2024 **VALUE ASSESSMENT REPORT**

Aviva Investors Investment Funds ICVC

An annual review of the value our funds have provided to investors

February 2024

Why do we produce a Value Assessment report?

As an Authorised Fund Manager ('AFM') we are required to conduct an assessment of value for each of the funds that we manage annually. The Financial Conduct Authority's (FCA) rules set out a minimum criteria to be considered to determine if funds offer value to investors, and that their costs and charges are justified in this context.

Who is it for?

The Value Assessment is intended for all investors in our funds, we produce a report each year for each of the fund ranges at an individual share class level, all of which can be found on the Value Assessment dedicated webpage.

The Value Assessment is designed to aid investors in understanding how individual funds have performed, along with our levels of customer service, and whether the fees that we charge are fair.

What is the benefit to investors?

Through the components set out by the FCA, the report will state whether the fund and share class that you are invested in is delivering value in terms of fund performance versus its stated objective, fees charged and quality of service provided. The Fund Board (AIUKFSL) are responsible for ensuring the funds meet the set criteria and explaining any areas where the funds are below expectations.

You can see an introduction from our chair on page 11.

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Statement from the Chair

Dear Investor,

I am delighted to introduce myself as the new Independent Chair 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 present the Value Assessment for the year to 15 October 2023.

This is our fifth Value Assessment report, and it is our opportunity as a Board to consider all aspects of fund performance and the services provided to our customers, ensuring that robust actions are being taken to address any concerns that we have on behalf of our investors. This is only one aspect of our ongoing product governance process, but this gives us the opportunity to communicate directly with investors and explain how we are acting in your best interests to help you meet your investment needs, something Aviva Investors has been doing for over 50 years.

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.

In summary, we have continued to make improvements to our fund range, this includes a change of investment manager for the Continental European Fund in November 2022, and the simplification of investor eligibility criteria for all funds, which will allow some investors to access cheaper share classes.

We continue to look for ways to make improvements, and this has led to us completing strategic reviews for several funds to assess whether we can improve outcomes for investors, the results of which you will see in the individual Fund reports.

World events that have an impact on the economy continue to challenge us from an investment perspective, and the cost of living crisis highlights an even greater need to deliver value for our customers. On the next page we have included an overview of the economic environment over the last 12 months and how it has impacted individual fund performance over the last year.

We hope that you find this report useful in supporting your investment decisions. If you would like to provide any feedback on this report it would be very much appreciated as we look to make 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 11 of this report. On behalf of the Board we would like to thank you for entrusting Aviva Investors with your investment and taking the time to read this report.

Jacqueline Lowe
Chair

"This gives us the opportunity to communicate directly with investors and explain how we are acting in your best interests to help you meet your investment needs"

Market Review

Following last year's assessment where world events and those closer to home were causing both equity and bond markets to fall, we are pleased to report that we have seen some recovery in the markets over the course of the last year.

In 2022 global markets were feeling the effects from the Russian invasion of Ukraine at the beginning of the year, causing a huge rise in oil and energy prices. This in turn caused a rise in inflation, with the Consumer Price Index (CPI) the standard measure of inflation, reaching a high of 11%, and the cost of living crisis impacting many UK households, followed by a rise in interest rates increasing mortgage payments for many with the aim of slowing inflation. All of this caused markets to fall which was reflected in the value of investors holdings as many saw an overall loss in the prior year.

During the last year interest rates continued to rise, currently at 5.25%, a rise of 3% over the year, however inflation finally appears to be tapering off, at the time of this assessment the CPI fell to 4.6%, but is not yet at the overall target rate of 2%.

In terms of the markets both equities and fixed income stocks posted solid gains in the twelve months under review. While annual inflation declined at a brisk pace in the US and Europe, it nevertheless remained significantly above target. This prompted the central banks to persist with interest rate rises which contributed to the failure of several US banks in the early part of 2023, causing a bout of heightened volatility in financial markets. However, the overall strength of company earnings sustained positive momentum in the markets.

Globally strong performance was posted by Europe-ex UK shares as investors welcomed data suggesting that the Eurozone economy was beginning to steer itself away from recession. US and Japanese shares also increased in value encouragingly thanks to resilient growth, and in the UK the economy performed somewhat better than forecasts despite the high inflation and rising interest rates. Emerging markets underperformed developed markets, with the disappointing performance of the Chinese economy, which failed to recover as quickly as expected after the lifting of Covid restrictions.

In the UK while the housing market has contracted in the face of higher rates, consumer spending has remained strong and business investment has been supported by government industrial policies to promote technology, re-shoring and net-zero targets; and the energy shock has largely worked its way through the system.

The main benchmarks that are used as a general indicator of equity markets are the MSCI World Index from a global perspective and the FTSE All Share for a UK view. In the year to 13 October 2023, both were up 13.1% and 13.6% respectively. The Bloomberg Global Aggregate Corp Index, which is often used to measure fixed income markets, was up 4.6% in the same period, whilst moving in the right direction there is still some way to go to recover the 19% decline of last year, which in the UK was primarily caused by the major sell off of UK government bonds (gilts) following the aborted mini budget in September, and the rapidly increasing interest rates.

We are pleased that the majority of Funds in this review have delivered a positive return for the year but in some cases the medium to long term performance remains impacted by the volatile markets that we have experienced over recent years caused by many factors including the Covid-19 pandemic and those described above. We measure each Fund's performance against an appropriate benchmark and compare performance to a peer group of similar funds over various time periods, which are key factors in evaluating the performance of our Funds as they provide market context to the performance that we have seen.

Our investment managers take a long term view to investing and this remains unchanged, they look to hold positions that are resilient and best in class, and our portfolio managers have stuck with this philosophy that has delivered value for our customers in the past.

The Fund Managers Report included with each of the Fund's reports below will provide further detail on the individual performance of the Funds.

FUND DASHBOARD

Quality of Service

We monitor the services we provide to our customers using various methods, including customer feedback and complaints, through monitoring our ability to deal with customer queries effectively within prescribed timescales, and through surveys conducted by independent firms on our behalf.

The feedback we receive and information we collate informs us how we can we strive to make changes which will benefit customers overall experience. This year we are making various improvements both to this report and other correspondence you receive such as the bi-annual statements, and we plan to make enhancements to our website (www.avivainvestors.com), making information more accessible to you, and more easily understood.

The feedback we have received from our customers tells us that we occasionally use too much investment jargon; that our website and some of our reports are not always easy to navigate. We have therefore made some changes to this report, including an introductory page which is intended to help you understand the purpose of the Value Assessment, why it is important to you, and what to look out for when reviewing your funds. There is also a summary page for all funds that provides a quick overview of the outcomes of this assessment and enables you to quickly navigate to the funds that are relevant to you.

The Fund Centre has a wealth of information, mostly compiled by our in-house experts including their views on the current and future state of the economy, which helps to shape our investment decisions. We are considering a number of options to make our website and fund fact sheets simpler to navigate and easier to understand, removing terminology which is less user friendly.

The bi-annual statements have also been reviewed with a view to making them as customer friendly as possible, enhancements will include more detailed updates on market and fund performance and additional detail on the Value Assessment outcomes. For those investors that deal directly with us and receive the statement, you will see the changes in the next statement that you receive, and we hope that you find them useful.

Through our ongoing business monitoring we are aware that some customers have experienced delays in receiving responses when contacting our Customer Service Centre over the last year. We have been working hard to minimise the impact on customers both by ensuring that servicing issues are resolved and also that a similar situation does not happen again in the future. We can confirm that these issues have now been resolved following the implementation of some technology enhancements to speed up customer response times, which has allowed us to resolve most outstanding client requests.

If you would like to provide specific feedback on the service you have received, or how this could be improved, 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

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Meet the board

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

Jacqueline Lowe

Chair of Aviva Investors UK Fund Services Ltd

Main responsibilities

Jacqueline Lowe was appointed as the Independent Chair of Aviva Investors UK Fund Services Limited in November 2023, and is also the Chair of the Aviva Investors Luxembourg Supervisory Board.

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.

READ FULL BIOGRAPHY HERE

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.

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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

Sally Winstanley

Director of Operations Strategy and Implementation

Main responsibilities

Sally has day to day responsibility for leading the Transformation Programme required to implement one of Europe's largest Asset Management outsourcing deals that will see Aviva Investors rationalise several third party outsource providers, supporting its liquid markets business, to one best-in-class supplier.

READ FULL BIOGRAPHY HERE

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Our approach

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.
- 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).

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.

Authorised 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.

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.

