2024 **VALUE ASSESSMENT REPORT**

Aviva Investors Manager of Manager Funds ICVC (ICVC2)

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

November 2024

AVIVA INVESTORS

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 4.

Contents

1

Statement from the Chair

Dear Investor,

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 31 July 2024.

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 and appropriate 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 the Fund has performed over the last 12 months, where we have seen opportunities to improve investor outcomes, or where it has been necessary to make changes, from both a performance perspective and your individual experience of dealing with Aviva Investors. This includes reducing the minimum investment criteria for all funds allowing some investors to access cheaper share classes. This has led to us proactively contacting impacted investors to begin the switch to the cheaper share classes.

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 8:30am and 5:30pm Monday to Friday, or alternatively write to us at enquiries.uk@avivainvestors.com

If you would like to understand more about how the Value Assessment is carried out and the factors we consider, I would encourage you to read our Value Assessment Approach which explains how we have reached our conclusions and can be found on page 9 of this report. On behalf of the Board we would like to thank you for entrusting Aviva Investors with your investment and taking the time to consider the findings of 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"

2

Meet the board

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

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.

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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.

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Kate McClellan

Chief Operating Officer

Main responsibilities

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

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Alexa Coates

Independent Non-Executive Director

Main responsibilities

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

READ FULL BIOGRAPHY HERE

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

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.

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3

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 applicable:

- 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

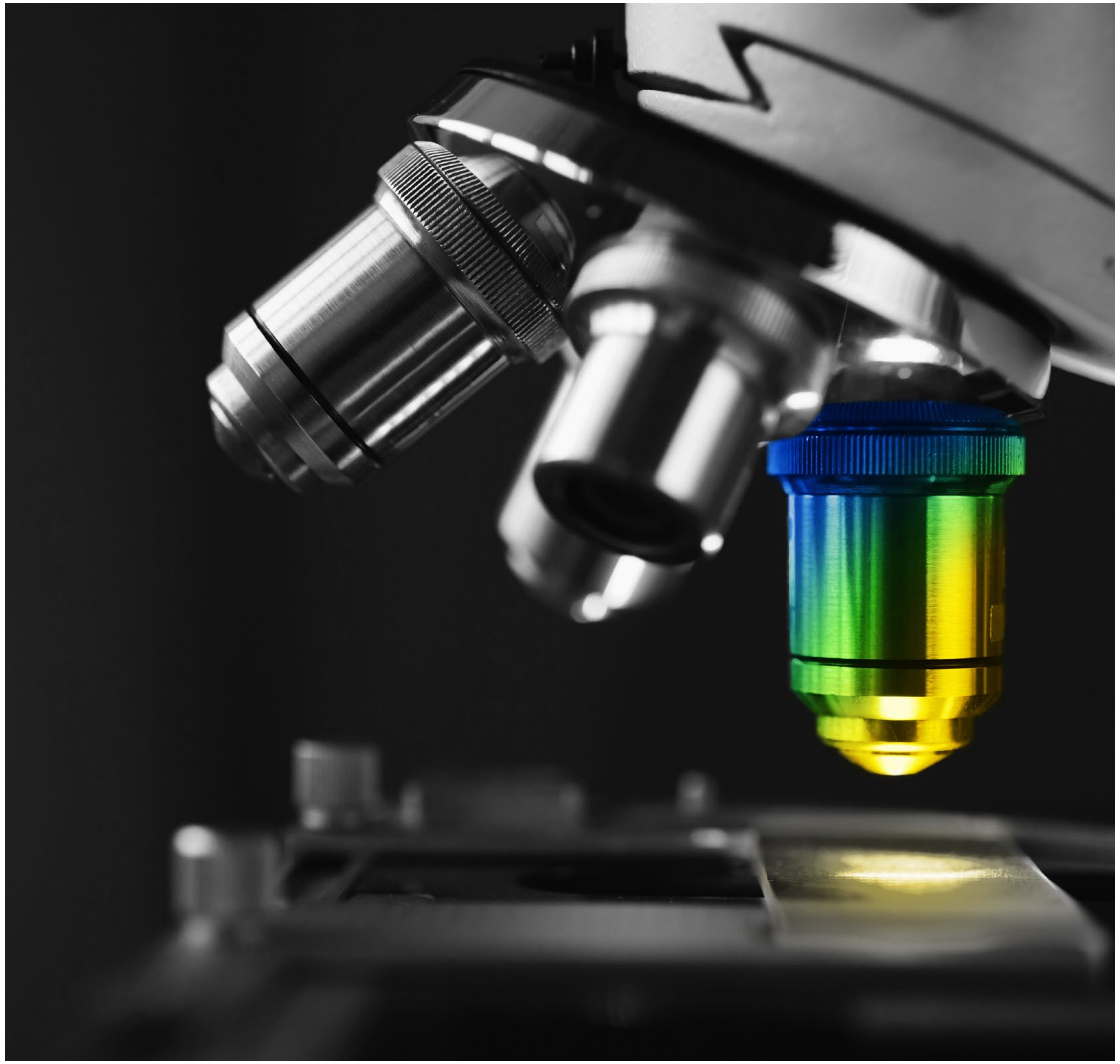
We assess whether investors hold shares in the most appropriate share class, in terms of the service offered, entry criteria and fees applied.

