share class 1) in the twelve months in review. The Fund's benchmark, the FTSE All-Share Index[1], returned -5.69%.

Portfolio Review

The UK equity market traded lower against a turbulent political and economic backdrop. The salient feature was a sharp rise in inflation, which had been caused by a confluence of global factors, most notably supply chain blockages and labour shortages as a consequence of the pandemic and an intensifying energy crisis brought about initially by the 'growing pains' of the green energy transition and then accelerated by the restricted supply of oil and gas in the wake of Russia's invasion of Ukraine. With consumer inflation hovering around 10% by the end of the period, the Bank of England raised interest rates in a rapid series of hikes from 0.1% to 2.25%.

The soaring cost of living jolted the economy, which slowed appreciably as the period progressed. With monetary policy support no longer an option given the ongoing battle with inflation, the government employed further fiscal support. Nevertheless, by October 2022 the economy looked set to slide into recession.

UK equities were nevertheless supported by their heavy exposure to large integrated oil companies such as Shell and BP, which saw their profits soar on the back of barrel prices that at one point rose to over $120. The dominance of the oil majors led the large-cap FTSE 100 Index to outperform smaller companies, which are typically more sensitive to the fortunes of the domestic economy.

Elsewhere in the market, defensive sectors such as healthcare, utilities and consumer staples outperformed. Notable laggards were consumer discretionary companies and real estate.

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

It was a disappointing period of relative performance for the Fund. At the stock level, the main detractors included online gambling company 888 Holdings. Regulatory headwinds in the Netherlands led to a slight reduction in forecast profits. We nevertheless added to the position. The holding in Bellway also detracted from returns, as the government tried to pressure UK housebuilders to help fund the re-cladding of houses deemed to be at risk of fire. Financial services group Standard Chartered was among the top-performing positions, owing to the improved growth outlook in the Asia Pacific region, as well as the prospect of higher interest rates.

At the sector level, the negative impact of the overweighting of consumer discretionary and the underweighting of healthcare negated the benefit of having no exposure to real estate.

Outlook

Market sentiment has continued to deteriorate as the UK appears to be stuck in a 'stagflationary' environment, with inflation persistently high and growth faltering. We expect these factors to be increasingly reflected in companies' earnings projections, leading to negative earnings momentum. Add in the unstable geopolitical backdrop (not least the West's relations with Russia), and it makes for an unpromising investment period.

We believe it is too early to become bullish on the medium-to-long-term outlook. However, we are mindful of the potential catalysts that could create a more constructive environment. These include any sign of a peaking in interest rates, falling inflation and an end to the war in Ukraine. While we cannot yet estimate an timeline for the end of the war, we expect interest rates will peak sometime in mid-2023 and inflation may be easing later in the year. In the meantime, the market is likely to remain volatile, with risks predominantly to the downside.

Aviva Investors UK Listed Equity Unconstrained Fund (continued)

In this uncertain environment, we continue to work closely as a UK equities team to continually assess how current events affect the fundamentals of the companies we own and how all portfolios are positioned, as well as discussing new opportunities. More specifically, we continue to search for proven business models and potentially derated growth companies that have become under-owned in recent years and which are now more attractive. We continue to stick to our investment beliefs.

Past performance is not a guide to the future. The value of an investment and any income from it can go down as well as up. Investors may not get back the original amount invested.

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

5.16

Aviva Investors UK Listed Small and Mid-Cap Fund

Aviva Investors UK Listed Small and Mid-Cap Fund

Overall assessment

Summary Ratings			
	Share Class 1	Share Class 2	Share Class 3
Overall	🟢	🟢	🟢
Quality of service	🟢	🟢	🟢
Performance	🟠	🟠	🟠
Authorised fund manager costs	🟢	🟢	🟢
Economies of scale	🟢	🟢	🟢
Comparable market rates	🟢	🟢	🟢
Comparable services	🟢	🟢	🟢
Classes of units	🟢	🟢	🟢

In line with the requirement to conduct a value assessment, the Board has concluded that all components of the assessment have been considered and the charges for each share class are justified in the context of overall value being delivered to investors.