Classes of units

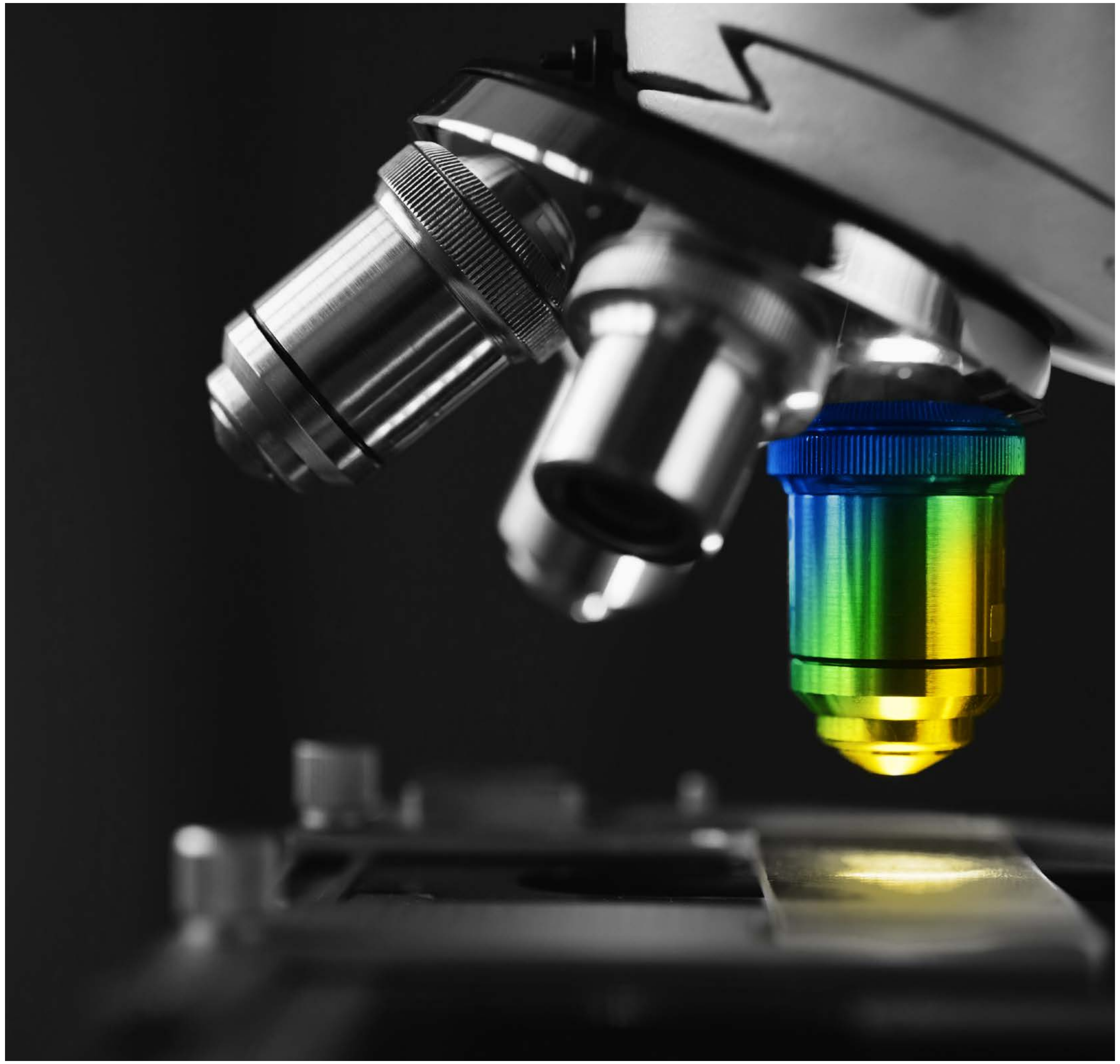
We assess whether investors hold shares in the most appropriate share class, in terms of the service offered, entry criteria and fees applied.

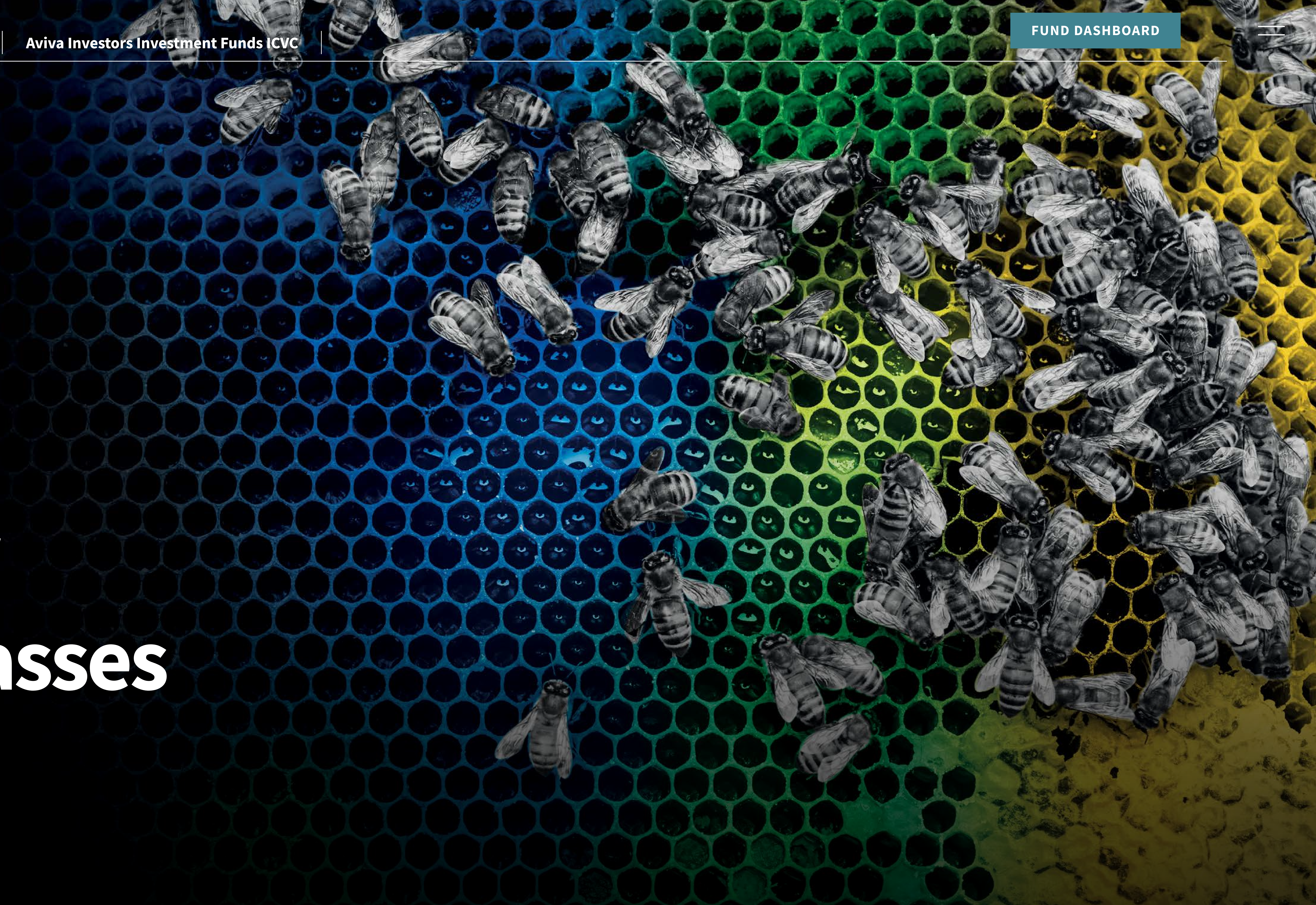
We routinely carry out an assessment of whether investors hold units in the most appropriate share class. In the past this has prompted the closure or merger of a number of share classes, along with the amendment of some minimum investment limits and share class eligibility criteria, and the removal 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.





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Types of share classes

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 & 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**	**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	**Investors** who have bought a Fund through an intermediary, such as an investment platform, or meet the minimum subscription requirements		Clients in these classes will pay less for Investor Communication Costs because the platform manager provides the individual client support.	Minimum initial aggregate subscription £100,000
Share Class 4 **Share Class 5** **Share Class A**	**Large institutional investors**, investing on behalf of pension funds, or wealth managers		Clients in these classes will pay less because they are large institutional investors and do not require administration support.	Minimum initial subscription of at least £1,000,000 (see prospectus for further details)

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Aviva Investors Fund Reports

Fund dashboard

A summary of the findings for each fund is below, we adopt a red, amber or green rating to easily identify when there are concerns.
See page 20 to see what the ratings mean. **Click on the relevant fund to easily access the relevant page:**

Fund	Overall score	Quality of service	Performance	Costs and charges	Classes of units	Conclusion	Click fund to view	
							Section	Page
Aviva Investors Climate Transition Global Equity Fund	🟢	🟢	🟢	🟢	🟢	The fund is delivering value in respect of all areas of the assessment.	5.01	21
Aviva Investors Continental European Equity Fund	🟠	🟢	🔴	🟢	🟢	*We recently changed the investment manager for the Fund, and further details are provided in the Fund report.*	5.02	25
Aviva Investors Corporate Bond Fund	🔴	🟢	🔴	🟢	🟢	*We plan to make changes to the Fund with a view to improving performance, these will be communicated to investors shortly.*	5.03	31
Aviva Investors Distribution Fund	🔴	🟢	🔴	🟢	🟢	*We plan to make changes to the Fund with a view to improving performance, these will be communicated to investors shortly.*	5.04	36
Aviva Investors Global Equity Endurance Fund	🟢	🟢	🟢	🟢	🟢	The fund is delivering value in respect of all areas of the assessment.	5.05	41
Aviva Investors Global Equity Income Fund	🟢	🟢	🟢	🟢	🟢	The fund is delivering value in respect of all areas of the assessment.	5.06	45
Aviva Investors Higher Income Plus Fund	🟢	🟢	🟢	🟢	🟢	The fund is delivering value in respect of all areas of the assessment.	5.07	49
Aviva Investors International Index Tracking Fund	🟢	🟢	🟢	🟢	🟢	The fund is delivering value in respect of all areas of the assessment.	5.08	53
Aviva Investors Managed High Income Fund	🟢	🟢	🟠	🟢	🟢	*We have identified some areas for improvement, and we have provided more information within the Fund report.*	5.09	57
Aviva Investors Monthly Income Plus Fund	🟢	🟢	🟠	🟢	🟢	*We have provided more information on the Fund's recent performance in the Fund report.*	5.10	62
Aviva Investors Multi-Strategy Target Return Fund	🟢	🟢	🟠	🟢	🟢	*We have provided more information on the Fund's recent performance in the Fund report.*	5.11	67
Aviva Investors Strategic Bond Fund	🟢	🟢	🟢	🟢	🟢	The Fund is delivering value in respect of all areas of the assessment.	5.12	72
Aviva Investors UK Index Tracking Fund	🟢	🟢	🟢	🟢	🟢	The Fund is delivering value in respect of all areas of the assessment.	5.13	76
Aviva Investors UK Listed Equity Income Fund	🟠	🟠	🟢	🟢	🟢	*We have provided more information in relation to recent changes to the portfolio management team in the Fund report.*	5.14	80
Aviva Investors UK Listed Equity Unconstrained Fund	🟢	🟢	🟢	🟢	🟢	The Fund is delivering value in respect of all areas of the assessment.	5.15	85
Aviva Investors UK Listed Small and Mid-Cap Fund	🟢	🟢	🟢	🟢	🟢	The Fund is delivering value in respect of all areas of the assessment.	5.16	89
Aviva Investors UK Smaller Companies Fund	🔴	🟢	🔴	🟢	🟢	*The Fund is not delivering value, we are undertaking a strategic review of the Fund, and will communicate the outcome to investors shortly.*	5.17	93

Fund dashboard metrics

We use red, amber and green ratings to easily identify when there are concerns, with measures based on the following:

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.

