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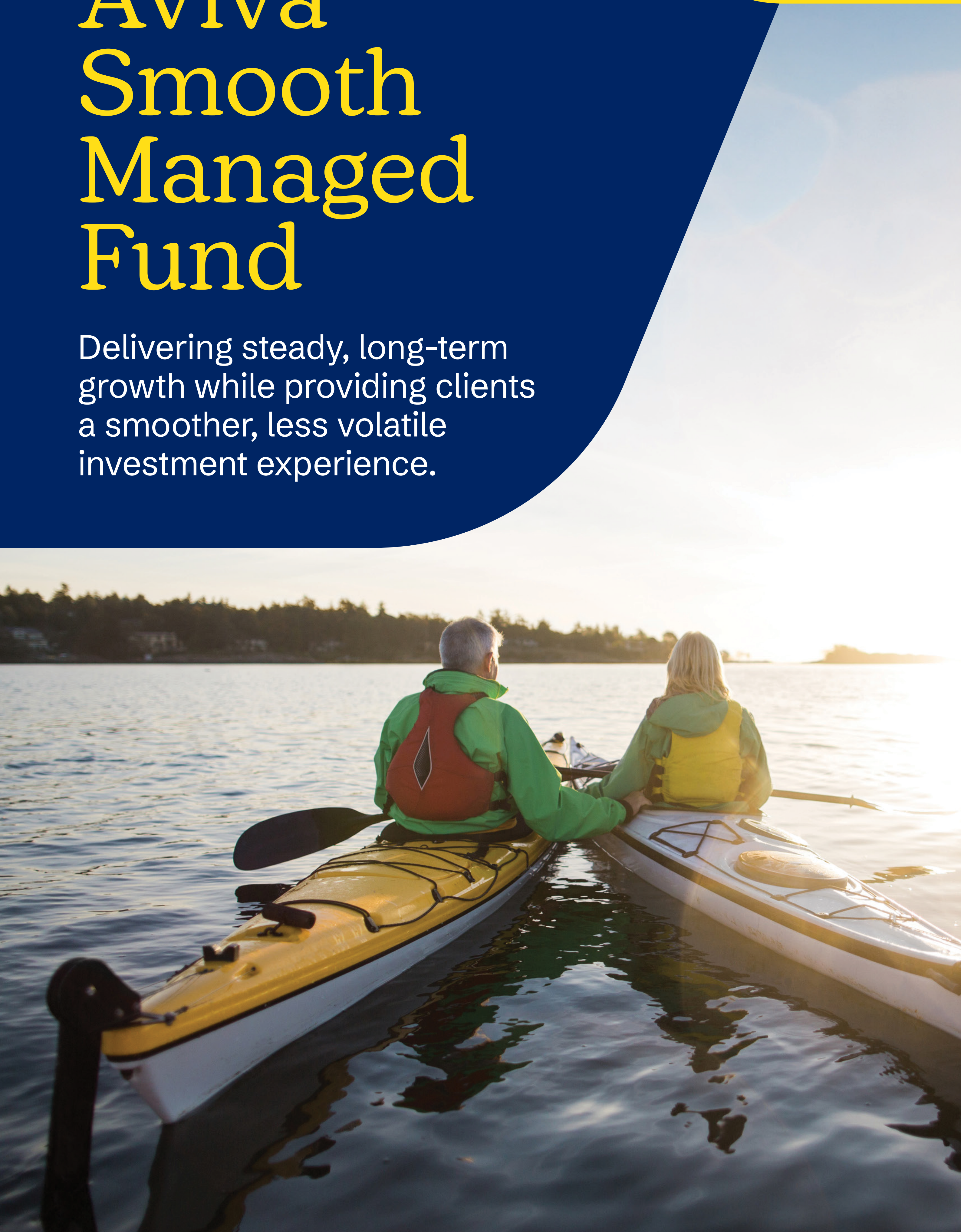
Aviva Smooth Managed Fund

Delivering steady, long-term growth while providing clients a smoother, less volatile investment experience.



This document is designed to aid you with your due diligence and outsourcing requirements by providing information you may find helpful when drafting your suitability letters.

We are not providing advice, and Aviva accepts no responsibility for your reliance on or use of this information.

The Smooth Managed Fund Range:

These funds aim to provide growth over the medium to long term and employ a 'smoothing' process to help reduce the volatility often associated with traditional investments. They are intended for medium—to long-term investment, so your clients should be prepared to invest for at least five years. They are multi-asset funds, allowing them to access various asset classes from different countries worldwide.

Smooth Managed Fund: Medium Risk
Smooth Managed Fund 2: Low to Medium Risk

How does the 'smoothing' process work?

Aviva Life and Pensions applies a smoothing process to the fund(s), designed to cushion your client from the short-term ups and downs they could see if they were investing directly in the stock markets. So, although they won't always benefit from the entire upside of the markets, they'll have protection against some of the downside. The funds use a Smooth Growth Rate to grow their investment daily and, where required, apply Fund Price Adjustments in extreme market conditions.

