

# AVIVA INVESTORS PORTFOLIO FUNDS ICVC

## Annual Report and Financial Statements

For the year ended 28 February 2019



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\* These items (as well as each sub-fund's Investment Objective, Investment Policy, Fund Manager's Report, Portfolio Statement and Material Portfolio Changes) comprise the Authorised Corporate Director's Report for the purposes of the rules contained in the Collective Investment Schemes Sourcebook ("the Regulations").

## COMPANY INFORMATION

### AUTHORISED CORPORATE DIRECTOR

Aviva Investors UK Fund Services Limited  
St Helen's  
1 Undershaft  
London, EC3P 3DQ

Aviva Investors UK Fund Services Limited (the ACD) is a wholly owned subsidiary of Aviva Investors Holdings Limited, a company incorporated in the United Kingdom and within the Aviva group of companies. The ACD is a member of the Investment Association and is authorised and regulated by the Financial Conduct Authority.

### DIRECTORS

I K Buckle  
M Craston  
D Clayton  
S Ebenston  
J Leadsom  
D Skinner  
G Miller

### REGISTRAR AND ADMINISTRATOR

DST Financial Services Europe Ltd.  
DST House  
St Nicholas Lane  
Basildon  
Essex, SS15 5FS

### FUND ACCOUNTING AND PRICING AGENT

J.P. Morgan Chase Bank, National Association (London Branch)  
25 Bank Street  
Canary Wharf  
London, E14 5JP

### INVESTMENT MANAGER

Aviva Investors Global Services Limited  
St Helen's  
1 Undershaft  
London, EC3P 3DQ

Aviva Investors Global Services Limited is a member of the Investment Association and is authorised and regulated by the Financial Conduct Authority. The ultimate parent company of Aviva Investors Global Services Limited is Aviva Plc.

### DEPOSITARY

J.P. Morgan Europe Limited  
25 Bank Street  
Canary Wharf  
London, E14 5JP

J.P. Morgan Europe Limited is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

On 1 December 2018, the Depositary, Citibank Europe plc, UK Branch, was replaced by J.P. Morgan Europe Limited. J.P. Morgan Europe Limited is registered at 25 Bank Street, Canary Wharf, London E14 5JP. J.P. Morgan Europe Limited is authorised and regulated by the Financial Conduct Authority.

### INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP  
Atria One  
144 Morrison St  
Edinburgh, EH3 8EX

PricewaterhouseCoopers LLP have been reappointed as auditors of the Company.

## REPORT OF THE AUTHORISED CORPORATE DIRECTOR

### THE COMPANY

Aviva Investors Portfolio Funds ICVC ("the Company") is an Open-Ended Investment Company (OEIC) with variable capital incorporated in England and Wales on 5 March 2007. The property of the Company is entrusted to J.P. Morgan Europe Limited ("the Depositary"). The shareholders are not liable for any debts of the Company.

The object of the Company is to invest the Scheme Property in transferable securities, money market instruments, cash and near cash, units in collective investment schemes, deposits, derivatives and forward transactions, immovable property and gold in accordance with the COLL Sourcebook (which may include stock lending, borrowing, cash holdings, hedging and using other investment techniques permitted in the COLL Sourcebook) with the aim of spreading investment risk and giving its Shareholders the benefit of the results of the management of that property.

The Company has an umbrella structure which means that it contains many sub-funds ("Funds"), each with a different investment objective. In the financial statements you will find an investment review for each Fund which includes details of the investment objectives. There are currently eight Funds in the Aviva Investors Portfolio Funds ICVC.

### AUTHORISED STATUS

From 5 March 2007 the Company was authorised as an Open-Ended Investment Company under Regulation 12 of the Open-Ended Investment Companies Regulations 2001 ("Regulations").

The Company is authorised to operate as a "Non-UCITS Retail Scheme" for the purposes of the COLL Sourcebook and as an Alternative Investment Fund ("AIF") for the purposes of the FUND Sourcebook. These sourcebooks form part of the regulatory handbook issued by the Financial Conduct Authority ("FCA").

### THE FINANCIAL STATEMENTS

We are pleased to present the annual financial statements of the Company for the year ended 28 February 2019. As required by the Regulations, information for each of the Funds has also been included in these financial statements. On the following pages we review the performance of each of those Funds during the year. We hope that you find our review useful and informative.

### ANNUAL GENERAL MEETINGS

The Company will not be holding any Annual General Meetings.

### SIGNIFICANT INFORMATION

On 11 May 2018, the Prospectus was amended to include wording setting out for investors the circumstances in which unclaimed client money will be paid to charity in accordance with the FCA's rules.

On 4 June 2018, we made a number of changes to our entire fund range, including the Funds of the Company. This resulted in us replacing a variety of separate fees, costs and expenses of operating and administering our funds with a simple single fee called the "Fund Management Fee" or "FMF". In connection with this, we also lowered fees on a large number of our funds and reduced entry charges to zero on all but one of our funds. We also renamed certain share classes of certain funds and closed other share classes and moved any investors into an alternative share class of the same fund. The review of a Fund notes if it was affected by such a share class merger or renaming.

On 1 December 2018, the Depositary, Citibank Europe plc, UK Branch, was replaced by J.P. Morgan Europe Limited. J.P. Morgan Europe Limited is registered at 25 Bank Street, Canary Wharf, London E14 5JP. J.P. Morgan Europe Limited is authorised and regulated by the Financial Conduct Authority.

#### Remuneration

In line with the requirements of the Undertakings for Collective Investment in Transferable Securities Directive V ("UCITS V"), Aviva Investors UK Fund Services Limited ("AIUKFSL") is subject to a remuneration policy which is consistent with the principles outlined in the European Securities and Markets Authority guidelines on sound remuneration policies under the UCITS Directive.

Aviva Investors' remuneration framework is based on a total reward approach and is designed to reflect the success or failure against a range of personal and company performance objectives. There are four components of pay: base salary; annual bonus (including deferred bonus); long term incentive plan; and benefits. Aviva believes in rewarding strong performance and the achievement of our business and individual goals; however, the manner in which these goals are achieved is also an important factor in determining outcomes. Annual bonus awards are discretionary and where bonuses are £75,000 and over, a 3 year deferral with pro-rata vesting in Aviva Investors funds and/or Aviva Group plc shares occurs.

The extent to which each aspect of performance affects the overall payment level depends on the role and responsibilities of the individual. Performance is measured against personal objectives, including Risk and Control objectives, as well as Aviva Investors' and the business unit's performance against agreed targets, a combination of individual, business unit, Aviva Investors and Group performance over an appropriate period.

- The financial considerations include the following comparisons:
  - Actual results vs. prior period results
  - Actual results vs. agreed plans
  - Actual results relative to competitors
  - Actual results vs., and progress towards, our long-term target ambition.

## REPORT OF THE AUTHORISED CORPORATE DIRECTOR (CONTINUED)

### Remuneration (continued)

- The non-financial considerations include risk, conduct, culture, customer and employee engagement metrics, with Aviva values clearly underpinning all our decisions. In certain roles, adherence to Responsible Investment and ESG principles will also be a consideration.
- The Performance assessment does not encourage risk taking outside the Aviva Investors stated risk appetite, and includes mechanisms by which performance against risk and conduct related measures has a significant impact on the availability and size of business and individual variable awards.

The remuneration policies are designed to ensure that any relevant conflicts of interest can be managed appropriately at all times and that the remuneration of its senior staff is in line with the risk policies and objectives of the UCITS funds it manages, and takes into account the promotion of sound and effective risk management and the achievement of fair outcomes for all customers.

AIUKFSL has no employees but is a wholly owned subsidiary of Aviva Investors Holdings Limited. For the year to 31 December 2018, apportioned remuneration based on the time assessed to be spent on AIUKFSL UCITS activity paid by Aviva Plc, the ultimate parent of AIUKFSL, to its senior management team, and staff whose actions have a material impact on the risk profile of AIUKFSL ("Code staff"), is as follows:

	Senior Management	Other Code Staff
Total Remuneration:	£0.36m	£0.38m
Of which, Fixed Remuneration	34%	39%
Variable Remuneration	60%	54%
Pension/Benefits	6%	7%
Number of Code staff:	10	7

## STATEMENT OF CROSS HOLDINGS

There are no cross holdings as at 28 February 2019.

## POLICIES AND RISKS

### ACCOUNTING POLICIES

#### a Basis of accounting

The financial statements have been prepared under the historical cost basis, as modified by the revaluation of investments, and in accordance with the Statement of Recommended Practice for UK Authorised Funds issued by The Investment Management Association (now the 'The Investment Association') in May 2014 (SORP 2014), and in accordance with United Kingdom Generally Accepted Accounting Practice as defined within FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland. Both of which became effective for the accounting periods commencing 1 January 2015.

All of the Funds have been prepared on a going concern basis.

#### b Share classes

The Funds have three types of share classes; retail shares (class 1), institutional shares (class 2) and shares held by associated undertakings of Aviva Plc (classes 3 and 9). Each class bears different charges and consequently the level of revenue allocated to each share class will differ. Some share classes consist of either accumulation or income shares, whilst others consist of both accumulation and income shares.

For the five Multi-Asset Funds, for all share classes excluding share class 9, the total Fund Management Fee, borne by each share class is currently capped at 0.25%. For share class 9 of the five Multi-Asset Funds, the total of all charges (direct and synthetic) is capped at the Fund Management Fee (0.35%).

#### c Recognition of revenue

Revenue received and accumulated from Collective Investment Schemes (CIS) is recognised when the CIS is quoted ex-dividend. Revenue received from offshore CIS is recognised when the CIS is quoted ex-dividend. Any excess reportable income notified after the accounting year end date of the offshore CIS is recognised when the notification is received.

Management fee rebates from CIS are accrued daily and are recognised as revenue or capital according to the treatment of the expense in the underlying CIS.

Interest on debt securities and bank deposits is recognised on an accruals basis. In the case of debt securities, any difference between acquisition cost and maturity value is recognised as revenue over the life of the security using the effective yield basis of calculating amortisation.

Revenue received from investing in Aviva Investors Tax Transparent Funds (TTFs) is accounted for daily on a look-through basis and is recognised as per the same classification as in the underlying TTF.

#### d Treatment of derivatives

In determining the accounting treatment for derivatives, consideration is given to the instrument itself and the Funds' objectives for investment in derivative instruments.

Where positions are held to protect capital, the returns are treated as capital. Where positions are held to generate revenue, the returns are treated as revenue. Where positions generate total returns, these returns are apportioned between capital and revenue to reflect the nature of the transaction.

#### e Dilution Levy Policy

The Company reserves the right to charge a dilution levy (Investor Protection Fee) to protect existing investors in a fund from the costs of buying or selling investments that may result from the sale and/or purchase of shares in that fund. The amount of any such dilution levy is calculated by reference to the estimated costs of dealing in the underlying investments, including any dealing spreads, broker commissions and taxes. When the Company impose a dilution levy on a particular investor or group of investors, this is paid into the Fund and helps to protect existing investors from the costs of the resultant transactions. For details of the circumstances in which a dilution levy may be imposed, dilution levies applied in a fund historically, and on what values, please see that fund's Prospectus.

#### f Basis of valuation of investments

##### Quoted investments

The quoted investments of the Company have been valued at bid value at 9am on the last working day of the accounting period for the three Multi-Manager Funds and at 2pm for the five Multi-Asset Funds.

##### Unquoted and unapproved investments

The unquoted and unapproved investments of the Company have been valued by the Investment Manager using available information, such as recent transaction prices, valuations from reliable sources, financial performance and other relevant factors, to arrive at an estimated fair value.

##### Suspended securities

Suspended securities have been valued at the suspended market price per share or valued by the Investment Manager using available information to arrive at an estimated fair value.

##### Delisted securities

Delisted securities have been valued by the Investment Manager using available information to arrive at an estimated fair value.

##### Forward foreign currency contracts

The Company's forward foreign currency positions on the last working day of the accounting period are included in the portfolio statement as an asset or liability so as to reflect the value of each contract.

##### Over the counter (OTC) derivatives

OTC derivatives are either valued by the relevant counterparty or by the investment manager using available information to arrive at an estimated fair value.

##### Exchange traded derivatives (ETDs)

ETDs are included at the aggregate unrealised market value of the open contracts.

##### CIS investments

CIS investments are valued at the last sale price available at the valuation point.

##### Investments into Tax Transparent Funds (TTF)

Where a fund invests into Tax Transparent Funds (TTF), for example multi-asset funds the valuation will be on a look through basis or a mirror set of Unit Class accounts to provide the transparency to the ultimate Investor Beneficial Owner (UBO), the Fund. The Fund Accounting book of record is the Golden source of the data – this reflects the Fund's externally audited financial book of record and for the Investors the Price the Fund can buy or sell units as well as the source for their share of the Fund's net assets and Taxable income and expenses.



## POLICIES AND RISKS (CONTINUED)

### ACCOUNTING POLICIES (CONTINUED)

#### g Exchange rates

Assets and liabilities held in foreign currencies are translated at the rate ruling at 9am on the last working day of the accounting period for the three Multi-Manager Funds and at 2pm for the five Multi-Asset Funds. Revenue and expenditure items are translated at the rate ruling at the date of transaction.

#### h Taxation and deferred taxation

Provision for Corporation Tax is based at the current rate, as appropriate, on the excess of taxable revenue over allowable expenses, with relief for overseas taxation taken as appropriate. Deferred taxation is provided using the liability method on all timing differences that have originated but not reversed at the balance sheet date, calculated at the rate for the period in which it is anticipated the timing differences will reverse, based on rates that have been enacted or substantially enacted at the balance sheet date. Deferred tax assets are recognised only when, on the basis of available evidence, it is more likely than not that there will be taxable profits in the future against which the deferred tax asset can be offset.

#### i Cash equivalents

In accordance with the AIFMD requirements, the Fund has treated some investments in the Portfolio Statement as Cash equivalents for the purposes of the Balance Sheet disclosure. Investments are regarded as Cash equivalents if they meet all of the following criteria:

- highly liquid investments held in sterling that are readily convertible to a known amount of cash;
- are subject to an insignificant risk of change in value; and
- provide a return no greater than the rate of a three month high quality government bond.

#### k Unclaimed distributions

Any distribution remaining unclaimed after a period of six years is paid back to the relevant Fund and forms part of the capital property of the Fund.

### DISTRIBUTION POLICIES

#### a Distribution policy

Where appropriate the Company will pay any surplus revenue as a revenue distribution or accumulation to capital. None of the Funds were more than 60% invested in qualifying investments and so have proposed dividend distributions. Full details are set out in the distribution tables.

#### b Treatment of management expenses

All expenses, except those relating to the purchase and sale of investments and transaction charges are charged to the revenue property of the respective Funds, on an accruals basis.

#### c Treatment of equalisation from underlying CIS

Equalisation received as part of the revenue from CIS is deducted from the cost of the investment.

### FINANCIAL INSTRUMENTS

The Company's financial instruments, other than derivatives, comprise securities and other investments, cash balances and debtors and creditors that arise directly from its operations, for example, in respect of sales and purchases awaiting settlement, amounts receivable for issue of shares and payable for cancellation of shares, and debtors for accrued revenue.

Whilst certain Funds of the Company have the investment powers to invest in derivatives for investment, efficient portfolio management and hedging purposes, currently all Funds only use derivatives for hedging and efficient portfolio management. The Company enters into derivative transactions in the form of forward foreign currency contracts and stock index futures. Forward foreign currency contracts are used to manage currency risk arising from holdings of overseas securities. Stock index futures are used to manage market risk arising from the time lag between funds being receivable or payable by the Company and investment or disinvestment in underlying securities.

In accordance with requirements set out in the Collective Investment Schemes Sourcebook (COLL) of the Financial Conduct Authority, such scheme transactions must be economically appropriate, any exposure must be fully covered and the transactions must be entered into with the aim of reducing risk and/or costs and/or generating additional capital or revenue for the scheme with no, or an acceptably low level of risk. The derivatives transactions the Company enters into are not permitted if their purpose could reasonably be regarded as speculative. The Company's use of financial instruments satisfies these requirements and no trading for investment purposes in derivatives is undertaken.

There have been no changes to the Risk Management systems during the period. There have been no breaches to the relevant risk.

The Company has exposure to a number of different risks to varying degrees. The main risks it faces from its financial instruments and the Manager's policies for managing these risks are summarised below:

#### a Foreign currency risk

The Funds can be exposed to foreign currency risk as a result of investing in assets denominated in currencies other than Sterling. Where the Manager deems it necessary, this exposure to foreign currency fluctuations is mitigated by the use of forward foreign currency contracts. Where significant, numerical disclosures can be found in the notes to the financial statements for each Fund.

## POLICIES AND RISKS (CONTINUED)

### FINANCIAL INSTRUMENTS (CONTINUED)

#### b Interest rate risk

The value of debt securities may be affected by interest rate movements or the expectation of such movements in the future. Interest receivable on bank deposits or payable on bank overdraft positions will be affected by fluctuations in interest rates. The Manager manages this risk by maintaining a balanced portfolio with due consideration to interest rate and redemption profiles. Interest rate risk is also managed by ensuring that deposits mature within a relatively short period. Where exposure is significant, numerical disclosures can be found in the notes to the financial statements for each Fund.

#### c Market risk

The Funds' investment portfolios are exposed to market price fluctuations which are monitored by the Manager in pursuance of the investment objectives and policies of the Funds. Adherence to investment and borrowing powers set out in the Instrument of Incorporation and in the Collective Investment Schemes Sourcebook of the Financial Conduct Authority mitigates the risk of excessive exposure to any particular type of security or issuer. Further information on the investment portfolios is set out in the investment reports and portfolio statements, of the individual Funds.

#### d Credit risk

The Funds restrict their exposure to credit losses on derivative instruments by trading via International Swaps and Derivatives Association (ISDA) Master Agreements with each counterparty.

#### e Liquidity risk

This is the risk that there is insufficient liquidity which restricts a Fund's investment opportunities or ability to pay liabilities at short notice. This risk is managed by ensuring that overdrafts are monitored and maintained within investment limits and exposure to unquoted or illiquid securities is limited. The majority of each Fund's liabilities relate to liabilities to shareholders and, as such, liquidity risk is not considered significant.

#### f Counterparty Risk

There is a risk that the Counterparty will not be able to settle its obligations under the agreement. This is mitigated by an assessment of the credit worthiness of the Counterparty, and the use of multiple counterparties to ensure that no more than 20% of the Fund value is exposed to one counterparty.

The Funds' current and potential risks are assessed through a quantitative and qualitative process known as IMMMR (Identify Measure Manage Monitor and Report). This process incorporates the following measures: Tracking Error, Volatility, VaR, leverage (Gross/Netted), Geographic Concentration, Covenant Scores (Cove Lite), Duration, Spread Duration, Number of Days to Liquidate (Aviva Proprietary Model), Monthly Trading as % of NAV, % NAV Cash, Curve Positions (Steepener/Flattener/Butterfly).

The Policy covers all the measurements which are available to monitor the risks to the Funds

Further information on the investment portfolio is set out in the investment reports and portfolio statements.

## AVIVA INVESTORS MULTI-MANAGER FLEXIBLE FUND

### INVESTMENT OBJECTIVE

The Fund aims to provide long term capital growth by investing in other eligible Collective Investment Schemes (the Target Funds).

### INVESTMENT POLICY

Investment will be made in shares or units of the Target Funds, which invest in any geographical area or industry sector. Investments may also be made in derivatives for hedging purposes. The Fund will normally be invested in Target Funds whose objectives are equity investment. The Target Funds may however also invest in bonds, property securities, and money market instruments.

### FUND MANAGER'S REPORT

#### Performance

Over the twelve months ended 28 February 2019, the Fund returned -2.56% (net of fees). The Fund's Investment Association peer group returned -1.03% over the same period.

#### Review

Growth assets struggled to make headway as investors downgraded their economic and corporate earnings outlooks for 2019. Specifically, there were some concerns over how the global economy will respond to tighter policy settings in the US – interest rates were raised four times during 2018, adding to the four hikes from the prior year. The introduction of tariffs on goods imported into the US also affected sentiment towards growth assets. Investors suggested this could dampen global trade volumes and, in turn, affect profitability among global manufacturers. Collectively, growth assets sold off quite sharply in late 2018 although a rebound in early 2019 saw the Fund recover most of its earlier lost ground.

A smaller allocation to defensive and uncorrelated assets is held. These investments performed rather better than equity markets and provided effective diversification during a challenging period for growth assets. Bond yields were quite volatile during the year, initially rising to multi-year highs before turning lower towards the end of the year. The reversal reflected a change in commentary from the Federal Reserve, which surprised markets by announcing an intended pause in its monetary policy tightening process.

#### Outlook

The pace of global growth is expected to moderate in 2019, but appears likely to remain above trend. At the same time, major central banks are expected to tighten policy, but perhaps less than initially expected last year. Growth assets should be able to make positive progress against this background, while more subdued returns are anticipated from defensive assets. Valuations continue to be monitored closely, with a view of amending portfolio positioning when opportunities are identified and where relative value emerges.

March 2019

\* Fund performance figures – share class 1, source Lipper, net of fees, net income reinvested in GBP, as at 28 February 2019.

As noted above, the performance figures in this commentary have been sourced from an external party and are based on published prices. The performance figures quoted in the comparative tables on page 10 are based on the net asset value per the published accounts and may be different due to post year end accounting adjustments.

Any opinions expressed are those of the Fund manager. They should not be viewed as a guarantee of a return from an investment in the Funds. The content of the commentary should not be viewed as a recommendation to invest nor buy or sell any securities. Past performance is not a guide to the future. The value of a fund and the income from it may go down as well as up, and the investor may not get back the original amount invested.

### Material Portfolio Changes

Purchases	Sales
Aviva Investors Sterling Liquidity Fund Class 3, Income shares, GBP	Aviva Investors Sterling Liquidity Fund Class 3, Income shares, GBP
Aviva Investors Sterling Liquidity Fund Class 9, Income shares, GBP	Aviva Investors Sterling Liquidity Fund Class 9, Income shares, GBP
iShares Core S&P 500 UCITS Fund USD (Acc) Share Class	Aviva Investors US Equity MoM 1 Fund Class 2, Income shares, GBP
JOHCM UK Dynamic Fund Y Accumulating	Artemis Income Fund Class R distribution units, GBP
BlackRock Emerging Markets Bond Fund Class A2 GBP Hedged	Wellington US Research Equity Fund USD Class S Accumulating Unhedged
Hermes Global High Yield Credit Fund Class F StgF Acc. Hedged Shares	BlackRock Emerging Markets Local Currency Bond Fund Class A2 USD
JPM Global Corporate Bond Fund C (dist) – GBP (hedged)	iShares \$ TIPS UCITS Fund USD (Acc) Share Class
Artemis Income Fund Class R distribution units, GBP	Aviva Investors US Equity MoM 1 Fund Class 2, Income shares, GBP
Invesco European Equity Income Fund Accumulation (No Trail) share class	Invesco European Equity Income Fund Accumulation (No Trail) share class
BlackRock European Dynamic Fund Class FD Accumulating GBP	iShares Core S&P 500 UCITS Fund USD (Acc) Share Class

### Synthetic Risk and Reward Indicator



The Fund has been allocated a risk number based on the historic volatility of its share price. Where insufficient share price information is available, the risk number has been based on the historic volatility of the asset classes appropriate to the Fund.

- This indicator is based on historical data, calculated using European Union rules, and may not be a reliable indication of the future risk profile of the Fund.
- The risk and reward category shown is not guaranteed to remain unchanged and may change over time. The lowest category does not mean 'risk free'.
- Further information on the risks applicable to the Fund is detailed in the Fund's Key Investor Information Document, and a full description is set out in the Prospectus, both of which are available on the internet at [www.avivainvestors.com](http://www.avivainvestors.com) or from the ACD on request.

## COMPARATIVE TABLES

Class 1 Accumulation	2019 p per share	2018 p per share	2017 p per share
<b>Change in net assets per share</b>			
Opening net asset value per share	92.68	86.92	68.63
Return before operating charges <sup>†</sup>	(0.61)	7.78	20.10
Operating charges	(1.76)	(2.02)	(1.81)
Return after operating charges <sup>†</sup>	(2.37)	5.76	18.29
Distributions	(0.11)	(0.01)	–
Retained distributions on accumulation shares	0.11	0.01	–
Closing net asset value per share	90.31	92.68	86.92
<sup>†</sup> after direct transaction costs of	(0.01)	–	(0.02)
<b>Performance</b>			
Return after charges	(2.56)%	6.63%	26.65%
<b>Other information</b>			
Closing net asset value (£000)	2,612	2,707	3,167
Closing number of shares	2,891,926	2,920,888	3,643,452
Operating charges (%) <sup>‡</sup>	1.93%	2.23%	2.33%
Direct transaction costs (%) <sup>#</sup>	0.01%	–	0.03%
<b>Prices<sup>≈</sup></b>			
Highest share price	95.87	95.64	87.00
Lowest share price	83.59	85.25	69.13

Class 2 Accumulation	2019 p per share	2018 p per share	2017 p per share
<b>Change in net assets per share</b>			
Opening net asset value per share	150.67	140.25	109.91
Return before operating charges <sup>†</sup>	(0.99)	12.59	32.33
Operating charges	(2.31)	(2.17)	(1.99)
Return after operating charges <sup>†</sup>	(3.30)	10.42	30.34
Distributions	(0.74)	(0.58)	(0.29)
Retained distributions on accumulation shares	0.74	0.58	0.29
Closing net asset value per share	147.37	150.67	140.25
<sup>†</sup> after direct transaction costs of	(0.01)	–	(0.04)
<b>Performance</b>			
Return after charges	(2.19)%	7.43%	27.60%
<b>Other information</b>			
Closing net asset value (£000)	8,069	8,848	7,822
Closing number of shares	5,474,826	5,872,712	5,577,017
Operating charges (%) <sup>‡</sup>	1.56%	1.48%	1.58%
Direct transaction costs (%) <sup>#</sup>	0.01%	–	0.03%
<b>Prices<sup>≈</sup></b>			
Highest share price	156.21	155.32	140.35
Lowest share price	136.35	137.69	110.72

Class 3 Income	2019 p per share	2018 p per share	2017 p per share
<b>Change in net assets per share</b>			
Opening net asset value per share	193.13	180.31	141.59
Return before operating charges <sup>†</sup>	(1.23)	16.16	41.64
Operating charges	(2.49)	(2.31)	(2.14)
Return after operating charges <sup>†</sup>	(3.72)	13.85	39.50
Distributions	(1.42)	(1.03)	(0.78)
Closing net asset value per share	187.99	193.13	180.31
<sup>†</sup> after direct transaction costs of	(0.02)	–	(0.05)
<b>Performance</b>			
Return after charges	(1.93)%	7.68%	27.90%
<b>Other information</b>			
Closing net asset value (£000)	62,725	67,878	65,175
Closing number of shares	33,366,216	35,145,495	36,147,195
Operating charges (%) <sup>‡</sup>	1.31%	1.23%	1.33%
Direct transaction costs (%) <sup>#</sup>	0.01%	–	0.03%
<b>Prices<sup>≈</sup></b>			
Highest share price	200.46	199.09	180.75
Lowest share price	174.45	177.07	142.65

<sup>‡</sup> The operating charges are calculated on an ex-post basis and as such may differ from the Ongoing Charge Figure where:

(a) Changes to fee rates were made during the year and the Ongoing Charge Figure has been amended to be future proofed for this change.

(b) The ongoing charge has been annualised for a share class that has not yet been open for a full year.

<sup>#</sup> The direct transaction costs have been stated after deducting, in the case of single-priced funds, the proportion of the amounts collected from dilution adjustments or dilution levies that relates to direct transaction costs and, in the case of dual-priced funds, the amounts collected in relation to direct transaction costs added to, or subtracted from, the valuations by virtue of COLL 6.3.6 G (4).

<sup>≈</sup> The high and low prices disclosed are the high and low prices for the accounting period and not the calendar year. The net asset value per share is based on the net asset value in the published accounts and may be different due to post year end accounting adjustments.

**Ongoing Charges Figure\***

Share class	28.02.19	28.02.18
Class 1	1.81%**	2.23%
Class 2	1.56%	1.48%
Class 3	1.31%	1.23%

\* The Ongoing Charges Figure (OCF) is calculated as the ratio of the total ongoing charges to the average net asset value of the Fund over the year. The OCF is made up of the Fund Management Fee and, where a fund invests a substantial portion of its assets in other funds, an amount for the pro-rated charges of those other funds (referred to as "synthetic charges" or the "synthetic" part of the ongoing charge). The figure for ongoing charges excludes performance fees and portfolio transaction costs, except in the case of an entry/exit charge paid by the Fund when buying or selling shares/units in another collective investment scheme. The OCF includes a synthetic charge of 0.66% (28.02.18: 0.58%) in respect of the underlying investments.

\*\* Following the update to the Prospectus and the change in charging structure of the Fund part way through the period, the ongoing charges figure has been based on the revised fee structure and therefore is not on an ex-post basis.

Please remember that past performance is not a guide to future performance and it might not be repeated. The value of investments and the revenue from them may go down as well as up and investors may not get back the amount originally invested. Because of this, you are not certain to make a profit on your investments and you may lose money.

## PORTFOLIO STATEMENT

As at 28 February 2019

Investment	Currency	Holding	Market Value £000	% of Net Assets
<b>Collective Investment Schemes 98.61% (87.64%)</b>				
Aviva Investors EM Equity MoM 1 Fund Class 2, Income shares, GBP <sup>†</sup>	GBP	1,235,583	6,110	8.32
Aviva Investors Multi-Strategy Target Return Fund Class 3, Accumulation shares, GBP <sup>†</sup>	GBP	2,644,804	2,830	3.85
Baillie Gifford Japanese Fund Class B Shares	GBP	188,665	2,928	3.99
BlackRock Emerging Markets Bond Fund Class A2 GBP Hedged	GBP	300,917	3,482	4.74
BlackRock Emerging Markets Local Currency Bond Fund Class A2 USD	USD	87,490	1,549	2.11
BlackRock European Dynamic Fund Class FD Accumulating GBP	GBP	4,015,010	6,400	8.72
Hermes Global High Yield Credit Fund Class F Stg£ Acc. Hedged Shares	GBP	3,828,691	4,718	6.43
Invesco European Equity Income Fund Accumulation (No Trail) share class	GBP	3,348,467	6,342	8.64
iShares Core S&P 500 UCITS Fund USD (Acc) Share Class	GBP	49,425	10,150	13.83
iShares Pacific Index Fund (IE) Class Institutional Accumulating EUR	EUR	205,260	2,958	4.03
JOHCM UK Dynamic Fund Y Accumulating	GBP	3,016,266	4,313	5.88
JPM Global Corporate Bond Fund C (dist) – GBP (hedged)	GBP	40,258	2,541	3.46
Man GLG Japan CoreAlpha Fund Professional Accumulation Shares (Class C)	GBP	1,675,473	2,962	4.03
PineBridge Asia ex Japan Small Cap Equity Fund Unit Class Y2	GBP	23,398	2,786	3.79
T. Rowe Emerging Markets Equity Fund Class I	USD	346	10	0.02
Wellington US Research Equity Fund USD Class S Accumulating Unhedged	USD	167,025	12,309	16.77
<b>Collective Investment Schemes total</b>			<b>72,388</b>	<b>98.61</b>
<b>Forward Currency Contracts 0.24% (0.05%)</b>				
Buy GBP 1,608,375 sell AUD 2,907,425 dated 15/05/2019			52	0.07
Buy GBP 3,029,747 sell EUR 3,428,797 dated 15/05/2019			89	0.12
Buy GBP 817,664 sell USD 1,049,377 dated 15/05/2019			32	0.05
<b>Forward Currency Contracts total</b>			<b>173</b>	<b>0.24</b>
<b>Futures 0.23% (0.29%)</b>				
Australia 10 Year Bond 15/03/2019	AUD	35	70	0.10
Euro-BTP 07/03/2019	EUR	7	29	0.04
EURO STOXX 50 Index 15/03/2019	EUR	(104)	(163)	(0.22)
EURO STOXX Bank Index 15/03/2019	EUR	160	31	0.04
FTSE 100 Index 15/03/2019	GBP	10	30	0.04
MSCI Emerging Markets Index 15/03/2019	USD	30	67	0.09
S&P 500 Emini Index 15/03/2019	USD	14	94	0.13
TOPIX Index 07/03/2019	JPY	10	18	0.02
US 2 Year Note 28/06/2019	USD	(16)	(1)	–
US 10 Year Note 19/06/2019	USD	(57)	5	0.01
US Ultra Bond 19/06/2019	USD	15	(11)	(0.02)
<b>Futures total</b>			<b>169</b>	<b>0.23</b>
<b>Liquidity Funds 0.82% (11.33%)<sup>1</sup></b>				
Aviva Investors Sterling Liquidity Fund Class 9, Income shares, GBP <sup>†</sup>	GBP	600,000	600	0.82
<b>Liquidity Funds total</b>			<b>600</b>	<b>0.82</b>
Investment assets (including investment liabilities) <sup>2</sup>			73,330	99.90
Net other assets			76	0.10
<b>Net assets</b>			<b>73,406</b>	<b>100.00</b>

All holdings are ordinary shares or stock units and admitted to an official stock exchange unless otherwise stated.

The comparative percentage figures in brackets are as at 28 February 2018.

<sup>†</sup> A related party to the Fund.<sup>1</sup> Cash Equivalents.<sup>2</sup> Includes Cash Equivalents.

## STATEMENT OF TOTAL RETURN

For the year ended 28 February 2019

	Notes	£000	Year ended 28.02.19 £000	£000	Year ended 28.02.18 £000
Income					
Net capital (losses)/gains	2		(1,982)		5,359
Revenue	3	1,056		945	
Expenses	4	(537)		(560)	
Net revenue before taxation		519		385	
Taxation	5	–		–	
Net revenue after taxation			519		385
<b>Total return before distributions</b>			<b>(1,463)</b>		<b>5,744</b>
Distributions	6		(525)		(406)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>(1,988)</b>		<b>5,338</b>

## STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

For the year ended 28 February 2019

	£000	Year ended 28.02.19 £000	£000	Year ended 28.02.18 £000
<b>Opening net assets attributable to shareholders</b>		<b>79,433</b>		<b>76,164</b>
Movement due to issue and cancellation of shares:				
Amounts receivable on issue of shares	4,407		7,203	
Amounts payable on cancellation of shares	(8,490)		(9,307)	
		(4,083)		(2,104)
Change in net assets attributable to shareholders from investment activities (see above)		(1,988)		5,338
Retained distribution on accumulation shares		44		35
<b>Closing net assets attributable to shareholders</b>		<b>73,406</b>		<b>79,433</b>

## BALANCE SHEET

As at 28 February 2019

	Notes	As at 28.02.19 £000	As at 28.02.18 £000
<b>Assets:</b>			
Investments		72,905	70,007
<b>Current assets:</b>			
Debtors	8	144	6,116
Cash and bank balances	9	262	609
Cash equivalents	10	600	9,000
<b>Total assets</b>		<b>73,911</b>	<b>85,732</b>
<b>Liabilities:</b>			
Investment liabilities		(175)	(121)
<b>Creditors:</b>			
Distribution payable		(217)	(20)
Other creditors	11	(113)	(6,158)
<b>Total liabilities</b>		<b>(505)</b>	<b>(6,299)</b>
<b>Net assets attributable to shareholders</b>		<b>73,406</b>	<b>79,433</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 1 Accounting basis and policies

Please see pages 6 to 8 for accounting basis and policies.

### 2 Net capital (losses)/gains

	Year ended 28.02.19 £000	Year ended 28.02.18 £000
<b>Net capital (losses)/gains on investment during the year comprise:</b>		
Currency losses	–	(11)
Derivative contracts (losses)/gains	(754)	439
Expenses relating to the purchase and sale of investments	(1)	(4)
Forward currency contracts gains	192	106
Investment manager capital rebates*	31	24
Non-derivative securities (losses)/gains	(1,450)	4,805
<b>Net capital (losses)/gains**</b>	<b>(1,982)</b>	<b>5,359</b>

\* Represents rebates received in respect of expenses incurred in underlying CIS investments.

\*\* Total realised gains for the year were £2,701,521 (2018: £4,976,359) and the movement in unrealised (losses)/gains was £(4,683,848) (2018: £383,121). Included in realised gains for the year were unrealised gains recognised in previous years.

### 3 Revenue

	Year ended 28.02.19 £000	Year ended 28.02.18 £000
Bank and deposit interest	2	1
Franked component of dividend distributions	546	437
Interest on debt securities	27	17
Income from derivatives	17	28
Investment manager rebates*	122	139
Revenue from offshore funds	314	299
Unfranked component of dividend distributions	28	24
<b>Total revenue</b>	<b>1,056</b>	<b>945</b>

\* Represents rebates received in respect of expenses incurred in underlying CIS investments.



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 4 Expenses

	Year ended 28.02.19 £000	Year ended 28.02.18 £000
<b>Payable to the Authorised Corporate Director ("ACD"), associates of the ACD or agents of either of them:</b>		
ACD's periodic charge/Fund Management Fee*	515	509
Registration fees	3	11
	518	520
<b>Payable to the Depositary, associates of the Depositary or agents of either of them:</b>		
Depositary's fee	3	11
Interest payable	11	7
Safe custody fee	2	8
	16	26
<b>Other expenses:</b>		
Audit fee**	3	11
Printing & postage expenses	–	1
Statement fees	–	2
	3	14
<b>Total expenses</b>	<b>537</b>	<b>560</b>

\* From 4 June 2018 the Fund changed to a single fixed charge known as the Fund Management Fee (FMF). The FMF covers fees and expenses in relation to the operation and administration of the Company and the Fund.

\*\* The audit fee was £9,608 (2018: £9,098) net of VAT. With effect 4 June 2018, the audit fee was no longer accrued for separately and now forms part of the FMF.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**5 Taxation****a Analysis of tax charge**

	Year ended 28.02.19 £000	Year ended 28.02.18 £000
Corporation tax	–	–
<b>Total tax for the year (see note 5b)</b>	<b>–</b>	<b>–</b>

**b Factors affecting current tax charge**

The tax assessed for the year is lower (2018: lower) than the standard rate of corporation tax in the UK for an Authorised Investment Fund (20%) (2018: 20%).

The differences are explained below:

	Year ended 28.02.19 £000	Year ended 28.02.18 £000
<b>Net revenue before taxation</b>	<b>519</b>	<b>385</b>
Corporation tax at 20%	104	77
<b>Effects of:</b>		
Franked distributions not subject to corporation tax	(109)	(88)
Movement in excess management expenses	36	(227)
Overseas dividends not subject to corporation tax	(37)	(9)
Tax relief on investment manager fee rebates	6	5
Tax relief on realised gain on offshore funds	–	87
Tax relief on unrealised gain on offshore funds	–	155
<b>Total tax for the year (see note 5a)</b>	<b>–</b>	<b>–</b>

Authorised Investment Funds are exempt from tax on capital gains. Therefore, any capital return is not included in the above reconciliation.

**c Deferred tax**

There was no provision for deferred tax at the year end (2018: £nil).

After claiming relief against accrued income taxable on receipt, the Fund has unrelieved excess expenses of £1,716,625 (2018: £1,538,574\*) creating a potential deferred tax asset of £343,325 (2018: £307,715\*). It is unlikely that the Fund will generate taxable profits in the future to utilise these amounts and therefore no deferred tax asset has been recognised in the current or prior year.

\* Restated figures to agree to final tax computation.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 6 Distributions

	Year ended 28.02.19 £000	Year ended 28.02.18 £000
<b>The distributions take account of revenue received on the issue of shares and revenue deducted on the cancellation of shares, and comprise:</b>		
Interim distribution	283	382
Final distribution	238	20
	521	402
Add: Revenue deducted on cancellation of shares	8	12
Deduct: Revenue received on issue of shares	(4)	(8)
<b>Total distributions</b>	<b>525</b>	<b>406</b>
<b>Reconciliation of distributions for the year to net revenue after taxation</b>		
Distributions for the year	525	406
Revenue deficit transferred to capital	–	(21)
Tax relief on investment manager fee rebates	(6)	–
<b>Net revenue after taxation</b>	<b>519</b>	<b>385</b>

Details of the distributions per share are set out in the distribution tables on page 22.

## 7 Fair value hierarchy

Valuation technique	As at 28.02.19		As at 28.02.18	
	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Level 1: Quoted prices	10,494	(175)	351	(121)
Level 2: Observable market data	63,011	–	78,656	–
<b>Total</b>	<b>73,505</b>	<b>(175)</b>	<b>79,007</b>	<b>(121)</b>

The purpose of the fair value hierarchy is to prioritise the inputs that should be used to measure the fair value of assets and liabilities.