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.

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 4	Share Class 5	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 1	Share Class 2	Share Class 4	Share Class 5	Share Class 8	Benchmark^
1 Year	9.64	9.80	9.80	–	10.25	11.04
3 Years	5.11	5.28	5.32	–	5.51	7.93
Since Launch	8.82	8.99	9.07	3.10	9.26	–

^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.

Authorised Fund Manager costs

Authorised Fund Manager Costs

	Share Class 1	Share Class 2	Share Class 4	Share Class 5	Share Class 8
Fund management fee	1.00	0.85	0.48	0.40	0.04

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.

Aviva Investors Climate Transition Global Equity Fund (continued)

Fund Managers Report

Performance

The Fund posted a net return of 9.64%* (share class 1) in the twelve months in review. The Fund's benchmark, the MSCI All Countries World NR Index[2] returned 11.04%.

Portfolio Review

It was a positive twelve months in review for global equities as, despite ongoing worries about recession and elevated geopolitical risks, sentiment was buoyed by hopes that the peak in interest rates was approaching. Corporate earnings were also broadly positive. Developed markets outperformed emerging markets.

While the Fund posted a positive return, stock selection held back performance relative to the benchmark somewhat. Of the stocks held within the portfolio, there were disappointing returns from telecommunications infrastructure owner American Tower. Shares of companies that are linked to real estate were sold down in an environment of uncertain economic growth and rising interest rates. Spanish headquartered renewable energy provider EDP Renovaveis also struggled as sentiment ebbed towards wind energy companies. The highly competitive sector has seen sharply rising materials and financing costs amid numerous other challenges.

The best-performing stocks in the Fund included companies that were linked to the emergence of artificial intelligence (AI) such as Netherlands-based microchip maker ASM International and US technology giant Microsoft. French insurer AXA also performed well.

At the sector level, being overweight information technology and underweight consumer staples added to performance. However, the underweighting of energy offset some of this benefit given the continued strength of the oil price.

*Fund performance figures – source Morningstar, net of fees, net income reinvested.

In terms of activity, we added US technology company Nvidia as a sizable position to the portfolio. Whilst we had some concerns around valuation, these were outweighed by the secular shift away from central processing unit (CPU) servers in data centres to the graphics processing unit (GPU) offering in which the company specialises. This shift is being driven by generative AI, and we appear to be in the early stages of this exciting market dynamic. Up to this point, not owning Nvidia had been a headwind to relative performance given its extremely strong returns.

We also started a position in Danaher, a global life sciences company. A run of relative share price weakness provided an attractive entry point in September as we remained impressed with the long-term outlook for their market-leading position in bioprocessing and diagnostics.

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.

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 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 the change of investment manager in November 2022 has yet to have the expected impact on performance, however, the Board do not believe that any further changes to the Fund at this point would benefit investors, and the Fund's longer term objective remains achievable.

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	15.43	15.61	16.50	21.47
3 Years	3.18	3.33	3.94	6.79
5 Years	3.69	3.85	4.42	7.58
7 Years	3.59	3.75	4.30	7.12

^FTSE AW Europe ex UK 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 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 2023 the Board confirmed their intention to change the investment manager of the Fund to MFS International (UK) Limited, who took over management of the Fund in November 2022.

In the year to 15 October 2023 the Fund has achieved the growth objective (+15.43% share class 1, net of fees), improving on the prior year's negative returns, and in turn the longer term performance, however, the Fund has not delivered returns above the benchmark, having underperformed by 6.04% over the last year.

The decision to appoint MFS followed a detailed review of a number of alternative investment managers, and their track record and robust research process were considered to be superior to alternative managers, making them best placed to turn around the performance of the Fund.

A detailed analysis of the reasons for the underperformance can be in part attributed to a single stock, Novo Nordisk, whose price climbed as the company reported stronger than expected earnings following an encouraging clinical trial for its weight-loss drug Semaglutide. The Fund does not hold this stock as MFS consider the stock to be overvalued relative to its long term value, which is heavily dependent upon the outcome of a single drug trial. The manager takes a longer term view to stock selection, in line with the objective of the Fund.

Despite a challenging 12 months, the view of the Board is that the change of investment manager remains the right decision, and this should be judged over the longer term, but acknowledge that the performance relative to the benchmark remains disappointing. Therefore, the Board consider that the Fund is not delivering value for investors based on the recent review cycle. However, the Board believe that it is not in the interests of investors to make any further changes to the Fund at this stage, instead it should remain under review following our standard monitoring process.

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.

Authorised Fund Manager costs

Authorised Fund Manager Costs			
	Share Class 1	**Share Class 2**	**Share Class 8**
Fund management fee	1.00	0.85	0.05

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.

Aviva Investors Continental European Equity Fund (continued)

Fund Managers Report

Performance

Over the twelve months ended 15 October 2023, the Aviva Investors Continental European Fund delivered a total return of 15.43%* (share class 1), net of fees. Fund's benchmark, the FTSE® AW Europe Ex UK TR Index[1], returned 21.47% over the same period.

The tracking error at the year-end was 2.45%

Portfolio Review

During the reporting period, central banks around the world had to combat the strongest inflationary pressures in four decades, fueled by the global fiscal response to the pandemic, disrupted supply chains and the dislocations to energy markets stemming from the war in Ukraine. Interest rates rose substantially, but the effects of a tighter monetary policy may not have been fully experienced yet, given that monetary policy works with long and variable lags. Strains resulting from the abrupt tightening of monetary policy began to affect some parts of the economy, most acutely among small and regional US banks, which suffered from deposit flight as depositors sought higher yields on their savings. Those shifts exposed an asset-liability mismatch that forced the closure of several institutions by regulators. Given the importance of small and mid-sized lenders to the provision of credit in the US, concerns were raised in the aftermath of the crisis that credit availability could become constrained, leading to slower economic growth, although those effects have been limited thus far. Additionally, activity in the US housing sector has slowed as a result of higher mortgage rates. China's abandonment of its Zero-COVID policy ushered in a brief uptick in economic activity in the world's second-largest economy in early 2023, although its momentum soon stalled as focus turned to the country's highly-indebted property development sector. In developed markets, consumer demand for services remained stronger than the demand for goods.

Policymakers found themselves in the difficult position of trying to restrain inflation without tipping economies into recession. Despite the challenging macroeconomic and geopolitical environment, central banks remained focused on controlling price pressures while also confronting increasing financial stability concerns. Central banks had to juggle achieving their inflation mandates while using macroprudential tools to keep banking systems liquid, a potentially difficult balancing act, and one that suggested that we may be nearing a peak in policy rates.

Against an environment of relatively tight labor markets, tighter global financial conditions and volatile materials prices, investor anxiety appeared to have increased over the potential that corporate profit margins may be past peak for this cycle. That said, signs that supply chains have generally normalized, coupled with low levels of unemployment across developed markets and hopes that inflation levels have peaked, were supportive factors for the macroeconomic backdrop.

Stock selection in the health care sector was the largest detractor from performance relative to the FTSE Europe Ex UK Index. Within this sector, not holding shares of pharmaceutical company Novo Nordisk (Denmark) and the fund's overweight positions in pharmaceutical and diagnostic company Roche Holding (Switzerland), molecular diagnostics provider Qiagen (Netherlands), life sciences company Bayer (Germany) and eyewear manufacturer EssilorLuxottica (France) hindered relative results.

Stock selection and, to a lesser extent, an overweight position in both the consumer discretionary and consumer staples sectors also weakened relative performance. Within the consumer discretionary sector, an overweight position in apparel and accessories retailer Kering (France) held back relative results. Within the consumer staples sector, overweight positions in wine and alcoholic beverage producer Pernod Ricard (France) and global food company Nestle (Switzerland) dampened relative results.

Aviva Investors Continental European Equity Fund (continued)

Elsewhere, the fund's overweight position in consulting services provider Capgemini (France) and provider of intelligent lock and security solutions Assa Abloy (Sweden) hampered relative results.

Stock selection in the financials sector supported relative results. Within this sector, the fund's overweight positions in financial services provider AIB Group (Ireland), investment management and banking firm UBS (Switzerland), financial and banking solutions provider Bank of Ireland Group (Ireland) and not holding shares of payment platform services provider Adyen (Netherlands) benefited relative performance.

Stock selection in the communication services sector also supported relative performance led by an overweight position in online business solutions provider Scout24 (Germany).

Elsewhere, the fund's overweight positions in enterprise applications company SAP (Germany), electrical distribution equipment manufacturer Schneider Electric (France), oil and gas company Galp Energia (Portugal) and pharmaceutical company Novartis (Switzerland) and not holding shares of ASML (Netherlands), a lithography systems manufacturer for the semiconductor industry bolstered relative results.

During the reporting period, the fund's relative currency exposure, resulting primarily from differences between the fund's and the benchmark's exposures to holdings of securities denominated in foreign currencies, was another contributor to relative performance. All of MFS' investment decisions are driven by the fundamentals of each individual opportunity and as such, it is common for our funds to have different currency exposure than the benchmark.

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 Morningstar, net of fees, net income reinvested.

5.03

Aviva Investors Corporate Bond Fund

Aviva Investors Corporate Bond 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 due to the Funds longer term performance, value has not been delivered to the majority of investors, further details on the changes we plan to make are set out in the performance section.

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	9.23	9.39	9.88	9.29
3 Years	-6.26	-6.11	-5.80	-5.99
5 Years	-1.33	-1.17	-0.86	-0.85
7 Years	-0.82	-0.65	-0.34	-0.40

^Markit iBoxx Sterling Non Gilts Overall 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 2023, the Board noted that the Fund had not delivered value to the majority of investors over the long term and committed to a strategic review of the Fund's objective and strategy to determine if value could be improved over the long term.

The strategic review considered a variety of options, and therefore it has been necessary to take time to complete some detailed analysis to ensure we consider the right way forward for all the investors in the Fund. The Board are confident that the right conclusions have now been reached and we expect to be in a position to write to unitholders with our proposals within the next 3 months, subject to regulatory approval, and investors will have an opportunity to vote on the proposed course of action.