The Smooth Growth Rate

The funds in the Smooth Managed Fund Range will normally increase daily in line with the Smooth Growth Rate (less fund charges).

If you invest through Aviva's Pension Portfolio or ISA Portfolio:

- The Smooth Growth Rate for the Smooth Managed Fund = Bank of England Base Rate + 5% per year.
- The Smooth Growth Rate for the Smooth Managed Fund 2 = Bank of England Base Rate + 3.75% per year.

If you invest through Aviva's Onshore Bond:

- The Smooth Growth Rate for the Smooth Managed Fund = Bank of England Base Rate + 4% per year.
- The Smooth Growth Rate for the Smooth Managed Fund 2 = Bank of England Base Rate + 3% per year.

Fund Price Adjustments

Every day, Aviva monitors two things:

1. The unit price, which they refer to as the "smoothed price", increases typically each day in line with the Smooth Growth Rate and
2. The "unsmoothed price", which is the value of the underlying fund divided by the total number of units.

A fund price adjustment occurs when the difference between these two prices is more than 6.5%.
In this scenario Aviva will automatically adjust the smoothed price so that the difference is only 1.5%.

How is the Smooth Managed Fund Range managed?

Aviva Investors manage the underlying assets and their approach to multi-asset investing can be broken down into two key features:

1) **Global:** they use a diverse range of asset classes from a global universe, to enhance diversification, free from UK bias.

They divide assets into three simple categories: Growth, Defensive and Uncorrelated.

Growth assets have the potential to drive each portfolio's capital growth and are more volatile. Typically, growth assets will include equities as well as riskier forms of fixed income.

Defensive assets aim to protect the value of your investment and manage risk. These include assets such as cash, investment grade corporate bonds and government bonds.

Alternative assets look to offer more diversification than traditional assets such as equities and fixed income. Typical assets may include absolute return strategies and property.

Aviva Investors believe implementing ideas in a cost-effective manner is key. This is why they will use a combination of passive strategies (lower cost strategies where managers are trying to the follow the market) and active strategies (higher cost strategies where managers are aiming to outperform the market).

2) **Dynamic tactical asset allocation:** these funds are pro-actively managed as market evolve.

To add value and reduce risk, Aviva Investors proactively manage the asset allocation of the funds, which is referred to as 'tactical asset allocation'. Examples of this would include increasing allocations when compelling opportunities arise or derisking the portfolio in times of market volatility or uncertainty.

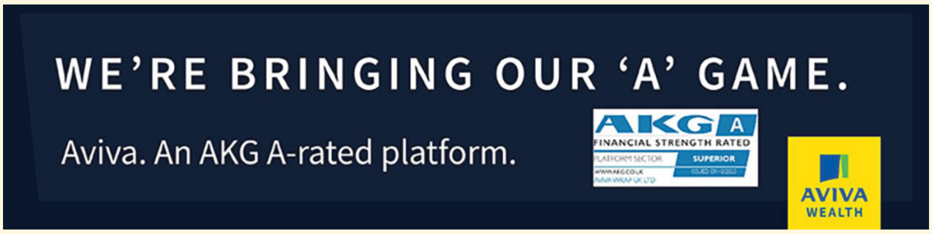
As part of a prudent approach to risk management, Aviva Investors regularly rebalance the portfolio. At the centre of Aviva Investors' investment view is their Asset Allocation Committee. This forum brings together the multi-asset fund managers, key representatives of the investment strategy team and fund managers from across the wider Aviva Investors investment teams. This helps them to harness the best ideas from across the business.

Aviva Investors use best-in-class risk management tools to assess the impact of potential economic events and stress-test the portfolios against a wide range of historical and hypothetical scenarios. The risk framework ensures that the portfolios are robust and without undue risk.

Why invest with Aviva and Aviva Investors?

It takes Aviva

AVIVA	**325+ years** of Aviva heritage	**Financially Strong** Rated AA- by Standard & Poors	**20.5 million** people in the UK, Ireland and Canada choose Aviva
AVIVA INVESTORS	**Over 50 years** experience in managing multi-asset funds	**£239 billion** assets under management, across a range of asset classes. As at end of March 2025.	A team of over **1000** people in 9 countries around the world



AKG ratings are the most prevalent means of assessing financial strength. These ratings are reviewed on an annual basis.

Who are Aviva Investors?

Aviva Investors is a global asset manager whose roots can be traced back to 1971. One of their key strengths is that they have broad and deep expertise across all major asset classes, as well as in portfolio construction, risk management and asset allocation. This combines their insurance heritage, investment capabilities and sustainability expertise to deliver wealth and retirement outcomes that matter most to investors.

Customer suitability

With the Smooth Managed Fund Range, customers need to be prepared to leave their money invested over the medium - to long term (normally five years plus).

Who may the Smooth Managed Fund be suitable for?

The fund invests in a broad range of global assets which can change over time as the managers aim to keep the investment risk in line with a moderately cautious risk profile.