The highest priority is given to quoted prices at which a transaction can be entered into and the lowest priority is given to unobservable inputs. Disclosure is required of the value in each category in order to give an insight into the extent to which fair value measurements are subjective.

The disclosure is split into the following categories:

**Level 1:** Unadjusted quoted price in an active market for an identical instrument;

**Level 2:** Valuation techniques using observable inputs other than quoted prices within level 1;

**Level 3:** Valuation techniques using unobservable inputs.

## 8 Debtors

	As at 28.02.19 £000	As at 28.02.18 £000
Accrued revenue	–	15
Accrued management fee rebate	49	127
Amounts receivable on issue of shares	84	12
Income tax recoverable	11	5
Sales awaiting settlement	–	5,957
<b>Total debtors</b>	<b>144</b>	<b>6,116</b>

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**9 Cash and bank balances**

	As at 28.02.19 £000	As at 28.02.18 £000
Amounts held at futures clearing houses and brokers	217	415
Cash and bank balances	45	194
<b>Total cash and bank balances</b>	<b>262</b>	<b>609</b>

**10 Cash equivalents**

	As at 28.02.19 £000	As at 28.02.18 £000
Aviva Investors Sterling Liquidity Fund	600	9,000
<b>Total cash equivalents</b>	<b>600</b>	<b>9,000</b>

**11 Other creditors**

	As at 28.02.19 £000	As at 28.02.18 £000
Accrued expenses	38	63
Amounts payable for cancellation of shares	75	102
Purchases awaiting settlement	–	5,993
<b>Total creditors</b>	<b>113</b>	<b>6,158</b>

**12 Contingent liabilities and commitments**

There were no contingent liabilities or commitments at the year end (2018: £nil).

**13 Related party transactions**

Aviva Investors UK Fund Services Limited, Aviva Investors Global Services Limited and the Aviva group are deemed to be related parties per section 33.10 of FRS 102 as they are entities with control, joint control or significant influence over the entity.

ACD periodic charges/Fund Management Fee paid to Aviva Investors UK Fund Services Limited ("the ACD") are shown in note 4 and details of shares issued and cancelled by the ACD are shown in the statement of change in net assets attributable to shareholders. The balance due to the ACD at the year end in respect of ACD periodic charges/Fund Management Fee was £38,297 (2018: £39,093). Any balance due from the ACD in respect of issues is shown in note 8. Any balance due to the ACD in respect of cancellations is shown in note 11.

Distributions payable to the ACD and related parties of the ACD during the year amounted to £495,950 (2018: £367,004). The amount outstanding at the year end was £225,533 (2018: £19,611). Related parties of the ACD are deemed to be all companies under the control of Aviva Plc. This will include companies which hold shares in the Fund on behalf of other external investors.

Any investments managed and advised by Aviva Investors Global Services Limited or associated with the Aviva Group are identified on the portfolio statement.

The total purchases and sales on these investments during the year amounted to £22,064,197 (2018: £24,477,251) and £35,541,146 (2018: £25,035,960) respectively. The income received during the year amounted to £84,722 (2018: £94,365). The rebates from ACD during the year amounted to £51,659 (2018: £69,272).

Holdings at the year end and movements during the year are as follows:

	Holdings at 28.02.19 (shares)	Movement (shares)	Holdings at 28.02.18 (shares)
ACD and related parties (Class 2 Accumulation shares)	2,622,711	2,622,711	–
ACD and related parties (Class 3 Income shares)	33,366,216	(1,779,279)	35,145,495

The ACD and related parties of the ACD are ineligible to vote at any general meeting.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**14 Shareholder funds**

The Fund currently has three share classes: Class 1 (Retail) , Class 2 (Institutional) and Class 3 (Associated undertakings of Aviva Plc). The Fund Management Fees are as follows:

Class 1: 1.15%

Class 2: 0.90%

Class 3: 0.65%

The net asset value per share class, the net asset value per share and the number of shares in the class are shown on page 10. The distributions per share class are given in the distribution tables on page 22. All the share classes have the same rights on winding up.

**15 Shares in issue reconciliation**

	Number of shares in issue at 28.02.18	Number of shares issued	Number of shares cancelled	Number of shares converted	Number of shares in issue at 28.02.19
Class 1 Accumulation shares	2,920,888	110,877	(139,839)	–	2,891,926
Class 2 Accumulation shares	5,872,712	634,832	(1,032,718)	–	5,474,826
Class 3 Income shares	35,145,495	1,784,249	(3,563,528)	–	33,366,216

**16 Derivatives and other financial instruments**

The policies applied in the management of financial instruments are set out on pages 7 and 8.

**Fair value of financial assets and financial liabilities**

There is no significant difference between the carrying values of the financial assets and liabilities and their fair values (2018: £nil).

**Currency risk**

At the year end date, 15.68% (2018: 22.11%) of the net assets of the Fund were denominated in currencies other than sterling with the effect that the balance sheet and total return can be significantly affected by currency movements. If currency rates were to change by 10.00%, the value of the Fund would change by 1.57% (2018: 2.21%).

Currency	Net foreign currency assets					
	Monetary exposure £000		Non-monetary exposure £000		Total £000	
	28.02.19	28.02.18	28.02.19	28.02.18	28.02.19	28.02.18
Australian Dollar	(73)	36	(1,487)	(1,347)	(1,560)	(1,311)
Euro	115	(11)	(84)	3,092	31	3,081
Japanese Yen	(29)	35	18	(28)	(11)	7
US Dollar	(186)	(273)	13,237	16,059	13,051	15,786

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**16 Derivatives and other financial instruments (continued)****Interest rate risk**

At the year end date 1.17% (2018: 12.10%) of the net assets of the Fund were interest bearing and as such the interest rate risk is not considered significant.

The interest rate profile of the Fund's financial assets and liabilities at 28 February 2018 was:

Currency 28.02.18	Floating Rate £000	Fixed Rate £000	None £000	Total £000
<b>Financial Assets</b>				
Sterling	9,821	–	58,226	68,047
Australian dollar	37	–	–	37
Euro	(11)	–	3,092	3,081
Japanese yen	35	–	–	35
US dollar	(273)	–	17,156	16,883
<b>Financial Liabilities</b>				
Sterling	–	–	(6,177)	(6,177)
Australian dollar	–	–	(1,348)	(1,348)
Japanese yen	–	–	(28)	(28)
US dollar	–	–	(1,097)	(1,097)
<b>Total</b>	<b>9,609</b>	<b>–</b>	<b>69,824</b>	<b>79,433</b>

The floating rate on bank balances is linked to the Depositary's base rate.

**Market price risk**

At the year end date, 98.61% (2018: 87.64%) of the net assets of the Fund were invested in CIS which primarily invest in stocks admitted to an official stock exchange. If the market value were to change by 10%, the value of the Fund would change by 9.86% (2018: 8.76%).

**17 Counterparty exposure****Financial derivative exposure**

The types of derivatives held at the year end date were forward currency contracts and futures contracts. Details of individual contracts are disclosed in the Portfolio Statement and the total position by counterparty at the year end date was as follows:

28.02.19	Forward currency contracts £000	Futures contracts £000	Total £000
Barclays	23	–	23
Goldman Sachs	32	–	32
J.P. Morgan	22	–	22
Nomura	22	–	22
Royal Bank of Scotland	52	–	52
Société Générale	22	–	22
UBS	–	344	344
<b>Total</b>	<b>173</b>	<b>344</b>	<b>517</b>

28.02.18	Forward currency contracts £000	Futures contracts £000	Total £000
Royal Bank of Canada	6	–	6
Royal Bank of Scotland	38	–	38
UBS	–	351	351
<b>Total</b>	<b>44</b>	<b>351</b>	<b>395</b>

The counterparty exposure on forward currency contracts is reported at their mark to market values but for futures contracts it is only the positive mark to market values that are reported.

**Collateral**

At the year end date no collateral was held or pledged by the Fund or on behalf of the counterparties in respect of the above (2018: £nil).

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**18 Direct transaction costs**

In the case of shares, broker commissions and transfer taxes, stamp duty is paid by the Fund on each transaction. In addition, there is a dealing spread between buying and selling prices of the underlying investments. Unlike shares, other types of investments (such as bonds, money market instruments, derivatives) have no separately identifiable transaction costs; these costs form part of the dealing spread.

	Principal before costs £000	Commissions £000	Taxes £000	Total after costs £000	Commissions as % of principal	Taxes as % of principal
<b>28.02.19</b>						
<b>Purchases</b>						
Funds	(45,119)	(1)	–	(45,120)	0.00%	0.00%
	(45,119)	(1)	–	(45,120)		
<b>Sales</b>						
Funds	49,300	(1)	(2)	49,297	0.00%	0.00%
	49,300	(1)	(2)	49,297		
<b>Total</b>		(2)	(2)			
<b>Percentage of fund average net assets</b>		0.01%	0.00%			

	Principal before costs £000	Commissions £000	Taxes £000	Total after costs £000	Commissions as % of principal	Taxes as % of principal
<b>28.02.18</b>						
<b>Purchases</b>						
Funds	(42,492)	(2)	–	(42,494)	0.00%	0.00%
	(42,492)	(2)	–	(42,494)		
<b>Sales</b>						
Funds	44,350	–	–	44,350	0.00%	0.00%
	44,350	–	–	44,350		
<b>Total</b>		(2)	–			
<b>Percentage of fund average net assets</b>		0.00%	0.00%			

**Dealing spread**

As at 28 February 2019, the average portfolio dealing spread was 0.03% (2018: 0.04%). This spread represents the difference between the values determined respectively by reference to the bid and offer prices of investments expressed as a percentage of the value determined by reference to the offer price.

**19 Post balance sheet events**

There are no post balance sheet events which require adjustment or disclosure at the year end (2018: £nil).

## DISTRIBUTION TABLES

## Final distribution payable in pence per share for the six months ended 28 February 2019

Income Shares		Net revenue	Equalisation	Final distribution payable 30 April 2019	Final distribution paid 30 April 2018
Class 3	Group 1	0.6500	–	0.6500	0.0558
	Group 2	0.4895	0.1605	0.6500	0.0558

Accumulation Shares		Net revenue	Equalisation	Final distribution payable 30 April 2019	Final distribution paid 30 April 2018
Class 1	Group 1	0.0900	–	0.0900	0.0000
	Group 2	0.0856	0.0044	0.0900	0.0000
Class 2	Group 1	0.3299	–	0.3299	0.0000
	Group 2	0.3022	0.0277	0.3299	0.0000

**Final distribution**

Group 1 shares are those shares purchased at or before 9am on 31 August 2018.

Group 2 shares are those shares purchased after 9am on 31 August 2018.

## Interim distribution paid in pence per share for the six months ended 31 August 2018

Income Shares		Net revenue	Equalisation	Interim distribution paid 31 October 2018	Interim distribution paid 31 October 2017
Class 3	Group 1	0.7706	–	0.7706	0.9781
	Group 2	0.6134	0.1572	0.7706	0.9781

Accumulation Shares		Net revenue	Equalisation	Interim distribution paid 31 October 2018	Interim distribution paid 31 October 2017
Class 1	Group 1	0.0245	–	0.0245	0.0147
	Group 2	0.0245	0.0000	0.0245	0.0147
Class 2	Group 1	0.4089	–	0.4089	0.5800
	Group 2	0.3219	0.0870	0.4089	0.5800

**Interim distribution**

Group 1 shares are those shares purchased at or before 9am on 28 February 2018.

Group 2 shares are those shares purchased after 9am on 28 February 2018.

**Equalisation**

Equalisation applies only to Group 2 shares, in other words shares purchased during the period. It is the average amount of revenue included in the purchase price of all Group 2 shares and is refunded to the holders of these shares as return of capital. Being capital, it is not liable to income tax but must be deducted from the cost of shares for capital gains tax purposes.



## AVIVA INVESTORS MULTI-MANAGER 40-85% SHARES FUND

### INVESTMENT OBJECTIVE

The Fund aims to provide long-term capital growth together with income by investing in other eligible Collective Investment Schemes (the Target Funds).

### INVESTMENT POLICY

Investment will be made in shares or units of the Target Funds, which invest in any geographical area or industry sector. Investments may also be made in derivatives for hedging purposes. Although the Target Funds may invest in equities, bonds, property securities, or money market instruments, it is anticipated that up to 85% of the Fund will be invested in Target Funds whose objectives are equity investment.

### FUND MANAGER'S REPORT

#### Performance

Over the twelve months ended 28 February 2019, the Fund returned -2.22% (net of fees). The Fund's Investment Association peer group returned -0.13% over the same period.

#### Review

Growth assets struggled to make headway as investors downgraded their economic and corporate earnings outlooks for 2019. Specifically, there were some concerns over how the global economy will respond to tighter policy settings in the US – interest rates were raised four times during 2018, adding to the four hikes from the prior year. The introduction of tariffs on goods imported into the US also affected sentiment towards growth assets. Investors suggested this could dampen global trade volumes and, in turn, affect profitability among global manufacturers. Collectively, growth assets sold off quite sharply in late 2018 although a rebound in early 2019 saw the Fund recover most of its earlier lost ground.

Defensive and uncorrelated assets performed rather better and helped preserve capital during a challenging period for growth assets. Bond yields were quite volatile during the year, initially rising to multi-year highs before turning lower towards the end of the year. The reversal reflected a change in commentary from the Federal Reserve, which surprised markets by announcing an intended pause in its monetary policy tightening process. At the same time, inflation in the US continued to gather pace – this supported returns from the Fund's investment in inflation-protected Treasuries.

#### Outlook

The pace of global growth is expected to moderate in 2019, but appears likely to remain above trend. At the same time, major central banks are expected to tighten policy, but perhaps less than initially expected last year. Growth assets should be able to make positive progress against this background, while more subdued returns are anticipated from defensive assets. Valuations continue to be monitored closely, with a view of amending portfolio positioning when opportunities are identified and where relative value emerges.

March 2019

\* Fund performance figures – share class 1, source Lipper, net of fees, net income reinvested in GBP, as at 28 February 2019.

As noted above, the performance figures in this commentary have been sourced from an external party and are based on published prices. The performance figures quoted in the comparative tables on pages 24 and 25 are based on the net asset value per the published accounts and may be different due to post year end accounting adjustments.

Any opinions expressed are those of the Fund manager. They should not be viewed as a guarantee of a return from an investment in the Funds. The content of the commentary should not be viewed as a recommendation to invest nor buy or sell any securities. Past performance is not a guide to the future. The value of a fund and the income from it may go down as well as up, and the investor may not get back the original amount invested.

### Material Portfolio Changes

Purchases	Sales
Aviva Investors Sterling Liquidity Fund Class 3, Income shares, GBP	Aviva Investors Sterling Liquidity Fund Class 3, Income shares, GBP
iShares Core S&P 500 UCITS Fund USD (Acc) Share Class	Aviva Investors US Equity MoM 1 Fund, Class 2, Income shares, GBP
JPM Global Corporate Bond Fund C (dist) – GBP (hedged)	Artemis Income Fund Class R distribution units, GBP
JOHCM UK Dynamic Fund Y Accumulating	iShares \$ TIPS UCITS Fund USD (Acc) Share Class
BlackRock Emerging Markets Bond Fund Class A2 GBP Hedged	Wellington US Research Equity Fund USD Class S Accumulating Unhedged
Hermes Global High Yield Credit Fund Class F StgF Acc. Hedged Shares	BlackRock Emerging Markets Local Currency Bond Fund Class A2 USD
Artemis Income Fund Class R distribution units, GBP	iShares Core S&P 500 UCITS Fund USD (Acc) Share Class
BlackRock European Dynamic Fund Class FD Accumulating GBP	BlackRock European Dynamic Fund Class FD Accumulating GBP
Invesco European Equity Income Fund Accumulation (No Trail) share class	Aviva Investors EM Equity MoM 1 Fund Class 2, Income shares, GBP
Aviva Investors EM Equity MoM 1 Fund Class 2, Income shares, GBP	Invesco European Equity Income Fund Accumulation (No Trail) share class

### Synthetic Risk and Reward Indicator



The Fund has been allocated a risk number based on the historic volatility of its share price. Where insufficient share price information is available, the risk number has been based on the historic volatility of the asset classes appropriate to the Fund.

- This indicator is based on historical data, calculated using European Union rules, and may not be a reliable indication of the future risk profile of the Fund.
- The risk and reward category shown is not guaranteed to remain unchanged and may change over time. The lowest category does not mean 'risk free'.
- Further information on the risks applicable to the Fund is detailed in the Fund's Key Investor Information Document, and a full description is set out in the Prospectus, both of which are available on the internet at [www.avivainvestors.com](http://www.avivainvestors.com) or from the ACD on request.

## COMPARATIVE TABLES

Class 1 Income	2019 p per share	2018 p per share	2017 p per share
<b>Change in net assets per share</b>			
Opening net asset value per share	85.61	81.68	67.06
Return before operating charges <sup>†</sup>	(0.14)	6.19	16.31
Operating charges	(1.58)	(1.82)	(1.69)
Return after operating charges <sup>†</sup>	(1.72)	4.37	14.62
Distributions	(0.20)	(0.44)	–
Closing net asset value per share	83.69	85.61	81.68
<sup>†</sup> after direct transaction costs of	(0.01)	(0.01)	(0.02)
<b>Performance</b>			
Return after charges	(2.01)%	5.35%	21.80%
<b>Other information</b>			
Closing net asset value (£000)	3,022	3,240	3,585
Closing number of shares	3,610,882	3,784,654	4,388,530
Operating charges (%) <sup>†</sup>	1.88%	2.16%	2.25%
Direct transaction costs (%) <sup>#</sup>	0.01%	0.01%	0.03%
<b>Prices<sup>®</sup></b>			
Highest share price	87.95	88.15	81.97
Lowest share price	78.22	80.63	67.51

Class 2 Income	2019 p per share	2018 p per share	2017 p per share
<b>Change in net assets per share</b>			
Opening net asset value per share	157.65	149.36	122.10
Return before operating charges <sup>†</sup>	(0.25)	11.17	29.82
Operating charges	(2.33)	(2.18)	(2.07)
Return after operating charges <sup>†</sup>	(2.58)	8.99	27.75
Distributions	(0.94)	(0.70)	(0.49)
Closing net asset value per share	154.13	157.65	149.36
<sup>†</sup> after direct transaction costs of	(0.02)	(0.02)	(0.04)
<b>Performance</b>			
Return after charges	(1.64)%	6.02%	22.73%
<b>Other information</b>			
Closing net asset value (£000)	14,974	15,763	13,649
Closing number of shares	9,715,472	9,998,719	9,138,640
Operating charges (%) <sup>†</sup>	1.50%	1.41%	1.49%
Direct transaction costs (%) <sup>#</sup>	0.01%	0.01%	0.03%
<b>Prices<sup>®</sup></b>			
Highest share price	162.35	162.21	150.10
Lowest share price	144.15	147.59	122.93

Class 2 Accumulation	2019 p per share	2018 p per share	2017 p per share
<b>Change in net assets per share</b>			
Opening net asset value per share	140.72	132.71	108.13
Return before operating charges <sup>†</sup>	(0.24)	9.95	26.41
Operating charges	(2.08)	(1.94)	(1.83)
Return after operating charges <sup>†</sup>	(2.32)	8.01	24.58
Distributions	(0.84)	(0.63)	(0.43)
Retained distributions on accumulation shares	0.84	0.63	0.43
Closing net asset value per share	138.40	140.72	132.71
<sup>†</sup> after direct transaction costs of	(0.01)	(0.01)	(0.04)
<b>Performance</b>			
Return after charges	(1.65)%	6.04%	22.73%
<b>Other information</b>			
Closing net asset value (£000)	24,211	25,620	19,661
Closing number of shares	17,494,107	18,206,968	14,814,546
Operating charges (%) <sup>†</sup>	1.50%	1.41%	1.49%
Direct transaction costs (%) <sup>#</sup>	0.01%	0.01%	0.03%
<b>Prices<sup>®</sup></b>			
Highest share price	144.91	144.79	133.17
Lowest share price	129.00	131.14	108.87

## COMPARATIVE TABLES (CONTINUED)

	2019 p per share	2018 p per share	2017 p per share
<b>Class 3 Income</b>			
<b>Change in net assets per share</b>			
Opening net asset value per share	174.79	165.58	135.34
Return before operating charges <sup>†</sup>	(0.29)	12.32	33.05
Operating charges	(2.16)	(1.99)	(1.89)
Return after operating charges <sup>†</sup>	(2.45)	10.33	31.16
Distributions	(1.46)	(1.12)	(0.92)
Closing net asset value per share	170.88	174.79	165.58
<sup>†</sup> after direct transaction costs of	(0.02)	(0.02)	(0.05)
<b>Performance</b>			
Return after charges	(1.40)%	6.24%	23.02%
<b>Other information</b>			
Closing net asset value (£000)	140,394	152,343	144,619
Closing number of shares	82,157,194	87,159,606	87,341,363
Operating charges (%) <sup>‡</sup>	1.25%	1.16%	1.24%
Direct transaction costs (%) <sup>#</sup>	0.01%	0.01%	0.03%
<b>Prices<sup>≈</sup></b>			
Highest share price	180.20	180.00	166.59
Lowest share price	159.92	163.68	136.27

<sup>‡</sup> The operating charges are calculated on an ex-post basis and as such may differ from the Ongoing Charge Figure where:

(a) Changes to fee rates were made during the year and the Ongoing Charge Figure has been amended to be future proofed for this change.

(b) The ongoing charge has been annualised for a share class that has not yet been open for a full year.

<sup>#</sup> The direct transaction costs have been stated after deducting, in the case of single-priced funds, the proportion of the amounts collected from dilution adjustments or dilution levies that relates to direct transaction costs and, in the case of dual-priced funds, the amounts collected in relation to direct transaction costs added to, or subtracted from, the valuations by virtue of COLL 6.3.6 G (4).

<sup>≈</sup> The high and low prices disclosed are the high and low prices for the accounting period and not the calendar year. The net asset value per share is based on the net asset value in the published accounts and may be different due to post year end accounting adjustments.

**Ongoing Charges Figure\***

Share class	28.02.19	28.02.18
Class 1	1.75%**	2.16%
Class 2	1.50%	1.41%
Class 3	1.25%	1.16%

\* The Ongoing Charges Figure (OCF) is calculated as the ratio of the total ongoing charges to the average net asset value of the Fund over the year. The OCF is made up of the Fund Management Fee and, where a fund invests a substantial portion of its assets in other funds, an amount for the pro-rated charges of those other funds (referred to as "synthetic charges" or the "synthetic" part of the ongoing charge). The figure for ongoing charges excludes performance fees and portfolio transaction costs, except in the case of an entry/exit charge paid by the Fund when buying or selling shares/units in another collective investment scheme. The OCF includes a synthetic charge of 0.61% (2018: 0.52%) in respect of underlying investments.

\*\* Following the update to the Prospectus and the change in charging structure of the Fund part way through the period, the ongoing charges figure has been based on the revised fee structure and therefore is not on an ex-post basis.

Please remember that past performance is not a guide to future performance and it might not be repeated. The value of investments and the revenue from them may go down as well as up and investors may not get back the amount originally invested. Because of this, you are not certain to make a profit on your investments and you may lose money.

## PORTFOLIO STATEMENT

As at 28 February 2019

Investment	Currency	Holding	Market Value £000	% of Net Assets
<b>Collective Investment Schemes 93.71% (81.97%)</b>				
Aviva Investors EM Equity MoM 1 Fund Class 2, Income shares, GBP†	GBP	2,480,307	12,266	6.72
Aviva Investors Multi-Strategy Target Return Fund Class 3, Accumulation shares, GBP†	GBP	13,486,682	14,432	7.90
Baillie Gifford Japanese Fund Class B Shares	GBP	388,082	6,023	3.30
BlackRock Emerging Markets Bond Fund Class A2 GBP Hedged	GBP	694,912	8,040	4.40
BlackRock Emerging Markets Local Currency Bond Fund Class A2 USD	USD	180,069	3,189	1.75
BlackRock European Dynamic Fund Class FD Accumulating GBP	GBP	8,483,209	13,522	7.41
Hermes Global High Yield Credit Fund Class F Stg£ Acc. Hedged Shares	GBP	8,166,878	10,064	5.51
Invesco European Equity Income Fund Accumulation (No Trail) share class	GBP	6,911,926	13,090	7.17
iShares \$ TIPS UCITS Fund USD (Acc) Share Class	GBP	44,172	6,818	3.73
iShares Core S&P 500 UCITS Fund USD (Acc) Share Class	GBP	99,107	20,353	11.15
iShares Pacific Index Fund (IE) Class Institutional Accumulating EUR	EUR	373,513	5,384	2.95
JOHCM UK Dynamic Fund Y Accumulating	GBP	6,253,993	8,943	4.90
JPM Global Corporate Bond Fund C (dist) – GBP (hedged)	GBP	188,218	11,878	6.51
Man GLG Japan CoreAlpha Fund Professional Accumulation Shares (Class C)	GBP	3,403,254	6,017	3.29
PineBridge Asia ex Japan Small Cap Equity Fund Unit Class Y2	GBP	49,432	5,885	3.22
T. Rowe Price Emerging Markets Equity Fund Class I	USD	693	20	0.01
Wellington US Research Equity Fund USD Class S Accumulating Unhedged	USD	341,730	25,184	13.79
<b>Collective Investment Schemes total</b>			<b>171,108</b>	<b>93.71</b>
<b>Forward Currency Contracts 0.37% (0.24%)</b>				
Buy GBP 2,916,014 sell AUD 5,271,217 dated 15/05/2019			94	0.05
Buy GBP 7,189,015 sell EUR 8,123,811 dated 15/05/2019			221	0.12
Buy GBP 9,078,806 sell USD 11,651,595 dated 15/05/2019			354	0.20
<b>Forward Currency Contracts total</b>			<b>669</b>	<b>0.37</b>
<b>Futures 0.30% (0.24%)</b>				
Australia 10 Year Bond 15/03/2019	AUD	154	307	0.17
Euro-BTP 07/03/2019	EUR	18	76	0.04
EURO STOXX 50 Index 15/03/2019	EUR	(263)	(409)	(0.22)
EURO STOXX Bank Index 15/03/2019	EUR	404	78	0.04
FTSE 100 Index 15/03/2019	GBP	26	77	0.04
MSCI Emerging Markets Index 15/03/2019	USD	74	165	0.09
S&P 500 Emini Index 15/03/2019	USD	35	235	0.13
TOPIX Index 07/03/2019	JPY	25	44	0.02
US 2 Year Note 28/06/2019	USD	(38)	(1)	–
US 10 Year Note 19/06/2019	USD	(133)	11	0.01
US Ultra Bond 19/06/2019	USD	37	(27)	(0.02)
<b>Futures total</b>			<b>556</b>	<b>0.30</b>
<b>Liquidity Funds 5.86% (16.80%)<sup>1</sup></b>				
Aviva Investors Sterling Liquidity Fund Class 3, Income shares, GBP†	GBP	10,700,000	10,700	5.86
<b>Liquidity Funds total</b>			<b>10,700</b>	<b>5.86</b>
Investment assets (including investment liabilities) <sup>2</sup>			183,033	100.24
Net other liabilities			(432)	(0.24)
<b>Net assets</b>			<b>182,601</b>	<b>100.00</b>

All holdings are ordinary shares or stock units and admitted to an official stock exchange unless otherwise stated.

The comparative percentage figures in brackets are as at 28 February 2018.

† A related party to the Fund.

<sup>1</sup> Cash Equivalents.<sup>2</sup> Includes Cash Equivalents.

## STATEMENT OF TOTAL RETURN

### For the year ended 28 February 2019

	Notes	£000	Year ended 28.02.19 £000	£000	Year ended 28.02.18 £000
Income					
Net capital (losses)/gains	2		(4,837)		10,276
Revenue	3	2,700		2,553	
Expenses	4	(1,363)		(1,368)	
Net revenue before taxation		1,337		1,185	
Taxation	5	643		(67)	
Net revenue after taxation			1,980		1,118
<b>Total return before distributions</b>			<b>(2,857)</b>		<b>11,394</b>
Distributions	6		(1,488)		(1,167)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>(4,345)</b>		<b>10,227</b>

## STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

### For the year ended 28 February 2019

	£000	Year ended 28.02.19 £000	£000	Year ended 28.02.18 £000
<b>Opening net assets attributable to shareholders</b>		<b>196,966</b>		<b>181,514</b>
Movement due to issue and cancellation of shares:				
Amounts receivable on issue of shares	10,611		21,263	
Amounts payable on cancellation of shares	(20,782)		(16,140)	
		(10,171)		5,123
Change in net assets attributable to shareholders from investment activities (see above)		(4,345)		10,227
Retained distribution on accumulation shares		151		102
<b>Closing net assets attributable to shareholders</b>		<b>182,601</b>		<b>196,966</b>

## BALANCE SHEET

As at 28 February 2019

	Notes	As at 28.02.19 £000	As at 28.02.18 £000
<b>Assets:</b>			
Investments		172,770	162,780
<b>Current assets:</b>			
Debtors	8	485	13,482
Cash and bank balances	9	558	1,428
Cash equivalents	10	10,700	33,100
<b>Total assets</b>		<b>184,513</b>	<b>210,790</b>
<b>Liabilities:</b>			
Investment liabilities		(437)	(389)
Provision for liabilities	11	–	(327)
<b>Creditors:</b>			
Distribution payable		(713)	(172)
Other creditors	12	(762)	(12,936)
<b>Total liabilities</b>		<b>(1,912)</b>	<b>(13,824)</b>
<b>Net assets attributable to shareholders</b>		<b>182,601</b>	<b>196,966</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 1 Accounting basis and policies

Please see pages 6 to 8 for accounting basis and policies.

### 2 Net capital (losses)/gains

	Year ended 28.02.19 £000	Year ended 28.02.18 £000
<b>Net capital (losses)/gains on investment during the year comprise:</b>		
Currency losses	(5)	(10)
Derivative contracts (losses)/gains	(1,604)	835
Expenses relating to the purchase and sale of investments	(1)	(5)
Forward currency contracts (losses)/gains	(226)	1,073
Investment manager capital rebates*	60	40
Non-derivative securities (losses)/gains	(3,061)	8,343
<b>Net capital (losses)/gains**</b>	<b>(4,837)</b>	<b>10,276</b>

\* Represents rebates received in respect of expenses incurred in underlying CIS investments.

\*\* Total realised gains for the year were £3,655,891 (2018: £10,266,775) and the movement in unrealised (losses)/gains was £(8,493,030) (2018: £9,692). Included in realised gains for the year were unrealised gains recognised in previous years.

### 3 Revenue

	Year ended 28.02.19 £000	Year ended 28.02.18 £000
Bank and deposit interest	3	1
Franked component of dividend distributions	1,134	873
Interest on debt securities	143	66
Income from derivatives	93	183
Investment manager rebates*	258	280
Revenue from offshore funds	924	1,034
Unfranked component of dividend distributions	145	116
<b>Total revenue</b>	<b>2,700</b>	<b>2,553</b>

\* Represents rebates received in respect of expenses incurred in underlying CIS investments.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 4 Expenses

	Year ended 28.02.19 £000	Year ended 28.02.18 £000
<b>Payable to the Authorised Corporate Director ("ACD"), associates of the ACD or agents of either of them:</b>		
ACD's periodic charge/Fund Management Fee*	1,312	1,243
Registration fees	11	42
	1,323	1,285
<b>Payable to the Depositary, associates of the Depositary or agents of either of them:</b>		
Depositary's fee	7	26
Interest payable	26	21
Safe custody fee	4	18
	37	65
<b>Other expenses:</b>		
Audit fee**	3	11
Printing and postage expenses	(1)	2
Statement fee	1	5
	3	18
<b>Total expenses</b>	<b>1,363</b>	<b>1,368</b>

\* From 4 June 2018 the Fund changed to a single fixed charge known as the Fund Management Fee (FMF). The FMF covers fees and expenses in relation to the operation and administration of the Company and the Fund.

\*\* The audit fee was £9,280 (2018: £9,098) net of VAT. With effect 4 June 2018, the audit fee was no longer accrued for separately and now forms part of the FMF.



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**5 Taxation****a Analysis of tax charge**

	Year ended 28.02.19 £000	Year ended 28.02.18 £000
Corporation tax	(177)	229
Adjustments in respect of prior period	(137)	(1)
Overseas tax suffered	(2)	(2)
<b>Total current tax</b>	<b>(316)</b>	<b>226</b>
Deferred tax (see note 5c)	(327)	(159)
<b>Total tax for the year (see note 5b)</b>	<b>(643)</b>	<b>67</b>

**b Factors affecting current tax charge**

The tax assessed for the year is lower (2018: lower) than the standard rate of corporation tax in the UK for an Authorised Investment Fund (20%) (2018: 20%).

The differences are explained below:

	Year ended 28.02.19 £000	Year ended 28.02.18 £000
<b>Net revenue before taxation</b>	<b>1,337</b>	<b>1,185</b>
Corporation tax at 20%	267	237
<b>Effects of:</b>		
Adjustments in respect of prior period	(314)	(1)
Deferred tax	(327)	(159)
Franked distributions not subject to corporation tax	(227)	(172)
Movement in excess management expenses	18	–
Overseas tax suffered	(2)	(2)
Revenue from offshore investments not subject to corporation tax	(70)	(19)
Tax relief on investment manager fee rebates	12	6
Tax relief on realised gain on offshore funds	–	177
<b>Current tax charge (see note 5a)</b>	<b>(643)</b>	<b>67</b>

Authorised Investment Funds are exempt from tax on capital gains. Therefore, any capital return is not included in the above reconciliation.

**c Deferred tax**

	Year ended 28.02.19 £000	Year ended 28.02.18 £000
Provision at start of year	327	486
(Credit) for the year	(327)	(159)
<b>Provision at end of year</b>	<b>–</b>	<b>327</b>

After claiming relief against accrued income taxable on receipt, the Fund has unrelieved excess expenses of £89,087 (2018: £nil) creating a potential deferred tax asset of £17,817 (2018: £nil). It is unlikely that the Fund will generate taxable profits in the future to utilise these amounts and therefore no deferred tax asset has been recognised in the current or prior year.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 6 Distributions

	Year ended 28.02.19 £000	Year ended 28.02.18 £000
<b>The distributions take account of revenue received on the issue of shares and revenue deducted on the cancellation of shares, and comprise:</b>		
Interim distribution	676	994
Final distribution	794	172
	1,470	1,166
Add: Revenue deducted on cancellation of shares	27	28
Deduct: Revenue received on issue of shares	(9)	(27)
<b>Total distributions</b>	<b>1,488</b>	<b>1,167</b>
<b>Reconciliation of distributions for the year to net revenue after taxation</b>		
Distributions for the year	1,488	1,167
Revenue deficit transferred to capital	–	(26)
Tax relief on investment manager fee rebates	(12)	(6)
Tax relief on offshore gain	–	(18)
Adjustments in respect of prior periods	504	1
<b>Net revenue after taxation</b>	<b>1,980</b>	<b>1,118</b>

Details of the distributions per share are set out in the distribution tables on page 38.

## 7 Fair value hierarchy

Valuation technique	As at 28.02.19		As at 28.02.18	
	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Level 1: Quoted prices	28,164	(437)	870	(389)
Level 2: Observable market data	155,306	–	195,010	–
<b>Total value</b>	<b>183,470</b>	<b>(437)</b>	<b>195,880</b>	<b>(389)</b>

The purpose of the fair value hierarchy is to prioritise the inputs that should be used to measure the fair value of assets and liabilities.

The highest priority is given to quoted prices at which a transaction can be entered into and the lowest priority is given to unobservable inputs. Disclosure is required of the value in each category in order to give an insight into the extent to which fair value measurements are subjective.

The disclosure is split into the following categories:

**Level 1:** Unadjusted quoted price in an active market for an identical instrument;

**Level 2:** Valuation techniques using observable inputs other than quoted prices within level 1;

**Level 3:** Valuation techniques using unobservable inputs.

## 8 Debtors

	As at 28.02.19 £000	As at 28.02.18 £000
Accrued revenue	8	35
Accrued expense fee rebate	100	265
Amounts receivable on issue of shares	15	179
Corporation tax recoverable	310	23
Income tax recoverable	52	–
Sales awaiting settlement	–	12,980
<b>Total debtors</b>	<b>485</b>	<b>13,482</b>

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**9 Cash and bank balances**

	As at 28.02.19 £000	As at 28.02.18 £000
Amounts held at futures clearing houses and brokers	476	1,237
Cash and bank balances	82	191
<b>Total cash and bank balances</b>	<b>558</b>	<b>1,428</b>

**10 Cash equivalents**

	As at 28.02.19 £000	As at 28.02.18 £000
Aviva Investors Sterling Liquidity Fund	10,700	33,100
<b>Total cash equivalents</b>	<b>10,700</b>	<b>33,100</b>

**11 Provisions**

	As at 28.02.19 £000	As at 28.02.18 £000
Deferred taxation	–	327
<b>Total provisions for liabilities</b>	<b>–</b>	<b>327</b>

**12 Other creditors**

	As at 28.02.19 £000	As at 28.02.18 £000
Accrued expenses	97	138
Amounts payable for cancellation of shares	665	151
Corporation tax payable	–	229
Purchases awaiting settlement	–	12,416
Overseas tax provision	–	2
<b>Total other creditors</b>	<b>762</b>	<b>12,936</b>

**13 Contingent liabilities and commitments**

There were no contingent liabilities or commitments at the year end (2018: £nil).

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 14 Related party transactions

Aviva Investors UK Fund Services Limited, Aviva Investors Global Services Limited and the Aviva group are deemed to be related parties per section 33.10 of FRS 102 as they are entities with control, joint control or significant influence over the entity.

ACD periodic charges/Fund Management Fee paid to Aviva Investors UK Fund Services Limited ("the ACD") are shown in note 4 and details of shares issued and cancelled by the ACD are shown in the statement of change in net assets attributable to shareholders. The balance due to the ACD at the year end in respect of ACD periodic charges/Fund Management Fee was £97,135 (2018: £97,119). Any balance due from the ACD in respect of issues is shown in note 8. Any balance due to the ACD in respect of cancellations is shown in note 12.

Distributions payable to the ACD and related parties of the ACD during the year amounted to £1,351,712 (2018: £971,298). The amount outstanding at the year end was £730,074 (2018: £171,704). Related parties of the ACD are deemed to be all companies under the control of Aviva Plc. This will include companies which hold shares in the Fund on behalf of other external investors.

Any investments managed and advised by Aviva Investors Global Services Limited or associated with the Aviva Group are identified on the portfolio statement.

The total purchases and sales on these investments during the year amounted to £58,380,628 (2018: £61,800,648) and £90,903,390 (2018: £63,188,283) respectively. The income received during the year amounted to £408,723 (2018: £316,566). The rebates from ACD during the year amounted to £107,011 (2018: £137,483).

Holdings at the year end and movements during the year are as follows:

	Holdings at 28.02.19 (shares)	Movement (shares)	Holdings at 28.02.18 (shares)
ACD and related parties (Class 2 Income shares)	1,691,290	1,691,290	–
ACD and related parties (Class 2 Accumulation shares)	13,724,106	13,724,106	–
ACD and related parties (Class 3 Income shares)	82,157,194	(5,002,412)	87,159,606

The ACD and related parties of the ACD are ineligible to vote at any general meeting.

### 15 Shareholder funds

The Fund currently has three share classes: Class 1 (Retail), Class 2 (Institutional) and Class 3 (Associated undertakings of Aviva plc). The Fund Management Fees are as follows:

Class 1: 1.14%  
Class 2: 0.89%  
Class 3: 0.64%

The net asset value per share class, the net asset value per share and the number of shares in the class are shown on pages 24 and 25. The distributions per share class are given in the distribution tables on page 38. All the share classes have the same rights on winding up.

### 16 Shares in issue reconciliation

	Number of shares in issue at 28.02.18	Number of shares issued	Number of shares cancelled	Number of shares converted	Number of shares in issue at 28.02.19
Class 1 Income shares	3,784,654	47,213	(220,985)	–	3,610,882
Class 2 Income shares	9,998,719	924,656	(1,207,903)	–	9,715,472
Class 2 Accumulation shares	18,206,968	1,839,636	(2,552,497)	–	17,494,107
Class 3 Income shares	87,159,606	3,821,581	(8,823,993)	–	82,157,194

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**17 Derivatives and other financial instruments**

The policies applied in the management of financial instruments are set out on pages 7 and 8.