Over the year to 15 October 2023 the Fund has delivered a positive net return to investors (+9.2% Share Class 1) but the Fund is yet to recoup the losses suffered in late 2022, when bond markets were exceptionally weak, as UK government bonds (gilts) and corporate bonds suffered a major sell-off following the aborted mini budget and investors anticipating an aggressive tightening of monetary policy in response to surging inflation, something which came to fruition, with the Bank of England base rate now at 5.25%.

Although the Fund has delivered returns in line with the benchmark on a net basis and there are no concerns with the performance for the year to the date of this assessment, the Board do not consider the Fund to be delivering value over the long term.

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.

Authorised Fund Manager costs

Authorised Fund Manager Costs			
	Share Class 1	Share Class 2	Share Class 8
Fund management fee	0.70	0.50	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.

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%.

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.

Aviva Investors Corporate Bond Fund (continued)

Fund Managers Report

Performance

The Fund posted a net return of 9.23%* (share class 1) in the twelve months in review. The Fund's benchmark, the Markit iBoxx Sterling Non-Gilts Total Return Index[4], returned 9.29%.

Portfolio Review

The Fund posted a positive return against a mixed backdrop for fixed income investments. Despite volatile performance by the underlying government bond market, sterling corporate bonds were supported by mostly resilient company earnings and better-than-expected rates of economic growth in the UK. The most notable episode of market turbulence occurred in March when two regional banks in the US collapsed, raising fears of deep-rooted weakness in the financial system. Yields dipped sharply (pushing bond prices up) as investors anticipated that central banks would need to step in to prevent contagion. However, the turbulence proved to be short-lived.

Going into 2023, markets expected a material economic downturn given the aggressive interest rate hikes of central banks in 2022. However, a strong labour market and a resilient global economy saw fears of recession pushed out into 2024. Consequently, we have had a moderately constructive position on risk in the Fund, which we adjusted tactically as market sentiment changed over the year.

For example, we reduced bank exposure into the March bank collapses, preferring longer-dated, higher-quality issues. Having increased risk once more through the early stages of the summer, we became more defensive in late July as increased concerns about higher-for-longer interest rates weighed on the market.

Our risk position was tempered by our view that growth would eventually weaken. As such, we tended to focus more on defensive areas of the market such as telecommunications and technology. We also ensured the Fund was not too sensitive to changes in interest rates.

* Fund performance figures – source Morningstar, net of fees, net income reinvested.

Outlook

Overall, with inflation expectations ticking up, investors demanding higher yields to compensate for greater risk and the government increasing the supply of gilts, we are wary that yields could climb sharply, thereby pushing bond prices down. Bond investors also face various negative factors as we approach the end of 2023, which together could dampen market sentiment. These include a weaker consumer, a slowing service sector, rising oil prices, a faltering Chinese economy and a potential government shutdown in the US.

We are maintaining a moderate exposure to risk, although we are mindful that UK company earnings are starting to feel the lagged effect of high interest rates. We continue to employ a healthy rotation of bonds into better relative opportunities as they appear.

Over the medium term, the macroeconomic backdrop remains challenging as the impact of tighter monetary policy is finally reflected in rates of growth. Although we do not envisage any meaningful economic contraction, we will look to gradually reduce risk and shift exposure into more defensive sectors.

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**
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 Funds longer term performance, value has not been delivered to the majority of investors, further details of the proposed changes are set out in the performance section of the 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**	**Benchmark^**
1 Year	11.26	11.43	12.19
3 Years	-1.70	-1.55	-0.54
5 Years	0.23	0.38	1.46
7 Years	0.57	0.84	1.72

^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 2023 the Board detailed the changes that were made to the Fund's strategy with the intention of increasing flexibility for the portfolio manager to invest globally in equities and bonds, moving away from the UK biased strategy. This was completed in January 2022 and proved to be beneficial to the Fund's performance, albeit in a very challenging market environment at the end of 2022.

Over the year to 15 October 2023, the Fund has achieved its income objective providing an average yield of 106% relative to the benchmark yield over the last 3 years. The Fund has also regained some of its losses caused by the market downturn, covered in more detail on page 6 of this report, however the Board note that the returns are below the benchmark after fees and taxes over all periods under review.

The Board has determined that in order for the Fund to maximise the diversification benefits, the level of global exposure allowed by the Fund needs to be increased providing a wider range of investment opportunities for the portfolio manager to select from.

We expect to formally notify investors of the proposed changes to Fund within 3 months of the publication of this report, and investors will be provided the opportunity to vote on these changes.

Therefore, the Board considers that the Fund is not delivering value to investors due to the underperformance relative to its benchmark. However, the Board does believe that the changes proposed will benefit investors over the long term.

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.

Authorised Fund Manager costs

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

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.

Aviva Investors Distribution Fund (continued)

Fund Managers Report

Performance

The Fund posted a net return of 11.26%* (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 12.19%.

Portfolio Review

Fund returns were supported by gains by both UK equities and sterling corporate bonds. Corporate bonds, which make up the majority of the portfolio, were supported by broadly positive company earnings releases, which help to underpin credit quality. We held a watchful stance in the portfolio given the vulnerability of company earnings to slowing growth brought about the high and rising interest rate environment. We focused on relatively 'defensive' sectors that would be expected to be more resilient to fragile confidence, such as technology and communications.

UK shares benefited from rising appetite for riskier assets as hopes grew that the central banks were about to pause in their aggressive cycle of hiking interest rates. Investors also found comfort in the greater-than-expected resilience of the UK economy.

At the stock selection level, business-turnaround specialist Melrose Industries was among the top performers for the Fund as it rebounded from a lacklustre spell of performance as the market saw value in the defence exposure of its aerospace division.

The investment approach in the Fund is to step back from short-term market noise and potentially exploit it by investing in cash-generative companies, with a focus on long-term returns. We did this to an extent by adding to Intermediate Capital in the wake of March's mini-financial crisis in the wake of collapses of some US regional banks and Credit Suisse. The move proved effective as the asset manager regained momentum to be one of the Fund's top-performers over the period. Elsewhere, value was added by software maker Sage Group.

*Fund performance figures – source Morningstar, net of fees, net income reinvested.

Among the main disappointments over the period was St James's Place. The wealth management company's share price was hit by concerns that an overhaul of its charging structure would lead to a drop in profits. Shares in insurer Phoenix Group were buffeted in the wake of the financial sector crisis during March.

At the sector level, the favouring of industrials companies made the strongest contribution to performance. This more than offset the drag of having no exposure to the buoyant energy sector.

Outlook

The UK economy has continued to show signs of resilience, most notably an improving inflation outlook together with better-than-expected GDP growth and gradually recovering consumer confidence. While the fight against inflation is not yet finished, August's inflation data was promising. Inflationary forces are waning, and a steady decline in headline inflation can be expected from here. Consequently, we are more optimistic that interest rates are close to peak levels.

However, we are not complacent. A recession – later this year or in 2024 – remains a very real risk, even though we would expect it to be relatively shallow and short-lived. The current surge in bond yields is ominous; it could push some large, indebted corporations to the edge and risks a widespread sell-off in the market, although this is not our main scenario.

In these volatile and challenging times, we believe it is particularly important to maintain a resilient and well-diversified portfolio. The fund's equity exposure is more mid-cap than its peers and offers the opportunity for income, income growth and capital growth across the whole spectrum of market capitalisation.

In bonds, we are maintaining a moderate exposure to risk, although we are mindful that UK company earnings are starting to feel the lagged effect of high interest rates. We continue to employ a healthy rotation of bonds into better relative opportunities as they appear.

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	8.77	8.62	9.70	11.04
3 Years	8.52	8.36	9.22	7.93
5 Years	12.44	12.23	13.07	9.51
Since Launch	9.93	9.71	10.53	–

^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 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.

Authorised 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.

Aviva Investors Global Equity Endurance Fund (continued)

Fund Managers Report

Performance

The Fund posted a net return of 8.62%* in the twelve months in review (share class 6). The MSCI All Country World Index[2] (net return, in sterling) returned 11.04%.

Portfolio Review

It was a positive twelve months in review for global equities as, despite ongoing worries about recession and elevated geopolitical risks, sentiment was buoyed by hopes that the peak in interest rates was approaching. Corporate earnings were also broadly positive. Developed markets outperformed emerging markets.

Fund returns against the benchmark were disappointing over the review period, with stock selection being the main source of weakness. In the wake of the mini-financial crisis triggered by the collapse of two American regional banks in March, the Fund was hurt most notably by its exposure to US bank First Republic. The bank is traditionally seen as a so-called ‘safe haven’, owing to its best-in-class credit underwriting and customer service driving strong loan growth. However, following the bank collapses, which set into motion a run on regional banks across the US, news of a rescue plan for First Republic and the fact that they had to access the US Federal Reserve borrowing facility suggested they had seen significant deposit outflows too. This prompted us to sell our entire holding.

The exposure to France-based digital business services company Teleperformance was another drag on performance. Its shares tumbled as the market adopted a “guilty until proven innocent” stance in light of unfavourable revelations around the company’s labour practices. Ultimately, we think the company is stronger as a result of the developments and are encouraged by the prospect of durable double-digit growth ahead for the global leader in outsourced services.

* Fund performance figures – source Morningstar, net of fees, net income reinvested.

Among the main contributors over the period was Fair Isaac. The US data analytics company’s management team told investors it expects 7% sales growth and 13% earnings growth for 2023. However, management went one step further and indicated the resilient growth would be excluding further “special increases” in its credit scores prices. With its dominant market position and value-for-money offering we expect these “special increases” to persist. Holding Adobe Systems and Google owner Alphabet also added to performance.

At the sector strategy level, the most effective positions were the preference for industrials, the general avoidance of consumer staples companies and the lack of exposure to utilities.

Outlook

Our approach is to continue looking for companies we believe can deliver enduring cash flow growth regardless of market conditions. With interest rates remaining higher for longer after large increases last year, we have tailored our strategy to be beneficial to investors during this prolonged period through a combination of:

1). Stock selection: The Fund focuses on businesses with strong competitive advantages allowing continued pricing growth, a high degree of predictability due to the lower cyclicality in demand, and best-in class balance sheets liberating them from the uncertainty of capital markets.