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.

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.



4

Aviva Investors Fund Reports

4.01

Aviva Investors Japan Equity Growth Fund

Aviva Investors Japan Equity Growth Fund

Overall assessment

Summary Ratings	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 8	Benchmark*
1 Year	12.67	16.41
3 Year	5.79	7.73
5 Year	6.31	7.09
7 Year	5.16	6.72

*FTSE Japan TR GBP up to August 2022, TOPIX TR GBP thereafter
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 Japan Equity Growth Fund (continued)

The Fund aims to grow your investment over the long term (5 years or more), targeting returns after charges and taxes that exceed the TOPIX® Total Return Index (GBP) annualised over a rolling 3-year period, by investing in shares of Japanese companies.

In the Value Assessment report published in November 2023 the Board noted that a new Portfolio Manager (Tokio Marine Asset Management), had been appointed in August 2022 and they favour a 'Growth at a Reasonable Price (GARP)' strategy.

For the year ending July 2024, the Fund achieved a positive return of 12.7%* (in GBP terms, net of fees and taxes), while the TOPIX® TR Index returned 16.4% over the same period, placing the Fund 3.7% below the index.

Over the past year, the Japanese economy has experienced its most robust growth since the 1990s. This growth has been driven by a combination of monetary, fiscal, and trade policies aimed at enhancing productivity. However, the widening gap between US and Japanese interest rates has weakened the Yen. These factors have disadvantaged growth stocks, leading investors to favour value stocks.

This trend is reflected in the TOPIX TR Index, a broad benchmark that provides returns for a wide range of stocks. The Portfolio Manager maintains its strategy to focus on growth stocks that provide consistent earnings and are not overvalued, and when measuring the Fund against a growth-orientated benchmark, it delivers a positive relative return.

The Board continues to support the strategy adopted by the Portfolio Manager, considering the GARP approach as one that investors will benefit from over the long term.

We will continue to monitor the Fund's performance through our ongoing governance processes to ensure it delivers value to investors over the longer term.

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

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

Authorised Fund Manager costs

Authorised Fund Manager Costs	
	Share Class 8
Fund management fee	0.06

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 Japan Equity Growth 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 Japan Equity Growth Fund (continued)

Fund Managers Report

Performance

Economic backdrop: Higher commodity prices and yen depreciation led to goods inflation that depressed real consumer spending, but domestic capex subsidies and inflation-relief measures kept nominal consumer spending and capital investment firm. CPI inflation remained above +2% YoY, and Japan's monetary policy continued to normalise with the BoJ raising its policy rate to 0.25% in July 2024.

Equity Markets: Domestic equities continued to climb as the widening gap between US and Japanese interest rates weakened the yen, while Japanese firms reported solid earnings and revamped shareholder returns policies.

Sector-wise, the market saw outperformance in financials, mainly non-life insurers, buoyed by expectations for the sale of crossholdings; banks, in anticipation of a BoJ rate hike; and industrial electronics, on prospects for stronger generative AI-related demand. Consumer goods underperformed, on concerns about sluggish cosmetics demand, while consumer electronics and transportation also underperformed.