**Fair value of financial assets and financial liabilities**

There is no significant difference between the carrying values of the financial assets and liabilities and their fair values (2018: £nil).

**Currency risk**

At the year end date, 8.31% (2018:12.80%) of the net assets of the Fund were denominated in currencies other than sterling with the effect that the balance sheet and total return can be significantly affected by currency movements. If currency rates were to change by 10.00%, the value of the Fund would change by 0.83% (2018: 1.28%).

Currency	Net foreign currency assets					
	Monetary exposure £000		Non-monetary exposure £000		Total £000	
	28.02.19	28.02.18	28.02.19	28.02.18	28.02.19	28.02.18
Australian Dollar	(320)	219	(2,515)	(2,970)	(2,835)	(2,751)
Euro	288	(31)	(1,839)	5,886	(1,551)	5,855
Japanese Yen	(73)	84	44	(67)	(29)	17
US Dollar	(461)	(678)	20,051	22,761	19,590	22,083

**Interest rate risk**

At the year end date 6.17% (2018: 17.53%) of the net assets of the Fund were interest bearing and as such the interest rate risk is not considered significant.

The interest rate profile of the Fund's financial assets and liabilities at 28 February 2018 was:

Currency 28.02.18	Floating Rate £000	Fixed Rate £000	None £000	Total £000
<b>Financial Assets</b>				
Sterling	34,932	–	150,263	185,195
Australian dollar	221	–	–	221
Euro	(31)	–	5,886	5,855
Japanese yen	84	–	–	84
US dollar	(678)	–	35,274	34,596
<b>Financial Liabilities</b>				
Sterling	–	–	(13,433)	(13,433)
Australian dollar	–	–	(2,972)	(2,972)
Japanese yen	–	–	(67)	(67)
US dollar	–	–	(12,513)	(12,513)
<b>Total</b>	<b>34,528</b>	<b>–</b>	<b>162,438</b>	<b>196,966</b>

The floating rate on bank balances is linked to the Depositary's base rate.

The Fund invests in some collective investment schemes (CIS) which predominantly invest in debt securities. The revenue of the Fund and the value of debt securities may be significantly affected by interest rate movements in the future. At the year end date 21.90% (2018: 13.51%) of the assets of the Fund were invested in CIS which predominantly invest in debt securities.

**Market price risk**

At the year end date, 93.71% (2018: 81.97%) of the net assets of the Fund were invested in CIS which primarily invest in stocks admitted to an official stock exchange. If the market value were to change by 10%, the value of the Fund would change by 9.37% (2018: 8.20%).

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**18 Counterparty exposure****Financial derivative exposure**

The types of derivatives held at the year end date were forward currency contracts and futures contracts. Details of individual contracts are disclosed in the Portfolio Statement and the total position by counterparty at the year end date was as follows:

	Forward currency contracts £000	Futures contracts £000	Total £000
<b>28.02.19</b>			
Barclays	55	–	55
Goldman Sachs	354	–	354
J.P. Morgan	56	–	56
Nomura	55	–	55
Royal Bank of Scotland	94	–	94
Société Générale	55	–	55
UBS	–	993	993
<b>Total</b>	<b>669</b>	<b>993</b>	<b>1,662</b>

	Forward currency contracts £000	Futures contracts £000	Total £000
<b>28.02.18</b>			
Royal Bank of Canada	12	–	12
Royal Bank of Scotland	455	–	455
UBS	–	870	870
<b>Total</b>	<b>467</b>	<b>870</b>	<b>1,337</b>

The counterparty exposure on forward currency contracts is reported at their mark to market values but for futures contracts it is only the positive mark to market values that are reported.

**Collateral**

At the year end date no collateral was held or pledged by the company or on behalf of the counterparties in respect of the above (2018: £nil).

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**19 Direct transaction costs**

In the case of shares, broker commissions and transfer taxes, stamp duty is paid by the Fund on each transaction. In addition, there is a dealing spread between buying and selling prices of the underlying investments. Unlike shares, other types of investments (such as bonds, money market instruments, derivatives) have no separately identifiable transaction costs; these costs form part of the dealing spread.

	Principal before costs £000	Commissions £000	Taxes £000	Total after costs £000	Commissions as % of principal	Taxes as % of principal
<b>28.02.19</b>						
<b>Purchases</b>						
Funds	(112,397)	(3)	–	(112,400)	0.00%	0.00%
	(112,397)	(3)	–	(112,400)		
<b>Sales</b>						
Funds	122,091	(3)	(5)	122,083	0.00%	0.00%
	122,091	(3)	(5)	122,083		
<b>Total</b>		(6)	(5)			
<b>Percentage of fund average net assets</b>		0.01%	0.00%			

	Principal before costs £000	Commissions £000	Taxes £000	Total after costs £000	Commissions as % of principal	Taxes as % of principal
<b>28.02.18</b>						
<b>Purchases</b>						
Funds	(110,651)	(6)	–	(110,657)	0.00%	0.00%
	(110,651)	(6)	–	(110,657)		
<b>Sales</b>						
Funds	108,225	–	(9)	108,216	0.00%	0.01%
	108,225	–	(9)	108,216		
<b>Total</b>		(6)	(9)			
<b>Percentage of fund average net assets</b>		0.00%	0.01%			

**Dealing spread**

As at 28 February 2019, the average portfolio dealing spread was 0.03% (2018: 0.04%). This spread represents the difference between the values determined respectively by reference to the bid and offer prices of investments expressed as a percentage of the value determined by reference to the offer price.

**20 Post balance sheet events**

There are no post balance sheet events which require adjustment or disclosure at the year end (2018: £nil).

## DISTRIBUTION TABLES

## Final distribution payable in pence per share for the six months ended 28 February 2019

Income shares		Net revenue	Equalisation	Final distribution payable 30 April 2019	Final distribution paid 30 April 2018
Class 1	Group 1	0.1450	–	0.1450	0.0000
	Group 2	0.0989	0.0461	0.1450	0.0000
Class 2	Group 1	0.5168	–	0.5168	0.0000
	Group 2	0.3570	0.1598	0.5168	0.0000
Class 3	Group 1	0.8008	–	0.8008	0.1970
	Group 2	0.6026	0.1982	0.8008	0.1970

Accumulation shares		Net revenue	Equalisation	Final distribution payable 30 April 2019	Final distribution paid 30 April 2018
Class 2	Group 1	0.4621	–	0.4621	0.0000
	Group 2	0.3668	0.0953	0.4621	0.0000

## Final distribution

Group 1 shares are those shares purchased at or before 9am on 31 August 2018.

Group 2 shares are those shares purchased after 9am on 31 August 2018.

## Interim distribution paid in pence per share for the six months ended 31 August 2018

Income shares		Net revenue	Equalisation	Interim distribution paid 31 October 2018	Interim distribution paid 31 October 2017
Class 1	Group 1	0.0573	–	0.0573	0.4403
	Group 2	0.0573	0.0000	0.0573	0.4403
Class 2	Group 1	0.4248	–	0.4248	0.7046
	Group 2	0.2913	0.1335	0.4248	0.7046
Class 3	Group 1	0.6543	–	0.6543	0.9204
	Group 2	0.5134	0.1409	0.6543	0.9204

Accumulation shares		Net revenue	Equalisation	Interim distribution paid 31 October 2018	Interim distribution paid 31 October 2017
Class 2	Group 1	0.3817	–	0.3817	0.6263
	Group 2	0.3000	0.0817	0.3817	0.6263

## Interim distribution

Group 1 shares are those shares purchased at or before 9am on 28 February 2018.

Group 2 shares are those shares purchased after 9am on 28 February 2018.

## Equalisation

Equalisation applies only to Group 2 shares, in other words shares purchased during the period. It is the average amount of revenue included in the purchase price of all Group 2 shares and is refunded to the holders of these shares as return of capital. Being capital, it is not liable to income tax but must be deducted from the cost of shares for capital gains tax purposes.



## AVIVA INVESTORS MULTI-MANAGER 20-60% SHARES FUND

### INVESTMENT OBJECTIVE

The Fund aims to provide long-term capital growth and income by investing in other eligible Collective Investment Schemes (the Target Funds).

### INVESTMENT POLICY

Investment will be made in shares or units of the Target Funds, which invest in any geographical area or industry sector. Investments may also be made in derivatives for hedging purposes. Although the Target Funds may invest in equities, bonds, property securities, or money market instruments, it is anticipated that up to 60% of the Fund will be invested in Target Funds whose objectives are equity investment.

### FUND MANAGER'S REPORT

#### Performance

Over the twelve months ended 28 February 2019, the Fund returned -1.90%\* (net of fees). The Fund's Investment Association Mixed Investment 40-85% Shares peer group returned -0.14% over the same period.

#### Review

Growth assets struggled to make headway as investors downgraded their economic and corporate earnings outlooks for 2019. Specifically, there were some concerns over how the global economy will respond to tighter policy settings in the US – interest rates were raised four times during 2018, adding to the four hikes from the prior year. The introduction of tariffs on goods imported into the US also affected sentiment towards growth assets. Investors suggested this could dampen global trade volumes and, in turn, affect profitability among global manufacturers. Collectively, growth assets sold off quite sharply in late 2018 although a rebound in early 2019 saw the Fund recover most of its earlier lost ground.

Defensive and uncorrelated assets performed rather better and helped preserve capital during a challenging period for growth assets. Bond yields were quite volatile during the year, initially rising to multi-year highs before turning lower towards the end of the year. The reversal reflected a change in commentary from the Federal Reserve, which surprised markets by announcing an intended pause in its monetary policy tightening process. At the same time, inflation in the US continued to gather pace – this supported returns from the Fund's investment in inflation-protected Treasuries.

### Outlook

The pace of global growth is expected to moderate in 2019, but appears likely to remain above trend. At the same time, major central banks are expected to tighten policy, but perhaps less than initially expected last year. Growth assets should be able to make positive progress against this background, while more subdued returns are anticipated from defensive assets. Valuations continue to be monitored closely, with a view of amending portfolio positioning when opportunities are identified and where relative value emerges.

#### March 2019

\* Fund performance figures – share class 1, source Lipper, net of fees, net income reinvested in GBP, as at 28 February 2019.

As noted above, the performance figures in this commentary have been sourced from an external party and are based on published prices. The performance figures quoted in the comparative tables on pages 40 and 41 are based on the net asset value per the published accounts and may be different due to post year end accounting adjustments.

Any opinions expressed are those of the Fund manager. They should not be viewed as a guarantee of a return from an investment in the Funds. The content of the commentary should not be viewed as a recommendation to invest nor buy or sell any securities. Past performance is not a guide to the future. The value of a fund and the income from it may go down as well as up, and the investor may not get back the original amount invested.

### Material Portfolio Changes

Purchases	Sales
Aviva Investors Sterling Liquidity Fund Class 3, Income shares, GBP	Aviva Investors Sterling Liquidity Fund Class 3, Income shares, GBP
Aviva Investors Multi-Strategy Fixed Income Fund Class Zyh, Accumulation shares, GBP	Aviva Investors Multi-Strategy Target Income Fund Class 3, Income shares, GBP
JPM Global Corporate Bond Fund C (dist) – GBP (hedged)	iShares \$ TIPS UCITS Fund USD (Acc) Share Class
BlackRock Emerging Markets Bond Fund Class A2 GBP Hedged	Aviva Investors US Equity MoM 1 Fund, Class 2, Income shares, GBP
iShares Core S&P 500 Fund USD (Acc) Share Class	Artemis Income Fund Class R Distribution Units, GBP
Hermes Global High Yield Credit Fund Class F Stg Acc. Hedged Shares	Wellington US Research Equity Fund USD Class S Accumulating Unhedged
JOHCM UK Dynamic Fund Y Accumulating	BlackRock Emerging Markets Local Currency Bond Fund Class A2 USD
Artemis Income Fund Class R Distribution Units, GBP	iShares Core S&P 500 Fund USD (Acc) Share Class
Invesco European Equity Income Fund Accumulation (No Trail) share class	Aviva Investors US Equity MoM 1 Fund Class 2, Income shares, GBP
BlackRock European Dynamic Fund Class FD Accumulating GBP	BlackRock European Dynamic Fund Class FD Accumulating GBP

### Synthetic Risk and Reward Indicator



The Fund has been allocated a risk number based on the historic volatility of its share price. Where insufficient share price information is available, the risk number has been based on the historic volatility of the asset classes appropriate to the Fund.

- This indicator is based on historical data, calculated using European Union rules, and may not be a reliable indication of the future risk profile of the Fund.
- The risk and reward category shown is not guaranteed to remain unchanged and may change over time. The lowest category does not mean 'risk free'.
- Further information on the risks applicable to the Fund is detailed in the Fund's Key Investor Information Document, and a full description is set out in the Prospectus, both of which are available on the internet at [www.avivainvestors.com](http://www.avivainvestors.com) or from the ACD on request.

## COMPARATIVE TABLES

Class 1 Income	2019 p per share	2018 p per share	2017 p per share
<b>Change in net assets per share</b>			
Opening net asset value per share	81.13	78.86	68.55
Return before operating charges <sup>†</sup>	0.23	4.31	11.95
Operating charges	(1.42)	(1.68)	(1.62)
Return after operating charges <sup>†</sup>	(1.19)	2.63	10.33
Distributions	(0.51)	(0.36)	(0.02)
Closing net asset value per share	79.43	81.13	78.86
<sup>†</sup> after direct transaction costs of	–	–	(0.01)
<b>Performance</b>			
Return after charges	(1.47)%	3.34%	15.07%
<b>Other information</b>			
Closing net asset value (£000)	3,074	3,546	4,326
Closing number of shares	3,869,115	4,371,298	5,485,781
Operating charges (%) <sup>†</sup>	1.78%	2.08%	2.17%
Direct transaction costs (%) <sup>†</sup>	–	–	0.02%
<b>Prices<sup>®</sup></b>			
Highest share price	82.36	83.18	79.28
Lowest share price	75.37	78.32	68.95

Class 2 Income	2019 p per share	2018 p per share	2017 p per share
<b>Change in net assets per share</b>			
Opening net asset value per share	137.73	133.61	116.12
Return before operating charges <sup>†</sup>	0.29	7.11	20.09
Operating charges	(1.90)	(1.82)	(1.79)
Return after operating charges <sup>†</sup>	(1.61)	5.29	18.30
Distributions	(1.27)	(1.17)	(0.81)
Closing net asset value per share	134.85	137.73	133.61
<sup>†</sup> after direct transaction costs of	–	–	(0.03)
<b>Performance</b>			
Return after charges	(1.17)%	3.96%	15.76%
<b>Other information</b>			
Closing net asset value (£000)	6,839	7,019	6,988
Closing number of shares	5,071,352	5,095,781	5,229,806
Operating charges (%) <sup>†</sup>	1.40%	1.33%	1.42%
Direct transaction costs (%) <sup>†</sup>	–	–	0.02%
<b>Prices<sup>®</sup></b>			
Highest share price	140.08	141.24	134.79
Lowest share price	128.03	132.81	116.81

Class 2 Accumulation	2019 p per share	2018 p per share	2017 p per share
<b>Change in net assets per share</b>			
Opening net asset value per share	135.76	130.59	112.81
Return before operating charges <sup>†</sup>	0.27	6.96	19.54
Operating charges	(1.87)	(1.79)	(1.76)
Return after operating charges <sup>†</sup>	(1.60)	5.17	17.78
Distributions	(1.25)	(1.14)	(0.79)
Retained distributions on accumulation shares	1.25	1.14	0.79
Closing net asset value per share	134.16	135.76	130.59
<sup>†</sup> after direct transaction costs of	–	–	(0.02)
<b>Performance</b>			
Return after charges	(1.18)%	3.96%	15.76%
<b>Other information</b>			
Closing net asset value (£000)	16,589	17,154	15,395
Closing number of shares	12,365,341	12,636,128	11,788,804
Operating charges (%) <sup>†</sup>	1.40%	1.33%	1.42%
Direct transaction costs (%) <sup>†</sup>	–	–	0.02%
<b>Prices<sup>®</sup></b>			
Highest share price	138.07	139.06	131.25
Lowest share price	126.53	129.80	113.46

## COMPARATIVE TABLES (CONTINUED)

Class 3 Income	2019 p per share	2018 p per share	2017 p per share
<b>Change in net assets per share</b>			
Opening net asset value per share	162.65	157.78	137.12
Return before operating charges <sup>†</sup>	0.26	8.32	23.66
Operating charges	(1.84)	(1.75)	(1.75)
Return after operating charges <sup>†</sup>	(1.58)	6.57	21.91
Distributions	(1.82)	(1.70)	(1.25)
Closing net asset value per share	159.25	162.65	157.78
<sup>†</sup> after direct transaction costs of	–	–	(0.03)
<b>Performance</b>			
Return after charges	(0.97)%	4.16%	15.98%
<b>Other information</b>			
Closing net asset value (£000)	135,554	149,049	147,469
Closing number of shares	85,119,307	91,637,605	93,463,823
Operating charges (%) <sup>‡</sup>	1.15%	1.08%	1.17%
Direct transaction costs (%) <sup>#</sup>	–	–	0.02%
<b>Prices<sup>≈</sup></b>			
Highest share price	165.57	166.92	159.28
Lowest share price	151.29	156.87	137.92

<sup>‡</sup> The operating charges are calculated on an ex-post basis and as such may differ from the Ongoing Charge Figure where:

(a) Changes to fee rates were made during the year and the Ongoing Charge Figure has been amended to be future proofed for this change.

(b) The Ongoing Charge Figure has been annualised for a share class that has not yet been open for a full year.

<sup>#</sup> The direct transaction costs have been stated after deducting, in the case of single-priced funds, the proportion of the amounts collected from dilution adjustments or dilution levies that relates to direct transaction costs and, in the case of dual-priced funds, the amounts collected in relation to direct transaction costs added to, or subtracted from, the valuations by virtue of COLL 6.3.6 G (4).

<sup>≈</sup> The high and low prices disclosed are the high and low prices for the accounting period and not the calendar year. The net asset value per share is based on the net asset value in the published accounts and may be different due to post year end accounting adjustments.

**Ongoing Charges Figure\***

Share class	28.02.19	28.02.18
Class 1	1.65%**	2.08%
Class 2	1.40%	1.33%
Class 3	1.15%	1.08%

\* The Ongoing Charges Figure (OCF) is calculated as the ratio of the total ongoing charges to the average net asset value of the Fund over the year. The OCF is made up of the Fund Management Fee and, where a fund invests a substantial portion of its assets in other funds, an amount for the pro-rated charges of those other funds (referred to as "synthetic charges" or the "synthetic" part of the ongoing charge). The figure for ongoing charges excludes performance fees and portfolio transaction costs, except in the case of an entry/exit charge paid by the Fund when buying or selling shares/units in another collective investment scheme. The OCF includes a synthetic charge of 0.51% (2018: 0.44%) in respect of underlying investments..

\*\* Following the update to the Prospectus and the change in charging structure of the Fund part way through the period, the ongoing charges figure has been based on the revised fee structure and therefore is not on an ex-post basis.

Please remember that past performance is not a guide to future performance and it might not be repeated. The value of investments and the revenue from them may go down as well as up and investors may not get back the amount originally invested. Because of this, you are not certain to make a profit on your investments and you may lose money.

## PORTFOLIO STATEMENT

As at 28 February 2019

Investment	Currency	Holding	Market Value £000	% of Net Assets
<b>Collective Investment Schemes 82.63% (73.07%)</b>				
Aviva Investors EM Equity MoM 1 Fund Class 2, Income shares, GBP†	GBP	1,517,906	7,506	4.63
Aviva Investors Multi-Strategy Fixed Income Fund Class Zyh, Accumulation shares, GBP†	GBP	9,096	9,015	5.56
Aviva Investors Multi-Strategy Target Income Fund Class 3, Income shares, GBP†	GBP	131	–	–
Aviva Investors Multi-Strategy Target Return Fund Class 3, Accumulation shares, GBP†	GBP	12,116,415	12,966	8.00
Baillie Gifford Japanese Fund Class B Shares	GBP	247,867	3,847	2.37
BlackRock Emerging Markets Bond Fund Class A2 GBP Hedged	GBP	534,370	6,183	3.81
BlackRock Emerging Markets Local Currency Bond Fund Class A2 USD	USD	105,250	1,864	1.15
BlackRock European Dynamic Fund Class FD Accumulating GBP	GBP	5,368,496	8,557	5.28
Hermes Global High Yield Credit Fund Class F Stg£ Acc. Hedged Shares	GBP	5,597,523	6,898	4.26
Invesco European Equity Income Fund Accumulation (No Trail) share class	GBP	4,387,703	8,309	5.13
iShares \$ TIPS UCITS Fund USD (Acc) Share Class	GBP	67,380	10,401	6.42
iShares Core S&P 500 UCITS Fund USD (Acc) Share Class	GBP	60,504	12,425	7.67
iShares Pacific Index Fund (IE) Class Institutional Accumulating EUR	EUR	205,347	2,960	1.82
JOHCM UK Dynamic Fund Y Accumulating	GBP	3,723,060	5,324	3.29
JPM Global Corporate Bond Fund C (dist) – GBP (hedged)	GBP	246,276	15,542	9.59
Man GLG Japan CoreAlpha Fund Professional Accumulation Shares (Class C)	GBP	2,079,452	3,677	2.27
PineBridge Asia ex Japan Small Cap Equity Fund Unit Class Y2	GBP	28,090	3,344	2.06
T. Rowe Price Emerging Markets Equity Fund Class I	USD	520	15	0.01
Wellington US Research Equity Fund USD Class S Accumulating Unhedged	USD	204,626	15,080	9.31
<b>Collective Investment Schemes total</b>			<b>133,913</b>	<b>82.63</b>
<b>Forward Currency Contracts 0.46% (0.36%)</b>				
Buy GBP 1,609,051 sell AUD 2,908,647 dated 15/05/2019			52	0.03
Buy GBP 6,406,999 sell EUR 7,240,109 dated 15/05/2019			197	0.12
Buy GBP 12,624,395 sell USD 16,201,947 dated 15/05/2019			492	0.31
<b>Forward Currency Contracts total</b>			<b>741</b>	<b>0.46</b>
<b>Futures 0.37% (0.18%)</b>				
Australia 10 Year Bond 15/03/2019	AUD	202	403	0.25
Euro-BTP 07/03/2019	EUR	16	68	0.04
EURO STOXX 50 Index 15/03/2019	EUR	(234)	(365)	(0.22)
EURO STOXX Bank Index 15/03/2019	EUR	357	69	0.04
FTSE 100 Index 15/03/2019	GBP	24	71	0.04
MSCI Emerging Markets Index 15/03/2019	USD	65	145	0.09
S&P 500 Emini Index 15/03/2019	USD	30	207	0.13
TOPIX Index 07/03/2019	JPY	22	39	0.02
US 2 Year Note 28/06/2019	USD	(34)	(1)	–
US 10 Year Note 19/06/2019	USD	(61)	5	–
US Ultra Bond 19/06/2019	USD	46	(34)	(0.02)
<b>Futures total</b>			<b>607</b>	<b>0.37</b>
<b>Liquidity Funds 16.54% (16.01%)<sup>1</sup></b>				
Aviva Investors Sterling Liquidity Fund Class 3, Income shares, GBP†	GBP	26,800,000	26,800	16.54
<b>Liquidity Funds total</b>			<b>26,800</b>	<b>16.54</b>
Investment assets (including investment liabilities) <sup>2</sup>			162,061	100.00
Net other liabilities			(5)	–
<b>Net assets</b>			<b>162,056</b>	<b>100.00</b>

All holdings are ordinary shares or stock units and admitted to an official stock exchange unless otherwise stated.

The comparative percentage figures in brackets are as at 28 February 2018.

† A related party to the Fund.

<sup>1</sup> Cash Equivalents.<sup>2</sup> Includes Cash Equivalents.

## STATEMENT OF TOTAL RETURN

### For the year ended 28 February 2019

	Notes	£000	Year ended 28.02.19 £000	£000	Year ended 28.02.18 £000
Income					
Net capital (losses)/gains	2		(3,897)		5,399
Revenue	3	2,513		3,289	
Expenses	4	(1,181)		(1,242)	
Net revenue before taxation		1,332		2,047	
Taxation	5	708		(276)	
Net revenue after taxation			2,040		1,771
<b>Total return before distributions</b>			<b>(1,857)</b>		<b>7,170</b>
Distributions	6		(1,833)		(1,792)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>(3,690)</b>		<b>5,378</b>

## STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

### For the year ended 28 February 2019

	£000	Year ended 28.02.19 £000	£000	Year ended 28.02.18 £000
<b>Opening net assets attributable to shareholders</b>		<b>176,768</b>		<b>174,178</b>
Movement due to issue and cancellation of shares:				
Amounts receivable on issue of shares	8,770		17,849	
Amounts payable on cancellation of shares	(19,949)		(20,778)	
		(11,179)		(2,929)
Change in net assets attributable to shareholders from investment activities (see above)		(3,690)		5,378
Retained distribution on accumulation shares		157		141
<b>Closing net assets attributable to shareholders</b>		<b>162,056</b>		<b>176,768</b>

## BALANCE SHEET

As at 28 February 2019

	Notes	As at 28.02.19 £000	As at 28.02.18 £000
<b>Assets:</b>			
Investments		135,661	130,589
<b>Current assets:</b>			
Debtors	8	892	8,489
Cash and bank balances	9	429	19,829
Cash equivalents	10	26,800	28,300
<b>Total assets</b>		<b>163,782</b>	<b>187,207</b>
<b>Liabilities:</b>			
Investment liabilities		(400)	(476)
Provision for liabilities	11	–	(214)
<b>Creditors:</b>			
Distribution payable		(1,093)	(320)
Other creditors	12	(233)	(9,429)
<b>Total liabilities</b>		<b>(1,726)</b>	<b>(10,439)</b>
<b>Net assets attributable to shareholders</b>		<b>162,056</b>	<b>176,768</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 1 Accounting basis and policies

Please see pages 6 to 8 for accounting basis and policies.

### 2 Net capital (losses)/gains

	Year ended 28.02.19 £000	Year ended 28.02.18 £000
<b>Net capital (losses)/gains on investment during the year comprise:</b>		
Currency gains/(losses)	23	(14)
Derivative contracts (losses)/gains	(1,041)	479
Expenses relating to the purchase and sale of investments	(1)	(3)
Forward currency contracts (losses)/gains	(606)	1,515
Investment manager capital rebates*	31	14
Non-derivative securities (losses)/gains	(2,303)	3,408
<b>Net capital (losses)/gains**</b>	<b>(3,897)</b>	<b>5,399</b>

\* Represents rebates received in respect of expenses incurred in underlying CIS investments.

\*\* Total realised gains for the year were £1,080,692 (2018: £8,147,321) and the movement in unrealised losses was £(4,978,076) (2018: £(2,748,106)). Included in realised gains for the year were unrealised losses recognised in previous years.

### 3 Revenue

	Year ended 28.02.19 £000	Year ended 28.02.18 £000
Bank and deposit interest	3	2
Franked component of dividend distributions	753	681
Interest on debt securities	231	57
Income from derivatives	154	311
Investment manager rebates*	160	179
Revenue from offshore funds	988	1,558
Unfranked component of dividend distributions	224	501
<b>Total revenue</b>	<b>2,513</b>	<b>3,289</b>

\* Represents rebates received in respect of expenses incurred in underlying CIS investments.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 4 Expenses

	Year ended 28.02.19 £000	Year ended 28.02.18 £000
<b>Payable to the Authorised Corporate Director ("ACD"), associates of the ACD or agents of either of them:</b>		
ACD's periodic charge/Fund Management Fee*	1,138	1,141
Registration fees	7	28
	1,145	1,169
<b>Payable to the Depositary, associates of the Depositary or agents of either of them:</b>		
Depositary's fee	6	25
Interest payable	23	15
Safe custody fee	4	14
	33	54
<b>Other expenses:</b>		
Audit fee**	3	11
Printing & postage expenses	(1)	3
Statement fees	1	5
	3	19
<b>Total expenses</b>	<b>1,181</b>	<b>1,242</b>

\* From 4 June 2018 the Fund changed to a single fixed charge known as the Fund Management Fee (FMF). The FMF covers fees and expenses in relation to the operation and administration of the Company and the Fund.

\*\* The audit fee was £9,280 (2018: £9,098) net of VAT. With effect 4 June 2018, the audit fee was no longer accrued for separately and now forms part of the FMF.



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 5 Taxation

## a Analysis of tax charge

	Year ended 28.02.19 £000	Year ended 28.02.18 £000
Adjustments in respect of prior period	(574)	8
Corporation tax	83	410
Overseas tax suffered	(3)	(4)
<b>Total current tax</b>	<b>(494)</b>	<b>414</b>
Deferred tax (see note 5c)	(214)	(138)
<b>Total tax for the year (see note 5b)</b>	<b>(708)</b>	<b>276</b>

## b Factors affecting current tax charge

The tax assessed for the year is lower (2018: lower) than the standard rate of corporation tax in the UK for an Authorised Investment Fund (20%) (2018: 20%).

The differences are explained below:

	Year ended 28.02.19 £000	Year ended 28.02.18 £000
<b>Net revenue before taxation</b>	<b>1,332</b>	<b>2,047</b>
Corporation tax at 20%	266	409
<b>Effects of:</b>		
Adjustments in respect of prior period	(574)	8
Deferred tax	(214)	(138)
Franked distributions not subject to corporation tax	(151)	(136)
Overseas dividends not subject to corporation tax	(39)	(13)
Overseas tax suffered	(3)	(4)
Tax relief on investment manager fee rebates	7	3
Tax relief on realised gain on offshore funds	–	147
<b>Total tax for the year (see note 5a)</b>	<b>(708)</b>	<b>276</b>

Authorised Investment Funds are exempt from tax on capital gains. Therefore, any capital return is not included in the above reconciliation.

## c Deferred tax

	Year ended 28.02.19 £000	Year ended 28.02.18 £000
The deferred tax provision is made up as follows:		
Provision at start of year	214	352
(Credit) for the year	(214)	(138)
<b>Provision at end of year</b>	<b>–</b>	<b>214</b>

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 6 Distributions

	Year ended 28.02.19 £000	Year ended 28.02.18 £000
<b>The distributions take account of revenue received on the issue of shares and revenue deducted on the cancellation of shares, and comprise:</b>		
Interim distribution	609	1,439
Final distribution	1,202	339
	1,811	1,778
Add: Revenue deducted on cancellation of shares	37	67
Deduct: Revenue received on issue of shares	(15)	(53)
<b>Total distributions</b>	<b>1,833</b>	<b>1,792</b>
<b>Reconciliation of distributions for the year to net revenue after taxation</b>		
Distributions for the year	1,833	1,792
Revenue deficit transferred to capital	–	(9)
Tax relief on investment manager fee rebates	(7)	(3)
Tax relief on offshore gain	214	(9)
<b>Net revenue after taxation</b>	<b>2,040</b>	<b>1,771</b>

Details of the distributions per share are set out in the distribution tables on page 54.

## 7 Fair value hierarchy

Valuation technique	As at 28.02.19		As at 28.02.18	
	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Level 1: Quoted prices	23,833	(400)	788	(476)
Level 2: Observable market data	138,628	–	158,101	–
<b>Total</b>	<b>162,461</b>	<b>(400)</b>	<b>158,889</b>	<b>(476)</b>

The purpose of the fair value hierarchy is to prioritise the inputs that should be used to measure the fair value of assets and liabilities.

The highest priority is given to quoted prices at which a transaction can be entered into and the lowest priority to unobservable inputs. Disclosure is required of the value in each category in order to give an insight into the extent to which fair value measurements are subjective.

The disclosure is split into the following categories:

**Level 1:** Unadjusted quoted price in an active market for an identical instrument;

**Level 2:** Valuation techniques using observable inputs other than quoted prices within level 1;

**Level 3:** Valuation techniques using unobservable inputs.

## 8 Debtors

	As at 28.02.19 £000	As at 28.02.18 £000
Accrued revenue	16	58
Accrued management fee rebate	67	184
Amounts receivable on issue of shares	188	523
Corporation tax recoverable	476	–
Income tax recoverable	145	93
Sales awaiting settlement	–	7,631
<b>Total debtors</b>	<b>892</b>	<b>8,489</b>

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**9 Cash and bank balances**

	As at 28.02.19 £000	As at 28.02.18 £000
Amounts held at futures clearing houses and brokers	366	1,358
Cash and bank balances	63	18,471
<b>Total cash and bank balances</b>	<b>429</b>	<b>19,829</b>

**10 Cash equivalents**

	As at 28.02.19 £000	As at 28.02.18 £000
Aviva Investors Sterling Liquidity Fund	26,800	28,300
<b>Total cash equivalents</b>	<b>26,800</b>	<b>28,300</b>

**11 Provisions**

	As at 28.02.19 £000	As at 28.02.18 £000
Deferred taxation	–	214
<b>Total provisions for liabilities</b>	<b>–</b>	<b>214</b>

**12 Other creditors**

	As at 28.02.19 £000	As at 28.02.18 £000
Accrued expenses	84	125
Amounts payable for cancellation of shares	149	1,214
Corporation tax payable	–	410
Overseas tax provision	–	4
Purchases awaiting settlement	–	7,676
<b>Total creditors</b>	<b>233</b>	<b>9,429</b>

**13 Contingent liabilities and commitments**

There were no contingent liabilities or commitments at the year end (2018: £nil).

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 14 Related party transactions

Aviva Investors UK Fund Services Limited, Aviva Investors Global Services Limited and the Aviva Group are deemed to be related parties per section 33.10 of FRS 102 as they are entities with control, joint control or significant influence over the entity.

ACD periodic charges/Fund Management Fee paid to Aviva Investors UK Fund Services Limited ("the ACD") are shown in note 4 and details of shares issued and cancelled by the ACD are shown in the statement of change in net assets attributable to shareholders. The balance due to the ACD at the year end in respect of ACD periodic charges/Fund Management Fee was £83,694 (2018: £87,284). Any balance due from the ACD in respect of issues is shown in note 8. Any balance due to the ACD in respect of cancellations is shown in note 11.

Distributions payable to the ACD and related parties of the ACD during the year amounted to £1,702,634 (2018: £1,556,356). The amount outstanding at the year end was £1,123,657 (2018: £312,393). Related parties of the ACD are deemed to be all companies under the control of Aviva Plc. This will include companies which hold shares in the companies on behalf of other external investors.

Any investments managed and advised by Aviva Investors Global Services Limited or associated with the Aviva Group are identified on the portfolio statement. The total purchases and sales on these investments during the year amounted to £74,654,211 (2018: £11,352,814) and £83,260,844 (2018: £26,083,244) respectively. The income received during the year amounted to £620,200 (2018: £797,023). The rebates from ACD during the year amounted to £64,626 (2018: £99,374).

Holdings at the year end and movements during the year are as follows:

	Holdings at 28.02.19 (shares)	Movement (shares)	Holdings at 28.02.18 (shares)
ACD and related parties (Class 2 Income shares)	1,572,730	1,572,730	–
ACD and related parties (Class 2 Accumulation shares)	8,966,377	8,966,377	–
ACD and related parties (Class 3 Income shares)	85,119,307	(6,518,298)	91,637,605

The ACD and related parties of the ACD are ineligible to vote at any general meeting.

### 15 Shareholder funds

The Fund currently has three share classes: Class 1 (Retail), Class 2 (Institutional) and Class 3 (Associated undertakings of Aviva plc). The Fund Management Fees are as follows:

Class 1: 1.14%

Class 2: 0.89%

Class 3: 0.64%

The net asset value per share class, the net asset value per share and the number of shares in the class are shown on pages 40 and 41. The distributions per share class are given in the distribution tables on page 54. All the share classes have the same rights on winding up.

### 16 Shares in issue reconciliation

	Number of shares in issue at 28.02.18	Number of shares issued	Number of shares cancelled	Number of shares converted	Number of shares in issue at 28.02.19
Class 1 Income shares	4,371,298	79,541	(581,724)	–	3,869,115
Class 2 Income shares	5,095,781	899,585	(924,014)	–	5,071,352
Class 2 Accumulation shares	12,636,128	1,186,794	(1,457,581)	–	12,365,341
Class 3 Income shares	91,637,605	3,673,639	(10,191,937)	–	85,119,307

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**17 Derivatives and other financial instruments**

The policies applied in the management of financial instruments are set out on pages 7 and 8.

**Fair value of financial assets and financial liabilities**

There is no significant difference between the carrying values of the financial assets and liabilities and their fair values (2018: £nil).

**Currency risk**

At the year end date, (0.04)% (2018: 3.83%) of the net assets of the Fund were denominated in currencies other than sterling and as such the currency risk is not considered significant.

**Interest rate risk**

At the year end date 16.80% (2018: 27.23%) of the net assets of the Fund were interest bearing.

The interest rate profile of the Fund's financial assets and liabilities at 28 February 2019 was:

Currency 28.02.19	Floating Rate £000	Fixed Rate £000	None £000	Total £000
<b>Financial Assets</b>				
Australian dollar	(420)	–	402	(18)
Euro	257	–	3,096	3,353
Japanese yen	(66)	–	40	(26)
Sterling	27,854	–	135,598	163,452
US dollar	(396)	–	17,316	16,920
<b>Financial Liabilities</b>				
Australian dollar	–	–	(1,557)	(1,557)
Euro	–	–	(6,575)	(6,575)
Sterling	–	–	(1,326)	(1,326)
US dollar	–	–	(12,167)	(12,167)
<b>Total</b>	<b>27,229</b>	<b>–</b>	<b>134,827</b>	<b>162,056</b>

The interest rate profile of the Fund's financial assets and liabilities at 28 February 2018 was:

Currency 28.02.18	Floating Rate £000	Fixed Rate £000	None £000	Total £000
<b>Financial Assets</b>				
Australian dollar	387	–	–	387
Euro	(23)	–	3,237	3,214
Japanese yen	77	–	–	77
Sterling	48,301	–	131,650	179,951
US dollar	(613)	–	22,960	22,347
<b>Financial Liabilities</b>				
Australian dollar	–	–	(1,861)	(1,861)
Japanese yen	–	–	(62)	(62)
Sterling	–	–	(9,958)	(9,958)
US dollar	–	–	(17,327)	(17,327)
<b>Total</b>	<b>48,129</b>	<b>–</b>	<b>128,639</b>	<b>176,768</b>

The floating rate on bank balances is linked to the Depositary's base rate.

The Fund invests in some collective investment schemes (CIS) which predominantly invest in debt securities. The revenue of the Fund and the value of debt securities may be significantly affected by interest rate movements in the future. At the year end date 30.79% (2018: 17.75%) of the assets of the Fund were invested in CIS which predominantly invest in debt securities.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**17 Derivatives and other financial instruments (continued)****Interest rate exposures**

The Aviva Investors Investment Risk Team performs regular stress testing across all portfolios to determine market sensitivities and risk exposures using BlackRock's Aladdin risk model and stress testing methodology. Under this methodology, if 5Y GBP interest rates had increased by 1% as at the balance sheet date, the net asset value of the Fund would have decreased by £4,078,329 (2018: £3,260,275). If interest rates had decreased by 1% as at the balance sheet date, the net asset value of the Fund would have increased by £4,078,329 (2018: £3,260,275). These calculations assume the interest rate shock is propagated to all risk factors the Fund is exposed to, based on historical market correlations and volatilities between factors.

**Market price risk**

At the year end date, 82.63% (2018: 73.07%) of the net assets of the Fund were invested in CIS which primarily invest in stocks admitted to an official stock exchange. If the market value were to change by 10%, the value of the Fund would change by 8.26% (2018: 7.31%).

**18 Counterparty exposure****Financial derivative exposure**

The types of derivatives held at the year end date were forward currency contracts and futures contracts. Details of individual contracts are disclosed in the Portfolio Statement and the total position by counterparty at the year end date was as follows:

	Forward currency contracts £000	Futures contracts £000	Total £000
<b>28.02.19</b>			
Barclays	49	–	49
Goldman Sachs	492	–	492
J.P. Morgan	50	–	50
Nomura	49	–	49
Royal Bank of Scotland	52	–	52
Société Générale	49	–	49
UBS	–	1,007	1,007
<b>Total</b>	<b>741</b>	<b>1,007</b>	<b>1,748</b>

	Forward currency contracts £000	Futures contracts £000	Total £000
<b>28.02.18</b>			
Royal Bank of Canada	7	–	7
Royal Bank of Scotland	632	–	632
UBS	–	788	788
<b>Total</b>	<b>639</b>	<b>788</b>	<b>1,427</b>

The counterparty exposure on forward currency contracts is reported at their mark to market values but for futures contracts it is only the positive mark to market values that are reported.