2) Portfolio construction: By taking an active approach to portfolio construction, the Fund is differentiated from its competitors, and we carefully consider and manage the risks of a “higher for longer” environment. In our view, this should include the unintended consequences of prolonged restrictive monetary policy.

3) Valuations: We focus on the free cash flow generation propensity of our holdings to manage against the downside risks of higher interest rates. This discipline helps to ensure our companies are owned at appropriate prices.

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.

5.06

Aviva Investors Global Equity Income Fund

Aviva Investors Global Equity Income Fund

Overall assessment

Summary Ratings	Share Class 1	Share Class 2	Share Class 4	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 1	Share Class 2	Share Class 4	Share Class 8	Benchmark^
1 Year	19.41	19.71	20.24	20.68	11.04
3 Years	12.82	13.10	13.54	13.75	7.93
5 Years	11.68	11.96	–	12.55	9.51
7 Years	10.19	10.60	–	11.16	9.02
Since Launch	–	–	19.07	–	–

^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 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.

Authorised Fund Manager costs

Authorised Fund Manager Costs				
	Share Class 1	Share Class 2	Share Class 4	Share Class 8
Fund management fee	1.12	0.87	0.42	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.

Aviva Investors Global Equity Income Fund (continued)

Fund Managers Report

Performance

The Fund returned 19.41%* in the twelve months in review (share class 1, income units), while the MSCI All Country World Index[2] (net returns, in sterling) returned 11.04%.

Portfolio Review

It was a positive twelve months in review for global equities as, despite ongoing worries about recession and elevated geopolitical risks, sentiment was buoyed by hopes that the peak in interest rates was approaching. Corporate earnings were also broadly positive. Developed markets outperformed emerging markets.

The Fund performed well relative to its benchmark, with a strong contribution being made by stock selection. Among the top contributors was Broadcom. The shares of the US high-end custom silicon processor chip manufacturer rose strongly in November as the announcement of an easing of certain Covid restrictions in China boosted sentiment. The positive momentum was maintained for the remainder of the period as the company was viewed as a strong beneficiary of the boom in artificial intelligence. We continue to view Broadcom as having a well-diversified and resilient business model that should help offset some of the cyclical concerns surrounding the sector. In particular, we see areas such as network connectivity, data storage and 5G adoption still being prioritised even in a slowing macro-economic backdrop. Other profitable positions included UK defence equipment maker BAE Systems, which benefited from increased defence spending in response to the ongoing war in Ukraine, and Italian utility company Enel.

Sector allocation also made a valuable contribution to performance. The strongest positions were the preference for industrials and the general avoidance of consumer staples companies. A further positive was the Fund's lack of exposure to banks in the aftermath of the banking collapses seen in the US in March. Given a major objective of the Fund is to preserve income as well as capital, we are happy having little exposure to the sector even if our competitor funds have been attracted by the high dividend yields on offer.

Outlook

Overall, we view the portfolio as offering attractive resilience characteristics – in particular, our focus on free cash flow generation, allied to companies with sustained growth in their dividends. We believe this 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 where we also see resilience in the underlying business and a margin of safety in terms of valuation.

We initiated a new position in US medical devices company Abbott Laboratories, which is seeing positive structural growth trends across its base business. Given research & development investment and further innovation, we expect robust cashflow and dividend growth. We also added Analog Devices to the portfolio. The US semiconductor maker enjoys competitive positioning due to broad secular growth drivers across automation and energy management and boasts a resilient customer base. We see strong free cash flow generation driving significant capital return and double-digit dividend growth.

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 Morningstar, 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.

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	10.86	11.12	11.80	10.70
3 Years	-3.03	-2.79	-2.49	-3.12
5 Years	0.66	0.91	1.22	0.37
7 Years	0.77	1.05	1.36	0.85

^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)

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.

Authorised 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.

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 Higher Income Plus Fund (continued)

Fund Managers Report

Performance

The Fund posted a net return of 10.86%* (share class 1). The Fund's benchmark* (50% Markit iBoxx Sterling Non-Gilts Index[4], 40% Bloomberg Barclays Pan European High Yield Index 2% issuer capped[3] and 10% JPM Emerging Market Bond Index[5]) returned 10.70%.

Portfolio Review

The Fund posted a positive return against a mixed backdrop for fixed income investments. Despite volatile performance by the underlying government bond market, corporate bonds were supported by mostly resilient company earnings and better-than-expected rates of economic growth in the developed markets. The most notable episode of market turbulence occurred in March when two regional banks in the US collapsed, raising fears of deep-rooted weakness in the financial system. Yields dipped sharply (pushing bond prices up) as investors anticipated that central banks would need to step in to prevent contagion. However, the turbulence proved to be short-lived.

Going into 2023, markets expected a material economic downturn given the aggressive interest rate hikes of central banks in 2022. However, a strong labour market and a resilient global economy saw fears of recession pushed out into 2024. Consequently, we have had a moderately constructive position on risk in the Fund, which we adjusted tactically as market sentiment changed over the year.

For example, we reduced bank exposure into the March bank collapses, preferring longer-dated, higher-quality issues. Having increased risk once more through the early stages of the summer, we became more defensive in late July as increased concerns about higher-for-longer interest rates weighed on the market.

* Fund performance figures – source Morningstar, net of fees, net income reinvested.

Our risk position was tempered by our view that growth would eventually weaken. As such, we tended to focus more on defensive areas of the market such as telecommunications and technology. We also ensured the Fund was not too sensitive to changes in interest rates.

Among the credits to add value over the period were Italian lottery operator Lottomatica, which confirmed its intention to roll out an initial public offering. This led to speculation that the money raised could be used to pay down debt.

Outlook

Overall, with inflation expectations ticking up, investors demanding higher yields to compensate for greater risk and the government increasing the supply of gilts, we are wary that bond yields could climb sharply, thereby pushing their prices down. Bond investors also face various negative factors as we approach the end of 2023, which together could dampen market sentiment. These include a weaker consumer, a slowing service sector, rising oil prices, a faltering Chinese economy and a potential government shutdown in the US.

We are maintaining a moderate exposure to risk, although we are mindful that UK company earnings are starting to feel the lagged effect of high interest rates. We continue to employ a healthy rotation of bonds into better relative opportunities as they appear.

Over the medium term, the macroeconomic backdrop remains challenging as the impact of tighter monetary policy is finally reflected in rates of growth. Although we do not envisage any meaningful economic contraction, we will look to gradually reduce risk and shift exposure into more defensive sectors.

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 5	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 1	Share Class 2	Share Class 5	Share Class 8	Benchmark^
1 Year	12.91	13.13	13.01	13.33	12.31
3 Years	8.60	8.81	8.70	8.92	9.37
5 Years	10.19	10.43	10.33	10.50	10.80
7 Years	9.32	9.61	–	9.66	10.30
Since Launch	–	–	8.67	–	–

^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.

Authorised Fund Manager costs

Authorised Fund Manager Costs				
	Share Class 1	Share Class 2	Share Class 5	Share Class 8
Fund management fee	0.45	0.25	0.20	0.05

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.

Aviva Investors International Index Tracking Fund (continued)

Fund Managers Report

Performance

The Fund returned 12.91%* in the twelve months in review (share class 1, accumulation units). The Fund's benchmark, the FTSE World ex UK Index[1], returned 12.31%.

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

Portfolio Review

Global shares posted a solid gain in the twelve months under review as investors became hopeful that the main central banks would start to relax the cycle of interest rates hikes that had been in play for much of 2022. But while annual inflation declined at a brisk pace in the US and Europe, it nevertheless remained significantly above target. This prompted central banks to persist with interest rate rises, albeit at a slowing pace. This contributed to the failure of several US banks in the early part of 2023, which caused a bout of heightened volatility in financial markets. However, the overall strength of company earnings sustained positive momentum in the markets.

Strong performance was posted by Europe-ex UK shares as investors welcomed data suggesting that the Eurozone economy was beginning to steer itself away from recession. US and Japanese shares also advanced encouragingly thanks to resilient growth. UK stocks lagged other developed markets, however, as the Bank of England's early move to raise interest rates and particularly high inflation sapped confidence, even though the economy performed somewhat better than forecasts. Emerging markets underperformed developed markets, with the disappointing performance of the Chinese economy, which failed to recover as quickly as expected after the lifting of Covid restrictions, setting the tone.

In sector terms, it was a strong year for energy as pricing remained elevated against the backdrop of the ongoing Russia-Ukraine war. Information technology also performed well, boosted to a large degree by the expected cost and efficiency benefits of emerging artificial intelligence applications. Among the weaker areas were consumer staples companies, given the sharp rise in food price inflation, and utilities, which are usually sensitive to a rising interest rate environment.

Outlook

In our view, the path of company earnings will be the key driver of how equity markets perform in the medium term. We believe that the trough in earnings is close and that there is a good chance that we will soon start to see positive surprises. If this proves to be the case, then the third calendar quarter's downward shift in share prices should turn out to have been merely a correction rather than a precursor to a sharp reversal.

Investors nevertheless need to remain cautious. Recent events in the Middle East have added yet another layer of geopolitical uncertainty to the mix, rising bond yields are making it more difficult for companies to service their debts, as well as eroding the valuation advantage of equities.

Shares in developed countries look better set at the moment as the emerging regions, and Asia-Pacific in particular, are proving vulnerable to the weaker growth outlook for China.

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 Morningstar, 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.

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	8.60	8.87	9.53	9.18
3 Years	-2.86	-2.62	-2.19	-2.76
5 Years	0.50	0.75	1.14	0.51
7 Years	0.62	0.99	1.35	1.00

^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 the Value Assessment report published in February 2023, the Board noted the decline in overall Fund value, which mirrored the performance of the markets in general at the point of the review in October 2022, when bond markets were exceptionally weak, as UK government bonds (gilts) and corporate bonds suffered a major sell-off following the aborted mini budget. At this time investors anticipated an aggressive tightening of monetary policy in response to surging inflation, something which came to fruition, with the Bank of England base rate now at 5.25%.