The following summarises the conclusions we have reached having considered the range of factors as set out in the 'Value Assessment Approach'. This applies to all share classes in the Fund unless we have specifically noted exceptions.

Quality of service

We have considered the overall quality of the services provided to investors, and have concluded that Investors have received clear communications, and relevant information at appropriate times to enable them to make informed decisions, and the service delivered has been timely and of an appropriate quality.

Performance

Performance: Annualised net return (%)				
	Share Class 1	Share Class 2	Share Class 3	Benchmark^
1 Year	-32.58	-32.47	-32.13	-26.25
3 Years	-2.96	-2.79	-2.31	-4.57
5 Years	-0.77	-0.60	-0.10	-2.25
7 Years	3.52	3.69	4.21	1.65

^FTSE 250 Ex Investment TR GBP Index[1].

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.

Full performance data is available in the Fund Fact Sheet, which can be found here Fund centre - Aviva Investors

Aviva Investors UK Listed Small and Mid-Cap Fund (continued)

The Fund's overall performance after charges is considered to offer value to investors, taking into consideration performance relative to its investment objectives, policy and strategy, and other relevant information considered in the assessment.

The Board do however note that the value of investor's holdings have declined in the year to 15 October 2022, which is mainly due to the current volatile market conditions that we have explained in the introduction to this report on page 5. However, they retain confidence in the strategy adopted by the portfolio manager, which should benefit investors over the long term.

A detailed explanation of the last 12 months performance is included in the Fund Manager's Report below. You will also be able to find more detailed information on fund performance within the Fund Fact Sheet on our website.

Authoried Fund Manager costs

Authorised Fund Manager Costs			
	Share Class 1	Share Class 2	Share Class 3
Fund management fee	1.00	0.83	0.33

The Fund Management Fee (FMF) is a single charge paid to the Authorised Fund Manager, and we consider this to be reasonable when taking into account the underlying costs for the services provided and performance objectives of the Fund.

Economies of scale

We have concluded that all investors participated appropriately in general economies of scale derived from investing with the Company based on a range of benefits and services provided and overall fees charged. There has not been a material change in the size of the Fund during the previous 12 months. As such, no additional savings have been identified.

Comparable market rates

We have reviewed the fees paid for each of the services provided to the Fund (internally or externally), and we consider these to be competitive relative to those charged by similar funds within the UK regulated funds market.

Comparable services

We have reviewed those services which we consider to be comparable, and the fees we charge are deemed reasonable compared to fees charged by associated companies within the Aviva Group for comparable products of an equivalent size and similar investment objective and policy to the Fund available in the UK.

Classes of units

The pricing of each share class of the Fund is considered reasonable based on the different eligibility criteria and target investor for each share class. All investors are invested in the appropriate share class they are eligible to hold at the date of the assessment.

Aviva Investors UK Listed Small and Mid-Cap Fund (continued)

Fund Managers Report

Performance

The Fund posted a net return of -32.58%* (share class 1) in the twelve months in review. The Fund's benchmark, the FTSE 250 ex Investment Trust Index[1], returned -26.25%.

Portfolio Review

The UK mid-cap index posted severe losses over the review period against a turbulent political and economic backdrop. The salient feature was a sharp rise in inflation, which had been caused by a confluence of global factors, most notably supply chain blockages and labour shortages as a consequence of the pandemic and an intensifying energy crisis brought about initially by the 'growing pains' of the green energy transition and then accelerated by the restricted supply of oil and gas in the wake of Russia's invasion of Ukraine. With consumer inflation hovering around 10% by the end of the period, the Bank of England raised interest rates in a rapid series of hikes from 0.1% to 2.25%.

The soaring cost of living jolted the economy, which slowed appreciably as the period progressed. With monetary policy support no longer an option given the ongoing battle with inflation, the government employed further fiscal support. Nevertheless, by October 2022 the economy looked set to slide into recession.