**Collateral**

At the year end date no collateral was held or pledged by the company or on behalf of the counterparties in respect of the above (2018: £nil).

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**19 Direct transaction costs**

In the case of shares, broker commissions and transfer taxes, stamp duty is paid by the Fund on each transaction. In addition, there is a dealing spread between buying and selling prices of the underlying investments. Unlike shares, other types of investments (such as bonds, money market instruments, derivatives) have no separately identifiable transaction costs; these costs form part of the dealing spread.

	Principal before costs £000	Commissions £000	Taxes £000	Total after costs £000	Commissions as % of principal	Taxes as % of principal
<b>28.02.19</b>						
<b>Purchases</b>						
Funds	(116,373)	(2)	–	(116,375)	0.00%	0.00%
	(116,373)	(2)	–	(116,375)		
<b>Sales</b>						
Funds	110,833	(3)	(3)	110,827	0.00%	0.00%
	110,833	(3)	(3)	110,827		
<b>Total</b>		(5)	(3)			
<b>Percentage of fund average net assets</b>		0.00%	0.00%			

	Principal before costs £000	Commissions £000	Taxes £000	Total after costs £000	Commissions as % of principal	Taxes as % of principal
<b>28.02.18</b>						
<b>Purchases</b>						
Funds	(47,646)	(5)	–	(47,651)	0.00%	0.00%
	(47,646)	(5)	–	(47,651)		
<b>Sales</b>						
Funds	62,863	–	–	62,863	0.00%	0.00%
	62,863	–	–	62,863		
<b>Total</b>		(5)	–			
<b>Percentage of fund average net assets</b>		0.00%	0.00%			

**Dealing spread**

As at 28 February 2019, the average portfolio dealing spread was 0.02% (2018: 0.04%). This spread represents the difference between the values determined respectively by reference to the bid and offer prices of investments expressed as a percentage of the value determined by reference to the offer price.

**20 Post balance sheet events**

There are no post balance sheet events which require adjustment or disclosure at the year end (2018: £nil).

## DISTRIBUTION TABLES

## Final distribution payable in pence per share for the six months ended 28 February 2019

		Net revenue	Equalisation	Final distribution payable 30 April 2019	Final distribution paid 30 April 2018
<b>Income shares</b>					
Class 1	Group 1	0.4479	–	0.4479	0.0000
	Group 2	0.3502	0.0977	0.4479	0.0000
Class 2	Group 1	0.8918	–	0.8918	0.1519
	Group 2	0.6199	0.2719	0.8918	0.1519
Class 3	Group 1	1.2107	–	1.2107	0.3409
	Group 2	0.8428	0.3679	1.2107	0.3409
<b>Accumulation shares</b>					
Class 2	Group 1	0.8821	–	0.8821	0.1490
	Group 2	0.6448	0.2373	0.8821	0.1490

**Final distribution**

Group 1 shares are those shares purchased at or before 9am on 31 August 2018.

Group 2 shares are those shares purchased after 9am on 31 August 2018.

## Interim distribution paid in pence per share for the six months ended 31 August 2018

		Net revenue	Equalisation	Interim distribution paid 31 October 2018	Interim distribution paid 31 October 2017
<b>Income shares</b>					
Class 1	Group 1	0.0579	–	0.0579	0.3562
	Group 2	0.0495	0.0084	0.0579	0.3562
Class 2	Group 1	0.3746	–	0.3746	1.0159
	Group 2	0.2245	0.1501	0.3746	1.0159
Class 3	Group 1	0.6083	–	0.6083	1.3620
	Group 2	0.3755	0.2328	0.6083	1.3620
<b>Accumulation shares</b>					
Class 2	Group 1	0.3694	–	0.3694	0.9928
	Group 2	0.2177	0.1517	0.3694	0.9928

**Interim distribution**

Group 1 shares are those shares purchased at or before 9am on 28 February 2018.

Group 2 shares are those shares purchased after 9am on 28 February 2018.

**Equalisation**

Equalisation applies only to Group 2 shares, in other words shares purchased during the period. It is the average amount of revenue included in the purchase price of all Group 2 shares and is refunded to the holders of these shares as return of capital. Being capital, it is not liable to income tax but must be deducted from the cost of shares for capital gains tax purposes.



## AVIVA INVESTORS MULTI-ASSET FUND I

### INVESTMENT OBJECTIVE

The Fund aims to provide returns through a combination of capital growth and income.

### INVESTMENT POLICY

The Fund aims to achieve the investment objective by employing a blend of both strategic and tactical asset allocation across a diversified range of global asset classes.

The Fund may invest in securities, fixed income assets, Exchange Traded Funds, collective investment schemes, warrants, money market instruments, deposits, cash, near cash, property and commodities. Exposure to property and commodities will be via collective investment schemes and Exchange Traded Funds. The Fund may also invest directly in derivative instruments (including commodity futures) for the purposes of investment and efficient portfolio management.

By combining diversified and relatively uncorrelated assets, investment risk is controlled and kept in line with the Fund's 'defensive' risk profile.

Details about the Fund's 'defensive' risk profile are available in the Prospectus.

### FUND MANAGER'S REPORT

On 4 June 2018, share class 4 of this Fund was closed and merged into share class 1 and share class R3 of this Fund was renamed as share class 2.

#### Performance

Over the twelve months ended 28 February 2019, the Fund returned -0.33% (net of fees).

#### Review

The Fund's bond holdings helped preserve capital during a challenging period for equity markets.

Growth assets struggled for much of the year as investors appeared concerned about a potential slowdown in global economic activity and, in turn, how that might affect corporate profitability. The Fund's tactical overweight exposure to growth assets adversely affected returns.

Allocations to European and emerging market equities detracted from performance, as the introduction of tariffs on goods imported into the US threatened to curtail trade volumes and profitability among manufacturers. Elsewhere, increased investment in US equities was rewarded as they outperformed those in other regions; benefiting from a healthy economic background and strong company profitability.

Defensive assets fared relatively well over the year, helping to offset equity market weakness. The allocation to corporate bonds was increased towards the end of the year as valuations had become more appealing. Healthy economic conditions and company tax cuts are supporting corporate profitability in the US, underlining the appeal of an allocation to credit. An underweight position in government bonds is held, reflecting the possibility of policy settings being tightened by global central banks in the remainder of this year.

Uncorrelated assets detracted from performance. Portfolio positioning reflected the likelihood of rising interest rates, continuing solid economic growth and a normalisation of inflation. These views were expressed through various equity markets, including European mid-caps, emerging market smaller-companies and global financials, as well as through long inflation and short duration strategies. Collectively these strategies performed less well than anticipated over the year, although the Fund's allocation to uncorrelated assets is expected to add value over time.

#### Outlook

The pace of global growth is expected to moderate in 2019, while remaining above trend. At the same time, major central banks are expected to tighten policy, but perhaps less than initially expected last year. As a result, overweight exposure to growth assets continues to be held. Valuations in all areas of the market are monitored closely and portfolio positioning will be amended as and when opportunities are identified and where relative value emerges.

#### March 2019

\* Fund performance figures – share class 1, source Lipper, net of fees, net income reinvested in GBP, as at 28 February 2019.

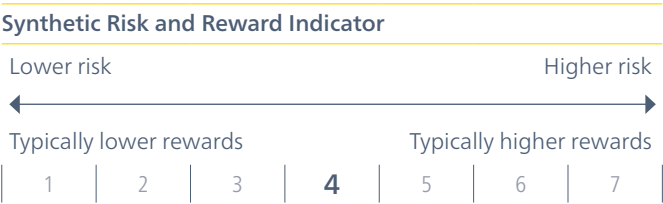
As noted above, the performance figures in this commentary have been sourced from an external party and are based on published prices. The performance figures quoted in the comparative tables on pages 57 and 58 are based on the net asset value per the published accounts and may be different due to post year end accounting adjustments.

Any opinions expressed are those of the Fund manager. They should not be viewed as a guarantee of a return from an investment in the Funds. The content of the commentary should not be viewed as a recommendation to invest nor buy or sell any securities. Past performance is not a guide to the future. The value of a fund and the income from it may go down as well as up, and the investor may not get back the original amount invested.

### Material Portfolio Changes

Purchases	Sales
Aviva Investors Multi-Strategy Fixed Income Fund Class Zyh, Accumulation shares, GBP	US Treasury Inflation Indexed 0.38% 15/07/2027
Aviva Investors Sterling Liquidity Fund Class 9, Income shares, GBP	Aviva Investors Sterling Liquidity Fund Class 9, Income shares, GBP
US Treasury Inflation Indexed 0.88% 15/01/2029	Aviva Investors Multi-Strategy Fixed Income Fund Class Zh, Accumulation shares, GBP
Aviva Investors Global Investment Grade Corporate Bond Fund Class Zyh, Accumulation shares, GBP	BlackRock North American Equity Index Fund (UK) Class L Accumulating GBP
AI North American Equity Index Fund, UK Fund of Fund Accumulation Units	Aviva Investors Multi-Strategy Target Return Fund Class 3, Accumulation shares, GBP
Australia Government Bond 1.25% 21/02/2022	Aviva Investors European Equity Income Fund Class Zy, Accumulation shares, GBP
Aviva Investors Emerging Markets Bond Fund Class Zyh, Accumulation shares, GBP	iShares S&P 500 Financials Sector UCITS Fund USD (Acc) Share Class
Aviva Investors Global High Yield Bond Fund Class Zh, Accumulation shares, GBP	Aviva Investors Global Equity Endurance Fund Class Zy, Accumulation shares, GBP
BlackRock North American Equity Index Fund (UK) Class L Accumulating GBP	BlackRock Japan Equity Index Fund (UK) Class L Accumulating GBP
US Treasury Inflation Indexed 0.38% 15/07/2027	Aviva Investors Emerging Markets Equity Income Fund Class Zy, Accumulation shares, GBP

AVIVA INVESTORS MULTI-ASSET FUND I (CONTINUED)



The Fund has been allocated a risk number based on the historic volatility of its share price. Where insufficient share price information is available, the risk number has been based on the historic volatility of the asset classes appropriate to the Fund.

- This indicator is based on historical data, calculated using European Union rules, and may not be a reliable indication of the future risk profile of the Fund.
- The risk and reward category shown is not guaranteed to remain unchanged and may change over time. The lowest category does not mean ‘risk free’.
- Further information on the risks applicable to the Fund is detailed in the Fund’s Key Investor Information Document, and a full description is set out in the Prospectus, both of which are available on the internet at [www.avivainvestors.com](http://www.avivainvestors.com) or from the ACD on request.

## COMPARATIVE TABLES

Class 1 Accumulation	2019 p per share	2018 p per share	2017 p per share
<b>Change in net assets per share</b>			
Opening net asset value per share	121.28	120.84	113.67
Return before operating charges <sup>†</sup>	0.28	2.06	8.93
Operating charges	(1.01)	(1.62)	(1.76)
Return after operating charges <sup>†</sup>	(0.73)	0.44	7.17
Distributions	(0.90)	(0.21)	(0.03)
Retained distributions on accumulation shares	0.90	0.21	0.03
Closing net asset value per share	120.55	121.28	120.84
<sup>†</sup> after direct transaction costs of	–	–	–
<b>Performance</b>			
Return after charges	(0.60)%	0.36%	6.31%
<b>Other information</b>			
Closing net asset value (£000)	10,852	1,881	2,213
Closing number of shares	9,002,533	1,551,065	1,831,638
Operating charges (%) <sup>†</sup>	0.85%	1.33%	1.49%
Direct transaction costs (%) <sup>†</sup>	–	–	–
<b>Prices<sup>™</sup></b>			
Highest share price	121.31	123.02	121.10
Lowest share price	116.92	120.31	112.98

Class 2 Accumulation	2019 p per share	2018 p per share	2017 p per share
<b>Change in net assets per share</b>			
Opening net asset value per share	123.86	122.63	114.66
Return before operating charges <sup>†</sup>	0.32	1.93	8.86
Operating charges	(0.67)	(0.70)	(0.89)
Return after operating charges <sup>†</sup>	(0.35)	1.23	7.97
Distributions	(1.27)	(0.92)	(0.76)
Retained distributions on accumulation shares	1.27	0.92	0.76
Closing net asset value per share	123.51	123.86	122.63
<sup>†</sup> after direct transaction costs of	–	–	–
<b>Performance</b>			
Return after charges	(0.28)%	1.00%	6.95%
<b>Other information</b>			
Closing net asset value (£000)	53,477	58,075	45,779
Closing number of shares	43,297,169	46,889,733	37,330,310
Operating charges (%) <sup>†</sup>	0.55%	0.58%	0.74%
Direct transaction costs (%) <sup>†</sup>	–	–	–
<b>Prices<sup>™</sup></b>			
Highest share price	123.94	125.51	122.72
Lowest share price	119.75	122.36	114.22

Class 3 Accumulation	2019 p per share	2018 p per share	2017 p per share
<b>Change in net assets per share</b>			
Opening net asset value per share	126.16	124.98	116.90
Return before operating charges <sup>†</sup>	0.36	1.97	9.05
Operating charges	(0.77)	(0.79)	(0.97)
Return after operating charges <sup>†</sup>	(0.41)	1.18	8.08
Distributions	(1.22)	(0.87)	(0.72)
Retained distributions on accumulation shares	1.22	0.87	0.72
Closing net asset value per share	125.75	126.16	124.98
<sup>†</sup> after direct transaction costs of	–	–	–
<b>Performance</b>			
Return after charges	(0.32)%	0.94%	6.91%
<b>Other information</b>			
Closing net asset value (£000)	59,300	66,692	48,069
Closing number of shares	47,157,847	52,862,401	38,461,958
Operating charges (%) <sup>†</sup>	0.62%	0.63%	0.79%
Direct transaction costs (%) <sup>†</sup>	–	–	–
<b>Prices<sup>™</sup></b>			
Highest share price	126.22	127.85	125.06
Lowest share price	121.93	124.70	116.43

Class 4 Accumulation	2019 p per share	2018 p per share	2017 p per share
<b>Change in net assets per share</b>			
Opening net asset value per share	124.31	123.35	115.57
Return before operating charges <sup>†</sup>	(123.99)	1.99	8.97
Operating charges	(0.32)	(1.03)	(1.19)
Return after operating charges <sup>†</sup>	(124.31)	0.96	7.78
Distributions	–	(0.65)	(0.52)
Retained distributions on accumulation shares	–	0.65	0.52
Closing net asset value per share	–	124.31	123.35
<sup>†</sup> after direct transaction costs of	–	–	–
<b>Performance</b>			
Return after charges	–	0.78%	6.73%
<b>Other information</b>			
Closing net asset value (£000)	–	9,670	10,425
Closing number of shares	–	7,778,697	8,451,180
Operating charges (%) <sup>†</sup>	0.78%	0.83%	0.99%
Direct transaction costs (%) <sup>†</sup>	–	–	–
<b>Prices<sup>™</sup></b>			
Highest share price	124.34	126.02	123.45
Lowest share price	122.86	123.08	115.04

## COMPARATIVE TABLES (CONTINUED)

Class 9 Accumulation	2019 p per share	2018 p per share	2017 p per share
<b>Change in net assets per share</b>			
Opening net asset value per share	108.95	107.63	100.32
Return before operating charges <sup>†</sup>	0.25	1.66	7.65
Operating charges	(0.34)	(0.34)	(0.34)
Return after operating charges <sup>†</sup>	(0.09)	1.32	7.31
Distributions	(1.32)	(1.04)	(0.99)
Retained distributions on accumulation shares	1.32	1.04	0.99
Closing net asset value per share	108.86	108.95	107.63
<sup>†</sup> after direct transaction costs of	–	–	–
<b>Performance</b>			
Return after charges	(0.08)%	1.23%	7.29%
<b>Other information</b>			
Closing net asset value (£000)	46,207	16,408	2,527
Closing number of shares	42,445,979	15,060,037	2,347,129
Operating charges (%) <sup>‡</sup>	0.32%	0.35%	0.35%
Direct transaction costs (%) <sup>#</sup>	–	–	–
<b>Prices<sup>≈</sup></b>			
Highest share price	109.11	110.37	107.71
Lowest share price	105.51	107.41	100.02

<sup>‡</sup> The operating charges are calculated on an ex-post basis and as such may differ from the Ongoing Charge Figure where:

(a) Changes to fee rates were made during the year and the Ongoing Charge Figure has been amended to be future proofed for this change.

(b) The ongoing charge has been annualised for a share class that has not yet been open for a full year.

<sup>#</sup> The direct transaction costs have been stated after deducting, in the case of single-priced funds, the proportion of the amounts collected from dilution adjustments or dilution levies that relates to direct transaction costs and, in the case of dual-priced funds, the amounts collected in relation to direct transaction costs added to, or subtracted from, the valuations by virtue of COLL 6.3.6 G (4).

<sup>≈</sup> The high and low prices disclosed are the high and low prices for the accounting period and not the calendar year. The net asset value per share price is based on the net asset value in the published accounts and may be different due to post year end accounting adjustments.

**Ongoing Charges Figure\***

Share class	28.02.19	28.02.18
Class 1	0.82%**	1.33%
Class 2	0.56%	0.58%
Class 3	0.62%	0.63%
Class 9	0.31%	0.35%

\* The Ongoing Charges Figure (OCF) is calculated as the ratio of the total ongoing charges to the average net asset value of the Fund over the year. The OCF is made up of the Fund Management Fee and, where a fund invests a substantial portion of its assets in other funds, an amount for the pro-rated charges of those other funds (referred to as "synthetic charges" or the "synthetic" part of the ongoing charge). The figure for ongoing charges excludes performance fees and portfolio transaction costs, except in the case of an entry/exit charge paid by the Fund when buying or selling shares/units in another collective investment scheme.

The OCF on share class 2 is capped at 0.60%, though the actual figure may be lower. The OCF on share class 9 is capped at 0.35%, though the actual figure may be lower. The OCF includes a synthetic charge of 0.07% (28.02.18: 0.09%) in respect of the underlying investments.

\*\* Following the update to the Prospectus and the change in charging structure of the Fund part way through the period, the ongoing charges figure has been based on the revised fee structure and therefore is not on an ex-post basis.

Please remember that past performance is not a guide to future performance and it might not be repeated. The value of investments and the revenue from them may go down as well as up and investors may not get back the amount originally invested. Because of this, you are not certain to make a profit on your investments and you may lose money.

## PORTFOLIO STATEMENT

As at 28 February 2019

Investment	Currency	Holding	Market Value £000	% of Net Assets
<b>Collective Investment Schemes 54.06% (43.18%)</b>				
AI Japanese Equity Index Fund, UK Fund of Fund Accumulation Units <sup>†</sup>	GBP	2,219,593	2,202	1.30
AI North American Equity Index Fund, UK Fund of Fund Accumulation Units <sup>†</sup>	GBP	8,188,213	8,205	4.83
Aviva Investors Emerging Markets Bond Fund Class Zyh, Accumulation shares, GBP <sup>†</sup>	GBP	4,910	5,928	3.49
Aviva Investors Emerging Markets Equity Small Cap Fund Class Zy, Accumulation shares, USD <sup>†</sup>	GBP	813	807	0.48
Aviva Investors Emerging Markets Local Currency Bond Fund Class Zy, Accumulation shares, GBP <sup>†</sup>	GBP	1,199	1,678	0.99
Aviva Investors European Equity Income Fund Class Zy, Accumulation shares, GBP <sup>†</sup>	GBP	2,302	2,950	1.74
Aviva Investors Global Emerging Markets Index Fund Class Zy, Accumulation shares, GBP <sup>†</sup>	GBP	1,958	1,931	1.14
Aviva Investors Global High Yield Bond Fund Class Zh, Accumulation shares, GBP <sup>†</sup>	GBP	2,612	4,199	2.47
Aviva Investors Global Investment Grade Corporate Bond Fund Class Zyh, Accumulation shares, GBP <sup>†</sup>	GBP	24,066	26,739	15.74
Aviva Investors Multi-Strategy Fixed Income Fund Class Zyh, Accumulation shares, GBP <sup>†</sup>	GBP	22,163	22,048	12.98
Aviva Investors Multi-Strategy Target Return Fund Class 3, Accumulation shares, GBP <sup>††</sup>	GBP	11,098,974	11,865	6.98
Aviva Investors UK Index Tracking Fund Class 3, Accumulation shares, GBP <sup>†</sup>	GBP	669,710	1,630	0.96
iShares Europe ex-UK Index Fund (IE) Class Flexible Accumulating EUR	EUR	71,836	1,633	0.96
<b>Collective Investment Schemes total</b>			<b>91,815</b>	<b>54.06</b>
<b>Government Bonds 13.76% (15.11%)</b>				
<b>Australia 3.87% (0.00%)</b>				
Australia Government Bond 1.25% 21/02/2022	AUD	10,469,000	6,563	3.87
			6,563	3.87
<b>United States of America 9.89% (15.11%)</b>				
US Treasury Inflation Indexed 0.88% 15/01/2029	USD	22,180,000	16,802	9.89
			16,802	9.89
<b>Government Bonds total</b>			<b>23,365</b>	<b>13.76</b>
<b>Forward Currency Contracts 0.69% (0.44%)</b>				
Buy GBP 6,798,193 sell AUD 12,315,315 dated 15/05/2019			215	0.13
Buy GBP 6,630,711 sell EUR 7,492,910 dated 15/05/2019			193	0.11
Buy GBP 20,228,934 sell USD 25,971,391 dated 15/05/2019			754	0.45
Buy GBP 250,218 sell USD 333,988 dated 15/05/2019			–	–
<b>Forward Currency Contracts total</b>			<b>1,162</b>	<b>0.69</b>
<b>Futures 0.44% (0.06%)</b>				
Australia 3 Year Bond 15/03/2019	AUD	(108)	(33)	(0.02)
Australia 10 Year Bond 15/03/2019	AUD	298	546	0.32
Euro-BTP 07/03/2019	EUR	14	53	0.03
EURO STOXX 50 Index 15/03/2019	EUR	(199)	(324)	(0.19)
EURO STOXX Bank Index 15/03/2019	EUR	189	52	0.03
FTSE 100 Index 15/03/2019	GBP	23	71	0.04
MSCI Emerging Markets Index 15/03/2019	USD	45	102	0.06
S&P 500 Emini Index 15/03/2019	USD	32	235	0.14
STOXX 600 Oil Index 15/03/2019	EUR	112	108	0.06
TOPIX Index 07/03/2019	JPY	15	29	0.02
US 10 Year Note 19/06/2019	USD	15	(5)	–
US Ultra Bond 19/06/2019	USD	62	(80)	(0.05)
<b>Futures total</b>			<b>754</b>	<b>0.44</b>
<b>Liquidity Funds 31.03% (34.90%)<sup>1</sup></b>				
Aviva Investors Sterling Liquidity Fund Class 9, Income shares, GBP <sup>†</sup>	GBP	52,700,403	52,700	31.03
<b>Liquidity Funds total</b>			<b>52,700</b>	<b>31.03</b>
Investment assets (including investment liabilities) <sup>2</sup>			169,796	99.98
Net other assets			40	0.02
<b>Net assets</b>			<b>169,836</b>	<b>100.00</b>

All holdings are ordinary shares or stock units and admitted to an official stock exchange unless otherwise stated.

The comparative percentage figures in brackets are as at 28 February 2018.

<sup>†</sup> A related party to the Fund.<sup>1</sup> Cash Equivalents.<sup>2</sup> Includes Cash Equivalents.

## STATEMENT OF TOTAL RETURN

For the year ended 28 February 2019

	Notes	£000	Year ended 28.02.19 £000	£000	Year ended 28.02.18 £000
Income					
Net capital (losses)/gains	2		(1,722)		86
Revenue	3	2,581		1,797	
Expenses	4	(758)		(701)	
Net revenue before taxation		1,823		1,096	
Taxation	5	(275)		(174)	
Net revenue after taxation			1,548		922
<b>Total return before distributions</b>			<b>(174)</b>		<b>1,008</b>
Distributions	6		(1,528)		(940)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>(1,702)</b>		<b>68</b>

## STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

For the year ended 28 February 2019

	£000	Year ended 28.02.19 £000	£000	Year ended 28.02.18 £000
<b>Opening net assets attributable to shareholders</b>		<b>152,726</b>		<b>109,013</b>
Movement due to issue and cancellation of shares:				
Amounts receivable on issue of shares	47,153		57,877	
Amounts payable on cancellation of shares	(29,923)		(15,271)	
		17,230		42,606
Change in net assets attributable to shareholders from investment activities (see above)		(1,702)		68
Retained distribution on accumulation shares		1,582		1,039
<b>Closing net assets attributable to shareholders</b>		<b>169,836</b>		<b>152,726</b>

## BALANCE SHEET

As at 28 February 2019

	Notes	As at 28.02.19 £000	As at 28.02.18 £000
<b>Assets:</b>			
Investments		117,538	90,280
<b>Current assets:</b>			
Debtors	8	2,663	2,715
Cash and bank balances	9	239	8,483
Cash equivalents		52,700	53,300
<b>Total assets</b>		<b>173,140</b>	<b>154,778</b>
<b>Liabilities:</b>			
Investment liabilities		(442)	(489)
Provisions for liabilities	11	–	(15)
<b>Creditors:</b>			
Other creditors	12	(2,862)	(1,548)
<b>Total liabilities</b>		<b>(3,304)</b>	<b>(2,052)</b>
<b>Net assets attributable to shareholders</b>		<b>169,836</b>	<b>152,726</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 1 Accounting basis and policies

Please see pages 6 to 8 for accounting basis and policies.

### 2 Net capital (losses)/gains

	Year ended 28.02.19 £000	Year ended 28.02.18 £000
<b>Net capital (losses)/gains on investment during the year comprise:</b>		
Compensation items	1	–
Currency gains	108	4
Derivative contracts gains/(losses)	122	(116)
Expenses relating to the purchase and sale of investments	(1)	(4)
Forward currency contracts (losses)/gains	(806)	1,693
Non-derivative securities losses	(1,146)	(1,491)
<b>Net capital (losses)/gains*</b>	<b>(1,722)</b>	<b>86</b>

\* Total realised gains for the year were £768,071 (2018: £1,503,566) and the movement in unrealised losses was £(2,489,664) (2018: £(1,413,398)). Included in realised gains for the year were unrealised losses recognised in previous years.

### 3 Revenue

	Year ended 28.02.19 £000	Year ended 28.02.18 £000
Bank and deposit interest	7	2
Franked component of dividend distributions	183	229
Interest on debt securities	694	580
Income from derivatives	225	407
Investment manager rebates*	9	23
Overseas dividends	61	–
Revenue from offshore funds	1,302	327
Unfranked component of dividend distributions	100	229
<b>Total revenue</b>	<b>2,581</b>	<b>1,797</b>

\* Represents rebates received in respect of expenses incurred in underlying CIS investments.



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 4 Expenses

	Year ended 28.02.19 £000	Year ended 28.02.18 £000
<b>Payable to the Authorised Corporate Director ("ACD"), associates of the ACD or agents of either of them:</b>		
ACD's periodic charge/Fund Management Fee*	732	609
Registration fees	17	65
	749	674
<b>Payable to the Depositary, associates of the Depositary or agents of either of them:</b>		
Depositary's fee	5	19
Interest payable	7	9
Safe custody fee	3	12
	15	40
<b>Other expenses:</b>		
Audit fee**	3	11
Printing and postage expenses	–	1
Statement fees	1	2
	4	14
<b>Total expenses</b>	<b>768</b>	<b>728</b>
Less those expenses rebated by the ACD	(10)	(27)
<b>Net expenses</b>	<b>758</b>	<b>701</b>

\* From 4 June 2018 the Fund changed to a single fixed charge known as the Fund Management Fee (FMF). The FMF covers fees and expenses in relation to the operation and administration of the Company and the Fund.

\*\* The audit fee was £11,608 (2018: £9,420) net of VAT. With effect 4 June 2018, the audit fee was no longer accrued for separately and now forms part of the FMF.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**5 Taxation****a Analysis of tax charge**

	Year ended 28.02.19 £000	Year ended 28.02.18 £000
Corporation tax	259	151
Adjustments in respect of prior period	28	12
Overseas tax suffered	3	(4)
<b>Total current tax (see note 5b)</b>	<b>290</b>	<b>159</b>
Deferred tax (see note 5c)	(15)	15
<b>Total tax for the year</b>	<b>275</b>	<b>174</b>

**b Factors affecting current tax charge**

The tax assessed for the year is lower than (2018: lower than) than the standard rate of corporation tax in the UK for an Authorised Investment Fund (20%) (2018: 20%)

The differences are explained below:

	Year ended 28.02.19 £000	Year ended 28.02.18 £000
<b>Net revenue before taxation</b>	<b>1,823</b>	<b>1,096</b>
Corporation tax at 20%	365	219
<b>Effects of:</b>		
Adjustments in respect of prior period	28	12
Capital taxable revenue not included in net revenue	–	3
Deferred tax	(15)	15
Franked distributions not subject to corporation tax	(37)	(46)
Overseas dividends not subject to corporation tax	(69)	(25)
Overseas tax suffered	3	(4)
<b>Current tax charge (see note 5a)</b>	<b>275</b>	<b>174</b>

Authorised Investment Funds are exempt from tax on capital gains. Therefore, any capital return is not included in the above reconciliation.

**c Deferred tax**

	Year ended 28.02.19 £000	Year ended 28.02.18 £000
The deferred tax provision is made up as follows:		
Provision at start of year	15	–
(Credit)/Charge for the year	(15)	15
<b>Provision at end of the year</b>	<b>–</b>	<b>15</b>

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 6 Distributions

	Year ended 28.02.19 £000	Year ended 28.02.18 £000
<b>The distributions take account of revenue received on the issue of shares and revenue deducted on the cancellation of shares, and comprise:</b>		
Interim distribution	1,131	662
Final distribution	451	377
	1,582	1,039
Add: Revenue deducted on cancellation of shares	57	32
Deduct: Revenue received on issue of shares	(111)	(131)
<b>Total distributions</b>	<b>1,528</b>	<b>940</b>
<b>Reconciliation of distributions for the year to net revenue after taxation</b>		
Distributions for the year	1,528	940
ACD's periodic charge borne by the capital account	(1)	–
Equalisation on conversions	5	–
Revenue deficit transferred to capital	–	(1)
Tax relief on other capital items	–	(17)
Prior year adjustment	15	–
Undistributed revenue carried forward	1	–
<b>Net revenue after taxation</b>	<b>1,548</b>	<b>922</b>

Details of the distributions per share are set out in the distribution tables on page 71.

## 7 Fair value hierarchy

Valuation technique	As at 28.02.19		As at 28.02.18	
	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Level 1: Quoted prices	3,398	(442)	23,650	(489)
Level 2: Observable market data	166,840	–	119,930	–
<b>Total value</b>	<b>170,238</b>	<b>(442)</b>	<b>143,580</b>	<b>(489)</b>

The purpose of the fair value hierarchy is to prioritise the inputs that should be used to measure the fair value of assets and liabilities.

The highest priority is given to quoted prices at which a transaction can be entered into and the lowest priority is given to unobservable inputs. Disclosure is required of the value in each category in order to give an insight into the extent to which fair value measurements are subjective.

The disclosure is split into the following categories:

**Level 1:** Unadjusted quoted price in an active market for an identical instrument;

**Level 2:** Valuation techniques using observable inputs other than quoted prices within level 1;

**Level 3:** Valuation techniques using unobservable inputs.

## 8 Debtors

	As at 28.02.19 £000	As at 28.02.18 £000
Accrued revenue	85	11
Accrued expenses fee rebates	14	13
Amounts receivable on issue of shares	1,849	203
Income tax recoverable	65	44
Sales awaiting settlement	650	2,444
<b>Total debtors</b>	<b>2,663</b>	<b>2,715</b>

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**9 Cash and bank balances**

	As at 28.02.19 £000	As at 28.02.18 £000
Amounts held at futures clearing houses and brokers	214	1,201
Cash and bank balances	25	7,282
<b>Total cash and bank balances</b>	<b>239</b>	<b>8,483</b>

**10 Cash equivalents**

	As at 28.02.19 £000	As at 28.02.18 £000
Aviva Investors Sterling Liquidity Fund	52,700	53,300
<b>Total cash equivalents</b>	<b>52,700</b>	<b>53,300</b>

**11 Provisions**

	As at 28.02.19 £000	As at 28.02.18 £000
Deferred taxation	–	15
<b>Total provisions for liabilities</b>	<b>–</b>	<b>15</b>

**12 Other creditors**

	As at 28.02.19 £000	As at 28.02.18 £000
Accrued expenses	59	84
Amounts payable for cancellation of shares	493	1,309
Corporation tax payable	322	150
Purchases awaiting settlement	1,978	–
Overseas tax provision	10	5
<b>Total creditors</b>	<b>2,862</b>	<b>1,548</b>

**13 Contingent liabilities and commitments**

There were no contingent liabilities or commitments at the year end (2018: £nil).

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 14 Related party transactions

Aviva Investors UK Fund Services Limited, Aviva Investors Global Services Limited and the Aviva group are deemed to be related parties per section 33.10 of FRS 102 as they are entities with control, joint control or significant influence over the entity.

ACD periodic charges/Fund Management Fee paid to Aviva Investors UK Fund Services Limited ("the ACD") are shown in note 4 and details of shares issued and cancelled by the ACD are shown in the statement of change in net assets attributable to shareholders. The balance due to the ACD at the year end in respect of ACD periodic charges was £57,680 (2018: £51,880). Any balance due from the ACD in respect of issues is shown in note 8. Any balance due to the ACD in respect of cancellations is shown in note 12.

Distributions payable to the ACD and related parties of the ACD during the year amounted to £1,197,145 (2018: £579,494). The amount outstanding at the year end was £361,134 (2018: £210,994). Related parties of the ACD are deemed to be all companies under the control of Aviva Plc. This will include companies which hold shares in the Fund on behalf of other external investors.

Any investments managed and advised by Aviva Investors Global Services Limited or associated with the Aviva Group are identified on the portfolio statement.

The total purchases and sales on these investments during the year amounted to £83,950,617 (2018: £106,364,014) and £50,153,485 (2018: £81,346,574) respectively. The income received during the year amounted to £1,543,484 (2018: £802,668). The rebates from ACD during the year amounted to £1,504 (2018: £11,843).

Holdings at the year end and movements during the year are as follows:

	Holdings at 28.02.19 (shares)	Movement (shares)	Holdings at 28.02.18 (shares)
ACD and related parties (Class 1 Accumulation shares)	110,864	6,342	104,522
ACD and related parties (Class 2 Accumulation shares)	19,746,232	19,746,232	–
ACD and related parties (Class 3 Accumulation shares)	47,157,847	(5,704,554)	52,862,401
ACD and related parties (Class 9 Accumulation shares)	42,445,979	27,385,942	15,060,037

The ACD and related parties of the ACD are ineligible to vote at any general meeting.

### 15 Shareholder funds

The Fund currently has four share classes: Class 1 (Retail), Class 2 (Institutional) and Class 3 and Class 9 (Associated undertakings of Aviva Plc). The Fund Management Fees are as follows:

Class 1: 0.75%  
 Class 2: 0.49%  
 Class 3: 0.55%  
 Class 9: 0.24%

The net asset value per share class, the net asset value per share and the number of shares in the class are shown on pages 57 and 58. The distributions per share class are given in the distribution tables on page 71. All the share classes have the same rights on winding up.

### 16 Shares in issue reconciliation

	Number of shares in issue at 28.02.18	Number of shares issued	Number of shares cancelled	Number of shares converted	Number of shares in issue at 28.02.19
Class 1 Accumulation shares	1,551,065	368,955	(789,679)	7,872,192	9,002,533
Class 2 Accumulation shares	46,889,733	6,690,808	(10,283,372)	–	43,297,169
Class 3 Accumulation shares	52,862,401	6,235,318	(11,939,872)	–	47,157,847
Class 4 Accumulation shares	7,778,697	–	(107,004)	(7,671,693)	–
Class 9 Accumulation shares	15,060,037	28,645,451	(1,259,509)	–	42,445,979

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 17 Derivatives and other financial instruments

The policies applied in the management of financial instruments are set out on pages 7 and 8.

#### Fair value of financial assets and financial liabilities

There is no significant difference between the carrying values of the financial assets and liabilities and their fair values (2018: £nil).

#### Currency risk

At the year end date, (5.19%) (2018: 1.38%) of the net assets of the Fund were denominated in currencies other than sterling and as such the currency risk is not considered significant.

#### Interest rate risk

At the year end date 44.93% (2018: 55.56%) of the net assets of the Fund were interest bearing.

The interest rate profile of the Fund's financial assets and liabilities at 28 February 2019 was:

Currency 28.02.19	Floating Rate £000	Fixed Rate £000	None £000	Total £000
<b>Financial Assets</b>				
Sterling	53,312	–	126,805	180,117
Australian dollar	(105)	6,563	547	7,005
Euro	129	–	1,846	1,975
Japanese yen	(42)	–	29	(13)
US dollar	(355)	16,802	355	16,802
<b>Financial Liabilities</b>				
Sterling	–	–	(1,473)	(1,473)
Australian dollar	–	–	(7,055)	(7,055)
Euro	–	–	(7,711)	(7,711)
US dollar	–	–	(19,811)	(19,811)
<b>Total</b>	<b>52,939</b>	<b>23,365</b>	<b>93,532</b>	<b>169,836</b>

The interest rate profile of the Fund's financial assets and liabilities at 28 February 2018 was:

Currency 28.02.18	Floating Rate £000	Fixed Rate £000	None £000	Total £000
<b>Financial Assets</b>				
Sterling	61,741	–	90,428	152,169
Australian Dollar	520	–	–	520
Euro	(8)	–	23	15
Japanese Yen	(2)	–	–	(2)
US Dollar	(468)	23,068	1,352	23,952
<b>Financial Liabilities</b>				
Sterling	–	–	(1,556)	(1,556)
Australian Dollar	–	–	(370)	(370)
Japanese Yen	–	–	(20)	(20)
US Dollar	–	–	(21,982)	(21,982)
<b>Total</b>	<b>61,783</b>	<b>23,068</b>	<b>67,875</b>	<b>152,726</b>

The floating rate on bank balances is linked to the Depositary's base rate.

The Fund invests in some collective investment schemes (CIS) which predominantly invest in debt securities. The revenue of the Fund and the value of debt securities may be affected by interest rate movements in the future. At the year end date 35.67% (2018: 19.95%) of the assets of the Fund were invested in CIS which predominantly invest in debt securities.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**17 Derivatives and other financial instruments (continued)****Interest rate exposures**

The Aviva Investors Investment Risk Team performs regular stress testing across all portfolios to determine market sensitivities and risk exposures using BlackRock's Aladdin risk model and stress testing methodology. Under this methodology, if 5Y GBP interest rates had increased by 1% as at the balance sheet date, the net asset value of the Fund would have decreased by £7,292,896 (2018: £5,565,818). If interest rates had decreased by 1% as at the balance sheet date, the net asset value of the Fund would have increased by £7,292,896 (2018: £5,565,818). These calculations assume the interest rate shock is propagated to all risk factors the Fund is exposed to, based on historical market correlations and volatilities between factors.

**Market price risk**

At the year end date, 67.82% (2018: 58.29%) of the net assets of the Fund were invested in CIS (which primarily invest in stocks admitted to an official stock exchange) and debt securities admitted to an official stock exchange. If the market value were to change by 10%, the value of the Fund would change by 6.78% (2018: 5.83%).

**18 Counterparty exposure****Financial derivative exposure**

The types of derivatives held at the year end date were forward currency contracts and futures contracts. Details of individual contracts are disclosed in the Portfolio Statement and the total position by counterparty at the year end date was as follows:

	Forward currency contracts £000	Futures contracts £000	Total £000
<b>28.02.19</b>			
Barclays	57	–	57
Goldman Sachs	746	–	746
J.P. Morgan	49	–	49
Nomura	48	–	48
Royal Bank of Scotland	214	–	214
Société Générale	48	–	48
UBS	–	1,196	1,196
<b>Total</b>	<b>1,162</b>	<b>1,196</b>	<b>2,358</b>

	Forward currency contracts £000	Futures contracts £000	Total £000
<b>28.02.18</b>			
JPMorgan	18	–	18
Royal Bank of Canada	9	–	9
Royal Bank of Scotland	650	–	650
UBS	–	583	583
<b>Total</b>	<b>677</b>	<b>583</b>	<b>1,260</b>

The counterparty exposure on forward currency contracts is reported at their mark to market values but for futures contracts it is only the positive mark to market values that are reported.