The Board is pleased to note that the markets have rebounded since this date, and the Fund has delivered positive returns in the period, however given the severity of the market decline we are yet to see all the losses recovered. Over the long term (5 years) the Fund is delivering returns in line with the benchmark after fees and taxes.

The Fund's objective to provide income in excess of the benchmark has proven to be challenging to achieve this year. This is primarily due to the rapid rise in interest rates, which requires the portfolio manager to regularly update portfolio positions as new bonds are issued with higher coupon rates, however there is a lag between how quickly the portfolio can be updated and the pace of changes that occur to the benchmark. We would expect the opposite to occur in a falling interest rate environment.

The long term track record of the Fund remains positive, and the Board retain confidence that the Fund can deliver its stated objectives in the future, however this will be kept under review.

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.

Authorised 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 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 8.60%* (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 9.18%.

Portfolio Review

The Fund posted a positive return against a mixed backdrop for fixed income investments. Despite volatile performance by the underlying government bond market, corporate bonds were supported by mostly resilient company earnings and better-than-expected rates of economic growth in the developed markets. The most notable episode of market turbulence occurred in March when two regional banks in the US collapsed, raising fears of deep-rooted weakness in the financial system. Yields dipped sharply (pushing bond prices up) as investors anticipated that central banks would need to step in to prevent contagion. However, the turbulence proved to be short-lived.

Going into 2023, markets expected a material economic downturn given the aggressive interest rate hikes of central banks in 2022. However, a strong labour market and a resilient global economy saw fears of recession pushed out into 2024. Consequently, we have had a moderately constructive position on risk in the Fund, which we adjusted tactically as market sentiment changed over the year.

For example, we reduced bank exposure into the March bank collapses, preferring longer-dated, higher-quality issues. Having increased risk once more through the early stages of the summer, we became more defensive in late July as increased concerns about higher-for-longer interest rates weighed on the market.

*Fund performance figures – source Morningstar, net of fees, net income reinvested

Our risk position was tempered by our view that growth would eventually weaken. As such, we tended to focus more on defensive areas of the market such as telecommunications and technology. We also ensured the Fund was not too sensitive to changes in interest rates.

Among the credits to add value over the period were Italian lottery operator Lottomatica, which confirmed its intention to roll out an initial public offering. This led to speculation that the money raised could be used to pay down debt.

Outlook

Overall, with inflation expectations ticking up, investors demanding higher yields to compensate for greater risk and the government increasing the supply of gilts, we are wary that bond yields could climb sharply, thereby pushing their prices down. Bond investors also face various negative factors as we approach the end of 2023, which together could dampen market sentiment. These include a weaker consumer, a slowing service sector, rising oil prices, a faltering Chinese economy and a potential government shutdown in the US.

We are maintaining a moderate exposure to risk, although we are mindful that UK company earnings are starting to feel the lagged effect of high interest rates. We continue to employ a healthy rotation of bonds into better relative opportunities as they appear.

Over the medium term, the macroeconomic backdrop remains challenging as the impact of tighter monetary policy is finally reflected in rates of growth. Although we do not envisage any meaningful economic contraction, we will look to gradually reduce risk and shift exposure into more defensive sectors.

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 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 1	Share Class 2	Share Class 8	Benchmark^
1 Year	9.01	9.23	9.76	9.29
3 Years	-5.95	-5.79	-5.46	-5.99
5 Years	-0.89	-0.70	-0.37	-0.85
7 Years	-0.45	-0.22	0.14	-0.40

^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).

In the Value Assessment report published in February 2023, the Board noted the drop in overall Fund value, which mirrored the performance of the markets in general at the point of the review in October 2022, when bond markets were exceptionally weak, as UK government bonds (gilts) and corporate bonds suffered a major sell-off following the aborted mini budget and investors anticipated an aggressive tightening of monetary policy in response to surging inflation, something which came to fruition, with the Bank of England base rate now at 5.25%.

The Board is pleased to note that the markets have rebounded since this date, and the Fund has delivered positive returns in the period, however given the severity of the market drop we are yet to see all the losses recovered.

The Board therefore note that the Fund is meeting its objective to provide an income equivalent to the benchmark over 5 years with an average of 109%, however the overall net return is marginally below the benchmark over 5 years (Share Class 1 -0.89% vs -0.85%) after fees and taxes, and the Board remain confident 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].

Authorised Fund Manager costs

Authorised Fund Manager Costs

	Share Class 1	Share Class 2	Share Class 8
Fund management fee	0.75	0.55	0.03

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 9.01%* (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 9.29%.

Portfolio Review

The Fund posted a positive return against a mixed backdrop for fixed income investments. Despite volatile performance by the underlying government bond market, sterling corporate bonds were supported by mostly resilient company earnings and better-than-expected rates of economic growth in the UK. The most notable episode of market turbulence occurred in March when two regional banks in the US collapsed, raising fears of deep-rooted weakness in the financial system. Yields dipped sharply (pushing bond prices up) as investors anticipated that central banks would need to step in to prevent contagion. However, the turbulence proved to be short-lived.

Going into 2023, markets expected a material economic downturn given the aggressive interest rate hikes of central banks in 2022. However, a strong labour market and a resilient global economy saw fears of recession pushed out into 2024. Consequently, we have had a moderately constructive position on risk in the Fund, which we adjusted tactically as market sentiment changed over the year.

For example, we reduced bank exposure into the March bank collapses, preferring longer-dated, higher-quality issues. Having increased risk once more through the early stages of the summer, we became more defensive in late July as increased concerns about higher-for-longer interest rates weighed on the market.

Our risk position was tempered by our view that growth would eventually weaken. As such, we tended to focus more on defensive areas of the market such as telecommunications and technology. We also ensured the Fund was not too sensitive to changes in interest rates.

*Fund performance figures – source Morningstar, net of fees, net income reinvested.

Outlook

Overall, with inflation expectations ticking up, investors demanding higher yields to compensate for greater risk and the government increasing the supply of gilts, we are wary that bond yields could climb sharply, thereby pushing their prices down. Bond investors also face various negative factors as we approach the end of 2023, which together could dampen market sentiment. These include a weaker consumer, a slowing service sector, rising oil prices, a faltering Chinese economy and a potential government shutdown in the US.

We are maintaining a moderate exposure to risk, although we are mindful that UK company earnings are starting to feel the lagged effect of high interest rates. We continue to employ a healthy rotation of bonds into better relative opportunities as they appear.

Over the medium term, the macroeconomic backdrop remains challenging as the impact of tighter monetary policy is finally reflected in rates of growth. Although we do not envisage any meaningful economic contraction, we will look to gradually reduce risk and shift exposure into more defensive sectors.

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 5	Share Class 8	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 5	Share Class 8	Share Class 9	Benchmark^
1 Year	3.59	3.80	5.13	4.27	3.76	9.54
3 Years	3.48	3.69	4.24	4.03	3.71	6.84
5 Years	2.64	2.85	3.22	3.13	2.88	6.34
7 Years	1.77	1.97	2.27	2.23	2.00	6.08

^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 a positive return, on average 5% per year above the Bank of England base rate before the deduction of charges, over rolling three-year periods 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.

The Board note that the Fund continues to deliver positive returns to investors, particularly during the latter part of 2022 when markets experienced a significant decline, and this has been achieved in line with the volatility objective. Over 3 years the gross annual return is 4.57% (net: 3.48% Share Class 1) compared to the target of 6.84% (comprised of the average base rate during this period of 1.84%, plus 5%).

Over the last year we have seen a steep rise in the base rate, rising by 3% to 5.25% at the point of this assessment, which has created a more challenging environment in which to deliver returns in excess of the base rate in the short term. Whilst the recent stabilisation of interest rates should provide greater opportunities to achieve the stated objective, the Fund's objectives and performance will be kept under review as part of our ongoing product governance process.

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.

Authorised Fund Manager costs

Authorised Fund Manager Costs

	Share Class 1	Share Class 2	Share Class 5	Share Class 8	Share Class 9
Fund management fee	1.05	0.85	0.70	0.03	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.

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.

Aviva Investors Multi-Strategy Target Return Fund (continued)

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 2023 the Fund posted a net return of 3.59% (share class 1). By comparison, the Fund's benchmark (Bank of England Base Rate Plus 5%) returned 9.54%.

Portfolio Review

Risk assets closed the final quarter of 2022 on a positive note, softening what was one of the worst annual performances since 2008. October and November saw strong risk rallies driven by potential signs that inflation may have started to peak. However, some of this was reversed in December. This meant that over the quarter equities generally rallied, US bonds posted modest gains while developed market European bonds continued to sell off. The Fund delivered positive performance in Q4 2022, Market Returns contributed to fund performance over the quarter, with all strategies posting gains. Opportunistic Returns continued to outperform, with the leading contributors being our short European rates and long UK rates, followed by short Japanese rates positions. These were marginally offset by small losses in the volatility opportunities strategy. The Risk-Reducing section finished the quarter in negative territory. Losses were concentrated in the long US dollar positions versus sterling and euro. These were marginally offset by gains in the strong balance sheet equity relative value strategy.

Risk assets started off strong in 2023, with broad equity and credit markets experiencing a strong rally in the first half of the year despite concerns around a banking crisis and the US debt ceiling. However, the rest of the period saw poor performance across most risk assets, as sticky inflation followed by hawkish central bank rhetoric weighed on investor sentiment. The Fund delivered slightly negative returns through 2023 to the end of the review period. While our cash returns added to fund performance, Market Returns detracted, due primarily to our long US equities and long high-yield credit exposures. The Opportunistic section of the portfolio also detracted, mainly through our long resources versus market and long US systematic value strategies. This was slightly offset by positive performance in our duration positions, with the long UK and short US rates exposures contributing the most. The underperformance of the Risk-Reducing section of the portfolio was driven largely by the long Korean rates position.

*Fund performance figures – source Morningstar, net of fees, net income reinvested

Outlook

Looking across the broad range of recession indicators, there are still not yet signs of impending recession, at least in the US. But uncertainty has increased. While the balance of risks is tilted to moderate risk exposure within equities and credit, things can change rather quickly and we continue to focus on dynamic position management to manage the overall level of risk in the portfolio.