While the broad market found some support on the back of strong performance by the large oil majors, smaller companies suffered significant losses over the period as they are typically more sensitive to the fortunes of the domestic economy. Consumer discretionary, technology, real estate and industrials suffered the greatest falls in the mid-cap index.

The Fund performed disappointingly against its benchmark. The main drag on performance was sector allocation, notable via the underweighting of financials and utilities. Being underweight energy and telecommunications was also unhelpful.

Stock selection also weighed on performance. The main laggards were media group Future and chemical product maker Synthomer.

New positions were established in Virgin Money and Drax Group. We exited Trainline and sold some Howden Joinery Group after it was promoted to the FTSE 100 Index in March. Towards the end of the period we made small additions to high-conviction positions, such as NCC Group and Cranswick, and will continue to assess new opportunities that have arisen owing to recent market moves.

Outlook

Market sentiment has continued to deteriorate as the UK appears to be stuck in a 'stagflationary' environment, with inflation persistently high and growth faltering. We expect these factors to be increasingly reflected in companies' earnings projections, leading to negative earnings momentum. Add in the unstable geopolitical environment (not least the West's relations with Russia), and it makes for an unpromising backdrop to investment at present. However, we are mindful of the potential catalysts that could begin to create a more constructive environment. These include any sign of a peaking in interest rates, falling inflation and an end to the war in Ukraine.

In volatile times such as these, it's important to remain disciplined in portfolio construction and not rush into rash trading decisions. We believe the best response is to stick to our fundamental stock-specific investment approach, which is unrestricted by style factors, giving us the broadest opportunity set with which to maximise portfolio diversification. This style-agnostic strategy has limited the drawdown in performance against a backdrop of sharp changes in sentiment and style leadership.

Past performance is not a guide to the future. The value of an investment and any income from it can go down as well as up. Investors may not get back the original amount invested.

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

AVIVA INVESTORS

5.17

Aviva Investors UK Smaller Companies Fund

Aviva Investors UK Smaller Companies Fund

Overall assessment

Summary Ratings			
	Share Class 1	Share Class 2	Share Class 3
Overall	🟢	🟢	🟢
Quality of service	🟢	🟢	🟢
Performance	🟠	🟠	🟠
Authorised fund manager costs	🟢	🟢	🟢
Economies of scale	🟢	🟢	🟢
Comparable market rates	🟢	🟢	🟢
Comparable services	🟢	🟢	🟢
Classes of units	🟢	🟢	🟢

In line with the requirement to conduct a value assessment, the Board has concluded that all components of the assessment have been considered and the charges for each share class are justified in the context of overall value being delivered to investors.

The following summarises the conclusions we have reached having considered the range of factors as set out in the 'Value Assessment Approach'. This applies to all share classes in the Fund unless we have specifically noted exceptions.

Quality of service

We have considered the overall quality of the services provided to investors, and have concluded that Investors have received clear communications, and relevant information at appropriate times to enable them to make informed decisions, and the service delivered has been timely and of an appropriate quality.

Performance

Performance: Annualised net return (%)				
	Share Class 1	Share Class 2	Share Class 3	Benchmark^
1 Year	-27.53	-27.42	-27.02	-25.52
3 Years	5.15	5.31	5.89	3.81
5 Years	3.57	3.77	4.34	0.43
7 Years	5.72	6.02	6.60	3.93

^FTSE Small Cap ex Investment Trust TR GBP[2].

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.

Full performance data is available in the Fund Fact Sheet, which can be found here Fund centre - Aviva Investors

Aviva Investors UK Smaller Companies Fund (continued)

The Fund's overall performance after charges is considered to offer value to investors, taking into consideration performance relative to its investment objectives, policy and strategy, and other relevant information considered in the assessment.

The Board do however note that the value of investor's holdings have declined in the year to 15 October 2022, which is mainly due to the current volatile market conditions that we have explained in the introduction to this report on page 5. However, they retain confidence in the strategy adopted by the portfolio manager, which should benefit investors over the long term.

A detailed explanation of the last 12 months performance is included in the Fund Manager's Report below. You will also be able to find more detailed information on fund performance within the Fund Fact Sheet on our website.