**Collateral**

At the year end date no collateral was held or pledged by the company or on behalf of the counterparties in respect of the above (2018: £nil).

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**19 Direct transaction costs**

In the case of shares, broker commissions and transfer taxes, stamp duty is paid by the Fund on each transaction. In addition, there is a dealing spread between buying and selling prices of the underlying investments. Unlike shares, other types of investments (such as bonds, money market instruments, derivatives) have no separately identifiable transaction costs; these costs form part of the dealing spread.

	Principal before costs £000	Commissions £000	Taxes £000	Total after costs £000	Commissions as % of principal	Taxes as % of principal
<b>28.02.19</b>						
<b>Purchases</b>						
Bonds	(26,229)	–	–	(26,229)	0.00%	0.00%
Funds	(90,479)	(1)	–	(90,480)	0.00%	0.00%
	(116,708)	(1)	–	(116,709)		
<b>Sales</b>						
Bonds	27,255	–	–	27,255	0.00%	0.00%
Funds	63,409	(1)	–	63,408	0.00%	0.00%
	90,664	(1)	–	90,663		
<b>Total</b>		(2)	–			
<b>Percentage of fund average net assets</b>		0.00%	0.00%			

	Principal before costs £000	Commissions £000	Taxes £000	Total after costs £000	Commissions as % of principal	Taxes as % of principal
<b>28.02.18</b>						
<b>Purchases</b>						
Bonds	(48,719)	–	–	(48,719)	0.00%	0.00%
Funds	(95,645)	–	–	(95,645)	0.00%	0.00%
	(144,364)	–	–	(144,364)		
<b>Sales</b>						
Bonds	68,658	–	–	68,658	0.00%	0.00%
Funds	39,549	–	–	39,549	0.00%	0.00%
	108,207	–	–	108,207		
<b>Total</b>		–	–			
<b>Percentage of fund average net assets</b>		0.00%	0.00%			

**Dealing spread**

As at 28 February 2019, the average portfolio dealing spread was 0.01% (2018: 0.01%). This spread represents the difference between the values determined respectively by reference to the bid and offer prices of investments expressed as a percentage of the value determined by reference to the offer price.

**20 Post balance sheet events**

There are no post balance sheet events which require adjustment or disclosure at the year end (2018: £nil).



## DISTRIBUTION TABLES

## Final distribution payable in pence per share for the six months ended 28 February 2019

Accumulation shares		Net revenue	Equalisation	Final distribution payable 30 April 2019	Final distribution paid 30 April 2018
Class 1	Group 1	0.1832	–	0.1832	0.0000
	Group 2	0.0480	0.1352	0.1832	0.0000
Class 2	Group 1	0.3132	–	0.3132	0.3236
	Group 2	0.0921	0.2211	0.3132	0.3236
Class 3	Group 1	0.2894	–	0.2894	0.2886
	Group 2	0.1384	0.1510	0.2894	0.2886
Class 9	Group 1	0.3831	–	0.3831	0.3880
	Group 2	0.0947	0.2884	0.3831	0.3880

**Final distribution**

Group 1 shares are those shares purchased at or before 2pm on 31 August 2018.

Group 2 shares are those shares purchased after 2pm on 31 August 2018.

## Interim distribution paid in pence per share for the six months ended 31 August 2018

Accumulation shares		Net revenue	Equalisation	Interim distribution paid 31 October 2018	Interim distribution paid 31 October 2017
Class 1	Group 1	0.7202	–	0.7202	0.2120
	Group 2	0.4391	0.2811	0.7202	0.2120
Class 2	Group 1	0.9537	–	0.9537	0.5937
	Group 2	0.7170	0.2367	0.9537	0.5937
Class 3	Group 1	0.9354	–	0.9354	0.5836
	Group 2	0.8334	0.1020	0.9354	0.5836
Class 9	Group 1	0.9366	–	0.9366	0.6567
	Group 2	0.6235	0.3131	0.9366	0.6567

**Interim distribution**

Group 1 shares are those shares purchased at or before 2pm on 28 February 2018.

Group 2 shares are those shares purchased after 2pm on 28 February 2018.

**Equalisation**

Equalisation applies only to Group 2 shares, in other words shares purchased during the period. It is the average amount of revenue included in the purchase price of all Group 2 shares and is refunded to the holders of these shares as return of capital. Being capital, it is not liable to income tax but must be deducted from the cost of shares for capital gains tax purposes.

## AVIVA INVESTORS MULTI-ASSET FUND II

### INVESTMENT OBJECTIVE

The Fund aims to provide returns through a combination of capital growth and income.

### INVESTMENT POLICY

The Fund aims to achieve the investment objective by employing a blend of both strategic and tactical asset allocation across a diversified range of global asset classes.

The Fund may invest in securities, fixed income assets, Exchange Traded Funds, collective investment schemes, warrants, money market instruments, deposits, cash, near cash, property and commodities. Exposure to property and commodities will be via collective investment schemes and Exchange Traded Funds. The Fund may also invest directly in derivative instruments (including commodity futures) for the purposes of investment and efficient portfolio management.

By combining diversified and relatively uncorrelated assets, investment risk is controlled and kept in line with the Fund's 'cautious' risk profile.

Details about the Fund's 'cautious' risk profile are available in the Prospectus.

### FUND MANAGER'S REPORT

On 4 June 2018, share class 4 of this Fund was closed and merged into share class 1 and share class R3 of this Fund was renamed as share class 2.

#### Performance

Over the twelve months ended 28 February 2019, the Fund returned -1.23%\* (net of fees).

#### Review

Growth assets struggled for much of the year as investors appeared concerned about a potential slowdown in global economic activity and, in turn, how that might affect corporate profitability. The Fund's tactical overweight exposure to growth assets adversely affected returns.

Allocations to European and emerging market equities detracted from performance, as the introduction of tariffs on goods imported into the US threatened to curtail trade volumes and profitability among manufacturers. Elsewhere, increased investment in US equities was rewarded as they outperformed those in other regions; benefiting from a healthy economic background and strong company profitability.

Defensive assets fared relatively well over the year, helping to offset some of the weakness in equity markets. The allocation to corporate bonds was increased towards the end of the year as valuations had become more appealing. Healthy economic conditions and company tax cuts are supporting corporate profitability in the US, underlining the appeal of an allocation to both investment grade and high yield credit. An underweight position in government bonds is held, reflecting the possibility of policy settings being tightened by global central banks in the remainder of this year.

Uncorrelated assets detracted from performance. Portfolio positioning reflected the likelihood of rising interest rates, continuing solid economic growth and a normalisation of inflation. These views were expressed through various equity markets, including European mid-caps, emerging market smaller-companies and global financials, as well as through long inflation and short duration strategies. Collectively these strategies performed less well than anticipated over the year, although the Fund's allocation to uncorrelated assets is expected to add value over time.

#### Outlook

The pace of global growth is expected to moderate in 2019, while remaining above trend. At the same time, major central banks are expected to tighten policy, but perhaps less than initially expected last year. As a result, overweight exposure to growth assets continues to be held. Valuations in all areas of the market are monitored closely and portfolio positioning will be amended as and when opportunities are identified and where relative value emerges.

#### March 2019

\* Fund performance figures – share class 1, source Lipper, net of fees, net income reinvested in GBP, as at 28 February 2019.

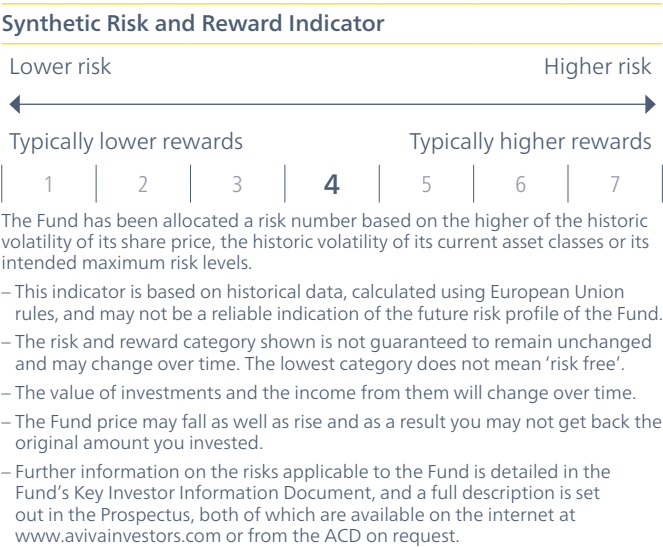
As noted above, the performance figures in this commentary have been sourced from an external party and are based on published prices. The performance figures quoted in the comparative tables on pages 74 and 75 are based on the net asset value per the published accounts and may be different due to post year end accounting adjustments.

Any opinions expressed are those of the Fund manager. They should not be viewed as a guarantee of a return from an investment in the Funds. The content of the commentary should not be viewed as a recommendation to invest nor buy or sell any securities. Past performance is not a guide to the future. The value of a fund and the income from it may go down as well as up, and the investor may not get back the original amount invested.

### Material Portfolio Changes

Purchases	Sales
Aviva Investors Sterling Liquidity Fund Class 9, Income shares, GBP	Aviva Investors Sterling Liquidity Fund Class 9, Income shares, GBP
AI North American Equity Index Fund UK Fund of Fund Accumulation Units	iShares North American Equity Index Fund (UK) Class L Accumulating GBP
Aviva Investors Multi-Strategy Fixed Income Fund Class Zyh, Accumulation shares, GBP	US Treasury Inflation Indexed 0.38% 15/07/2027
Aviva Investors Global Investment Grade Corporate Bond Fund Class Zyh, Accumulation shares, GBP	Aviva Investors Multi-Strategy Fixed Income Fund Class Zh, Accumulation shares, GBP
US Treasury Inflation Indexed 0.88% 15/01/2029	iShares North American Equity Index Fund (UK) Class L Accumulating GBP
Aviva Investors Global Emerging Markets Index Fund Class Zy, Accumulation shares, GBP	Aviva Investors Emerging Markets Equity Income Fund Class Zy, Accumulation shares, GBP
AI Japanese Equity Index Fund UK Fund of Fund Accumulation Units	Aviva Investors European Equity Income Fund Class Zy, Accumulation shares, GBP
iShares North American Equity Index Fund (UK) Class L Accumulating GBP	Aviva Investors Global Equity Endurance Fund Class Zy, Accumulation shares, GBP
Australia Government Bond 1.25% 21/02/2022	Aviva Investors Multi-Strategy Target Return Fund Class 3, Accumulation shares, GBP
Aviva Investors Emerging Markets Bond Fund Class Zyh, Accumulation shares, GBP	iShares S&P 500 Financials Sector Fund USD (Acc) Share Class

AVIVA INVESTORS MULTI-ASSET FUND II (CONTINUED)



## COMPARATIVE TABLES

Class 1 Accumulation	2019 p per share	2018 p per share	2017 p per share
<b>Change in net assets per share</b>			
Opening net asset value per share	147.21	142.57	127.20
Return before operating charges <sup>†</sup>	(0.71)	6.56	17.33
Operating charges	(1.34)	(1.92)	(1.96)
Return after operating charges <sup>†</sup>	(2.05)	4.64	15.37
Distributions	(1.52)	(0.28)	(0.71)
Retained distributions on accumulation shares	1.52	0.28	0.71
Closing net asset value per share	145.16	147.21	142.57
<sup>†</sup> after direct transaction costs of	(0.01)	–	–
<b>Performance</b>			
Return after charges	(1.39)%	3.25%	12.08%
<b>Other information</b>			
Closing net asset value (£000)	37,522	40,284	41,094
Closing number of shares	25,848,956	27,364,363	28,824,708
Operating charges (%) <sup>†</sup>	0.93%	1.32%	1.44%
Direct transaction costs (%) <sup>‡</sup>	0.01%	–	–
<b>Prices<sup>™</sup></b>			
Highest share price	149.02	150.00	142.59
Lowest share price	138.14	141.62	126.48

Class 2 Accumulation	2019 p per share	2018 p per share	2017 p per share
<b>Change in net assets per share</b>			
Opening net asset value per share	143.33	137.97	122.70
Return before operating charges <sup>†</sup>	(0.79)	6.16	16.18
Operating charges	(0.78)	(0.80)	(0.91)
Return after operating charges <sup>†</sup>	(1.57)	5.36	15.27
Distributions	(1.91)	(0.99)	(1.09)
Retained distributions on accumulation shares	1.91	0.99	1.09
Closing net asset value per share	141.76	143.33	137.97
<sup>†</sup> after direct transaction costs of	(0.01)	–	–
<b>Performance</b>			
Return after charges	(1.10)%	3.88%	12.44%
<b>Other information</b>			
Closing net asset value (£000)	314,647	293,792	197,648
Closing number of shares	221,954,942	204,977,433	143,249,460
Operating charges (%) <sup>†</sup>	0.55%	0.57%	0.69%
Direct transaction costs (%) <sup>‡</sup>	0.01%	–	–
<b>Prices<sup>™</sup></b>			
Highest share price	145.42	145.96	137.99
Lowest share price	134.86	137.17	122.31

Class 3 Accumulation	2019 p per share	2018 p per share	2017 p per share
<b>Change in net assets per share</b>			
Opening net asset value per share	155.01	149.28	132.81
Return before operating charges <sup>†</sup>	(0.84)	6.67	17.52
Operating charges	(0.92)	(0.94)	(1.05)
Return after operating charges <sup>†</sup>	(1.76)	5.73	16.47
Distributions	(2.01)	(1.00)	(1.13)
Retained distributions on accumulation shares	2.01	1.00	1.13
Closing net asset value per share	153.25	155.01	149.28
<sup>†</sup> after direct transaction costs of	(0.02)	–	–
<b>Performance</b>			
Return after charges	(1.14)%	3.84%	12.40%
<b>Other information</b>			
Closing net asset value (£000)	269,022	276,762	196,948
Closing number of shares	175,543,731	178,544,912	131,932,795
Operating charges (%) <sup>†</sup>	0.60%	0.62%	0.74%
Direct transaction costs (%) <sup>‡</sup>	0.01%	–	–
<b>Prices<sup>™</sup></b>			
Highest share price	157.23	157.86	149.30
Lowest share price	145.79	148.40	132.36

Class 4 Accumulation	2019 p per share	2018 p per share	2017 p per share
<b>Change in net assets per share</b>			
Opening net asset value per share	154.94	149.45	133.11
Return before operating charges <sup>†</sup>	(154.55)	6.74	17.68
Operating charges	(0.39)	(1.25)	(1.34)
Return after operating charges <sup>†</sup>	(154.94)	5.49	16.34
Distributions	–	(0.76)	(0.97)
Retained distributions on accumulation shares	–	0.76	0.97
Closing net asset value per share	–	154.94	149.45
<sup>†</sup> after direct transaction costs of	–	–	–
<b>Performance</b>			
Return after charges	–	3.67%	12.28%
<b>Other information</b>			
Closing net asset value (£000)	–	966	851
Closing number of shares	–	623,361	569,716
Operating charges (%) <sup>†</sup>	0.78%	0.82%	0.94%
Direct transaction costs (%) <sup>‡</sup>	–	–	–
<b>Prices<sup>™</sup></b>			
Highest share price	155.44	157.82	149.48
Lowest share price	150.33	148.54	132.58

## COMPARATIVE TABLES (CONTINUED)

	2019 p per share	2018 p per share	2017 p per share
<b>Class 9 Accumulation</b>			
<b>Change in net assets per share</b>			
Opening net asset value per share (at launch)	117.42	112.81	100.05
Return before operating charges <sup>†</sup>	(0.70)	4.88	13.12
Operating charges	(0.38)	(0.27)	(0.36)
Return after operating charges <sup>†</sup>	(1.08)	4.61	12.76
Distributions	(1.78)	(1.03)	(1.18)
Retained distributions on accumulation shares	1.78	1.03	1.18
Closing net asset value per share	116.34	117.42	112.81
<sup>†</sup> after direct transaction costs of	(0.01)	–	–
<b>Performance</b>			
Return after charges	(0.92)%	4.09%	12.75%
<b>Other information</b>			
Closing net asset value (£000)	104,744	82,935	31,946
Closing number of shares	90,029,076	70,632,530	28,319,180
Operating charges (%) <sup>‡</sup>	0.33%	0.35%	0.35%
Direct transaction costs (%) <sup>#</sup>	0.01%	–	–
<b>Prices<sup>≈</sup></b>			
Highest share price	119.22	119.55	112.82
Lowest share price	110.64	112.19	99.81

<sup>‡</sup> The operating charges are calculated on an ex-post basis and as such may differ from the Ongoing Charge Figure where:

(a) Changes to fee rates were made during the year and the Ongoing Charge Figure has been amended to be future proofed for this change.

(b) The ongoing charge has been annualised for a share class that has not yet been open for a full year.

<sup>#</sup> The direct transaction costs have been stated after deducting, in the case of single-priced funds, the proportion of the amounts collected from dilution adjustments or dilution levies that relates to direct transaction costs and, in the case of dual-priced funds, the amounts collected in relation to direct transaction costs added to, or subtracted from, the valuations by virtue of COLL 6.3.6 G (4).

<sup>≈</sup> The high and low prices disclosed are the high and low prices for the accounting period and not the calendar year. The net asset value per share price is based on the net asset value in the published accounts and may be different due to post year end accounting adjustments.

**Ongoing Charges Figure\***

Share class	28.02.19	28.02.18
Class 1	0.80%**	1.32%
Class 2	0.57%	0.57%
Class 3	0.60%	0.62%
Class 9	0.32%	0.35%

\* The Ongoing Charges Figure (OCF) is calculated as the ratio of the total ongoing charges to the average net asset value of the Fund over the year. The OCF is made up of the Fund Management Fee and, where a fund invests a substantial portion of its assets in other funds, an amount for the pro-rated charges of those other funds (referred to as "synthetic charges" or the "synthetic" part of the ongoing charge). The figure for ongoing charges excludes performance fees and portfolio transaction costs, except in the case of an entry/exit charge paid by the Fund when buying or selling shares/units in another collective investment scheme.

The OCF on share class 2 is capped at 0.60%, though the actual figure may be lower. The OCF on share class 9 is capped at 0.35%, though the actual figure may be lower. The OCF includes a synthetic charge of 0.07% (2018: 0.09%) in respect of underlying investments.

\*\* Following the update to the Prospectus and the change in charging structure of the Fund part way through the period, the ongoing charges figure has been based on the revised fee structure and therefore is not on an ex-post basis.

Please remember that past performance is not a guide to future performance and it might not be repeated. The value of investments and the revenue from them may go down as well as up and investors may not get back the amount originally invested. Because of this, you are not certain to make a profit on your investments and you may lose money.

## PORTFOLIO STATEMENT

As at 28 February 2019

Investment	Currency	Holding	Market Value £000	% of Net Assets
<b>Collective Investment Schemes 75.62% (61.73%)</b>				
AI Japanese Equity Index Fund UK Fund of Fund Accumulation Units <sup>†</sup>	GBP	32,884,508	32,618	4.49
AI North American Equity Index Fund UK Fund of Fund Accumulation Units <sup>†</sup>	GBP	124,064,813	124,313	17.13
Aviva Investors Emerging Markets Bond Fund Class Zyh, Accumulation shares, GBP <sup>†</sup>	GBP	22,531	27,202	3.75
Aviva Investors Emerging Markets Equity Small Cap Fund Class Zy, Accumulation shares, GBP <sup>†</sup>	GBP	14,902	14,804	2.04
Aviva Investors Emerging Markets Local Currency Bond Fund Class Zy, Accumulation shares, GBP <sup>†</sup>	GBP	6,282	8,789	1.21
Aviva Investors European Equity Income Fund Class Zy, Accumulation shares, GBP <sup>†</sup>	GBP	34,900	44,711	6.16
Aviva Investors Global Emerging Markets Index Fund Class Zy, Accumulation shares, GBP <sup>†</sup>	GBP	34,295	33,830	4.66
Aviva Investors Global High Yield Bond Fund Class Zh, Accumulation shares, GBP <sup>†</sup>	GBP	19,203	30,868	4.25
Aviva Investors Global Investment Grade Corporate Bond Fund Class Zyh, Accumulation shares, GBP <sup>†</sup>	GBP	72,329	80,363	11.07
Aviva Investors Multi-Strategy Fixed Income Fund Class Zyh, Accumulation shares, GBP <sup>†</sup>	GBP	65,343	65,004	8.95
Aviva Investors Multi-Strategy Target Return Fund Class 3, Accumulation shares, GBP <sup>†</sup>	GBP	31,830,645	34,027	4.69
Aviva Investors UK Index Tracking Fund Class 3, Accumulation shares, GBP <sup>†</sup>	GBP	7,258,457	17,671	2.43
iShares Europe ex-UK Index Fund (IE) Class Flexible Accumulating EUR	EUR	960,674	21,840	3.01
iShares Pacific Index Fund (IE) Class Institutional Accumulating EUR	EUR	894,128	12,899	1.78
<b>Collective Investment Schemes total</b>			<b>548,939</b>	<b>75.62</b>
<b>Government Bonds 8.78% (8.84%)</b>				
<b>Australia 3.88% (0.00%)</b>				
Australia Government Bond 1.25% 21/02/2022	AUD	44,923,000	28,162	3.88
			28,162	3.88
<b>United States of America 4.90% (8.84%)</b>				
US Treasury Inflation Indexed 0.88% 15/01/2029	USD	46,940,000	35,558	4.90
			35,558	4.90
<b>Government Bonds total</b>			<b>63,720</b>	<b>8.78</b>
<b>Forward Currency Contracts 0.50% (0.28%)</b>				
Buy GBP 36,235,141 sell AUD 65,501,504 dated 15/05/2019			1,219	0.17
Buy GBP 29,286,649 sell EUR 33,094,825 dated 15/05/2019			855	0.12
Buy GBP 40,342,184 sell USD 51,774,513 dated 15/05/2019			1,519	0.21
<b>Forward Currency Contracts total</b>			<b>3,593</b>	<b>0.50</b>
<b>Futures 0.43% (0.26%)</b>				
Australia 3 Year Bond 15/03/2019	AUD	(459)	(156)	(0.02)
Australia 10 Year Bond 15/03/2019	AUD	721	1,435	0.20
Euro-BTP 07/03/2019	EUR	67	279	0.04
EURO STOXX 50 Index 15/03/2019	EUR	(979)	(1,621)	(0.22)
EURO STOXX Bank Index 15/03/2019	EUR	1562	418	0.06
FTSE 100 Index 15/03/2019	GBP	207	628	0.09
MSCI Emerging Markets Index 15/03/2019	USD	292	659	0.09
S&P 500 Emini Index 15/03/2019	USD	137	1,045	0.14
STOXX 600 Oil Index 15/03/2019	EUR	468	450	0.06
TOPIX Index 07/03/2019	JPY	98	173	0.02
US 2 Year Note 28/06/2019	USD	(66)	7	–
US 10 Year Note 19/06/2019	USD	(273)	88	0.01
US Ultra Bond 19/06/2019	USD	205	(266)	(0.04)
<b>Futures total</b>			<b>3,139</b>	<b>0.43</b>
<b>Liquidity Funds 14.64% (26.43%)<sup>1</sup></b>				
Aviva Investors Sterling Liquidity Fund Class 9, Income shares, GBP <sup>†</sup>	GBP	106,301,146	106,301	14.64
<b>Liquidity Funds total</b>			<b>106,301</b>	<b>14.64</b>
Investment assets (including investment liabilities) <sup>2</sup>			725,692	99.97
Net other assets			243	0.03
<b>Net assets</b>			<b>725,935</b>	<b>100.00</b>

All holdings are ordinary shares or stock units and admitted to an official stock exchange unless otherwise stated.

The comparative percentage figures in brackets are as at 28 February 2018.

<sup>†</sup> A related party to the Fund.<sup>1</sup> Cash Equivalents.<sup>2</sup> Includes Cash Equivalents.

## STATEMENT OF TOTAL RETURN

For the year ended 28 February 2019

	Notes	£000	Year ended 28.02.19 £000	£000	Year ended 28.02.18 £000
Income					
Net capital (losses)/gains	2		(17,867)		17,359
Revenue	3	14,143		7,053	
Expenses	4	(3,584)		(3,144)	
Net revenue before taxation		10,559		3,909	
Taxation	5	(698)		(294)	
Net revenue after taxation			9,861		3,615
<b>Total return before distributions</b>			<b>(8,006)</b>		<b>20,974</b>
Distributions	6		(9,819)		(3,745)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>(17,825)</b>		<b>17,229</b>

## STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

For the year ended 28 February 2019

	£000	Year ended 28.02.19 £000	£000	Year ended 28.02.18 £000
<b>Opening net assets attributable to shareholders</b>		<b>694,739</b>		<b>468,487</b>
Movement due to issue and cancellation of shares:				
Amounts receivable on issue of shares	92,554		217,312	
Amounts payable on cancellation of shares	(53,350)		(12,462)	
		39,204		204,850
Change in net assets attributable to shareholders from investment activities (see above)		(17,825)		17,229
Retained distribution on accumulation shares		9,817		4,173
<b>Closing net assets attributable to shareholders</b>		<b>725,935</b>		<b>694,739</b>

## BALANCE SHEET

As at 28 February 2019

	Notes	As at 28.02.19 £000	As at 28.02.18 £000
<b>Assets:</b>			
Investments		621,434	496,187
<b>Current assets:</b>			
Debtors	8	12,673	11,224
Cash and bank balances	9	748	6,677
Cash equivalents	10	106,301	183,601
<b>Total assets</b>		<b>741,156</b>	<b>697,689</b>
<b>Liabilities:</b>			
Investment liabilities		(2,043)	(2,156)
Provisions for liabilities	11	–	(54)
<b>Creditors:</b>			
Other creditors	12	(13,178)	(740)
<b>Total liabilities</b>		<b>(15,221)</b>	<b>(2,950)</b>
<b>Net assets attributable to shareholders</b>		<b>725,935</b>	<b>694,739</b>



## NOTES TO THE FINANCIAL STATEMENTS

### 1 Accounting basis and policies

Please see pages 6 to 8 for accounting basis and policies.

### 2 Net capital (losses)/gains

	Year ended 28.02.19 £000	Year ended 28.02.18 £000
<b>Net capital (losses)/gains on investment during the year comprise:</b>		
Compensation items	2	–
Currency gains	291	54
Derivative contracts (losses)/gains	(4,542)	2,330
Expenses relating to the purchase and sale of investments	(2)	(7)
Forward currency contracts (losses)/gains	(624)	4,292
Non-derivative securities (losses)/gains	(12,992)	10,690
<b>Net capital (losses)/gains*</b>	<b>(17,867)</b>	<b>17,359</b>

\* Total realised gains for the year were £30,750,274 (2018: £8,345,999) and the movement in unrealised (losses)/gains was £(48,617,900) (2018: £9,013,057). Included in realised gains for the year were unrealised gains recognised in previous years.

### 3 Revenue

	Year ended 28.02.19 £000	Year ended 28.02.18 £000
Bank and deposit interest	18	8
Franked component of dividend distributions	2,515	1,855
Interest on debt securities	2,013	1,570
Income from derivatives	594	1,052
Investment manager rebates*	170	245
Overseas dividends	1,010	–
Revenue from offshore funds	7,488	1,633
UK dividends	(4)	–
Unfranked component of dividend distributions	339	690
<b>Total revenue</b>	<b>14,143</b>	<b>7,053</b>

\* Represents rebates received in respect of expenses incurred in underlying CIS investments.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 4 Expenses

	Year ended 28.02.19 £000	Year ended 28.02.18 £000
<b>Payable to the Authorised Corporate Director ("ACD"), associates of the ACD or agents of either of them:</b>		
ACD's periodic charge/Fund Management Fee*	3,494	2,746
Registration fees	86	293
	3,580	3,039
<b>Payable to the Depositary, associates of the Depositary or agents of either of them:</b>		
Depositary's fee	17	64
Interest payable	35	46
Safe custody fee	13	54
	65	164
<b>Other expenses:</b>		
Audit fee**	3	11
Printing and postage expenses	1	4
Statement fee	2	9
	6	24
<b>Total expenses</b>	<b>3,651</b>	<b>3,227</b>
Less those expenses rebated by the ACD	(67)	(83)
<b>Net expenses</b>	<b>3,584</b>	<b>3,144</b>

\* From 4 June 2018 the Fund changed to a single fixed charge known as the Fund Management Fee (FMF). The FMF covers fees and expenses in relation to the operation and administration of the Company and the Fund.

\*\* The audit fee was £11,608 (2018: £9,420) net of VAT. With effect 4 June 2018, the audit fee was no longer accrued for separately and now forms part of the FMF.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 5 Taxation

## a Analysis of tax charge

	Year ended 28.02.19 £000	Year ended 28.02.18 £000
Corporation tax	564	233
Adjustments in respect of prior period	60	18
Overseas tax suffered	128	(11)
<b>Total current tax</b>	<b>752</b>	<b>240</b>
Deferred tax (see note 5c)	(54)	54
<b>Total tax for the year (see note 5b)</b>	<b>698</b>	<b>294</b>

## b Factors affecting current tax charge

The tax assessed for the year is lower (2018: lower) than the standard rate of corporation tax in the UK for an Authorised Investment Fund (20%) (2018: 20%).

The differences are explained below:

	Year ended 28.02.19 £000	Year ended 28.02.18 £000
<b>Net revenue before taxation</b>	<b>10,559</b>	<b>3,909</b>
Corporation tax at 20%	2,112	782
<b>Effects of:</b>		
Adjustments in respect of prior period	60	18
Deferred tax	(54)	54
Franked distributions not subject to corporation tax	(502)	(371)
Overseas dividends not subject to corporation tax	(1,046)	(215)
Overseas tax suffered	128	(11)
Tax relief on realised gain on offshore funds	–	37
<b>Total tax for the year (see note 5a)</b>	<b>698</b>	<b>294</b>

Authorised Investment Funds are exempt from tax on capital gains. Therefore, any capital return is not included in the above reconciliation.

## c Deferred tax

	Year ended 28.02.19 £000	Year ended 28.02.18 £000
Movement in deferred tax for the year (Note 5(a))	(54)	54
Provision at the start of the year	54	–
<b>Provision at the end of the year</b>	<b>–</b>	<b>54</b>

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 6 Distributions

	Year ended 28.02.19 £000	Year ended 28.02.18 £000
<b>The distributions take account of revenue received on the issue of shares and revenue deducted on the cancellation of shares, and comprise:</b>		
Interim distribution	6,678	2,867
Final distribution	3,139	1,307
	9,817	4,174
Add: Revenue deducted on cancellation of shares	141	15
Deduct: Revenue received on issue of shares	(139)	(444)
<b>Total distributions</b>	<b>9,819</b>	<b>3,745</b>
<b>Reconciliation of distributions for the year to net revenue after taxation</b>		
Distributions for the year	9,819	3,745
ACD's periodic charge borne by the capital account	(16)	–
Revenue deficit transferred to capital	–	(39)
Tax relief on capitalised ACD's periodic charge	3	–
Tax relief on offshore gain	54	(91)
Undistributed revenue carried forward	1	–
<b>Net revenue after taxation</b>	<b>9,861</b>	<b>3,615</b>

Details of the distributions per share are set out in the distribution tables on page 88.

## 7 Fair value hierarchy

Valuation technique	As at 28.02.19		As at 28.02.18	
	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Level 1: Quoted prices	37,800	(2,043)	65,410	(2,151)
Level 2: Observable market data	689,935	–	614,378	(5)
<b>Total</b>	<b>727,735</b>	<b>(2,043)</b>	<b>679,788</b>	<b>(2,156)</b>

The purpose of the fair value hierarchy is to prioritise the inputs that should be used to measure the fair value of assets and liabilities.

The highest priority is given to quoted prices at which a transaction can be entered into and the lowest priority is given to unobservable inputs. Disclosure is required of the value in each category in order to give an insight into the extent to which fair value measurements are subjective.

The disclosure is split into the following categories:

**Level 1:** Unadjusted quoted price in an active market for an identical instrument;

**Level 2:** Valuation techniques using observable inputs other than quoted prices within level 1;

**Level 3:** Valuation techniques using unobservable inputs.

## 8 Debtors

	As at 28.02.19 £000	As at 28.02.18 £000
Accrued revenue	1,040	29
Accrued management fee rebates	211	108
Amounts receivable on issue of shares	217	3,810
Income tax recoverable	205	132
Sales awaiting settlement	11,000	7,145
<b>Total debtors</b>	<b>12,673</b>	<b>11,224</b>

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**9 Cash and bank balances**

	As at 28.02.19 £000	As at 28.02.18 £000
Amounts held at futures clearing houses and brokers	683	4,859
Cash and bank balances	65	1,818
<b>Total cash and bank balances</b>	<b>748</b>	<b>6,677</b>

**10 Cash equivalents**

	As at 28.02.19 £000	As at 28.02.18 £000
Aviva Investors Sterling Liquidity Fund	106,301	183,601
<b>Total cash equivalents</b>	<b>106,301</b>	<b>183,601</b>

**11 Provisions**

	As at 28.02.19 £000	As at 28.02.18 £000
Deferred taxation	–	54
<b>Total provisions for liabilities</b>	<b>–</b>	<b>54</b>

**12 Other creditors**

	As at 28.02.19 £000	As at 28.02.18 £000
Accrued expenses	283	328
Amounts payable for cancellation of shares	1,349	166
Corporation tax payable	419	232
Purchases awaiting settlement	10,988	–
Overseas tax provision	139	14
<b>Total other creditors</b>	<b>13,178</b>	<b>740</b>

**13 Contingent liabilities and commitments**

There were no contingent liabilities or commitments at the year end (2018: £nil).

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 14 Related party transactions

Aviva Investors UK Fund Services Limited, Aviva Investors Global Services Limited and the Aviva group are deemed to be related parties per section 33.10 of FRS 102 as they are entities with control, joint control or significant influence over the entity.

ACD periodic charges/Fund Management Fee paid to Aviva Investors UK Fund Services Limited ("the ACD") are shown in note 4 and details of shares issued and cancelled by the ACD are shown in the statement of change in net assets attributable to shareholders. The balance due to the ACD at the year end in respect of ACD periodic charges/Fund Management Fee was £266,643 (2018: £237,807). Any balance due from the ACD in respect of issues is shown in note 8. Any balance due to the ACD in respect of cancellations is shown in note 12.

Distributions payable to the ACD and related parties of the ACD during the year amounted to £7,072,762 (2018: £2,250,333). The amount outstanding at the year end was £2,267,337 (2018: £724,035). Related parties of the ACD are deemed to be all companies under the control of Aviva Plc. This will include companies which hold shares in the Fund on behalf of other external investors.

Any investments managed and advised by Aviva Investors Global Services Limited or associated with the Aviva Group are identified on the portfolio statement. The total purchases and sales on these investments during the year amounted to £573,540,959 (2018: £550,317,652) and £401,085,199 (2018: £430,051,855) respectively. The income received during the year amounted to £8,790,248 (2018: £3,261,949). The rebates from ACD during the year amounted to £66,991 (2018: £68,564).

Holdings at the year end and movements during the year are as follows:

	Holdings at 28.02.19 (shares)	Movement (shares)	Holdings at 28.02.18 (shares)
ACD and related parties (Class 1 Accumulation shares)	–	(48,108)	48,108
ACD and related parties (Class 2 Accumulation shares)	98,902,976	98,848,843	54,133
ACD and related parties (Class 3 Accumulation shares)	175,543,731	(3,001,181)	178,544,912
ACD and related parties (Class 9 Accumulation shares)	90,029,076	19,396,546	70,632,530

The ACD and related parties of the ACD are ineligible to vote at any general meeting.

### 15 Shareholder funds

The Fund currently has four share classes: Class 1 (Retail), Class 2 (Institutional) and Class 3 and Class 9 (Associated undertakings of Aviva Plc). The Fund Management Fees are as follows:

Class 1: 0.73%  
 Class 2: 0.50%  
 Class 3: 0.53%  
 Class 9: 0.25%

The net asset value per share class, the net asset value per share and the number of shares in the class are shown on pages 74 and 75. The distributions per share class are given in the distribution tables on page 88. All the share classes have the same rights on winding up.

### 16 Shares in issue reconciliation

	Number of shares in issue at 28.02.18	Number of shares issued	Number of shares cancelled	Number of shares converted	Number of shares in issue at 28.02.19
Class 1 Accumulation shares	27,364,363	1,198,922	(3,356,279)	641,950	25,848,956
Class 2 Accumulation shares	204,977,433	31,243,186	(14,282,616)	16,939	221,954,942
Class 3 Accumulation shares	178,544,912	12,459,940	(15,461,121)	–	175,543,731
Class 4 Accumulation shares	623,361	9,105	(7,642)	(624,824)	–
Class 9 Accumulation shares	70,632,530	23,710,195	(4,313,649)	–	90,029,076

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**17 Derivatives and other financial instruments**

The policies applied in the management of financial instruments are set out on pages 7 and 8.

**Fair value of financial assets and financial liabilities**

There is no significant difference between the carrying values of the financial assets and liabilities and their fair values (2018: £nil).

**Currency risk**

At the year end date, (2.08)% (2018: 2.54%) of the net assets of the Fund were denominated in currencies other than sterling and as such, the currency risk is not considered significant.

**Interest rate risk**

At the year end date 23.52% (2018: 36.23%) of the net assets of the Fund were interest bearing.

The interest rate profile of the Fund's financial assets and liabilities at 28 February 2019 was:

Currency 28.02.19	Floating Rate £000	Fixed Rate £000	None £000	Total £000
<b>Financial Assets</b>				
Sterling	109,931	–	633,321	743,252
Australian dollar	(1,360)	28,162	1,442	28,244
Euro	645	–	35,886	36,531
Japanese yen	(289)	–	173	(116)
US dollar	(1,878)	35,558	1,836	35,516
<b>Financial Liabilities</b>				
Sterling	–	–	(2,190)	(2,190)
Australian dollar	–	–	(35,172)	(35,172)
Euro	–	–	(41,041)	(41,041)
US dollar	–	–	(39,089)	(39,089)
<b>Total</b>	<b>107,049</b>	<b>63,720</b>	<b>555,166</b>	<b>725,935</b>

The interest rate profile of the Fund's financial assets and liabilities at 28 February 2018 was:

Currency 28.02.18	Floating Rate £000	Fixed Rate £000	None £000	Total £000
<b>Financial Assets</b>				
Sterling	191,861	–	486,024	677,885
Australian Dollar	1,324	–	–	1,324
Euro	(95)	–	11,571	11,476
Japanese Yen	90	–	–	90
US Dollar	(2,902)	61,413	17,934	76,445
<b>Financial Liabilities</b>				
Sterling	–	–	(787)	(787)
Australian dollar	–	–	(7,100)	(7,100)
Canadian dollar	–	–	(5,026)	(5,026)
Japanese yen	–	–	(283)	(283)
US dollar	–	–	(59,285)	(59,285)
<b>Total</b>	<b>(1,583)</b>	<b>61,413</b>	<b>(42,976)</b>	<b>16,854</b>

The floating rate on bank balances is linked to the Depositary's base rate.

The Fund invests in some collective investment schemes (CIS) which predominantly invest in debt securities. The revenue of the Fund and the value of debt securities may be significantly affected by interest rate movements in the future. At the year end date 29.23% (2018:13.42%) of the assets of the Fund were invested in CIS which predominantly invest in debt securities.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 17 Derivatives and other financial instruments (continued)

#### Interest rate exposures

The Aviva Investors Investment Risk Team performs regular stress testing across all portfolios to determine market sensitivities and risk exposures using BlackRock's Aladdin risk model and stress testing methodology. Under this methodology, if 5Y GBP interest rates had increased by 1% as at the balance sheet date, the net asset value of the Fund would have decreased by £19,574,699 (2018: £14,885,975). If interest rates had decreased by 1% as at the balance sheet date, the net asset value of the Fund would have increased by £19,574,699 (2018: £14,885,975). These calculations assume the interest rate shock is propagated to all risk factors the Fund is exposed to, based on historical market correlations and volatilities between factors.

#### Market price risk

At the year end date, 84.40% (2018: 70.57%) of the net assets of the Fund were invested in CIS (which primarily invest in stocks admitted to an official stock exchange) and debt securities. If the market value were to change by 10%, the value of the Fund would change by 8.44% (2018: 7.06%).