- Clients who are prepared to take a medium degree of risk with their investment in return for the prospect of improving longer-term performance
- Clients who are comfortable that their investment may rise and fall in value over time, and they may get back less than they invested
- Clients who prefer to spread risk by investing in a wide range of assets and see their money typically be invested more in shares and/or property than fixed-interest assets
- Clients who accept that having a broad spread of assets may limit the potential returns but should help to minimise the fluctuations
- Clients who would be prepared to stay invested in the fund for at least 5 years.

Who may the Smooth Managed Fund 2 be suitable for?

Aviva Smooth Managed Fund 2 - The fund invests in a broad range of global assets which can change over time as the managers aim to keep the investment risk in line with a cautious risk profile.

- Clients who are prepared to take a low to moderate amount of risk with their investment in return for the prospect of improving longer-term performance.
- Clients who are comfortable that their investment may rise and fall in value over time and they may get back less than they invested
- Clients who prefer to spread risk by investing in a wide range of assets and see their money typically be invested more in shares and/or property than fixed-interest assets
- Clients who accept that having a broad spread of assets may limit the potential returns but should help to minimise the fluctuations
- Clients who would be prepared to stay invested in the fund for at least 5 years.

Governance

The Manager Research Team monitors all the underlying fund managers. They provide oversight and challenge from the independent risk team, through regular formal meetings as well as daily engagement, to ensure that the portfolio's risk profile is consistent with the fund's stated objectives and process, as well as the House View.

Aviva Life and Pensions has oversight of the performance of internal funds managed by Aviva Investors, including the Smooth Managed Fund Range, through the Aviva Customer Investments Forum, which is chaired by Aviva's Chief Investment Officer. This group meets on a quarterly basis to carry out the following duties/disciplines:

Investment strategy

Aviva review investment policy and strategy, taking into account customer expectations and financial, risk and reporting implications as well as market outlook.

Aviva monitor and review mandates within Investment Management Agreements (IMAs) investment benchmarks and propose changes to the Investment & Credit Committee (ICC).

Investment performance

- Aviva review and evaluate investment performance. Each quarter a high-level overview of all Life and Pension funds is reported.
- Aviva review changes to the investment process, aimed at ensuring the attainment of the performance objectives. Review voting and engagement activity over the quarter.

Important Information

- The fund is not guaranteed to grow in line with the Smooth Growth Rate and may return more or less than this over any period.
- The value may go down as well as up, and customers may get back less than they invested.
- Fund price adjustments can be applied at any time to bring the value of the assets closer. You should understand that a negative or positive adjustment of 5% (+ or -) or more could be applied to the investment soon after investing or before taking money out of either fund.
- If you invest through Aviva's Pension Portfolio or ISA Portfolio, the Smooth Growth Rate for Smooth Managed Fund will never be less than 5% or more than 10%.
- If you invest through Aviva's Onshore bond, the Smooth Growth Rate for Smooth Managed Fund will never be less than 4% or more than 9%.
- If you invest through Aviva's Pension Portfolio or ISA Portfolio, the Smooth Growth Rate for Smooth Managed Fund 2 will never be less than 3.75% or more than 8.75%.
- If you invest through Aviva's Onshore bond, the Smooth Growth Rate for Smooth Managed Fund 2 will never be less than 3% or more than 8%.
- The return you get from the Smooth Managed Fund Range may be more or less than these limits as Fund Price Adjustments could also affect your return.
- There is a cost to smoothing, which is factored into the total cost of the fund, i.e. 0.65% for the Pension and ISA fund and 0.58% for the Bond fund.
- A smoothed price reset differs from a Fund Price Adjustment and would only happen in extreme circumstances. This will likely be when a large volume of money enters or leaves the fund. When this happens, to protect customers invested in the fund, the Smoothed price will be immediately reset so that it is equal to the unsmoothed price. After this, the Smoothed price will continue to move in line with the Smooth Growth Rate.
- Switches in and out of any funds in the Smooth Managed Fund Range are limited to one in each calendar quarter (a calendar quarter means 1 January – 31 March, 1 April – 30 June, 1 July – 30 September, 1 October – 31 December inclusive).

Appendix

Absolute Return

Funds with an absolute return strategy aim to achieve a positive return however the market fares.

Diversification

In the simplest terms, diversification is a very straightforward idea – you don't want to put all your eggs in one basket.

Spreading (or 'diversifying') your savings across different types of investment (such as different asset classes, regions and sectors) allows you to benefit from many more opportunities, while also limiting the impact if any one holding underperforms.

Volatility

Volatility is a way of identifying how risky an asset might be. Broadly, assets that show large movements in value (high volatility) are riskier than those that don't change much (low volatility). That's because their value can increase or decrease significantly – which means it's possible to lose more, but it's also possible to gain more than less volatile investments. Because high volatility is associated with the potential for higher returns, there is always a trade-off between risk and potential reward, which is why understanding your appetite and capacity for risk is so important.

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