Authoried Fund Manager costs

Authorised Fund Manager Costs

	Share Class 1	Share Class 2	Share Class 3
Fund management fee	1.04	0.89	0.34

The Fund Management Fee (FMF) is a single charge paid to the Authorised Fund Manager, and we consider this to be reasonable when taking into account the underlying costs for the services provided and performance objectives of the Fund.

Economies of scale

We have concluded that all investors participated appropriately in general economies of scale derived from investing with the Company based on a range of benefits and services provided and overall fees charged. There has not been a material change in the size of the Fund during the previous 12 months. As such, no additional savings have been identified.

Comparable market rates

We have reviewed the fees paid for each of the services provided to the Fund (internally or externally), and we consider these to be competitive relative to those charged by similar funds within the UK regulated funds market.

Comparable services

We have reviewed those services which we consider to be comparable, and the fees we charge are deemed reasonable compared to fees charged by associated companies within the Aviva Group for comparable products of an equivalent size and similar investment objective and policy to the Fund available in the UK.

Classes of units

The pricing of each share class of the Fund is considered reasonable based on the different eligibility criteria and target investor for each share class. All investors are invested in the appropriate share class they are eligible to hold at the date of the assessment.

Aviva Investors UK Smaller Companies Fund (continued)

Fund Managers Report

Performance

The Fund posted a net return of -27.53%* (share class 1) in the twelve months in review. The Fund's benchmark, the FTSE Small Cap Ex Invest Trust TR GBP Index[1], returned -25.52%.

Portfolio Review

The UK smaller companies index posted a sharp loss over the review period against a turbulent political and economic backdrop. The salient feature was a sharp rise in inflation, which had been caused by a confluence of global factors, most notably supply chain blockages and labour shortages as a consequence of the pandemic and an intensifying energy crisis brought about initially by the 'growing pains' of the green energy transition and then accelerated by the restricted supply of oil and gas in the wake of Russia's invasion of Ukraine. With consumer inflation hovering around 10% by the end of the period, the Bank of England raised interest rates in a rapid series of hikes from 0.1% to 2.25%.

The soaring cost of living jolted the economy, which slowed appreciably as the period progressed. With monetary policy support no longer an option given the ongoing battle with inflation, the government employed further fiscal measures. Nevertheless, by October 2022 the economy looked set to slide into recession.

While the broad market found some support from the strong performance by the large oil majors, smaller companies suffered significant losses over the period as they are typically more sensitive to the fortunes of the domestic economy. Telecommunications, consumer discretionary and technology suffered the greatest falls.

The Fund underperformed its benchmark because of disappointing sector allocation. Being overweight technology was the biggest drag as investors became concerned about the prospects for profit growth. Being overweight energy was also unhelpful as smaller energy providers were squeezed by the rapid upshift in wholesale prices for gas.

Stock selection was nevertheless helpful overall. Among the main contributors was car retailer Pendragon as prices for second-hand vehicles soared as supply shortages of microchips held back production of new cars. It also benefited from a takeover bid by its largest shareholder. Value was also added by software-as-a-service company Eagle Eye Solutions, which enjoyed positive earnings momentum.

Outlook

Market sentiment has continued to deteriorate as the UK appears to be stuck in a 'stagflationary' environment, with inflation persistently high and growth faltering. We expect these factors to be increasingly reflected in companies' earnings projections, leading to negative earnings momentum. Add in the unstable geopolitical environment (not least the West's relations with Russia), and it makes for an unpromising backdrop to investment at present.

Existing macroeconomic headwinds make for volatile times for investors and have produced an incredibly hard backdrop against which companies have to run their businesses. There is no doubt we are in unprecedented times, but we remain focused on companies with proven business models and are using this volatility to add to existing holdings selectively.

We believe smaller companies offer compelling capital growth, given the access to structural growth drivers at industry and company level rather than just top-down macroeconomic factors, and because relatively less research means more mispricing opportunities.

Past performance is not a guide to the future. The value of an investment and any income from it can go down as well as up. Investors may not get back the original amount invested.

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

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337300, February 2023

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