### 18 Counterparty exposure

#### Financial derivative exposure

The types of derivatives held at the year end date were forward currency contracts and futures contracts. Details of individual contracts are disclosed in the Portfolio Statement and the total position by counterparty at the year end date was as follows:

	Forward currency contracts £000	Futures contracts £000	Total £000
<b>28.02.19</b>			
Barclays	214	–	214
Goldman Sachs	1,519	–	1,519
J.P. Morgan	216	–	216
Nomura	212	–	212
Royal Bank of Scotland	1,219	–	1,219
Société Générale	213	–	213
UBS	–	5,182	5,182
<b>Total</b>	<b>3,593</b>	<b>5,182</b>	<b>8,775</b>

	Forward currency contracts £000	Futures contracts £000	Total £000
<b>28.02.18</b>			
Citibank	3	–	3
JPMorgan	64	–	64
Royal Bank of Canada	197	–	197
Royal Bank of Scotland	1,651	–	1,651
UBS	–	3,997	3,997
<b>Total</b>	<b>1,912</b>	<b>3,997</b>	<b>5,912</b>

The counterparty exposure on forward currency contracts is reported at their mark to market values but for futures contracts it is only the positive mark to market values that are reported.

#### Collateral

At the year end date no collateral was held or pledged by the company or on behalf of the counterparties in respect of the above (2018: £nil).



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**19 Direct transaction costs**

In the case of shares, broker commissions and transfer taxes, stamp duty is paid by the Fund on each transaction. In addition, there is a dealing spread between buying and selling prices of the underlying investments. Unlike shares, other types of investments (such as bonds, money market instruments, derivatives) have no separately identifiable transaction costs; these costs form part of the dealing spread.

	Principal before costs £000	Commissions £000	Taxes £000	Total after costs £000	Commissions as % of principal	Taxes as % of principal
<b>28.02.19</b>						
<b>Purchases</b>						
Bonds	(68,049)	–	–	(68,049)	0.00%	0.00%
Funds	(644,008)	(4)	(78)	(644,090)	0.00%	0.01%
	(712,057)	(4)	(78)	(712,139)		
<b>Sales</b>						
Bonds	68,917	–	–	68,917	0.00%	0.00%
Funds	588,060	(4)	–	588,056	0.00%	0.00%
	656,977	(4)	–	656,973		
<b>Total</b>		(8)	(78)			
<b>Percentage of fund average net assets</b>		0.00%	0.01%			

	Principal before costs £000	Commissions £000	Taxes £000	Total after costs £000	Commissions as % of principal	Taxes as % of principal
<b>28.02.18</b>						
<b>Purchases</b>						
Bonds	(92,488)	–	–	(92,488)	0.00%	0.00%
Funds	(612,352)	–	–	(612,352)	0.00%	0.00%
	(704,840)	–	–	(704,840)		
<b>Sales</b>						
Bonds	59,420	–	–	59,420	0.00%	0.00%
Funds	442,208	–	–	442,208	0.00%	0.00%
	501,628	–	–	501,628		
<b>Total</b>		–	–			
<b>Percentage of fund average net assets</b>		0.00%	0.00%			

**Dealing spread**

As at 28 February 2019, the average portfolio dealing spread was 0.01% (2018: 0.01%). This spread represents the difference between the values determined respectively by reference to the bid and offer prices of investments expressed as a percentage of the value determined by reference to the offer price.

**20 Post balance sheet events**

There are no post balance sheet events which require adjustment or disclosure at the year end (2018: £nil).

## DISTRIBUTION TABLES

## Final distribution payable in pence per share for the six months ended 28 February 2019

Accumulation shares		Net revenue	Equalisation	Final distribution payable 30 April 2019	Final distribution paid 30 April 2018
Class 1	Group 1	0.4875	–	0.4875	0.0000
	Group 2	0.2197	0.2678	0.4875	0.0000
Class 2	Group 1	0.6060	–	0.6060	0.2838
	Group 2	0.3223	0.2837	0.6060	0.2838
Class 3	Group 1	0.6358	–	0.6358	0.2754
	Group 2	0.3440	0.2918	0.6358	0.2754
Class 9	Group 1	0.6130	–	0.6130	0.3287
	Group 2	0.2981	0.3149	0.6130	0.3287

**Final distribution**

Group 1 shares are those shares purchased at or before 2pm on 31 August 2018.

Group 2 shares are those shares purchased after 2pm on 31 August 2018.

## Interim distribution paid in pence per share for the six months ended 31 August 2018

Accumulation shares		Net revenue	Equalisation	Interim distribution paid 31 October 2018	Interim distribution paid 31 October 2017
Class 1	Group 1	1.0372	–	1.0372	0.2830
	Group 2	1.0088	0.0284	1.0372	0.2830
Class 2	Group 1	1.3084	–	1.3084	0.7013
	Group 2	1.0946	0.2138	1.3084	0.7013
Class 3	Group 1	1.3719	–	1.3719	0.7285
	Group 2	1.2740	0.0979	1.3719	0.7285
Class 9	Group 1	1.1668	–	1.1668	0.7059
	Group 2	0.9764	0.1904	1.1668	0.7059

**Interim distribution**

Group 1 shares are those shares purchased at or before 2pm on 28 February 2018.

Group 2 shares are those shares purchased after 2pm on 28 February 2018.

**Equalisation**

Equalisation applies only to Group 2 shares, in other words shares purchased during the period. It is the average amount of revenue included in the purchase price of all Group 2 shares and is refunded to the holders of these shares as return of capital. Being capital, it is not liable to income tax but must be deducted from the cost of shares for capital gains tax purposes.

## AVIVA INVESTORS MULTI-ASSET FUND III

### INVESTMENT OBJECTIVE

The Fund aims to provide returns through a combination of capital growth and income.

### INVESTMENT POLICY

The Fund aims to achieve the investment objective by employing a blend of both strategic and tactical asset allocation across a diversified range of global asset classes.

The Fund may invest in securities, fixed income assets, Exchange Traded Funds, collective investment schemes, warrants, money market instruments, deposits, cash, near cash, property and commodities. Exposure to property and commodities will be via collective investment schemes and Exchange Traded Funds. The Fund may also invest directly in derivative instruments (including commodity futures) for the purposes of investment and efficient portfolio management.

By combining diversified and relatively uncorrelated assets, investment risk is controlled and kept in line with the Fund's 'moderately cautious' risk profile.

Details about the Fund's 'moderately cautious' risk profile are available in the Prospectus.

### FUND MANAGER'S REPORT

On 4 June 2018, share class 4 of this Fund was closed and merged into share class 1 and share class R3 of this Fund was renamed as share class 2.

#### Performance

Over the twelve months ended 28 February 2019, The Fund returned -1.47% (net of fees).

#### Review

Growth assets struggled for much of the year as investors appeared concerned about a potential slowdown in global economic activity and, in turn, how that might affect corporate profitability. The Fund's tactical overweight exposure to growth assets adversely affected returns.

Allocations to European and emerging market equities detracted from performance, as the introduction of tariffs on goods imported into the US threatened to curtail trade volumes and profitability among manufacturers. Elsewhere, increased investment in US equities was rewarded as they outperformed those in other regions; benefiting from a healthy economic background and strong company profitability.

Defensive assets fared relatively well over the year, helping to offset some of the weakness in equity markets. The allocation to corporate bonds was increased towards the end of the year as valuations had become more appealing. Healthy economic conditions and company tax cuts are supporting corporate profitability in the US, underlining the appeal of an allocation to both investment grade and high yield credit. An allocation to hard currency emerging market bonds was also added to the portfolio during the year.

Uncorrelated assets detracted from performance. Portfolio positioning reflected the likelihood of rising interest rates, continuing solid economic growth and a normalisation of inflation. These views were expressed through various equity markets, including European mid-caps, emerging market smaller-companies and global financials, as well as through long inflation and short duration strategies. Collectively these strategies performed less well than anticipated over the year, although the Fund's allocation to uncorrelated assets is expected to add value over time.

#### Outlook

The pace of global growth is expected to moderate in 2019, while remaining above trend. At the same time, major central banks are expected to tighten policy, but perhaps less than initially expected last year. As a result, overweight exposure to growth assets continues to be held. Valuations in all areas of the market are monitored closely and portfolio positioning will be amended as and when opportunities are identified and where relative value emerges.

#### March 2019

\* Fund performance figures – share class 1, source Lipper, net of fees, net income reinvested in GBP, as at 28 February 2019.

As noted above, the performance figures in this commentary have been sourced from an external party and are based on published prices. The performance figures quoted in the comparative tables on pages 91 and 92 are based on the net asset value per the published accounts and may be different due to post year end accounting adjustments.

Any opinions expressed are those of the Fund manager. They should not be viewed as a guarantee of a return from an investment in the Funds. The content of the commentary should not be viewed as a recommendation to invest nor buy or sell any securities. Past performance is not a guide to the future. The value of a fund and the income from it may go down as well as up, and the investor may not get back the original amount invested.

### Material Portfolio Changes

Purchases	Sales
AI North American Equity Index Fund UK Fund of Fund Accumulation Units	Aviva Investors Sterling Liquidity Fund Class 9, Income shares, GBP
Aviva Investors Sterling Liquidity Fund Class 9, Income shares, GBP	iShares North American Equity Index Fund (UK) Class L Accumulating GBP
Aviva Investors Multi-Strategy Fixed Income Fund Class Zy, Accumulation shares, GBP	US Treasury Inflation Indexed 0.38% 15/07/2027
Aviva Investors Global Emerging Markets Index Fund Class Zy, Accumulation shares, GBP	iShares Japan Equity Index Fund (UK) Class L Accumulating GBP
AI Japanese Equity Index Fund UK Fund of Fund Accumulation Units	Aviva Investors Emerging Markets Equity Income Fund Class Zy, Accumulation shares, GBP
iShares North American Equity Index Fund (UK) Class L Accumulating GBP	Aviva Investors European Equity Income Fund Class Zy, Accumulation shares, GBP
Aviva Investors Global Investment Grade Corporate Bond Fund Class Zy, Accumulation shares, GBP	Aviva Investors Global Equity Endurance Fund Class Zy, Accumulation shares, GBP
Aviva Investors Emerging Markets Bond Fund Class Zy, Accumulation shares, GBP	Aviva Investors Multi-Strategy Fixed Income Fund Class Zh, Accumulation shares, GBP
iShares Europe ex-UK Index Fund (IE) Class Flexible Accumulating EUR	Aviva Investors Emerging Markets Equity Small Cap Fund Class Zy, Accumulation shares, USD
Australia Government Bond 1.25% 21/02/2022	iShares S&P 500 Financials Sector UCITS Fund USD (Acc) Share Class



## COMPARATIVE TABLES

Class 1 Accumulation	2019 p per share	2018 p per share	2017 p per share
<b>Change in net assets per share</b>			
Opening net asset value per share	155.07	148.71	125.58
Return before operating charges <sup>†</sup>	(1.34)	8.37	25.08
Operating charges	(1.33)	(2.01)	(1.95)
Return after operating charges <sup>†</sup>	(2.67)	6.36	23.13
Distributions	(1.70)	(0.28)	(1.06)
Retained distributions on accumulation shares	1.70	0.28	1.06
Closing net asset value per share	152.40	155.07	148.71
<sup>†</sup> after direct transaction costs of	(0.02)	–	(0.01)
<b>Performance</b>			
Return after charges	(1.72)%	4.28%	18.42%
<b>Other information</b>			
Closing net asset value (£000)	23,024	11,074	10,275
Closing number of shares	15,107,204	7,141,384	6,909,613
Operating charges (%) <sup>†</sup>	0.87%	1.31%	1.41%
Direct transaction costs (%) <sup>#</sup>	0.01%	–	0.01%
<b>Prices<sup>™</sup></b>			
Highest share price	158.03	158.39	148.80
Lowest share price	144.12	147.08	125.57

Class 2 Accumulation	2019 p per share	2018 p per share	2017 p per share
<b>Change in net assets per share</b>			
Opening net asset value per share	159.32	151.63	127.69
Return before operating charges <sup>†</sup>	(1.23)	8.57	24.87
Operating charges	(0.88)	(0.88)	(0.93)
Return after operating charges <sup>†</sup>	(2.11)	7.69	23.94
Distributions	(2.24)	(1.09)	(1.44)
Retained distributions on accumulation shares	2.24	1.09	1.44
Closing net asset value per share	157.21	159.32	151.63
<sup>†</sup> after direct transaction costs of	(0.02)	–	(0.01)
<b>Performance</b>			
Return after charges	(1.32)%	5.07%	18.75%
<b>Other information</b>			
Closing net asset value (£000)	451,294	410,948	286,024
Closing number of shares	287,064,325	257,934,588	188,636,968
Operating charges (%) <sup>†</sup>	0.56%	0.56%	0.66%
Direct transaction costs (%) <sup>#</sup>	0.01%	–	0.01%
<b>Prices<sup>™</sup></b>			
Highest share price	162.75	162.57	151.64
Lowest share price	148.40	150.04	127.70

Class 3 Accumulation	2019 p per share	2018 p per share	2017 p per share
<b>Change in net assets per share</b>			
Opening net asset value per share	161.68	153.96	129.69
Return before operating charges <sup>†</sup>	(1.25)	8.69	25.29
Operating charges	(0.96)	(0.97)	(1.02)
Return after operating charges <sup>†</sup>	(2.21)	7.72	24.27
Distributions	(2.21)	(1.01)	(1.42)
Retained distributions on accumulation shares	2.21	1.01	1.42
Closing net asset value per share	159.47	161.68	153.96
<sup>†</sup> after direct transaction costs of	(0.02)	–	(0.01)
<b>Performance</b>			
Return after charges	(1.37)%	5.01%	18.71%
<b>Other information</b>			
Closing net asset value (£000)	489,968	472,614	343,971
Closing number of shares	307,246,465	292,321,711	223,418,660
Operating charges (%) <sup>†</sup>	0.60%	0.61%	0.71%
Direct transaction costs (%) <sup>#</sup>	0.01%	–	0.01%
<b>Prices<sup>™</sup></b>			
Highest share price	165.12	164.99	153.98
Lowest share price	150.57	152.35	129.70

Class 4 Accumulation	2019 p per share	2018 p per share	2017 p per share
<b>Change in net assets per share</b>			
Opening net asset value per share	159.28	151.99	128.14
Return before operating charges <sup>†</sup>	(158.88)	8.56	25.14
Operating charges	(0.40)	(1.27)	(1.29)
Return after operating charges <sup>†</sup>	(159.28)	7.29	23.85
Distributions	–	(0.68)	(1.28)
Retained distributions on accumulation shares	–	0.68	1.28
Closing net asset value per share	–	159.28	151.99
<sup>†</sup> after direct transaction costs of	–	–	(0.01)
<b>Performance</b>			
Return after charges	–	4.80%	18.61%
<b>Other information</b>			
Closing net asset value (£000)	–	11,180	11,129
Closing number of shares	–	7,018,537	7,322,236
Operating charges (%) <sup>†</sup>	0.78%	0.81%	0.91%
Direct transaction costs (%) <sup>#</sup>	–	–	0.01%
<b>Prices<sup>™</sup></b>			
Highest share price	160.24	162.59	152.02
Lowest share price	153.35	150.37	128.15

## COMPARATIVE TABLES (CONTINUED)

Class 9 Accumulation	2019 p per share	2018 p per share	2017 p per share
<b>Change in net assets per share</b>			
Opening net asset value per share	124.39	118.12	99.22
Return before operating charges <sup>†</sup>	(1.02)	6.67	19.28
Operating charges	(0.40)	(0.40)	(0.38)
Return after operating charges <sup>†</sup>	(1.42)	6.27	18.90
Distributions	(1.98)	(1.12)	(1.39)
Retained distributions on accumulation shares	1.98	1.12	1.39
Closing net asset value per share	122.97	124.39	118.12
<sup>†</sup> after direct transaction costs of	(0.01)	–	(0.01)
<b>Performance</b>			
Return after charges	(1.14)%	5.31%	19.05%
<b>Other information</b>			
Closing net asset value (£000)	2,781	2,614	1,086
Closing number of shares	2,261,190	2,101,546	919,361
Operating charges (%) <sup>‡</sup>	0.33%	0.35%	0.35%
Direct transaction costs (%) <sup>#</sup>	0.01%	–	0.01%
<b>Prices<sup>≈</sup></b>			
Highest share price	127.19	126.89	118.12
Lowest share price	116.04	116.92	99.24

<sup>‡</sup> The operating charges are calculated on an ex-post basis and as such may differ from the Ongoing Charge Figure where:

(a) Changes to fee rates were made during the year and the Ongoing Charge Figure has been amended to be future proofed for this change.

(b) The ongoing charge has been annualised for a share class that has not yet been open for a full year.

<sup>#</sup> The direct transaction costs have been stated after deducting, in the case of single-priced funds, the proportion of the amounts collected from dilution adjustments or dilution levies that relates to direct transaction costs and, in the case of dual-priced funds, the amounts collected in relation to direct transaction costs added to, or subtracted from, the valuations by virtue of COLL 6.3.6 G (4).

<sup>≈</sup> The high and low prices disclosed are the high and low prices for the accounting period and not the calendar year. The net asset value per share price is based on the net asset value in the published accounts and may be different due to post year end accounting adjustments.

**Ongoing Charges Figure\***

Share class	28.02.19	28.02.18
Class 1	0.80%**	1.31%
Class 2	0.57%	0.56%
Class 3	0.60%	0.61%
Class 9	0.32%	0.35%

\* The Ongoing Charges Figure (OCF) is calculated as the ratio of the total ongoing charges to the average net asset value of the Fund over the year. The OCF is made up of the Fund Management Fee and, where a fund invests a substantial portion of its assets in other funds, an amount for the pro-rated charges of those other funds (referred to as "synthetic charges" or the "synthetic" part of the ongoing charge). The figure for ongoing charges excludes performance fees and portfolio transaction costs, except in the case of an entry/exit charge paid by the Fund when buying or selling shares/units in another collective investment scheme.

The OCF on share class 2 is capped at 0.60%, though the actual figure may be lower. The OCF on share class 9 is capped at 0.35%, though the actual figure may be lower. The OCF includes a synthetic charge of 0.07% (28.02.18: 0.09%) in respect of the underlying investments.

\*\* Following the update to the Prospectus and the change in charging structure of the Fund part way through the period, the ongoing charges figure has been based on the revised fee structure and therefore is not on an ex-post basis.

Please remember that past performance is not a guide to future performance and it might not be repeated. The value of investments and the revenue from them may go down as well as up and investors may not get back the amount originally invested. Because of this, you are not certain to make a profit on your investments and you may lose money.

## PORTFOLIO STATEMENT

As at 28 February 2019

Investment	Currency	Holding	Market Value £000	% of Net Assets
<b>Collective Investment Schemes 84.12% (71.23%)</b>				
AI Japanese Equity Index Fund UK Fund of Fund Accumulation Units <sup>†</sup>	GBP	57,660,591	57,193	5.91
AI North American Equity Index Fund UK Fund of Fund Accumulation Units <sup>†</sup>	GBP	214,841,235	215,271	22.26
Aviva Investors Emerging Markets Bond Fund Class Zyh, Accumulation shares, GBP <sup>†</sup>	GBP	33,375	40,295	4.17
Aviva Investors Emerging Markets Equity Small Cap Fund Class Zy, Accumulation shares, GBP <sup>†</sup>	GBP	20,136	20,004	2.07
Aviva Investors Emerging Markets Local Currency Bond Fund Class Zy, Accumulation shares, GBP <sup>†</sup>	GBP	11,453	16,021	1.66
Aviva Investors European Equity Income Fund Class Zy, Accumulation shares, GBP <sup>†</sup>	GBP	60,709	77,776	8.04
Aviva Investors Global Emerging Markets Index Fund Class Zy, Accumulation shares, GBP <sup>†</sup>	GBP	63,246	62,388	6.45
Aviva Investors Global High Yield Bond Fund Class Zh, Accumulation shares, GBP <sup>†</sup>	GBP	30,387	48,847	5.05
Aviva Investors Global Investment Grade Corporate Bond Fund Class Zyh, Accumulation shares, GBP <sup>†</sup>	GBP	73,260	81,398	8.42
Aviva Investors Multi-Strategy Fixed Income Fund Class Zyh, Accumulation shares, GBP <sup>†</sup>	GBP	63,706	63,376	6.55
Aviva Investors Multi-Strategy Target Return Fund Class 3, Accumulation shares, GBP <sup>†</sup>	GBP	31,201,102	33,354	3.45
Aviva Investors UK Index Tracking Fund Class 3, Accumulation shares, GBP <sup>†</sup>	GBP	14,092,138	34,309	3.55
iShares Europe ex-UK Index Fund (IE) Class Flexible Accumulating EUR	EUR	1,695,595	38,548	3.98
iShares Pacific Index Fund (IE) Class Institutional Accumulating EUR	EUR	1,716,256	24,759	2.56
<b>Collective Investment Schemes total</b>			<b>813,539</b>	<b>84.12</b>
<b>Government Bonds 7.78% (6.90%)</b>				
<b>Australia 3.86% (0.00%)</b>				
Australia Government Bond 1.25% 21/02/2022	AUD	59,538,000	37,325	3.86
			37,325	3.86
<b>United States of America 3.92% (6.90%)</b>				
US Treasury Inflation Indexed 0.88% 15/01/2029	USD	50,000,000	37,876	3.92
			37,876	3.92
<b>Government Bonds total</b>			<b>75,201</b>	<b>7.78</b>
<b>Forward Currency Contracts 0.45% (0.22%)</b>				
Buy GBP 51,396,448 sell AUD 92,908,280 dated 15/05/2019			1,729	0.18
Buy GBP 38,766,754 sell EUR 43,807,638 dated 15/05/2019			1,131	0.11
Buy GBP 40,374,063 sell USD 51,815,426 dated 15/05/2019			1,521	0.16
<b>Forward Currency Contracts total</b>			<b>4,381</b>	<b>0.45</b>
<b>Futures 0.39% (0.34%)</b>				
Australia 3 Year Bond 15/03/2019	AUD	(608)	(207)	(0.02)
Australia 10 Year Bond 15/03/2019	AUD	654	1,302	0.14
Euro-BTP 07/03/2019	EUR	89	371	0.04
EURO STOXX 50 Index 15/03/2019	EUR	(1,276)	(2,113)	(0.22)
EURO STOXX Bank Index 15/03/2019	EUR	2,051	549	0.06
FTSE 100 Index 15/03/2019	GBP	275	832	0.09
MSCI Emerging Markets Index 15/03/2019	USD	389	883	0.09
S&P 500 Emini Index 15/03/2019	USD	182	1,329	0.14
STOXX 600 Oil Index 15/03/2019	EUR	628	604	0.06
TOPIX Index 07/03/2019	JPY	131	230	0.02
US 2 Year Note 28/06/2019	USD	(88)	9	–
US 10 Year Note 19/06/2019	USD	(598)	193	0.02
US Ultra Bond 19/06/2019	USD	195	(252)	(0.03)
<b>Futures total</b>			<b>3,730</b>	<b>0.39</b>
<b>Liquidity Funds 7.03% (19.40%)<sup>1</sup></b>				
Aviva Investors Sterling Liquidity Fund Class 9, Income shares, GBP <sup>†</sup>	GBP	68,001,082	68,001	7.03
<b>Liquidity Funds total</b>			<b>68,001</b>	<b>7.03</b>
Investment assets (including investment liabilities) <sup>2</sup>			964,852	99.77
Net other assets			2,215	0.23
<b>Net assets</b>			<b>967,067</b>	<b>100.00</b>

All holdings are ordinary shares or stock units and admitted to an official stock exchange unless otherwise stated.

The comparative percentage figures in brackets are as at 28 February 2018.

<sup>†</sup> A related party to the Fund.<sup>1</sup> Cash Equivalents.<sup>2</sup> Includes Cash Equivalents.

## STATEMENT OF TOTAL RETURN

For the year ended 28 February 2019

	Notes	£000	Year ended 28.02.19 £000	£000	Year ended 28.02.18 £000
Income					
Net capital (losses)/gains	2		(26,361)		32,101
Revenue	3	18,797		8,926	
Expenses	4	(5,005)		(4,087)	
Net revenue before taxation		13,792		4,839	
Taxation	5	(230)		13	
Net revenue after taxation			13,562		4,852
<b>Total return before distributions</b>			<b>(12,799)</b>		<b>36,953</b>
Distributions	6		(13,587)		(4,879)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>(26,386)</b>		<b>32,074</b>

## STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

For the year ended 28 February 2019

	£000	Year ended 28.02.19 £000	£000	Year ended 28.02.18 £000
<b>Opening net assets attributable to shareholders</b>		<b>908,430</b>		<b>652,482</b>
Movement due to issue and cancellation of shares:				
Amounts receivable on issue of shares	110,861		224,132	
Amounts payable on cancellation of shares	(39,438)		(5,550)	
		71,423		218,582
Change in net assets attributable to shareholders from investment activities (see above)		(26,386)		32,074
Retained distribution on accumulation shares		13,600		5,292
<b>Closing net assets attributable to shareholders</b>		<b>967,067</b>		<b>908,430</b>



## BALANCE SHEET

As at 28 February 2019

	Notes	As at 28.02.19 £000	As at 28.02.18 £000
<b>Assets:</b>			
Investments		899,423	717,468
<b>Current assets:</b>			
Debtors	8	22,726	11,946
Cash and bank balances	9	1,036	5,873
Cash equivalents	10	68,001	176,201
<b>Total assets</b>		<b>991,186</b>	<b>911,488</b>
<b>Liabilities:</b>			
Investment liabilities		(2,572)	(2,573)
<b>Creditors:</b>			
Other creditors	11	(21,547)	(485)
<b>Total liabilities</b>		<b>(24,119)</b>	<b>(3,058)</b>
<b>Net assets attributable to shareholders</b>		<b>967,067</b>	<b>908,430</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 1 Accounting basis and policies

Please see pages 6 to 8 for accounting basis and policies.

### 2 Net capital (losses)/gains

	Year ended 28.02.19 £000	Year ended 28.02.18 £000
<b>Net capital (losses)/gains on investment during the year comprise:</b>		
Compensation items	2	–
Currency gains	270	59
Derivative contracts (losses)/gains	(8,095)	4,379
Expenses relating to the purchase and sale of investments	(2)	(7)
Forward currency contracts gains	565	4,302
Non-derivative securities (losses)/gains	(19,101)	23,368
<b>Net capital (losses)/gains*</b>	<b>(26,361)</b>	<b>32,101</b>

\* Total realised gains for the year were £65,293,150 (2018: £23,693,289) and the movement in unrealised (losses)/gains was £(91,654,404) (2018: £8,407,747). Included in realised gains for the year were unrealised gains recognised in previous years.

### 3 Revenue

	Year ended 28.02.19 £000	Year ended 28.02.18 £000
Bank and deposit interest	34	8
Franked component of dividend distributions	4,384	3,498
Interest on debt securities	543	484
Income from derivatives	493	944
Investment manager rebates*	306	454
Overseas dividends	1,731	–
Revenue from offshore funds	10,981	2,858
UK dividends	(7)	–
Unfranked component of dividend distributions	332	680
<b>Total revenue</b>	<b>18,797</b>	<b>8,926</b>

\* Represents rebates received in respect of expenses incurred in underlying CIS investments.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 4 Expenses

	Year ended 28.02.19 £000	Year ended 28.02.18 £000
<b>Payable to the Authorised Corporate Director ("ACD"), associates of the ACD or agents of either of them:</b>		
ACD's periodic charge/Fund Management Fee*	4,820	3,480
Registration fees	112	374
	4,932	3,854
<b>Payable to the Depositary, associates of the Depositary or agents of either of them:</b>		
Depositary's fee	19	70
Interest payable	51	61
Safe custody fee	18	73
	88	204
<b>Other expenses:</b>		
Audit fee**	3	11
Printing and postage expenses	–	6
Statement fee	3	14
	6	31
<b>Total expenses</b>	<b>5,026</b>	<b>4,089</b>
Less those expenses rebated by the ACD	(21)	(2)
<b>Net expenses</b>	<b>5,005</b>	<b>4,087</b>

\* From 4 June 2018 the Fund changed to a single fixed charge known as the Fund Management Fee (FMF). The FMF covers fees and expenses in relation to the operation and administration of the Company and the Fund.

\*\* The audit fee was £11,608 (2018: £9,420) net of VAT. With effect 4 June 2018, the audit fee was no longer accrued for separately and now forms part of the FMF.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**5 Taxation****a Analysis of tax charge**

	Year ended 28.02.19 £000	Year ended 28.02.18 £000
Overseas tax suffered	230	(13)
<b>Total tax for the year (see note 5b)</b>	<b>230</b>	<b>(13)</b>

**b Factors affecting current tax charge**

The tax assessed for the year is lower (2018: lower) than the standard rate of corporation tax in the UK for an Authorised Investment Fund (20%) (2018: 20%).

The differences are explained below:

	Year ended 28.02.19 £000	Year ended 28.02.18 £000
<b>Net revenue before taxation</b>	<b>13,792</b>	<b>4,839</b>
Corporation tax at 20%	2,758	968
<b>Effects of:</b>		
Franked distributions not subject to corporation tax	(874)	(700)
Movement in excess management expenses	(55)	71
Overseas dividends not subject to corporation tax	(1,829)	(463)
Overseas tax suffered	230	(13)
Tax relief on realised gain on offshore funds	–	45
Tax relief on unrealised gain on offshore funds	–	79
<b>Current tax charge (see note 5a)</b>	<b>230</b>	<b>(13)</b>

Authorised Investment Funds are exempt from tax on capital gains. Therefore, any capital return is not included in the above reconciliation.

**c Deferred tax**

There was no material unprovided deferred tax (2018: £nil).

After claiming relief against accrued income taxable on receipt, the Fund has unrelieved excess expenses of £399,347 (2018: £672,128\*) creating a potential deferred tax asset of £79,869 (2018: £134,426\*). It is unlikely that the Fund will generate taxable profits in the future to utilise these amounts and therefore no deferred tax asset has been recognised in the current or prior year.

\* Restated figures to agree to final tax computation.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 6 Distributions

	Year ended 28.02.19 £000	Year ended 28.02.18 £000
<b>The distributions take account of revenue received on the issue of shares and revenue deducted on the cancellation of shares, and comprise:</b>		
Interim distribution	9,345	4,249
Final distribution	4,255	1,044
	13,600	5,293
Add: Revenue deducted on cancellation of shares	99	6
Deduct: Revenue received on issue of shares	(112)	(420)
<b>Total distributions</b>	<b>13,587</b>	<b>4,879</b>
<b>Reconciliation of distributions for the year to net revenue after taxation</b>		
Distributions for the year	13,587	4,879
ACD's periodic charge borne by the capital account	(28)	–
Equalisation on conversions	3	–
Revenue deficit transferred to capital	–	(27)
<b>Net revenue after taxation</b>	<b>13,562</b>	<b>4,852</b>

Details of the distributions per share are set out in the distribution tables on page 105.

## 7 Fair value hierarchy

Valuation technique	As at 28.02.19		As at 28.02.18	
	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Level 1: Quoted prices	63,495	(2,572)	68,305	(2,565)
Level 2: Observable market data	903,929	–	825,364	(8)
<b>Total</b>	<b>967,424</b>	<b>(2,572)</b>	<b>893,669</b>	<b>(2,573)</b>

The purpose of the fair value hierarchy is to prioritise the inputs that should be used to measure the fair value of assets and liabilities.

The highest priority is given to quoted prices at which a transaction can be entered into and the lowest priority is given to unobservable inputs. Disclosure is required of the value in each category in order to give an insight into the extent to which fair value measurements are subjective.

The disclosure is split into the following categories:

**Level 1:** Unadjusted quoted price in an active market for an identical instrument;

**Level 2:** Valuation techniques using observable inputs other than quoted prices within level 1;

**Level 3:** Valuation techniques using unobservable inputs.

## 8 Debtors

	As at 28.02.19 £000	As at 28.02.18 £000
Accrued revenue	1,774	29
Accrued management fee rebate	392	206
Amounts receivable on issue of shares	1,341	4,567
Corporation tax recoverable	17	–
Income tax recoverable	202	131
Sales awaiting settlement	19,000	7,013
<b>Total debtors</b>	<b>22,726</b>	<b>11,946</b>

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**9 Cash and bank balances**

	As at 28.02.19 £000	As at 28.02.18 £000
Amounts held at futures clearing houses and brokers	988	5,382
Cash and bank balances	48	491
<b>Total cash and bank balances</b>	<b>1,036</b>	<b>5,873</b>

**10 Cash equivalents**

	As at 28.02.19 £000	As at 28.02.18 £000
Aviva Investors Sterling Liquidity Fund	68,001	176,201
<b>Total cash equivalents</b>	<b>68,001</b>	<b>176,201</b>

**11 Other creditors**

	As at 28.02.19 £000	As at 28.02.18 £000
Accrued expenses	408	430
Amounts payable for cancellation of shares	920	43
Purchases awaiting settlement	19,977	–
Overseas tax provision	242	12
<b>Total other creditors</b>	<b>21,547</b>	<b>485</b>

**12 Contingent liabilities and commitments**

There were no contingent liabilities or commitments at the year end (2018: £nil).

**13 Related party transactions**

Aviva Investors UK Fund Services Limited, Aviva Investors Global Services Limited and the Aviva group are deemed to be related parties per section 33.10 of FRS 102 as they are entities with control, joint control or significant influence over the entity.

ACD periodic charges/Fund Management Fee paid to Aviva Investors UK Fund Services Limited ("the ACD") are shown in note 4 and details of shares issued and cancelled by the ACD are shown in the statement of change in net assets attributable to shareholders. The balance due to the ACD at the year end in respect of ACD periodic charges/Fund Management Fee was £379,623 (2018: £300,877). Any balance due from the ACD in respect of issues is shown in note 8. Any balance due to the ACD in respect of cancellations is shown in note 10.

Distributions payable to the ACD and related parties of the ACD during the year amounted to £9,427,524 (2018: £2,704,563). The amount outstanding at the year end was £2,927,946 (2018: £ 487,351). Related parties of the ACD are deemed to be all companies under the control of Aviva Plc. This will include companies which hold shares in the Fund on behalf of other external investors.

Any investments managed and advised by Aviva Investors Global Services Limited or associated with the Aviva Group are identified on the portfolio statement.

The total purchases and sales on these investments during the year amounted to £817,769,073 (2018: £647,921,396) and £550,319,210 (2018: £517,571,141) respectively. The income received during the year amounted to £12,945,874 (2018: £4,836,653). The rebates from ACD during the year amounted to £38,762 (2018: £112,559).

Holdings at the year end and movements during the year are as follows:

	Holdings at 28.02.19 (shares)	Movement (shares)	Holdings at 28.02.18 (shares)
ACD and related parties (Class 1 Accumulation shares)	865,217	865,217	–
ACD and related parties (Class 2 Accumulation shares)	111,296,377	111,207,347	89,030
ACD and related parties (Class 3 Accumulation shares)	307,246,465	14,924,754	292,321,711
ACD and related parties (Class 9 Accumulation shares)	2,261,190	159,644	2,101,546

The ACD and related parties of the ACD are ineligible to vote at any general meeting.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**14 Shareholder funds**

The Fund currently has four share classes: Class 1 (Retail), Class 2 (Institutional) and Class 3 and Class 9 (Associated undertakings of Aviva Plc). The Fund Management Fees are as follows:

Class 1:	0.73%
Class 2:	0.50%
Class 3:	0.53%
Class 9:	0.25%

The net asset value per share class, the net asset value per share and the number of shares in the class are shown on pages 91 and 92. The distributions per share class are given in the distribution tables on page 105. All the share classes have the same rights on winding up.

**15 Shares in issue reconciliation**

	Number of shares in issue at 28.02.18	Number of shares issued	Number of shares cancelled	Number of shares converted	Number of shares in issue at 28.02.19
Class 1 Accumulation shares	7,141,384	2,059,084	(1,199,626)	7,106,362	15,107,204
Class 2 Accumulation shares	257,934,588	38,909,451	(9,779,714)	–	287,064,325
Class 3 Accumulation shares	292,321,711	28,428,872	(13,504,118)	–	307,246,465
Class 4 Accumulation shares	7,018,537	40,302	(149,143)	(6,909,696)	–
Class 9 Accumulation shares	2,101,546	772,716	(613,072)	–	2,261,190

**16 Derivatives and other financial instruments**

The policies applied in the management of financial instruments are set out on pages 7 and 8.

**Fair value of financial assets and financial liabilities**

There is no significant difference between the carrying values of the financial assets and liabilities and their fair values (2018: £nil).

**Currency risk**

At the year end date, 6.21% (2018: 3.13%) of the net assets of the Fund were denominated in currencies other than sterling and as such, the currency risk is not considered significant.

**Interest rate risk**

At the year end date 14.91% (2018: 26.94%) of the net assets of the Fund were interest bearing.

The interest rate profile of the Fund's financial assets and liabilities at 28 February 2019 was:

Currency 28.02.19	Floating Rate £000	Fixed Rate £000	None £000	Total £000
<b>Financial Assets</b>				
Sterling	4,269	–	904,279	908,548
Australian dollar	(1,178)	37,325	1,311	37,458
Euro	815	–	64,830	65,645
Japanese yen	(385)	–	230	(155)
US dollar	65,516	37,876	2,454	105,846
<b>Financial Liabilities</b>				
Sterling	–	–	(1,570)	(1,570)
Australian dollar	–	–	(49,873)	(49,873)
Euro	–	–	(59,726)	(59,726)
US dollar	–	–	(39,106)	(39,106)
<b>Total</b>	<b>69,037</b>	<b>75,201</b>	<b>822,829</b>	<b>967,067</b>

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**16 Derivatives and other financial instruments (continued)**

The interest rate profile of the Fund's financial assets and liabilities at 28 February 2018 was:

Currency 28.02.18	Floating Rate £000	Fixed Rate £000	None £000	Total £000
<b>Financial Assets</b>				
Sterling	184,915	–	695,568	880,483
Australian dollar	1,203	–	–	1,203
Euro	(140)	–	22,867	22,727
Japanese yen	92	–	–	92
US dollar	(3,996)	62,671	28,121	86,796
<b>Financial Liabilities</b>				
Sterling	–	–	(472)	(472)
Australian dollar	–	–	(11,456)	(11,456)
Canadian dollar	–	–	(8,192)	(8,192)
Japanese yen	–	–	(356)	(356)
US dollar	–	–	(62,395)	(62,395)
<b>Total</b>	<b>182,074</b>	<b>62,671</b>	<b>663,685</b>	<b>908,430</b>

The floating rate on bank balances is linked to the Depositary's base rate.

The Fund invests in some collective investment schemes (CIS) which predominantly invest in debt securities. The revenue of the Fund and the value of debt securities may be affected by interest rate movements in the future. At the year end date 25.85% (2018: 11.26%) of the assets of the Fund were invested in CIS which predominantly invest in debt securities.

**Interest rate exposures**

The Aviva Investors Investment Risk Team performs regular stress testing across all portfolios to determine market sensitivities and risk exposures using BlackRock's Aladdin risk model and stress testing methodology. Under this methodology, if 5Y GBP interest rates had increased by 1% as at the balance sheet date, the net asset value of the Fund would have decreased by £19,513,273 (2018: £14,747,919). If interest rates had decreased by 1% as at the balance sheet date, the net asset value of the Fund would have increased by £19,513,273 (2018: £14,747,919). These calculations assume the interest rate shock is propagated to all risk factors the Fund is exposed to, based on historical market correlations and volatilities between factors.

**Market price risk**

At the year end date, 91.90% (2018: 78.13%) of the net assets of the Fund were invested in CIS (which primarily invest in stocks admitted to an official stock exchange) and debt securities. If the market value were to change by 10%, the value of the Fund would change by 9.19%.(2018:7.81%).



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**17 Counterparty exposure****Financial derivative exposure**

The types of derivatives held at the year end date were forward currency contracts and futures contracts. Details of individual contracts are disclosed in the Portfolio Statement and the total position by counterparty at the year end date was as follows:

	Forward currency contracts £000	Futures contracts £000	Total £000
<b>28.02.19</b>			
Barclays	283	–	283
Goldman Sachs	1,521	–	1,521
J.P. Morgan	286	–	286
Nomura	281	–	281
Royal Bank of Scotland	1,729	–	1,729
Société Générale	281	–	281
UBS	–	6,302	6,302
<b>Total</b>	<b>4,381</b>	<b>6,302</b>	<b>10,683</b>

	Forward currency contracts £000	Futures contracts £000	Total £000
<b>28.02.18</b>			
Citibank	5	–	5
JPMorgan	112	–	112
Royal Bank of Canada	287	–	287
Royal Bank of Scotland	1,645	–	1,645
UBS	–	5,634	5,634
<b>Total</b>	<b>2,049</b>	<b>5,634</b>	<b>7,683</b>

The counterparty exposure on forward currency contracts is reported at their mark to market values but for futures contracts it is only the positive mark to market values that are reported.