We maintain preference for value versus growth in US and Europe, as well as the resources sector. Within duration, we are currently slightly short duration at portfolio level but this is driven largely by our idiosyncratic-driven short position in Japanese rates. The rest of the duration positioning is through long duration positions in UK and South Korean rates, as well as relative value in long UK versus US rates.

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.

5.12

Aviva Investors Strategic Bond Fund

Aviva Investors Strategic Bond Fund

Overall assessment

Summary Ratings

	Share Class 1	Share Class 2	Share Class 5	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 1	Share Class 2	Share Class 5	Share Class 8	Benchmark^
1 Year	5.91	6.18	6.24	6.78	4.84
3 Years	-2.54	-2.31	-2.26	-1.93	-3.10
5 Years	0.40	0.65	0.70	1.01	0.48
7 Years	0.46	0.77	–	1.11	0.60

^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)

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.

Authorised Fund Manager costs

Authorised Fund Manager Costs				
	Share Class 1	**Share Class 2**	**Share Class 5**	**Share Class 8**
Fund management fee	0.88	0.63	0.58	0.03

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 Strategic Bond Fund (continued)

Fund Managers Report

Performance

The Fund posted a return of 5.91%* (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 4.84%.

Portfolio Review

The Fund posted a positive return against a mixed backdrop for fixed income investments. Despite volatile performance by the underlying government bond market, corporate bonds were supported by mostly resilient company earnings and better-than-expected rates of economic growth in the developed markets. The most notable episode of market turbulence occurred in March when two regional banks in the US collapsed, raising fears of deep-rooted weakness in the financial system. Yields dipped sharply (pushing bond prices up) as investors anticipated that central banks would need to step in to prevent contagion. However, the turbulence proved to be short-lived.

Going into 2023, markets expected a material economic downturn given the aggressive interest rate hikes of central banks in 2022. However, a strong labour market and a resilient global economy saw fears of recession pushed out into 2024. Consequently, we have had a moderately constructive position on risk in the Fund, which we adjusted tactically as market sentiment changed over the year.

For example, we reduced bank exposure into the March bank collapses, preferring longer-dated, higher-quality issues. Having increased risk once more through the early stages of the summer, we became more defensive in late July as increased concerns about higher-for-longer interest rates weighed on the market.

*Fund performance figures – source Morningstar, net of fees, net income reinvested.

Our risk position was tempered by our view that growth would eventually weaken. As such, we tended to focus more on defensive areas of the market such as telecommunications and technology. We also ensured the Fund was not too sensitive to changes in interest rates.

Among the credits to add value over the period were Italian lottery operator Lottomatica, which confirmed its intention to roll out an initial public offering. This led to speculation that the money raised could be used to pay down debt.

Outlook

Overall, with inflation expectations ticking up, investors demanding higher yields to compensate for greater risk and the government increasing the supply of gilts, we are wary that bond yields could climb sharply, thereby pushing their prices down. Bond investors also face various negative factors as we approach the end of 2023, which together could dampen market sentiment. These include a weaker consumer, a slowing service sector, rising oil prices, a faltering Chinese economy and a potential government shutdown in the US.

We are maintaining a moderate exposure to risk, although we are mindful that UK company earnings are starting to feel the lagged effect of high interest rates. We continue to employ a healthy rotation of bonds into better relative opportunities as they appear.

Over the medium term, the macroeconomic backdrop remains challenging as the impact of tighter monetary policy is finally reflected in rates of growth. Although we do not envisage any meaningful economic contraction, we will look to gradually reduce risk and shift exposure into more defensive sectors.

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 8	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 8	Share Class A	Benchmark^
1 Year	13.43	13.65	13.85	13.76	13.90
3 Years	10.33	10.57	10.63	10.67	10.75
5 Years	4.59	4.82	4.86	4.93	4.93
7 Years	4.44	4.71	4.74	4.83	4.87

^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 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.

Authorised Fund Manager costs

Authorised Fund Manager Costs

	Share Class 1	Share Class 2	Share Class 8	Share Class A
Fund management fee	0.41	0.20	0.01	0.13

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.

Aviva Investors UK Index Tracking Fund (continued)

Fund Managers Report

Performance

The Fund returned 13.43%* in the twelve months in review (share class 1, income units). The Fund's benchmark, the FTSE All Share Index[1], returned 13.90%.

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

Portfolio Review

UK shares made attractive gains over review period as it rebounded from the disappointing returns seen for much of 2022. While the performance of the UK economy was better than many forecasts, investors remained concerned by the extremely high level of inflation and the tough monetary policy measures that the Bank of England (BoE) needed to deploy to tackle it. The BoE hiked interest rates from 2.25% at the start of the period to 5.25% in September, when it placed policy on hold for the first time since November 2021. This pause was less in response to a successful battle against inflation and more in reaction to data suggesting that the economy was edging once more towards recession.

Within the market, the dominance of the oil majors BP and Shell offered a firm underpinning to the market as, despite some dips along the way, the price of oil remained high. There were also buoyant returns from industrials, technology and consumer discretionary companies. The main areas of weakness were consumer staples companies, amid the cost of living squeeze, and property companies, which came under pressure as house prices dipped on the onset of rising mortgage rates.

The recovery in risk appetite allowed the previously weak smaller companies sector to catch up, although it continued to lag slightly the 'blue chips' of the FTSE 100 Index. These continued to benefit from having a greater proportion of their revenues originating from more strongly performing global economies such as the US.

*Fund performance figures – source Morningstar, net of fees, net income reinvested.

Outlook

The UK economy has continued to show signs of resilience, most notably an improving inflation outlook together with better-than-expected GDP growth and gradually recovering consumer confidence. While the fight against inflation is not yet finished, August's inflation data was promising. Inflationary forces are waning, and a steady decline in headline inflation can be expected from here. Consequently, we are more optimistic that interest rates are close to peak levels.

However, we are not complacent. A recession – later this year or in 2024 – remains a very real risk, even though we would expect it to be relatively shallow and short-lived. The current surge in bond yields is ominous; it could push some large, indebted corporations to the edge and risks a widespread sell-off in the market, although this is not our main scenario.

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 4	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

Further to our communication to investors dated 5 October 2023, the Fund has two named portfolio managers to ensure that continuity is maintained should one of the managers be away from the office. In this instance due to unforeseen circumstances, both portfolio managers have been absent during the latter half of 2023.

Therefore on an interim basis, the Aviva Investors Head of UK Equities took over management of the Fund in September 2023, and a thorough handover of management was undertaken at the time, with the investment approach and process remaining unchanged. In addition, the investment management team have further strengthened their capabilities with an additional portfolio manager joining the team in February 2024.

The Board have been monitoring the situation closely and are satisfied that there is sufficient expertise within the wider team to ensure that the fund is managed to the service levels that are expected.

We have considered all other aspects of 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.

Aviva Investors UK Listed Equity Income Fund (continued)

Performance

Performance: Annualised net return (%)

	Share Class 1	Share Class 2	Share Class 4	Share Class 8	Benchmark^
1 Year	14.13	14.34	14.79	15.21	13.90
3 Years	6.97	7.17	7.62	7.79	10.75
5 Years	3.19	3.39	–	3.95	4.93
7 Years	3.25	3.59	–	4.14	4.87
Since Launch	–	–	2.47	–	–

^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

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.

Authorised Fund Manager costs

Authorised Fund Manager Costs

	Share Class 1	Share Class 2	Share Class 4	Share Class 8
Fund management fee	1.00	0.81	0.45	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.

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.

Aviva Investors UK Listed Equity Income Fund (continued)

Fund Managers Report

Performance

The Fund posted a net return of 14.13%* (share class 1) in the twelve months in review. The Fund's benchmark, the FTSE All-Share Index[1], returned 13.90%.

Portfolio Review

It was a positive period under review for UK shares as the market benefited from rising appetite for riskier assets as hopes grew that the central banks were about to pause in their aggressive cycle of hiking interest rates. Investors also found comfort in the greater-than-expected resilience of the UK economy.

At the stock selection level, business-turnaround specialist Melrose Industries was among the top performers for the Fund as it rebounded from a lacklustre spell of performance as the market saw value in the defence exposure of its aerospace division.

The investment approach in the Fund is to step back from short-term market noise and potentially exploit it by investing in cash-generative companies, with a focus on long-term returns. We did this to an extent by adding to Intermediate Capital in the wake of March's mini-financial crisis resulting from troubles at US regional banks and Credit Suisse. The move proved effective as the asset manager regained momentum to be one of the fund's top-performers over the period. Elsewhere, value was added by software maker Sage Group.

Among the main disappointments over the period was St James's Place. The wealth management company's share price was hit by concerns that an overhaul of its charging structure would lead to a drop in profits. Shares in insurer Phoenix Group were buffeted in the wake of the financial sector crisis during March.

At the sector level, the favouring of industrial companies made the strongest contribution to performance. This more than offset the drag of having no exposure to the buoyant energy sector.

*Fund performance figures – source Morningstar, net of fees, net income reinvested.

Outlook

The UK economy has continued to show signs of resilience, most notably an improving inflation outlook together with better-than-expected GDP growth and gradually recovering consumer confidence. While the fight against inflation is not yet finished, August's inflation data was promising. Inflationary forces are waning, and a steady decline in headline inflation can be expected from here. Consequently, we are more optimistic that interest rates are close to peak levels.

However, we are not complacent. A recession – later this year or in 2024 – remains a very real risk, even though we would expect it to be relatively shallow and short-lived. The current surge in bond yields is ominous; it could push some large, indebted corporations to the edge and risks a widespread sell-off in the market, although this is not our main scenario.

In these volatile and challenging times, we believe it is particularly important to maintain a resilient and well-diversified portfolio. The fund's equity exposure is more mid-cap than its peers and offers the opportunity for income, income growth and capital growth across the whole spectrum of market capitalisation.

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 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 1	Share Class 2	Share Class 8	Benchmark^
1 Year	12.44	12.64	13.51	13.90
3 Years	13.18	13.38	14.05	10.75
5 Years	5.89	6.08	6.67	4.93
7 Years	5.59	5.78	6.35	4.87

^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)

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.