Portfolio Review

Performance analysis: From August 2023 to end-July 2024, the fund has returned +12.7% in GBP (+19.0% in JPY), underperforming the benchmark (+16.4% in GBP, +23.1% in JPY) by 3.7% in GBP (by 4.1% in JPY).

Factor analysis: Over the same timeframe, both sector allocation and stock selection contributed negatively, by *−0.58% and *−3.31%, respectively. Sector-wise, the fund was burdened by underexposure to financials such as non-life insurers on expectations for unwinding of crossholdings, and by overexposure to pharmaceuticals/healthcare and entertainment. Stock selection contributed negatively, reflecting the market's persistent value-bias amid the TSE's drive to remedy sub-1x P/B ratios and speculation over BoJ policy normalisation (Russell Nomura Growth Index *+16.41%, Russell Nomura Value Index *+30.52%). Positive stocks picks came from retailing, including an overweight position in Ryohin Keikaku (7453), while negative stock picks came from financials (partly due to non-holding of Tokio Marine Holdings (8766) and overexposure to GMO Payment Gateway (3769)) and from machinery.

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

Portfolio strategy: We maintained a strategy of being overweight in pharmaceuticals/healthcare, and IT/electronics, which both have longer-term sector-specific growth drivers independent of macro conditions. In stock selection, we continued to concentrate our portfolio on companies with idiosyncratic growth drivers, companies leveraging digital transformation to improve productivity, and companies with the management capabilities to adapt to changing scenarios. In addition to implementing this basic stock selection strategy, we adjusted our portfolio based on earnings outlooks and valuation levels.

Sector strategy: Our sector strategy focused on the balance of domestic and overseas demand, given poor visibility amid shifting macro trends; European and US rate hikes could trigger overseas slowdowns, while yen depreciation would support Japanese exporters. We shifted weight into electronics, especially the electronics component sector, where we see laggards with potential, given cyclical factors such as the start of PC and smartphone replacement cycles. We became more underweight, however, in cyclicals such as trading houses, where valuations looked more expensive.

* The performance figure with asterisk is shown in JPY.

Outlook

Japanese equity outlook: Domestic markets took a dive in early August 2024 due to US economic concerns, the BoJ's increasing hawkishness, and the reversal of yen carry trades. While current volatility will likely persist, we expect equity markets to slowly return to upward trajectories, with the global economy keeping out of recession and the BoJ likely adjusting its hawkish stance gradually. We believe that Japanese equities, which had been left undervalued, are now at a turning point, as investors come to recognise improved governance and full-fledged shareholder returns. We therefore forecast the TOPIX at 2,500 at end-September, 2,700 at end-December, 2,800 at end-March 2025, and 2,850 at end-June.

Portfolio strategy: We will maintain our strategy of focusing on pharmaceuticals/healthcare and IT/electronics names, which both show strong longer-term potential from a growth-investing perspective. However, given the prospect of increasingly turbulent global politics and economic trends in the runup to the US presidential election, we will also seek to optimise portfolio management in terms of controlling risk.

Aviva Investors Japan Equity Growth Fund (continued)

Stock selection: We will continue to concentrate our portfolio on names with company-specific factors promising growth, companies leveraging digital transformation to improve productivity, and companies with the management capabilities to adapt to changing scenarios. Our stock picks will be based on careful assessments of earnings and valuations.

Sector strategy: We will continue to seek an optimal balance between domestic- and overseas-facing sectors. We maintain a strategy of being overweight on electronics-related sectors, particularly semiconductors, with an eye on the impact of new technologies such as ChatGPT (generative AI). However, we are considering shifting some weight from semiconductors, where stocks rallied relatively early, to electronic components and other sectors likely to attract equity investors. We retain a neutral weighting for banks, given the impact of the BoJ rate hike, but will be underweight on domestic-facing sectors as sluggish real wages will likely depress consumption while higher interest rates drag on the Japanese economy.

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.

Index disclaimer

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652350, November 2024

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