**Collateral**

At the year end date no collateral was held or pledged by the company or on behalf of the counterparties in respect of the above (2018: £nil).

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**18 Direct transaction costs**

In the case of shares, broker commissions and transfer taxes, stamp duty is paid by the Fund on each transaction. In addition, there is a dealing spread between buying and selling prices of the underlying investments. Unlike shares, other types of investments (such as bonds, money market instruments, derivatives) have no separately identifiable transaction costs; these costs form part of the dealing spread.

	Principal before costs £000	Commissions £000	Taxes £000	Total after costs £000	Commissions as % of principal	Taxes as % of principal
<b>28.02.19</b>						
<b>Purchases</b>						
Bonds	(80,080)	–	–	(80,080)	0.00%	0.00%
Funds	(941,159)	(5)	(103)	(941,267)	0.00%	0.01%
	(1,021,239)	(5)	(103)	(1,021,347)		
<b>Sales</b>						
Bonds	70,431	–	–	70,431	0.00%	0.00%
Funds	863,492	(6)	–	863,486	0.00%	0.00%
	933,923	(6)	–	933,917		
<b>Total</b>		(11)	(103)			
<b>Percentage of fund average net assets</b>		0.00%	0.01%			

	Principal before costs £000	Commissions £000	Taxes £000	Total after costs £000	Commissions as % of principal	Taxes as % of principal
<b>28.02.18</b>						
<b>Purchases</b>						
Bonds	(243,377)	–	–	(243,377)	0.00%	0.00%
Funds	(589,664)	–	–	(589,664)	0.00%	0.00%
	(833,041)	–	–	(833,041)		
<b>Sales</b>						
Bonds	279,642	–	–	279,642	0.00%	0.00%
Funds	336,551	–	–	336,551	0.00%	0.00%
	616,193	–	–	616,193		
<b>Total</b>		–	–			
<b>Percentage of fund average net assets</b>		0.00%	0.00%			

**Dealing spread**

As at 28 February 2019, the average portfolio dealing spread was 0.01% (2018: nil%). This spread represents the difference between the values determined respectively by reference to the bid and offer prices of investments expressed as a percentage of the value determined by reference to the offer price.

**19 Post balance sheet events**

There are no post balance sheet events which require adjustment or disclosure at the year end (2018: £nil).

## DISTRIBUTION TABLES

## Final distribution payable in pence per share for the six months ended 28 February 2019

Accumulation shares		Net revenue	Equalisation	Final distribution payable 30 April 2019	Final distribution paid 30 April 2018
Class 1	Group 1	0.3963	–	0.3963	0.0000
	Group 2	0.2893	0.1070	0.3963	0.0000
Class 2	Group 1	0.7229	–	0.7229	0.2157
	Group 2	0.3734	0.3495	0.7229	0.2157
Class 3	Group 1	0.6849	–	0.6849	0.1646
	Group 2	0.3472	0.3377	0.6849	0.1646
Class 9	Group 1	0.6910	–	0.6910	0.2854
	Group 2	0.1654	0.5256	0.6910	0.2854

**Final distribution**

Group 1 shares are those shares purchased at or before 2pm on 31 August 2018.

Group 2 shares are those shares purchased after 2pm on 31 August 2018.

## Interim distribution paid in pence per share for the six months ended 31 August 2018

Accumulation shares		Net revenue	Equalisation	Interim distribution paid 31 October 2018	Interim distribution paid 31 October 2017
Class 1	Group 1	1.3080	–	1.3080	0.2831
	Group 2	1.0357	0.2723	1.3080	0.2831
Class 2	Group 1	1.5207	–	1.5207	0.8736
	Group 2	1.3449	0.1758	1.5207	0.8736
Class 3	Group 1	1.5284	–	1.5284	0.8475
	Group 2	1.4273	0.1011	1.5284	0.8475
Class 9	Group 1	1.2875	–	1.2875	0.8317
	Group 2	1.2318	0.0557	1.2875	0.8317

**Interim distribution**

Group 1 shares are those shares purchased at or before 2pm on 28 February 2018.

Group 2 shares are those shares purchased after 2pm on 28 February 2018.

**Equalisation**

Equalisation applies only to Group 2 shares, in other words shares purchased during the period. It is the average amount of revenue included in the purchase price of all Group 2 shares and is refunded to the holders of these shares as return of capital. Being capital, it is not liable to income tax but must be deducted from the cost of shares for capital gains tax purposes.

## AVIVA INVESTORS MULTI-ASSET FUND IV

### INVESTMENT OBJECTIVE

The Fund aims to provide capital growth.

### INVESTMENT POLICY

The Fund aims to achieve the investment objective by employing a blend of both strategic and tactical asset allocation across a diversified range of global asset classes.

The Fund may invest in securities, fixed income assets, Exchange Traded Funds, collective investment schemes, warrants, money market instruments, deposits, cash, near cash, property and commodities. Exposure to property and commodities will be via collective investment schemes and Exchange Traded Funds. The Fund may also invest directly in derivative instruments (including commodity futures) for the purposes of investment and efficient portfolio management.

By combining diversified and relatively uncorrelated assets, investment risk is controlled and kept in line with the Fund's 'balanced' risk profile.

Details about the Fund's 'balanced' risk profile are available in the Prospectus.

### FUND MANAGER'S REPORT

On 4 June 2018, share class 4 of this Fund was closed and merged into share class 1 and share class R3 of this Fund was renamed as share class 2.

#### Performance

Over the twelve months ended 28 February 2019, the Fund returned -1.72% (net of fees).

#### Review

Growth assets struggled for much of the year as investors appeared concerned about a potential slowdown in global economic activity and, in turn, how that might affect corporate profitability. The Fund's tactical overweight exposure to growth assets adversely affected returns.

Allocations to European and emerging market equities detracted from performance, as the introduction of tariffs on goods imported into the US threatened to curtail trade volumes and profitability among manufacturers. Elsewhere, increased investment in US equities was rewarded as they outperformed those in other regions; benefiting from a healthy economic background and strong company profitability.

Defensive assets fared relatively well over the year, helping to offset some of the weakness in equity markets. The allocation to corporate bonds was increased towards the end of the year as valuations had become more appealing. Healthy economic conditions and company tax cuts are supporting corporate profitability in the US, underlining the appeal of an allocation to both investment grade and high yield credit. An allocation to hard currency emerging market bonds was also added to the portfolio during the year.

Uncorrelated assets detracted from performance. Portfolio positioning reflected the likelihood of rising interest rates, continuing solid economic growth and a normalisation of inflation. These views were expressed through various equity markets, including European mid-caps, emerging market smaller-companies and global financials, as well as through long inflation and short duration strategies. Collectively these strategies performed less well than anticipated over the year, although the Fund's allocation to uncorrelated assets is expected to add value over time.

#### Outlook

The pace of global growth is expected to moderate in 2019, while remaining above trend. At the same time, major central banks are expected to tighten policy, but perhaps less than initially expected last year. As a result, overweight exposure to growth assets continues to be held. Valuations in all areas of the market are monitored closely and portfolio positioning will be amended as and when opportunities are identified and where relative value emerges.

#### March 2019

\* Fund performance figures – share class 1, source Lipper, net of fees, net income reinvested in GBP, as at 28 February 2019.

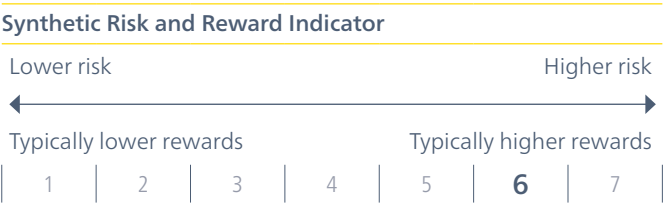
As noted above, the performance figures in this commentary have been sourced from an external party and are based on published prices. The performance figures quoted in the comparative tables on pages 108 and 109 are based on the net asset value per the published accounts and may be different due to post year end accounting adjustments.

Any opinions expressed are those of the Fund manager. They should not be viewed as a guarantee of a return from an investment in the Funds. The content of the commentary should not be viewed as a recommendation to invest nor buy or sell any securities. Past performance is not a guide to the future. The value of a fund and the income from it may go down as well as up, and the investor may not get back the original amount invested.

### Material Portfolio Changes

Purchases	Sales
AI North American Equity Index Fund UK Fund of Fund Accumulation Units	Aviva Investors Sterling Liquidity Fund Class 9, Income shares, GBP
Aviva Investors Sterling Liquidity Fund Class 9, Income shares, GBP	iShares North American Equity Index Fund (UK) Class L Accumulating GBP
Aviva Investors Global Emerging Markets Index Fund, Class Zy, Accumulation shares, GBP	iShares Japan Equity Index Fund (UK) Class L Accumulating GBP
iShares North American Equity Index Fund (UK) Class L Accumulating GBP	Aviva Investors Emerging Markets Equity Income Fund Class Zy, Accumulation shares, GBP
AI Japanese Equity Index Fund UK Fund of Fund Accumulation Units	Aviva Investors European Equity Income Fund Class Zy, Accumulation shares, GBP
Aviva Investors Emerging Markets Bond Fund Class Zy, Accumulation shares, GBP	US Treasury Inflation Indexed 0.38% 15/07/2027
iShares Europe ex-UK Index Fund (IE) Class Flexible Accumulating EUR	Aviva Investors Global Equity Endurance Fund Class Zy, Accumulation shares, GBP
Aviva Investors Global Investment Grade Corporate Bond Fund Class Zy, Accumulation shares, GBP	Aviva Investors Emerging Markets Equity Small Cap Fund Class Zy, Accumulation shares, USD
Aviva Investors Multi-Strategy Fixed Income Fund Class Zy, Accumulation shares, GBP	Aviva Investors Multi-Strategy Fixed Income Fund Class Zh, Accumulation shares, GBP
Australia Government Bond 1.25% 21/02/2022	Aviva Investors Emerging Markets Local Currency Bond Fund Class Zy, Accumulation shares, GBP

AVIVA INVESTORS MULTI-ASSET FUND IV (CONTINUED)



The Fund has been allocated a risk number based on the historic volatility of its share price. Where insufficient share price information is available, the risk number has been based on the historic volatility of the asset classes appropriate to the Fund.

- This indicator is based on historical data, calculated using European Union rules, and may not be a reliable indication of the future risk profile of the Fund.
- The risk and reward category shown is not guaranteed to remain unchanged and may change over time. The lowest category does not mean ‘risk free’.
- Further information on the risks applicable to the Fund is detailed in the Fund’s Key Investor Information Document, and a full description is set out in the Prospectus, both of which are available on the internet at [www.avivainvestors.com](http://www.avivainvestors.com) or from the ACD on request.

## COMPARATIVE TABLES

Class 1 Accumulation	2019 p per share	2018 p per share	2017 p per share
<b>Change in net assets per share</b>			
Opening net asset value per share	172.63	163.93	134.44
Return before operating charges <sup>†</sup>	(1.56)	10.91	31.55
Operating charges	(1.57)	(2.21)	(2.06)
Return after operating charges <sup>†</sup>	(3.13)	8.70	29.49
Distributions	(2.74)	(0.34)	(0.89)
Retained distributions on accumulation shares	2.74	0.34	0.89
Closing net asset value per share	169.50	172.63	163.93
<sup>†</sup> after direct transaction costs of	(0.02)	–	(0.01)
<b>Performance</b>			
Return after charges	(1.81)%	5.31%	21.94%
<b>Other information</b>			
Closing net asset value (£000)	44,448	46,148	45,653
Closing number of shares	26,223,173	26,731,435	27,848,537
Operating charges (%) <sup>†</sup>	0.92%	1.31%	1.38%
Direct transaction costs (%) <sup>#</sup>	0.01%	–	0.01%
<b>Prices<sup>™</sup></b>			
Highest share price	177.20	176.70	163.98
Lowest share price	159.13	161.61	134.19

Class 2 Accumulation	2019 p per share	2018 p per share	2017 p per share
<b>Change in net assets per share</b>			
Opening net asset value per share	171.09	161.26	131.46
Return before operating charges <sup>†</sup>	(1.70)	10.78	30.74
Operating charges	(0.93)	(0.95)	(0.94)
Return after operating charges <sup>†</sup>	(2.63)	9.83	29.80
Distributions	(3.19)	(1.24)	(1.74)
Retained distributions on accumulation shares	3.19	1.24	1.74
Closing net asset value per share	168.46	171.09	161.26
<sup>†</sup> after direct transaction costs of	(0.02)	–	(0.01)
<b>Performance</b>			
Return after charges	(1.54)%	6.10%	22.67%
<b>Other information</b>			
Closing net asset value (£000)	196,454	231,065	129,774
Closing number of shares	116,619,464	135,054,988	80,473,103
Operating charges (%) <sup>†</sup>	0.55%	0.56%	0.63%
Direct transaction costs (%) <sup>#</sup>	0.01%	–	0.01%
<b>Prices<sup>™</sup></b>			
Highest share price	176.05	174.94	161.30
Lowest share price	158.00	159.14	131.48

Class 3 Accumulation	2019 p per share	2018 p per share	2017 p per share
<b>Change in net assets per share</b>			
Opening net asset value per share	182.52	172.12	140.33
Return before operating charges <sup>†</sup>	(1.81)	11.48	32.86
Operating charges	(1.08)	(1.08)	(1.07)
Return after operating charges <sup>†</sup>	(2.89)	10.40	31.79
Distributions	(3.32)	(1.23)	(1.83)
Retained distributions on accumulation shares	3.32	1.23	1.83
Closing net asset value per share	179.63	182.52	172.12
<sup>†</sup> after direct transaction costs of	(0.02)	–	(0.02)
<b>Performance</b>			
Return after charges	(1.58)%	6.04%	22.65%
<b>Other information</b>			
Closing net asset value (£000)	229,455	221,478	160,880
Closing number of shares	127,735,857	121,345,795	93,469,165
Operating charges (%) <sup>†</sup>	0.60%	0.61%	0.68%
Direct transaction costs (%) <sup>#</sup>	0.01%	–	0.01%
<b>Prices<sup>™</sup></b>			
Highest share price	187.75	186.64	172.17
Lowest share price	168.49	169.84	140.35

Class 4 Accumulation	2019 p per share	2018 p per share	2017 p per share
<b>Change in net assets per share</b>			
Opening net asset value per share	179.99	170.08	138.91
Return before operating charges <sup>†</sup>	(179.54)	11.33	32.54
Operating charges	(0.45)	(1.42)	(1.37)
Return after operating charges <sup>†</sup>	(179.99)	9.91	31.17
Distributions	–	(0.86)	(1.55)
Retained distributions on accumulation shares	–	0.86	1.55
Closing net asset value per share	–	179.99	170.08
<sup>†</sup> after direct transaction costs of	–	–	(0.02)
<b>Performance</b>			
Return after charges	–	5.83%	22.44%
<b>Other information</b>			
Closing net asset value (£000)	–	2,559	2,380
Closing number of shares	–	1,421,617	1,399,544
Operating charges (%) <sup>†</sup>	0.78%	0.81%	0.88%
Direct transaction costs (%) <sup>#</sup>	–	–	0.01%
<b>Prices<sup>™</sup></b>			
Highest share price	181.58	184.11	170.12
Lowest share price	172.14	167.78	138.87

## COMPARATIVE TABLES (CONTINUED)

Class 9 Accumulation	2019 p per share	2018 p per share	2017 p per share
<b>Change in net assets per share</b>			
Opening net asset value per share	128.27	120.63	98.10
Return before operating charges <sup>†</sup>	(1.35)	8.08	22.91
Operating charges	(0.42)	(0.44)	(0.38)
Return after operating charges <sup>†</sup>	(1.77)	7.64	22.53
Distributions	(2.59)	(1.20)	(1.55)
Retained distributions on accumulation shares	2.59	1.20	1.55
Closing net asset value per share	126.50	128.27	120.63
<sup>†</sup> after direct transaction costs of	(0.01)	–	(0.01)
<b>Performance</b>			
Return after charges	(1.38)%	6.33%	22.97%
<b>Other information</b>			
Closing net asset value (£000)	96,415	71,208	29,289
Closing number of shares	76,217,546	55,514,403	24,279,883
Operating charges (%) <sup>‡</sup>	0.34%	0.35%	0.35%
Direct transaction costs (%) <sup>#</sup>	0.01%	–	0.01%
<b>Prices<sup>≈</sup></b>			
Highest share price	132.10	131.12	120.66
Lowest share price	118.59	119.08	98.12

<sup>‡</sup> The operating charges are calculated on an ex-post basis and as such may differ from the Ongoing Charge Figure where:

(a) Changes to fee rates were made during the year and the Ongoing Charge Figure has been amended to be future proofed for this change.

(b) The ongoing charge has been annualised for a share class that has not yet been open for a full year.

<sup>#</sup> The direct transaction costs have been stated after deducting, in the case of single-priced funds, the proportion of the amounts collected from dilution adjustments or dilution levies that relates to direct transaction costs and, in the case of dual-priced funds, the amounts collected in relation to direct transaction costs added to, or subtracted from, the valuations by virtue of COLL 6.3.6 G (4).

<sup>≈</sup> The high and low prices disclosed are the high and low prices for the accounting period and not the calendar year. The net asset value per share is based on the net asset value in the published accounts and may be different due to post year end accounting adjustments.

**Ongoing Charges Figure\***

Share class	28.02.19	28.02.18
Class 1	0.80%**	1.31%
Class 2	0.58%	0.56%
Class 3	0.60%	0.61%
Class 9	0.33%	0.35%

\* The Ongoing Charges Figure (OCF) is calculated as the ratio of the total ongoing charges to the average net asset value of the Fund over the year. The OCF is made up of the Fund Management Fee and, where a fund invests a substantial portion of its assets in other funds, an amount for the pro-rated charges of those other funds (referred to as "synthetic charges" or the "synthetic" part of the ongoing charge). The figure for ongoing charges excludes performance fees and portfolio transaction costs, except in the case of an entry/exit charge paid by the Fund when buying or selling shares/units in another collective investment scheme.

The OCF on share class 2 is capped at 0.60%, though the actual figure may be lower. The OCF on share class 9 is capped at 0.35%, though the actual figure may be lower. The OCF includes a synthetic charge of 0.07% (2018: 0.08%) in respect of underlying investments.

\*\* Following the update to the Prospectus and the change in charging structure of the Fund part way through the period, the ongoing charges figure has been based on the revised fee structure and therefore is not on an ex-post basis.

Please remember that past performance is not a guide to future performance and it might not be repeated. The value of investments and the revenue from them may go down as well as up and investors may not get back the amount originally invested. Because of this, you are not certain to make a profit on your investments and you may lose money.

## PORTFOLIO STATEMENT

As at 28 February 2019

Investment	Currency	Holding	Market Value £000	% of Net Assets
<b>Collective Investment Schemes 91.13% (78.64%)</b>				
AI Japanese Equity Index Fund UK Fund of Fund Accumulation Units <sup>†</sup>	GBP	40,671,545	40,342	7.12
AI North American Equity Index Fund UK Fund of Fund Accumulation Units <sup>†</sup>	GBP	153,654,988	153,962	27.17
Aviva Investors Emerging Markets Bond Fund Class Zyh, Accumulation shares, GBP <sup>†</sup>	GBP	21,904	26,446	4.66
Aviva Investors Emerging Markets Equity Small Cap Fund Class Zy, Accumulation shares, GBP <sup>†</sup>	GBP	16,040	15,935	2.81
Aviva Investors Emerging Markets Local Currency Bond Fund Class Zy, Accumulation shares, GBP <sup>†</sup>	GBP	8,214	11,491	2.03
Aviva Investors European Equity Income Fund Class Zy, Accumulation shares, GBP <sup>†</sup>	GBP	43,118	55,240	9.75
Aviva Investors Global Emerging Markets Index Fund Class Zy, Accumulation shares, GBP <sup>†</sup>	GBP	44,395	43,793	7.73
Aviva Investors Global High Yield Bond Fund Class Zh, Accumulation shares, GBP <sup>†</sup>	GBP	20,636	33,172	5.85
Aviva Investors Global Investment Grade Corporate Bond Fund Class Zyh, Accumulation shares, GBP <sup>†</sup>	GBP	25,348	28,164	4.97
Aviva Investors Multi-Strategy Fixed Income Fund Class Zyh, Accumulation shares, GBP <sup>†</sup>	GBP	23,299	23,178	4.09
Aviva Investors Multi-Strategy Target Return Fund Class 3, Accumulation shares, GBP <sup>†</sup>	GBP	11,468,643	12,260	2.16
Aviva Investors UK Index Tracking Fund Class 3, Accumulation shares, GBP <sup>†</sup>	GBP	10,439,899	25,417	4.48
iShares Europe ex-UK Index Fund (IE) Class Flexible Accumulating EUR	EUR	1,217,714	27,684	4.88
iShares Pacific Index Fund (IE) Class Institutional Accumulating EUR	EUR	1,346,708	19,427	3.43
<b>Collective Investment Schemes total</b>			<b>516,511</b>	<b>91.13</b>
<b>Government Bonds 6.80% (5.12%)</b>				
<b>Australia 3.70% (0.00%)</b>				
Australia Government Bond 1.25% 21/02/2022	AUD	33,449,000	20,969	3.70
			20,969	3.70
<b>United States of America 3.10% (5.12%)</b>				
US Treasury Inflation Indexed 0.88% 15/01/2029	USD	23,200,000	17,575	3.10
			17,575	3.10
<b>Government Bonds total</b>			<b>38,544</b>	<b>6.80</b>
<b>Forward Currency Contracts 0.43% (0.18%)</b>				
Buy GBP 32,310,997 sell AUD 58,407,911 dated 15/05/2019			1,087	0.19
Buy GBP 22,500,735 sell EUR 25,426,531 dated 15/05/2019			657	0.12
Buy GBP 18,108,005 sell USD 23,239,524 dated 15/05/2019			682	0.12
<b>Forward Currency Contracts total</b>			<b>2,426</b>	<b>0.43</b>
<b>Futures 0.33% (0.40%)</b>				
Australia 3 Year Bond 15/03/2019	AUD	(354)	(120)	(0.02)
Australia 10 Year Bond 15/03/2019	AUD	233	464	0.08
Euro-BTP 07/03/2019	EUR	51	212	0.04
EURO STOXX 50 Index 15/03/2019	EUR	(751)	(1,239)	(0.22)
EURO STOXX Bank Index 15/03/2019	EUR	1287	345	0.06
FTSE 100 Index 15/03/2019	GBP	158	478	0.09
MSCI Emerging Markets Index 15/03/2019	USD	198	447	0.08
S&P 500 Emini Index 15/03/2019	USD	107	799	0.14
STOXX 600 Oil Index 15/03/2019	EUR	363	349	0.06
TOPIX Index 07/03/2019	JPY	77	135	0.02
US 2 Year Note 28/06/2019	USD	(51)	5	–
US 10 Year Note 19/06/2019	USD	(473)	152	0.03
US Ultra Bond 19/06/2019	USD	113	(146)	(0.03)
<b>Futures total</b>			<b>1,881</b>	<b>0.33</b>
<b>Liquidity Funds 1.20% (14.36%)<sup>1</sup></b>				
Aviva Investors Sterling Liquidity Fund Class 9, Income shares, GBP <sup>†</sup>	GBP	6,800,426	6,800	1.20
<b>Liquidity Funds total</b>			<b>6,800</b>	<b>1.20</b>
Investment assets (including investment liabilities) <sup>2</sup>			566,162	99.89
Net other assets			610	0.11
<b>Net assets</b>			<b>566,772</b>	<b>100.00</b>

All holdings are ordinary shares or stock units and admitted to an official stock exchange unless otherwise stated.

The comparative percentage figures in brackets are as at 28 February 2018.

<sup>†</sup> A related party to the Fund.<sup>1</sup> Cash Equivalents.<sup>2</sup> Includes Cash Equivalents.



## STATEMENT OF TOTAL RETURN

### For the year ended 28 February 2019

	Notes	£000	Year ended 28.02.19 £000	£000	Year ended 28.02.18 £000
Income					
Net capital (losses)/gains	2		(18,021)		24,339
Revenue	3	13,583		5,803	
Expenses	4	(2,903)		(2,729)	
Net revenue before taxation		10,680		3,074	
Taxation	5	(167)		1	
Net revenue after taxation			10,513		3,075
<b>Total return before distributions</b>			<b>(7,508)</b>		<b>27,414</b>
Distributions	6		(10,530)		(3,170)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>(18,038)</b>		<b>24,244</b>

## STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

### For the year ended 28 February 2019

	£000	Year ended 28.02.19 £000	£000	Year ended 28.02.18 £000
<b>Opening net assets attributable to shareholders</b>		<b>572,458</b>		<b>367,976</b>
Movement due to issue and cancellation of shares:				
Amounts receivable on issue of shares	86,700		189,527	
Amounts payable on cancellation of shares	(84,880)		(12,896)	
		1,820		176,631
Dilution adjustment		11		12
Change in net assets attributable to shareholders from investment activities (see above)		(18,038)		24,244
Retained distribution on accumulation shares		10,521		3,595
<b>Closing net assets attributable to shareholders</b>		<b>566,772</b>		<b>572,458</b>

## BALANCE SHEET

As at 28 February 2019

	Notes	As at 28.02.19 £000	As at 28.02.18 £000
<b>Assets:</b>			
Investments		560,867	484,400
<b>Current assets:</b>			
Debtors	8	15,678	4,713
Cash and bank balances	9	940	3,198
Cash equivalents	10	6,800	82,200
<b>Total assets</b>		<b>584,285</b>	<b>574,511</b>
<b>Liabilities:</b>			
Investment liabilities		(1,505)	(1,562)
<b>Creditors:</b>			
Other creditors	11	(16,008)	(491)
<b>Total liabilities</b>		<b>(17,513)</b>	<b>(2,053)</b>
<b>Net assets attributable to shareholders</b>		<b>566,772</b>	<b>572,458</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 1 Accounting basis and policies

Please see pages 6 to 8 for accounting basis and policies.

### 2 Net capital (losses)/gains

	Year ended 28.02.19 £000	Year ended 28.02.18 £000
<b>Net capital (losses)/gains on investment during the year comprise:</b>		
Compensation items	1	–
Currency gains	96	86
Derivative contracts (losses)/gains	(5,571)	3,335
Expenses relating to the purchase and sale of investments	(2)	(7)
Forward currency contracts gains	744	1,883
Non-derivative securities (losses)/gains	(13,289)	19,042
<b>Net capital (losses)/gains*</b>	<b>(18,021)</b>	<b>24,339</b>

\* Total realised gains for the year were £50,524,703 (2018: £16,156,817) and the movement in unrealised (losses)/gains was £(68,547,155) (2018: £8,181,936). Included in realised gains for the year were unrealised gains recognised in previous years.

### 3 Revenue

	Year ended 28.02.19 £000	Year ended 28.02.18 £000
Bank and deposit interest	16	6
Franked component of dividend distributions	3,218	2,514
Interest on debt securities	1,100	692
Income from derivatives	156	324
Investment manager rebates*	231	357
Overseas dividends	1,221	–
Revenue from offshore funds	7,524	1,666
UK dividends	(5)	–
Unfranked component of dividend distributions	122	244
<b>Total revenue</b>	<b>13,583</b>	<b>5,803</b>

\* Represents rebates received in respect of expenses incurred in underlying CIS investments.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 4 Expenses

	Year ended 28.02.19 £000	Year ended 28.02.18 £000
<b>Payable to the Authorised Corporate Director ("ACD"), associates of the ACD or agents of either of them:</b>		
ACD's periodic charge/Fund Management Fee*	2,833	2,339
Registration fees	71	238
	2,904	2,577
<b>Payable to the Depositary, associates of the Depositary or agents of either of them:</b>		
Depositary's fee	16	59
Interest payable	23	41
Safe custody fee	11	44
	50	144
<b>Other expenses:</b>		
Audit fee**	3	11
Printing and postage expenses	1	3
Statement fee	2	8
	6	22
<b>Total expenses</b>	<b>2,960</b>	<b>2,743</b>
Less those expenses rebated by the ACD	(57)	(14)
	<b>2,903</b>	<b>2,729</b>

\* From 4 June 2018 the Fund changed to a single fixed charge known as the Fund Management Fee (FMF). The FMF covers fees and expenses in relation to the operation and administration of the Company and the Fund.

\*\* The audit fee was £11,608 (2018: £9,420) net of VAT. With effect 4 June 2018, the audit fee was no longer accrued for separately and now forms part of the FMF.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**5 Taxation****a Analysis of tax charge**

	Year ended 28.02.19 £000	Year ended 28.02.18 £000
Overseas tax suffered	167	(1)
<b>Total tax for the year (see note 5b)</b>	<b>167</b>	<b>(1)</b>

**b Factors affecting current tax charge**

The tax assessed for the year is lower (2018: lower) than the standard rate of corporation tax in the UK for an Authorised Investment Fund (20%) (2018: 20%).

The differences are explained below:

	Year ended 28.02.19 £000	Year ended 28.02.18 £000
<b>Net revenue before taxation</b>	<b>10,680</b>	<b>3,074</b>
Corporation tax at 20%	2,136	615
<b>Effects of:</b>		
Franked distributions not subject to corporation tax	(643)	(503)
Movement in excess management expenses	(98)	128
Overseas dividends not subject to corporation tax	(1,395)	(317)
Overseas tax suffered	167	(1)
Tax relief on realised gain on offshore funds	–	30
Tax relief on unrealised gain on offshore funds	–	47
<b>Current tax charge (see note 5a)</b>	<b>167</b>	<b>(1)</b>

Authorised Investment Funds are exempt from tax on capital gains. Therefore, any capital return is not included in the above reconciliation.

**c Deferred tax**

There was no material unprovided deferred tax (2018: £nil).

After claiming relief against accrued income taxable on receipt, the Fund has unrelieved excess expenses of £2,463,429 (2018: £2,953,268) creating a potential deferred tax asset of £492,686 (2018: £590,654). It is unlikely that the Fund will generate taxable profits in the future to utilise these amounts and therefore no deferred tax asset has been recognised in the current or prior year.

**6 Distributions**

	Year ended 28.02.19 £000	Year ended 28.02.18 £000
<b>The distributions take account of revenue received on the issue of shares and revenue deducted on the cancellation of shares, and comprise:</b>		
Interim distribution	7,047	2,710
Final distribution	3,474	885
	10,521	3,595
Add: Revenue deducted on cancellation of shares	181	26
Deduct: Revenue received on issue of shares	(172)	(451)
<b>Total distributions</b>	<b>10,530</b>	<b>3,170</b>
<b>Reconciliation of distributions for the year to net revenue after taxation</b>		
Distributions for the year	10,530	3,170
ACD's periodic charge borne by the capital account	(20)	–
Equalisation on conversions	2	–
Revenue deficit transferred to capital	–	(95)
Undistributed revenue carried forward	1	–
<b>Net revenue after taxation</b>	<b>10,513</b>	<b>3,075</b>

Details of the distributions per share are set out in the distribution tables on page 121.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 7 Fair value hierarchy

Valuation technique	As at 28.02.19		As at 28.02.18	
	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Level 1: Quoted prices	43,728	(1,505)	33,161	(1,555)
Level 2: Observable market data	523,939	–	533,439	(7)
<b>Total</b>	<b>567,667</b>	<b>(1,505)</b>	<b>566,600</b>	<b>(1,562)</b>

The purpose of the fair value hierarchy is to prioritise the inputs that should be used to measure the fair value of assets and liabilities.

The highest priority is given to quoted prices at which a transaction can be entered into and the lowest priority is given to unobservable inputs. Disclosure is required of the value in each category in order to give an insight into the extent to which fair value measurements are subjective.

The disclosure is split into the following categories:

**Level 1:** Unadjusted quoted price in an active market for an identical instrument;

**Level 2:** Valuation techniques using observable inputs other than quoted prices within level 1;

**Level 3:** Valuation techniques using unobservable inputs.

## 8 Debtors

	As at 28.02.19 £000	As at 28.02.18 £000
Accrued revenue	1,256	14
Accrued expense fee rebate	286	147
Amounts receivable on issue of shares	563	1,742
Income tax recoverable	73	47
Sales awaiting settlement	13,500	2,763
<b>Total debtors</b>	<b>15,678</b>	<b>4,713</b>

## 9 Cash and bank balances

	As at 28.02.19 £000	As at 28.02.18 £000
Amounts held at futures clearing houses and brokers	842	2,804
Cash and bank balances	98	394
<b>Total cash and bank balances</b>	<b>940</b>	<b>3,198</b>

## 10 Cash equivalents

	As at 28.02.19 £000	As at 28.02.18 £000
Aviva Investors Sterling Liquidity Fund	6,800	82,200
<b>Total cash equivalents</b>	<b>6,800</b>	<b>82,200</b>

## 11 Other creditors

	As at 28.02.19 £000	As at 28.02.18 £000
Accrued expenses	230	286
Amounts payable for cancellation of shares	622	201
Overseas tax provision	173	4
Purchases awaiting settlement	14,983	–
<b>Total other creditors</b>	<b>16,008</b>	<b>491</b>

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 12 Contingent liabilities and commitments

There were no contingent liabilities or commitments at the year end (2018: £nil).

### 13 Related party transactions

Aviva Investors UK Fund Services Limited, Aviva Investors Global Services Limited and the Aviva group are deemed to be related parties per section 33.10 of FRS 102 as they are entities with control, joint control or significant influence over the entity.

ACD periodic charges/Fund Management Fee paid to Aviva Investors UK Fund Services Limited ("the ACD") are shown in note 4 and details of shares issued and cancelled by the ACD are shown in the statement of change in net assets attributable to shareholders. The balance due to the ACD at the year end in respect of ACD periodic charges/ Fund Management Fee was £209,652 (2018: £202,296). Any balance due from the ACD in respect of issues is shown in note 8. Any balance due to the ACD in respect of cancellations is shown in note 11.

Distributions payable to the ACD and related parties of the ACD during the year amounted to £7,665,889 (2018: £1,932,552). The amount outstanding at the year end was £2,563,319 (2018: £502,142). Related parties of the ACD are deemed to be all companies under the control of Aviva Plc. This will include companies which hold shares in the Fund on behalf of other external investors.

Any investments managed and advised by Aviva Investors Global Services Limited or associated with the Aviva Group are identified on the portfolio statement.

The total purchases and sales on these investments during the year amounted to £533,800,205 (2018: £412,790,666) and £382,316,343 (2018: £308,728,494) respectively. The income received during the year amounted to £8,696,776 (2018: £2,734,038). The rebates from ACD during the year amounted to £31,049 (2018: £77,453).

Holdings at the year end and movements during the year are as follows:

	Holdings at 28.02.19 (shares)	Movement (shares)	Holdings at 28.02.18 (shares)
ACD and related parties (Class 1 Accumulation shares)	515,597	515,597	–
ACD and related parties (Class 2 Accumulation shares)	48,216,783	48,070,074	146,709
ACD and related parties (Class 3 Accumulation shares)	127,735,857	6,390,062	121,345,795
ACD and related parties (Class 9 Accumulation shares)	76,217,546	20,703,143	55,514,403

The ACD and related parties of the ACD are ineligible to vote at any general meeting.

### 14 Shareholder funds

The Fund currently has four share classes: Class 1 (Retail), Class 2 (Institutional) and Class 3 and Class 9 (Associated undertakings of Aviva Plc). The Fund Management Fees are as follows:

Class 1: 0.73%  
 Class 2: 0.51%  
 Class 3: 0.53%  
 Class 9: 0.26%

The net asset value per share class, the net asset value per share and the number of shares in the class are shown on pages 108 and 109. The distributions per share class are given in the distribution tables on page 121. All the share classes have the same rights on winding up.

### 15 Shares in issue reconciliation

	Number of shares in issue at 28.02.18	Number of shares issued	Number of shares cancelled	Number of shares converted	Number of shares in issue at 28.02.19
Class 1 Accumulation shares	26,731,435	1,010,581	(3,070,722)	1,551,879	26,223,173
Class 2 Accumulation shares	135,054,988	17,344,124	(35,797,057)	17,409	116,619,464
Class 3 Accumulation shares	121,345,795	15,099,243	(8,709,181)	–	127,735,857
Class 4 Accumulation shares	1,421,617	100,484	(19,003)	(1,503,098)	–
Class 9 Accumulation shares	55,514,403	22,539,864	(1,836,721)	–	76,217,546

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 16 Derivatives and other financial instruments

The policies applied in the management of financial instruments are set out on pages 7 and 8.

#### Fair value of financial assets and financial liabilities

There is no significant difference between the carrying values of the financial assets and liabilities and their fair values (2018: £nil).

#### Currency risk

At the year end date, 0.01% (2018: 3.86%) of the net assets of the Fund were denominated in currencies other than sterling and as such, the currency risk is not considered significant.

#### Interest rate risk

At the year end date 8.17% (2018: 20.04%) of the net assets of the Fund were interest bearing and as such the interest rate risk is not considered significant.

The interest rate profile of the Fund's financial assets and liabilities at 28 February 2018 was:

Currency 28.02.18	Floating Rate £000	Fixed Rate £000	None £000	Total £000
<b>Financial Assets</b>				
Sterling	87,602	–	463,268	550,870
Australian dollar	450	–	–	450
Euro	(79)	–	18,962	18,883
Japanese yen	89	–	–	89
US dollar	(2,664)	29,302	20,825	47,463
<b>Financial Liabilities</b>				
Sterling	–	–	(487)	(487)
Australian dollar	–	–	(8,887)	(8,887)
Canadian dollar	–	–	(6,148)	(6,148)
Japanese yen	–	–	(226)	(226)
US dollar	–	–	(29,549)	(29,549)
<b>Total</b>	<b>85,398</b>	<b>29,302</b>	<b>457,758</b>	<b>572,458</b>

The floating rate on bank balances is linked to the Depositary's base rate.

The Fund invests in some collective investment schemes (CIS) which predominantly invest in debt securities. The revenue of the Fund and the value of debt securities may be affected by interest rate movements in the future. At the year end date 21.6% (2018: 8.33%) of the assets of the Fund were invested in CIS which predominantly invest in debt securities.

#### Market price risk

At the year end date, 97.93% (2018: 83.76%) of the net assets of the Fund were invested in ordinary shares or stock units or debt securities admitted to an official stock exchange. If the market value were to change by 10%, the value of the Fund would change by 9.79% (2018: 8.38%).



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**17 Counterparty exposure****Financial derivative exposure**

The types of derivatives held at the year end date were forward currency contracts and futures contracts. Details of individual contracts are disclosed in the Portfolio Statement and the total position by counterparty at the year end date was as follows:

	Forward currency contracts £000	Futures contracts £000	Total £000
<b>28.02.19</b>			
Barclays	164	–	164
Goldman Sachs	682	–	682
J.P. Morgan	166	–	166
Nomura	163	–	163
Royal Bank of Scotland	1,087	–	1,087
Société Générale	164	–	164
UBS	–	3,386	3,386
<b>Total</b>	<b>2,426</b>	<b>3,386</b>	<b>5,812</b>

	Forward currency contracts £000	Futures contracts £000	Total £000
<b>28.02.18</b>			
Citibank	3	–	3
JPMorgan	46	–	46
Royal Bank of Canada	197	–	197
Royal Bank of Scotland	775	–	775
UBS	–	3,859	3,859
<b>Total</b>	<b>1,021</b>	<b>3,859</b>	<b>4,880</b>

The counterparty exposure on forward currency contracts is reported at their mark to market values but for futures contracts it is only the positive mark to market values that are reported.

**Collateral**

At the year end date no collateral was held or pledged by the company or on behalf of the counterparties in respect of the above (2018: £nil).

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**18 Direct transaction costs**

In the case of shares, broker commissions and transfer taxes, stamp duty is paid by the Fund on each transaction. In addition, there is a dealing spread between buying and selling prices of the underlying investments. Unlike shares, other types of investments (such as bonds, money market instruments, derivatives) have no separately identifiable transaction costs; these costs form part of the dealing spread.