Authorised Fund Manager costs

Authorised Fund Manager Costs			
	Share Class 1	Share Class 2	Share Class 8
Fund management fee	1.00	0.82	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.

Aviva Investors UK Listed Equity Unconstrained Fund (continued)

Fund Managers Report

Performance

The Fund posted a net return of 12.44%* (share class 1) in the twelve months in review. The Fund's benchmark, the FTSE All-Share Index[1], returned 13.90%.

Portfolio Review

It was a positive period under review for UK shares as the market benefited from rising appetite for riskier assets as hopes grew that the central banks were about to pause in their aggressive cycle of hiking interest rates. Investors also found comfort in the greater-than-expected resilience of the UK economy.

At the stock selection level, business-turnaround specialist Melrose Industries was among the top performers for the Fund as it rebounded from a lacklustre spell of performance as the market saw value in the defence exposure of its aerospace division.

Another positive contribution was made by alternative asset manager Intermediate Capital. The company was boosted by an increase of funds under management on the back of the successful launch of new products. Elsewhere, value was added by software maker Sage Group and Associated British Foods.

Among the main disappointments over the period was NCC Group. Sentiment towards the cyber security firm plunged in the wake of a profit warning brought about by a more difficult trading environment. Wealth management company St James's Place's share price was hit by concerns that an overhaul of its charging structure would lead to a drop in profits. Having no exposure to rallying financial giant HSBC was also unhelpful to performance.

At the sector level, the favouring of industrial companies made the strongest contribution to performance. This more than offset the drag of having no exposure to the buoyant energy sector.

*Fund performance figures – source Morningstar, net of fees, net income reinvested.

During the period we started a new position in outsourcing company Serco Group based on positive results, an attractive valuation and the prospect of a business turnaround and greater stability from government-funded projects. We also added to insurer Beazley and sold the remaining small position in asset manager Schroders.

Outlook

The UK economy has continued to show signs of resilience, most notably an improving inflation outlook together with better-than-forecast GDP growth and rising real wages. While the fight against inflation is not yet finished, July's inflation data was promising. Inflationary forces are waning, and a steady decline in headline inflation can be expected from here. Consequently, we are more optimistic that interest rates are close to peak levels. Additionally, the valuation of the market remains attractive relative to its history and overseas markets.

However, we are not complacent. A recession – later this year or in 2024 – remains a very real risk, even though we would expect it to be relatively shallow and short-lived. The current surge in bond yields is ominous and could push some large, indebted corporations to the edge and, at worst, potentially trigger a large-scale, risk-asset sell off. While this is not our main scenario, we recognise these are currently very uncertain times. Geopolitical risks are also evident, most obviously regarding the war in Ukraine.

We aim to manage the Fund in an unconstrained way and avoid being restricted by the make-up of the benchmark index. This means we can build significant overweight positions in our best ideas, across all sectors. We look through the short-term market noise and invest based on long-term company fundamentals, with a focus on cash generation.

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.

5.16

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 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 1	Share Class 2	Share Class 8	Benchmark^
1 Year	8.79	8.98	9.82	8.48
3 Years	-0.13	0.04	0.63	2.47
5 Years	1.16	1.33	1.89	0.22
7 Years	2.98	3.16	3.71	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)

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.

Authorised Fund Manager costs

Authorised Fund Manager Costs			
	Share Class 1	Share Class 2	Share Class 8
Fund management fee	1.00	0.83	0.03

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 8.79%* (share class 1) in the twelve months in review. The Fund's benchmark, the FTSE 250 ex Investment Trust Index[1], returned 8.48%.

Portfolio Review

UK smaller and medium-sized company shares recovered some of the sharp losses sustained during much of 2022. However, their domestic focus at a time when the UK economy was facing some forceful headwinds meant they underperformed the more internationally focused FTSE 100 Index.

The Fund's relative performance was hurt by some disappointing stock selections over the period. The biggest detractor was NCC Group. Sentiment towards the cyber security firm plunged in the wake of a profit warning brought about by a more difficult trading environment. There were also weak returns from Vitec Group. The digital streaming solutions provider's shares dropped sharply in mid-September as the company reported a significant fall in earnings, which appeared to be partly driven by a strike among technicians and screenwriters in the US film industry. Elsewhere, residential property rental firm Watkin Jones was hit by a profit warning, while polling company YouGov also struggled.

The main contributors over the period included Hill & Smith. The infrastructure construction company reported a steep rise in revenues, driven largely by good performance from its US-based business. It also announced an increased dividend. Value was also added by Keir Group. The construction company benefited from an improvement in earnings and margins after a difficult few years. This was the result of large-scale restructuring and debt reduction, as well as some significant contract wins.

At the sector level, the underweighting of real estate served the Fund well in what was a difficult period for the UK property market.

*Fund performance figures – source Morningstar, net of fees, net income reinvested.

We added to healthcare and consumer staple stocks during the period, highlighting the Fund's defensive tilt. A new position in biotechnology company Genus was started, and an addition to our existing position in specialty chemical and personal care firm Elementis was made after its sale of Chromium reduced the economic sensitivity of its earnings.

Outlook

The UK economy has continued to show signs of resilience, most notably an improving inflation outlook together with better-than-expected GDP growth and gradually recovering consumer confidence. While the fight against inflation is not yet finished, July's inflation data was promising. Consequently, we are more optimistic that interest rates are close to peak levels. Additionally, the valuation of the market remains attractive relative to its history and overseas markets.

However, we are not complacent. A recession – later this year or in 2024 – remains a very real risk, even though we would expect it to be relatively shallow and short-lived. The current surge in bond yields is ominous and could push some large, indebted corporations to the edge and, at worst, potentially trigger a widespread, risk-asset sell off. While this is not our main scenario, we recognise these are currently very uncertain times. Geopolitical risks are also evident, most obviously regarding the war in Ukraine.

Faced with ongoing market uncertainty, we believe our tendency to seek more stock-specific and defensive ideas is beneficial. We remain focused on finding fundamental market mispricings, with an emphasis on companies that are well placed to continue to deliver in a high-inflation, low-growth environment. Overall, small and mid-cap equities offer investors the potential for compelling capital growth, with plentiful opportunities at the stock level.

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.

5.17

Aviva Investors UK Smaller Companies Fund

Aviva Investors UK Smaller Companies Fund

Overall assessment

Summary Ratings

	Share Class 1	Share Class 2	Share Class 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 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 how value can be delivered for investors going forwards.

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	-11.02	-10.89	-10.15	11.21
3 Years	-1.47	-1.32	-0.69	10.77
5 Years	1.12	1.27	1.89	3.48
7 Years	3.49	3.73	4.34	4.47

^FTSE Small Cap ex Investment Trust TR 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 UK Smaller Companies Fund (continued)

The Fund aims to grow your investment and provide an average annual net return greater than the FTSE® Small Cap ex Investment Trusts Index over a rolling 5 year period by investing in shares of small UK companies.

Historically the Fund has performed well and delivered value to investors, however over the last year the Fund has not met this objective. This is in part due to the fragile UK economy which has experienced high inflation and rapidly increasing interest rates, neither of which are supportive of smaller companies growth prospects, as they are less resilient in times of economic stress. That being said, the Fund has underperformed the index by c.22% over the last year, spread across various stocks and sectors including technology and industrials.

The Board has therefore deemed that value has not been delivered to investors relative to the stated objective so has concluded that a strategic review should be undertaken to determine how value can be delivered for investors going forwards. The review has already commenced, and we will write to investors with our proposals within 3 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.

Authorised Fund Manager costs

Authorised Fund Manager Costs			
	Share Class 1	Share Class 2	Share Class 8
Fund management fee	1.04	0.89	0.04

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 -11.02%* (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 11.21%.

Portfolio Review

UK smaller company shares made gains over the period but continued to underperform the blue chips of the FTSE 100 Index given their greater exposure to a more fragile domestic economy.

The Fund performed disappointingly relative to its benchmark, with stock selection being the primary drag. Among the main sources of weakness were two of the Fund's largest holdings, Vitec and Eagle Eye Solutions. Digital streaming solutions provider Vitec's shares dropped sharply in mid-September as the company reported a significant fall in earnings, which appeared to be partly driven by a strike among technicians and screenwriters in the US film industry. Software-as-a-service company Eagle Eye Solutions, despite posting strong results over the period and hitting its targets, sold off sharply towards the end of the period with no obvious catalyst for the weakness. Other holdings that fell short of expectations in the period included VR Education and Strix Group.

The top-performers for the Fund were life sciences group Instem, which was acquired by a private equity firm, and petroleum exploration and production company EnQuest, which benefited from the strength of the oil price.

Regarding activity in the Fund, a new holding was initiated in Ashtead Technology, an equipment rental company for the sub-sea sector globally. It supports not only the oil industry but also the offshore wind farm sector and has enjoyed record levels of orders. We took a position in Sosandar, the online apparel company, as management confirmed that the company would turn profitable and start expanding internationally this year. We switched The Gym Group into Hollywood Bowl Group ahead of well-received results, in which the company delivered very strong trading and reiterated its significant long-term growth opportunities. We added new positions in software and consulting company FD Technologies and in engineering services firm Senior. We also participated in an equity raising by Engage XR.

*Fund performance figures – source Morningstar, net of fees, net income reinvested.

Outlook

The UK economy has continued to show signs of resilience, with an improving inflation outlook twinned with better-than-expected GDP growth and gradually recovering consumer confidence. While the fight against inflation is not yet finished, July's inflation data was promising. Inflationary forces are waning, and a steady decline in headline inflation can be expected from here. Consequently, we are more optimistic that interest rates are close to peak levels. Additionally, the valuation of the market remains attractive relative to its history and overseas markets.

However, we are not complacent. A recession – later this year or in 2024 – remains a very real risk, even though we would expect it to be relatively shallow and short-lived. The current surge in bond yields is ominous and could push some large, indebted corporations to the edge and, at worst, potentially trigger a largescale, risk-asset sell off. While this is not our main scenario, we recognise these are currently very uncertain times. Geopolitical risks are also evident, most obviously regarding the war in Ukraine.

Overall, however, smaller company equities offer investors the potential for compelling capital growth, with opportunities at the stock level plentiful.

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.

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