	Principal before costs £000	Commissions £000	Taxes £000	Total after costs £000	Commissions as % of principal	Taxes as % of principal
<b>28.02.19</b>						
<b>Purchases</b>						
Bonds	(43,893)	–	–	(43,893)	0.00%	0.00%
Funds	(623,898)	(4)	(67)	(623,969)	0.00%	0.01%
	(667,791)	(4)	(67)	(667,862)		
<b>Sales</b>						
Bonds	35,932	–	–	35,932	0.00%	0.00%
Funds	621,194	(4)	–	621,190	0.00%	0.00%
	657,126	(4)	–	657,122		
<b>Total</b>		(8)	(67)			
<b>Percentage of fund average net assets</b>		0.00%	0.01%			

	Principal before costs £000	Commissions £000	Taxes £000	Total after costs £000	Commissions as % of principal	Taxes as % of principal
<b>28.02.18</b>						
<b>Purchases</b>						
Bonds	(137,615)	–	–	(137,615)	0.00%	0.00%
Funds	(402,143)	–	–	(402,143)	0.00%	0.00%
	(539,758)	–	–	(539,758)		
<b>Sales</b>						
Bonds	138,509	–	–	138,509	0.00%	0.00%
Funds	223,537	–	–	223,537	0.00%	0.00%
	362,046	–	–	362,046		
<b>Total</b>		–	–			
<b>Percentage of fund average net assets</b>		0.00%	0.00%			

**Dealing spread**

As at 28 February 2019, the average portfolio dealing spread was 0.01% (2018: nil%). This spread represents the difference between the values determined respectively by reference to the bid and offer prices of investments expressed as a percentage of the value determined by reference to the offer price.

**19 Post balance sheet events**

There are no post balance sheet events which require adjustment or disclosure at the year end (2018: £nil).

## DISTRIBUTION TABLES

## Final distribution payable in pence per share for the six months ended 28 February 2019

Accumulation shares		Net revenue	Equalisation	Final distribution payable 30 April 2019	Final distribution paid 30 April 2018
Class 1	Group 1	0.7962	–	0.7962	0.0000
	Group 2	0.3782	0.4180	0.7962	0.0000
Class 2	Group 1	1.0316	–	1.0316	0.2828
	Group 2	0.5408	0.4908	1.0316	0.2828
Class 3	Group 1	1.0712	–	1.0712	0.2587
	Group 2	0.6898	0.3814	1.0712	0.2587
Class 9	Group 1	0.9099	–	0.9099	0.3383
	Group 2	0.4878	0.4221	0.9099	0.3383

**Final distribution**

Group 1 shares are those shares purchased at or before 2pm on 31 August 2018.

Group 2 shares are those shares purchased after 2pm on 31 August 2018.

## Interim distribution paid in pence per share for the six months ended 31 August 2018

Accumulation shares		Net revenue	Equalisation	Interim distribution paid 31 October 2018	Interim distribution paid 31 October 2017
Class 1	Group 1	1.9435	–	1.9435	0.3401
	Group 2	1.7758	0.1677	1.9435	0.3401
Class 2	Group 1	2.1564	–	2.1564	0.9524
	Group 2	1.8837	0.2727	2.1564	0.9524
Class 3	Group 1	2.2527	–	2.2527	0.9717
	Group 2	2.0649	0.1878	2.2527	0.9717
Class 9	Group 1	1.6850	–	1.6850	0.8631
	Group 2	1.3918	0.2932	1.6850	0.8631

**Interim distribution**

Group 1 shares are those shares purchased at or before 2pm on 28 February 2018.

Group 2 shares are those shares purchased after 2pm on 28 February 2018.

**Equalisation**

Equalisation applies only to Group 2 shares, in other words shares purchased during the period. It is the average amount of revenue included in the purchase price of all Group 2 shares and is refunded to the holders of these shares as return of capital. Being capital, it is not liable to income tax but must be deducted from the cost of shares for capital gains tax purposes.

## AVIVA INVESTORS MULTI-ASSET FUND V

### INVESTMENT OBJECTIVE

The Fund aims to provide capital growth.

### INVESTMENT POLICY

The Fund aims to achieve the investment objective by employing a blend of both strategic and tactical asset allocation across a diversified range of global asset classes.

The Fund may invest in securities, fixed income assets, Exchange Traded Funds, collective investment schemes, warrants, money market instruments, deposits, cash, near cash, property and commodities. Exposure to property and commodities will be via collective investment schemes and Exchange Traded Funds. The Fund may also invest directly in derivative instruments (including commodity futures) for the purposes of investment and efficient portfolio management.

By combining diversified and relatively uncorrelated assets, investment risk is controlled and kept in line with the Fund's 'adventurous' risk profile.

Details about the Fund's 'adventurous' risk profile are available in the Prospectus.

### FUND MANAGER'S REPORT

On 4 June 2018, share class 4 of this Fund was closed and merged into share class 1 and share class R3 of this Fund was renamed as share class 2.

#### Performance

Over the twelve months ended 28 February 2019, the Fund returned -2.34% (net of fees).

#### Review

Growth assets struggled for much of the year as investors appeared concerned about a potential slowdown in global economic activity and, in turn, how that might affect corporate profitability.

The introduction of tariffs on goods imported into the US also had an adverse influence on sentiment in some regions. Emerging markets and European stocks struggled for example, reflecting a slowdown in export demand and concerns over the associated impact on manufacturers' profitability. Tactical overweight positions in these asset classes were held, which detracted from performance.

Elsewhere, increased investment in US equities was rewarded as they outperformed those in other regions; benefiting from a healthy economic background and strong company profitability. Brexit-related uncertainties clouded the outlook for UK stocks for much of the year and while exposure was increased slightly, the Fund maintained limited exposure to the domestic share market.

The Fund does not typically hold significant investments in fixed income markets, although an allocation to hard currency emerging market bonds was added to the portfolio during the year. Exposure to high yield corporate bonds was also increased after valuations had become more attractive.

### Outlook

The pace of global growth is expected to moderate in 2019, while remaining above trend. Growth assets are expected to make positive progress against this background. Valuations in all areas of the market are monitored closely and portfolio positioning will be amended as and when opportunities are identified and where relative value emerges.

### March 2019

\* Fund performance figures – share class 1, source Lipper, net of fees, net income reinvested in GBP, as at 28 February 2019.

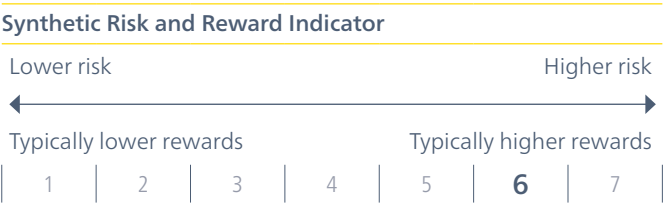
As noted above, the performance figures in this commentary have been sourced from an external party and are based on published prices. The performance figures quoted in the comparative tables on pages 124 and 125 are based on the net asset value per the published accounts and may be different due to post year end accounting adjustments.

Any opinions expressed are those of the Fund manager. They should not be viewed as a guarantee of a return from an investment in the Funds. The content of the commentary should not be viewed as a recommendation to invest nor buy or sell any securities. Past performance is not a guide to the future. The value of a fund and the income from it may go down as well as up, and the investor may not get back the original amount invested.

### Material Portfolio Changes

Purchases	Sales
AI North American Equity Index Fund, UK Fund of Fund Accumulation Units	iShares North American Equity Index Fund (UK) Class L Accumulating GBP
Aviva Investors Sterling Liquidity Fund Class 9, Income shares, GBP	Aviva Investors Sterling Liquidity Fund Class 9, Income shares, GBP
Aviva Investors Global Emerging Markets Index Fund, Class Zy, Accumulation shares, GBP	iShares Japan Equity Index Fund (UK) Class L Accumulating GBP
AI Japanese Equity Index Fund, UK Fund of Fund Accumulation Units	Aviva Investors Emerging Markets Equity Income Fund Class Zy, Accumulation shares, GBP
iShares North American Equity Index Fund (UK) Class L Accumulating GBP	Aviva Investors European Equity Income Fund Class Zy, Accumulation shares, GBP
iShares Europe ex-UK Index Fund (IE) Class Flexible Accumulating EUR	Aviva Investors Global Equity Endurance Fund Class Zy, Accumulation shares, GBP
Aviva Investors Emerging Markets Bond Fund Class Zyh, Accumulation shares, GBP	Aviva Investors Emerging Markets Equity Small Cap Fund Class Zy, Accumulation shares, USD
Aviva Investors European Equity Income Fund Class Zy, Accumulation shares, GBP	Aviva Investors Emerging Markets Local Currency Bond Fund Class Zy, Accumulation shares, GBP
Aviva Investors Global High Yield Bond Fund Class Zh, Accumulation shares, GBP	Aviva Investors Emerging Markets Bond Fund Class Zyh, Accumulation shares, GBP
Aviva Investors Emerging Markets Equity Small Cap Fund Class Zy, Accumulation shares, USD	iShares S&P 500 Financials Sector UCITS Fund USD (Acc) Share Class

AVIVA INVESTORS MULTI-ASSET FUND V (CONTINUED)



The Fund has been allocated a risk number based on the historic volatility of its share price. Where insufficient share price information is available, the risk number has been based on the historic volatility of the asset classes appropriate to the Fund.

- This indicator is based on historical data, calculated using European Union rules, and may not be a reliable indication of the future risk profile of the Fund.
- The risk and reward category shown is not guaranteed to remain unchanged and may change over time. The lowest category does not mean ‘risk free’.
- Further information on the risks applicable to the Fund is detailed in the Fund’s Key Investor Information Document, and a full description is set out in the Prospectus, both of which are available on the internet at [www.avivainvestors.com](http://www.avivainvestors.com) or from the ACD on request.

## COMPARATIVE TABLES

Class 1 Accumulation	2019 p per share	2018 p per share	2017 p per share
<b>Change in net assets per share</b>			
Opening net asset value per share	177.41	165.26	129.85
Return before operating charges <sup>†</sup>	(2.75)	14.41	37.45
Operating charges	(1.63)	(2.26)	(2.04)
Return after operating charges <sup>†</sup>	(4.38)	12.15	35.41
Distributions	(2.59)	(0.18)	(0.61)
Retained distributions on accumulation shares	2.59	0.18	0.61
Closing net asset value per share	173.03	177.41	165.26
<sup>†</sup> after direct transaction costs of	–	–	(0.01)
<b>Performance</b>			
Return after charges	(2.47)%	7.35%	27.27%
<b>Other information</b>			
Closing net asset value (£000)	10,390	11,324	10,854
Closing number of shares	6,004,774	6,382,908	6,567,660
Operating charges (%) <sup>†</sup>	0.94%	1.31%	1.37%
Direct transaction costs (%) <sup>‡</sup>	–	–	0.01%
<b>Prices<sup>™</sup></b>			
Highest share price	184.14	182.46	165.30
Lowest share price	160.35	162.23	129.87

Class 2 Accumulation	2019 p per share	2018 p per share	2017 p per share
<b>Change in net assets per share</b>			
Opening net asset value per share	174.94	161.72	126.23
Return before operating charges <sup>†</sup>	(2.70)	14.17	36.39
Operating charges	(0.99)	(0.95)	(0.90)
Return after operating charges <sup>†</sup>	(3.69)	13.22	35.49
Distributions	(3.20)	(0.85)	(1.54)
Retained distributions on accumulation shares	3.20	0.85	1.54
Closing net asset value per share	171.25	174.94	161.72
<sup>†</sup> after direct transaction costs of	–	–	(0.01)
<b>Performance</b>			
Return after charges	(2.11)%	8.17%	28.12%
<b>Other information</b>			
Closing net asset value (£000)	56,651	49,213	31,938
Closing number of shares	33,080,689	28,131,012	19,749,373
Operating charges (%) <sup>†</sup>	0.58%	0.56%	0.62%
Direct transaction costs (%) <sup>‡</sup>	–	–	0.01%
<b>Prices<sup>™</sup></b>			
Highest share price	182.00	179.74	161.76
Lowest share price	158.61	158.92	126.26

Class 3 Accumulation	2019 p per share	2018 p per share	2017 p per share
<b>Change in net assets per share</b>			
Opening net asset value per share	188.47	174.33	136.12
Return before operating charges <sup>†</sup>	(2.92)	15.25	39.26
Operating charges	(1.13)	(1.11)	(1.05)
Return after operating charges <sup>†</sup>	(4.05)	14.14	38.21
Distributions	(3.38)	(0.82)	(1.62)
Retained distributions on accumulation shares	3.38	0.82	1.62
Closing net asset value per share	184.42	188.47	174.33
<sup>†</sup> after direct transaction costs of	–	–	(0.02)
<b>Performance</b>			
Return after charges	(2.15)%	8.11%	28.07%
<b>Other information</b>			
Closing net asset value (£000)	58,103	55,080	36,703
Closing number of shares	31,505,561	29,225,297	21,053,452
Operating charges (%) <sup>†</sup>	0.61%	0.61%	0.67%
Direct transaction costs (%) <sup>‡</sup>	–	–	0.01%
<b>Prices<sup>™</sup></b>			
Highest share price	196.03	193.65	174.38
Lowest share price	170.82	171.31	136.15

Class 4 Accumulation	2019 <sup>§</sup> p per share	2018 p per share	2017 p per share
<b>Change in net assets per share</b>			
Opening net asset value per share	182.10	168.78	132.03
Return before operating charges <sup>†</sup>	(181.65)	14.75	38.07
Operating charges	(0.45)	(1.43)	(1.32)
Return after operating charges <sup>†</sup>	(182.10)	13.32	36.75
Distributions	–	(0.62)	(1.29)
Retained distributions on accumulation shares	–	0.62	1.29
Closing net asset value per share	–	182.10	168.78
<sup>†</sup> after direct transaction costs of	–	–	(0.02)
<b>Performance</b>			
Return after charges	–	7.89%	27.83%
<b>Other information</b>			
Closing net asset value (£000)	–	233	211
Closing number of shares	–	127,967	124,927
Operating charges (%) <sup>†</sup>	0.77%	0.81%	0.87%
Direct transaction costs (%) <sup>‡</sup>	–	–	0.01%
<b>Prices<sup>™</sup></b>			
Highest share price	184.53	187.16	168.83
Lowest share price	171.97	165.80	132.06

## COMPARATIVE TABLES (CONTINUED)

	2019 p per share	2018 p per share	2017 p per share
<b>Class 9 Accumulation</b>			
<b>Change in net assets per share</b>			
Opening net asset value per share	135.83	125.30	97.59
Return before operating charges <sup>†</sup>	(2.10)	10.91	28.12
Operating charges	(0.46)	(0.38)	(0.41)
Return after operating charges <sup>†</sup>	(2.56)	10.53	27.71
Distributions	(2.79)	(0.93)	(1.43)
Retained distributions on accumulation shares	2.79	0.93	1.43
Closing net asset value per share	133.27	135.83	125.30
<sup>†</sup> after direct transaction costs of	–	–	(0.01)
<b>Performance</b>			
Return after charges	(1.88)%	8.40%	28.39%
<b>Other information</b>			
Closing net asset value (£000)	23,195	19,466	7,290
Closing number of shares	17,404,011	14,331,263	5,817,779
Operating charges (%) <sup>‡</sup>	0.34%	0.35%	0.35%
Direct transaction costs (%) <sup>§</sup>	–	–	0.01%
<b>Prices<sup>¶</sup></b>			
Highest share price	141.44	139.52	125.33
Lowest share price	123.37	123.18	97.61

<sup>‡</sup> The operating charges are calculated on an ex-post basis and as such may differ from the Ongoing Charge Figure where:

(a) Changes to fee rates were made during the year and the Ongoing Charge Figure has been amended to be future proofed for this change.

(b) The ongoing charge has been annualised for a share class that has not yet been open for a full year.

<sup>§</sup> The direct transaction costs have been stated after deducting, in the case of single-priced funds, the proportion of the amounts collected from dilution adjustments or dilution levies that relates to direct transaction costs and, in the case of dual-priced funds, the amounts collected in relation to direct transaction costs added to, or subtracted from, the valuations by virtue of COLL 6.3.6 G (4).

<sup>¶</sup> The high and low prices disclosed are the high and low prices for the accounting period and not the calendar year. The net asset value per share is based on the net asset value in the published accounts and may be different due to post year end accounting adjustments.

<sup>§</sup> The share class was closed on 1 June 2018.

**Ongoing Charges Figure\***

Share class	28.02.19	28.02.18
Class 1	0.81%**	1.31%
Class 2	0.59%	0.56%
Class 3	0.61%	0.61%
Class 9	0.34%	0.35%

\* The Ongoing Charges Figure (OCF) is calculated as the ratio of the total ongoing charges to the average net asset value of the Fund over the year. The OCF is made up of the Fund Management Fee and, where a fund invests a substantial portion of its assets in other funds, an amount for the pro-rated charges of those other funds (referred to as "synthetic charges" or the "synthetic" part of the ongoing charge). The figure for ongoing charges excludes performance fees and portfolio transaction costs, except in the case of an entry/exit charge paid by the Fund when buying or selling shares/units in another collective investment scheme.

The OCF on share class 2 is capped at 0.60%, though the actual figure may be lower. The OCF on share class 9 is capped at 0.35%, though the actual figure may be lower. The OCF includes a synthetic charge of 0.06% (2018: 0.07%) in respect of underlying investments.

\*\* Following the update to the Prospectus and the change in charging structure of the Fund part way through the period, the ongoing charges figure has been based on the revised fee structure and therefore is not on an ex-post basis.

Please remember that past performance is not a guide to future performance and it might not be repeated. The value of investments and the revenue from them may go down as well as up and investors may not get back the amount originally invested. Because of this, you are not certain to make a profit on your investments and you may lose money.

## PORTFOLIO STATEMENT

As at 28 February 2019

Investment	Currency	Holding	Market Value £000	% of Net Assets
<b>Collective Investment Schemes 95.98% (93.46%)</b>				
AI Japanese Equity Index Fund, UK Fund of Fund Accumulation Units <sup>†</sup>	GBP	14,592,193	14,474	9.76
AI North American Equity Index Fund, UK Fund of Fund Accumulation Units <sup>†</sup>	GBP	50,166,507	50,267	33.88
Aviva Investors Emerging Markets Bond Fund Class Zyh, Accumulation shares, GBP <sup>†</sup>	GBP	3,270	3,948	2.66
Aviva Investors Emerging Markets Equity Small Cap Fund Class Zy, Accumulation shares, GBP <sup>†</sup>	GBP	6,066	6,027	4.06
Aviva Investors Emerging Markets Local Currency Bond Fund Class Zy, Accumulation shares, GBP <sup>†</sup>	GBP	2,568	3,592	2.42
Aviva Investors European Equity Income Fund Class Zy, Accumulation shares, GBP <sup>†</sup>	GBP	15,048	19,278	13.00
Aviva Investors Global Emerging Markets Index Fund Class Zy, Accumulation shares, GBP <sup>†</sup>	GBP	14,616	14,418	9.72
Aviva Investors Global High Yield Bond Fund Class Zh, Accumulation shares, GBP <sup>†</sup>	GBP	6,726	10,812	7.29
iShares Core S&P 500 UCITS Fund USD (Acc) Share Class	GBP	14,043	2,891	1.95
iShares Europe ex-UK Index Fund (IE) Class Flexible Accumulating EUR	EUR	419,530	9,538	6.43
iShares Pacific Index Fund (IE) Class Institutional Accumulating EUR	EUR	494,104	7,128	4.81
<b>Collective Investment Schemes total</b>			<b>142,373</b>	<b>95.98</b>
<b>Forward Currency Contracts 0.18% (0.04%)</b>				
Buy GBP 4,051,548 sell AUD 7,340,175 dated 15/05/2019			127	0.09
Buy GBP 5,853,731 sell EUR 6,614,898 dated 15/05/2019			171	0.11
Buy USD 1,231,143 sell GBP 959,295 dated 15/05/2019			(36)	(0.02)
<b>Forward Currency Contracts total</b>			<b>262</b>	<b>0.18</b>
<b>Futures 0.56% (0.47%)</b>				
EURO STOXX 50 Index 15/03/2019	EUR	(201)	(333)	(0.23)
EURO STOXX Bank Index 15/03/2019	EUR	320	86	0.06
FTSE 100 Index 15/03/2019	GBP	173	521	0.35
MSCI Emerging Markets Index 15/03/2019	USD	100	216	0.15
S&P 500 Emini Index 15/03/2019	USD	28	207	0.14
STOXX 600 Oil Index 15/03/2019	EUR	96	92	0.06
TOPIX Index 07/03/2019	JPY	27	45	0.03
<b>Futures total</b>			<b>834</b>	<b>0.56</b>
<b>Liquidity Funds 2.96% (4.80%)<sup>1</sup></b>				
Aviva Investors Sterling Liquidity Fund Class 9, Income shares, GBP <sup>†</sup>	GBP	4,400,022	4,400	2.96
<b>Liquidity Funds total</b>			<b>4,400</b>	<b>2.96</b>
Investment assets (including investment liabilities) <sup>2</sup>			147,869	99.68
Net other assets			470	0.32
<b>Net assets</b>			<b>148,339</b>	<b>100.00</b>

All holdings are ordinary shares or stock units and admitted to an official stock exchange unless otherwise stated.

The comparative percentage figures in brackets are as at 28 February 2018.

<sup>†</sup> A related party to the Fund.<sup>1</sup> Cash Equivalents.<sup>2</sup> Includes Cash Equivalents.



## STATEMENT OF TOTAL RETURN

### For the year ended 28 February 2019

	Notes	£000	Year ended 28.02.19 £000	£000	Year ended 28.02.18 £000
Income					
Net capital (losses)/gains	2		(5,653)		8,169
Revenue	3	3,511		1,060	
Expenses	4	(759)		(634)	
Net revenue before taxation		2,752		426	
Taxation	5	(56)		–	
Net revenue after taxation			2,696		426
<b>Total return before distributions</b>			<b>(2,957)</b>		<b>8,595</b>
Distributions	6		(2,702)		(474)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>(5,659)</b>		<b>8,121</b>

## STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

### For the year ended 28 February 2019

	£000	Year ended 28.02.19 £000	£000	Year ended 28.02.18 £000
<b>Opening net assets attributable to shareholders</b>		<b>135,316</b>		<b>86,996</b>
Movement due to issue and cancellation of shares:				
Amounts receivable on issue of shares	31,858		48,025	
Amounts payable on cancellation of shares	(15,897)		(8,365)	
		15,961		39,660
Change in net assets attributable to shareholders from investment activities (see above)		(5,659)		8,121
Retained distribution on accumulation shares		2,721		539
<b>Closing net assets attributable to shareholders</b>		<b>148,339</b>		<b>135,316</b>

## BALANCE SHEET

As at 28 February 2019

	Notes	As at 28.02.19 £000	As at 28.02.18 £000
<b>Assets:</b>			
Investments		143,838	127,538
<b>Current assets:</b>			
Debtors	8	5,480	427
Cash and bank balances	9	296	1,379
Cash equivalents	10	4,400	6,500
<b>Total assets</b>		<b>154,014</b>	<b>135,844</b>
<b>Liabilities:</b>			
Investment liabilities		(369)	(393)
<b>Creditors:</b>			
Other creditors	11	(5,306)	(135)
<b>Total liabilities</b>		<b>(5,675)</b>	<b>(528)</b>
<b>Net assets attributable to shareholders</b>		<b>148,339</b>	<b>135,316</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 1 Accounting basis and policies

Please see pages 6 to 8 for accounting basis and policies.

### 2 Net capital (losses)/gains

	Year ended 28.02.19 £000	Year ended 28.02.18 £000
<b>Net capital (losses)/gains on investment during the year comprise:</b>		
Currency (losses)/gains	(1)	4
Derivative contracts (losses)/gains	(1,825)	1,283
Expenses relating to the purchase and sale of investments	(2)	(6)
Forward currency contracts gains/(losses)	585	(267)
Non-derivative securities (losses)/gains	(4,410)	7,155
<b>Net capital (losses)/gains*</b>	<b>(5,653)</b>	<b>8,169</b>

\* Total realised gains for the year were £11,853,347 (2018: £4,247,472) and the movement in unrealised (losses)/gains was £(17,505,857) (2018: £3,921,270). Included in realised gains for the year were unrealised gains recognised in previous years.

### 3 Revenue

	Year ended 28.02.19 £000	Year ended 28.02.18 £000
Bank and deposit interest	6	1
Franked component of dividend distributions	803	486
Interest on debt securities	–	18
Investment manager rebates*	66	83
Overseas dividends	398	–
Revenue from offshore funds	2,240	470
UK dividends	(2)	–
Unfranked component of dividend distributions	–	2
<b>Total revenue</b>	<b>3,511</b>	<b>1,060</b>

\* Represents rebates received in respect of expenses incurred in underlying CIS investments.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 4 Expenses

	Year ended 28.02.19 £000	Year ended 28.02.18 £000
<b>Payable to the Authorised Corporate Director ("ACD"), associates of the ACD or agents of either of them:</b>		
ACD's periodic charge/Fund Management Fee*	735	555
Registration fees	16	53
	751	608
<b>Payable to the Depositary, associates of the Depositary or agents of either of them:</b>		
Depositary's fee	5	16
Interest payable	6	10
Safe custody fee	3	11
	14	37
<b>Other expenses:</b>		
Audit fee**	3	11
Professional fee	–	1
Statement fee	–	2
	3	14
<b>Total expenses</b>	<b>768</b>	<b>659</b>
Less those expenses rebated by the ACD	(9)	(25)
<b>Net expenses</b>	<b>759</b>	<b>634</b>

\* From 4 June 2018 the Fund changed to a single fixed charge known as the Fund Management Fee (FMF). The FMF covers fees and expenses in relation to the operation and administration of the Company and the Fund.

\*\* The audit fee was £11,608 (2018: £9,420) net of VAT. With effect 4 June 2018, the audit fee was no longer accrued for separately and now forms part of the FMF.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 5 Taxation

## a Analysis of tax charge

	Year ended 28.02.19 £000	Year ended 28.02.18 £000
Overseas tax suffered	56	–
<b>Total tax for the year (see note 5b)</b>	<b>56</b>	<b>–</b>

## b Factors affecting current tax charge

The tax assessed for the year is lower (2018: lower) than the standard rate of corporation tax in the UK for an Authorised Investment Fund (20%) (2018: 20%).

The differences are explained below:

	Year ended 28.02.19 £000	Year ended 28.02.18 £000
<b>Net revenue before taxation</b>	<b>2,752</b>	<b>426</b>
Corporation tax at 20%	550	85
<b>Effects of:</b>		
Franked distributions not subject to corporation tax	(160)	(97)
Movement in excess management expenses	46	89
Overseas dividends not subject to corporation tax	(436)	(94)
Overseas tax suffered	56	–
Tax relief on realised gain on offshore funds	–	7
Tax relief on unrealised gain on offshore funds	–	10
<b>Current tax charge (see note 5a)</b>	<b>56</b>	<b>–</b>

Authorised Investment Funds are exempt from tax on capital gains. Therefore, any capital return is not included in the above reconciliation.

## c Deferred tax

There is no material unprovided deferred tax (2018: £nil).

After claiming relief against accrued income taxable on receipt, the Fund has unrelieved excess expenses of £1,458,130 (2018: £1,230,610\*) creating a potential deferred tax asset of £291,626 (2018: £246,122\*). It is unlikely that the Fund will generate taxable profits in the future to utilise these amounts and therefore no deferred tax asset has been recognised in the current or prior year.

\* Restated figures to agree to final tax computation.

## 6 Distributions

	Year ended 28.02.19 £000	Year ended 28.02.18 £000
<b>The distributions take account of revenue received on the issue of shares and revenue deducted on the cancellation of shares, and comprise:</b>		
Interim distribution	1,940	504
Final distribution	780	35
	2,720	539
Add: Revenue deducted on cancellation of shares	40	12
Deduct: Revenue received on issue of shares	(58)	(77)
<b>Total distributions</b>	<b>2,702</b>	<b>474</b>
<b>Reconciliation of distributions for the year to net revenue after taxation</b>		
Distributions for the year	2,702	474
ACD's periodic charge borne by the capital account	(6)	–
Revenue deficit transferred to capital	–	(48)
<b>Net revenue after taxation</b>	<b>2,696</b>	<b>426</b>

Details of the distributions per share are set out in the distribution tables on page 136.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 7 Fair value hierarchy

Valuation technique	As at 28.02.19		As at 28.02.18	
	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Level 1: Quoted prices	18,532	(333)	1,019	(390)
Level 2: Observable market data	129,706	(36)	133,019	(3)
<b>Total</b>	<b>148,238</b>	<b>(369)</b>	<b>134,038</b>	<b>(393)</b>

The purpose of the fair value hierarchy is to prioritise the inputs that should be used to measure the fair value of assets and liabilities.

The highest priority is given to quoted prices at which a transaction can be entered into and the lowest priority is given to unobservable inputs. Disclosure is required of the value in each category in order to give an insight into the extent to which fair value measurements are subjective.

The disclosure is split into the following categories:

**Level 1:** Unadjusted quoted price in an active market for an identical instrument;

**Level 2:** Valuation techniques using observable inputs other than quoted prices within level 1;

**Level 3:** Valuation techniques using unobservable inputs.

## 8 Debtors

	As at 28.02.19 £000	As at 28.02.18 £000
Accrued revenue	405	–
Accrued expense fee rebate	85	39
Amounts receivable on issue of shares	240	388
Sales awaiting settlement	4,750	–
<b>Total debtors</b>	<b>5,480</b>	<b>427</b>

## 9 Cash and bank balances

	As at 28.02.19 £000	As at 28.02.18 £000
Amounts held at futures clearing houses and brokers	214	706
Cash and bank balances	82	673
<b>Total cash and bank balances</b>	<b>296</b>	<b>1,379</b>

## 10 Cash equivalents

	As at 28.02.19 £000	As at 28.02.18 £000
Aviva Investors Sterling Liquidity Fund	4,400	6,500
<b>Total cash equivalents</b>	<b>4,400</b>	<b>6,500</b>

## 11 Other creditors

	As at 28.02.19 £000	As at 28.02.18 £000
Accrued expenses	64	77
Amounts payable for cancellation of shares	341	58
Overseas tax provision	57	–
Purchases awaiting settlement	4,844	–
<b>Total other creditors</b>	<b>5,306</b>	<b>135</b>

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 12 Contingent liabilities and commitments

There were no contingent liabilities or commitments at the year end (2018: £nil).

### 13 Related party transactions

Aviva Investors UK Fund Services Limited, Aviva Investors Global Services Limited and the Aviva group are deemed to be related parties per section 33.10 of FRS 102 as they are entities with control, joint control or significant influence over the entity.

ACD periodic charges/Fund Management Fee paid to Aviva Investors UK Fund Services Limited ("the ACD") are shown in note 4 and details of shares issued and cancelled by the ACD are shown in the statement of change in net assets attributable to shareholders. The balance due to the ACD at the year end in respect of ACD periodic charges/Fund Management Fee was £56,922 (2018: £47,016). Any balance due from the ACD in respect of issues is shown in note 8. Any balance due to the ACD in respect of cancellations is shown in note 11.

Distributions payable to the ACD and related parties of the ACD during the year amounted to £1,927,046 (2018: £320,704). The amount outstanding at the year end was £562,523 (2018: £21,769). Related parties of the ACD are deemed to be all companies under the control of Aviva Plc. This will include companies which hold shares in the Fund on behalf of other external investors.

Any investments managed and advised by Aviva Investors Global Services Limited or associated with the Aviva Group are identified on the portfolio statement.

The total purchases and sales on these investments during the year amounted to £140,331,502 (2018: £80,381,759) and £80,360,042 (2018: £66,076,719) respectively. The income received during the year amounted to £2,303,459 (2018: £490,750). The rebates from ACD during the year amounted to £nil (2018: £14,748).

Holdings at the year end and movements during the year are as follows:

	Holdings at 28.02.19 (shares)	Movement (shares)	Holdings at 28.02.18 (shares)
ACD and related parties (Class 2 Accumulation shares)	12,942,027	12,942,027	–
ACD and related parties (Class 3 Accumulation shares)	31,505,561	2,280,264	29,225,297
ACD and related parties (Class 9 Accumulation shares)	17,404,011	3,072,748	14,331,263

The ACD and related parties of the ACD are ineligible to vote at any general meeting.

### 14 Shareholder funds

The Fund currently has four share classes: Class 1 (Retail), Class 2 (Institutional) and Class 3 and Class 9 (Associated undertakings of Aviva Plc). The Fund Management Fees are as follows:

Class 1: 0.75%  
 Class 2: 0.53%  
 Class 3: 0.55%  
 Class 9: 0.28%

The net asset value per share class, the net asset value per share and the number of shares in the class are shown on pages 124 and 125. The distributions per share class are given in the distribution tables on page 136. All the share classes have the same rights on winding up.

### 15 Shares in issue reconciliation

	Number of shares in issue at 28.02.18	Number of shares issued	Number of shares cancelled	Number of shares converted	Number of shares in issue at 28.02.19
Class 1 Accumulation shares	6,382,908	227,972	(744,105)	137,999	6,004,774
Class 2 Accumulation shares	28,131,012	7,673,224	(2,730,401)	6,854	33,080,689
Class 3 Accumulation shares	29,225,297	5,713,508	(3,433,244)	–	31,505,561
Class 4 Accumulation shares	127,967	31,102	(18,219)	(140,850)	–
Class 9 Accumulation shares	14,331,263	5,699,047	(2,626,299)	–	17,404,011

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 16 Derivatives and other financial instruments

The policies applied in the management of financial instruments are set out on pages 7 and 8.

#### Fair value of financial assets and financial liabilities

There is no significant difference between the carrying values of the financial assets and liabilities and their fair values (2018: £nil).

#### Currency risk

At the year end date, 2.08% (2018: 5.01%) of the net assets of the Fund were denominated in currencies other than sterling and as such, the currency risk is not considered significant.

#### Interest rate risk

At the year end date 3.17% (2018: 5.82%) of the net assets of the Fund were interest bearing and as such the interest rate risk is not considered significant.

The floating rate on bank balances is linked to the Depositary's base rate.

The Fund invests in some collective investment schemes (CIS) which predominantly invest in debt securities. The revenue of the Fund and the value of debt securities may be affected by interest rate movements in the future. At the year end date 12.37% (2018: 8.90%) of the assets of the Fund were invested in CIS which predominantly invest in debt securities.

#### Market price risk

At the year end date, 95.98% (2018: 93.46%) of the net assets of the Fund were invested in in CIS (which primarily invest in stocks admitted to an official stock exchange) and debt securities. If the market value were to change by 10%, the value of the Fund would change by 9.60% (2018: 9.35%).

### 17 Counterparty exposure

#### Financial derivative exposure

The types of derivatives held at the year end date were forward currency contracts and futures contracts. Details of individual contracts are disclosed in the Portfolio Statement and the total position by counterparty at the year end date was as follows:

	Forward currency contracts £000	Futures contracts £000	Total £000
<b>28.02.19</b>			
Barclays	43	–	43
Goldman Sachs	(36)	–	(36)
J.P. Morgan	43	–	43
Nomura	44	–	44
Royal Bank of Scotland	126	–	126
Société Générale	42	–	42
UBS	–	1,167	1,167
<b>Total</b>	<b>262</b>	<b>1,167</b>	<b>1,429</b>

	Forward currency contracts £000	Futures contracts £000	Total £000
<b>28.02.18</b>			
Citibank	(1)	–	(1)
Royal Bank of Canada	49	–	49
UBS	–	1,019	1,019
<b>Total</b>	<b>48</b>	<b>1,019</b>	<b>1,067</b>

The counterparty exposure on forward currency contracts is reported at their mark to market values but for futures contracts it is only the positive mark to market values that are reported.

#### Collateral

At the year end date no collateral was held or pledged by the company or on behalf of the counterparties in respect of the above (2018: £nil).



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**18 Direct transaction costs**

In the case of shares, broker commissions and transfer taxes, stamp duty is paid by the Fund on each transaction. In addition, there is a dealing spread between buying and selling prices of the underlying investments. Unlike shares, other types of investments (such as bonds, money market instruments, derivatives) have no separately identifiable transaction costs; these costs form part of the dealing spread.

	Principal before costs £000	Commissions £000	Taxes £000	Total after costs £000	Commissions as % of principal	Taxes as % of principal
<b>28.02.19</b>						
<b>Purchases</b>						
Funds	(169,323)	(2)	–	(169,325)	0.00%	0.00%
	(169,323)	(2)	–	(169,325)		
<b>Sales</b>						
Funds	151,682	(1)	–	151,681	0.00%	0.00%
	151,682	(1)	–	151,681		
<b>Total</b>		(3)	–			
<b>Percentage of fund average net assets</b>		0.00%	0.00%			

	Principal before costs £000	Commissions £000	Taxes £000	Total after costs £000	Commissions as % of principal	Taxes as % of principal
<b>28.02.18</b>						
<b>Purchases</b>						
Funds	(111,576)	–	–	(111,576)	0.00%	0.00%
	(111,576)	–	–	(111,576)		
<b>Sales</b>						
Funds	71,455	–	–	71,455	0.00%	0.00%
	71,455	–	–	71,455		
<b>Total</b>		–	–			
<b>Percentage of fund average net assets</b>		0.00%	0.00%			

**Dealing spread**

As at 28 February 2019, the average portfolio dealing spread was nil% (2018: nil%). This spread represents the difference between the values determined respectively by reference to the bid and offer prices of investments expressed as a percentage of the value determined by reference to the offer price.

**19 Post balance sheet events**

There are no post balance sheet events which require adjustment or disclosure at the year end (2018: £nil).

## DISTRIBUTION TABLES

## Final distribution payable in pence per share for the six months ended 28 February 2019

Accumulation shares		Net revenue	Equalisation	Final distribution payable 30 April 2019	Final distribution paid 30 April 2018
Class 1	Group 1	0.6563	–	0.6563	0.0000
	Group 2	0.3650	0.2913	0.6563	0.0000
Class 2	Group 1	0.8865	–	0.8865	0.0478
	Group 2	0.4946	0.3919	0.8865	0.0478
Class 3	Group 1	0.9353	–	0.9353	0.0000
	Group 2	0.5353	0.4000	0.9353	0.0000
Class 9	Group 1	0.8798	–	0.8798	0.1519
	Group 2	0.5147	0.3651	0.8798	0.1519

**Final distribution**

Group 1 shares are those shares purchased at or before 2pm on 31 August 2018.

Group 2 shares are those shares purchased after 2pm on 31 August 2018.

## Interim distribution paid in pence per share for the six months ended 31 August 2018

Accumulation shares		Net revenue	Equalisation	Interim distribution paid 31 October 2018	Interim distribution paid 31 October 2017
Class 1	Group 1	1.9382	–	1.9382	0.1766
	Group 2	1.9382	0.0000	1.9382	0.1766
Class 2	Group 1	2.3147	–	2.3147	0.8020
	Group 2	2.0479	0.2668	2.3147	0.8020
Class 3	Group 1	2.4439	–	2.4439	0.8192
	Group 2	2.2296	0.2143	2.4439	0.8192
Class 9	Group 1	1.9125	–	1.9125	0.7786
	Group 2	1.6342	0.2783	1.9125	0.7786

**Interim distribution**

Group 1 shares are those shares purchased at or before 2pm on 28 February 2018.

Group 2 shares are those shares purchased after 2pm on 28 February 2018.

**Equalisation**

Equalisation applies only to Group 2 shares, in other words shares purchased during the period. It is the average amount of revenue included in the purchase price of all Group 2 shares and is refunded to the holders of these shares as return of capital. Being capital, it is not liable to income tax but must be deducted from the cost of shares for capital gains tax purposes.

## STATEMENT OF THE AUTHORISED CORPORATE DIRECTOR'S RESPONSIBILITIES

The Collective Investment Schemes Sourcebook of the Financial Conduct Authority requires the Authorised Corporate Director (ACD) to prepare financial statements for each accounting period which give a true and fair view of the financial position of the Company at the period end and of the net revenue and net gains or losses on the scheme property of the Company for the period then ended.

In preparing the financial statements the ACD is required to:

- follow applicable accounting standards;
- make judgements and estimates that are reasonable and prudent;
- select suitable accounting policies and then apply them consistently;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in operation for the foreseeable future; and
- comply with the Instrument of Incorporation of the Company and the Statement of Recommended Practice for Authorised Funds.

The ACD is required to keep proper accounting records and to manage the Company in accordance with the Regulations and the Instrument of Incorporation.

The ACD is responsible for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## AUTHORISED CORPORATE DIRECTOR'S STATEMENT

We hereby approve the Report and Financial Statements of Aviva Investors Portfolio Funds ICVC for the year ended 28 February 2019 on behalf of Aviva Investors UK Fund Services Limited in accordance with the requirements of the Collective Investment Schemes Sourcebook of the Financial Conduct Authority.

I K Buckle  
Director

S Ebenston  
Director  
27 June 2019

## STATEMENT OF THE DEPOSITARY'S RESPONSIBILITIES

The Depositary is responsible for the safe keeping of all the property of the company (other than tangible moveable property) which is entrusted to it and for the collection of revenue that arises from that property.

It is the duty of the Depositary to take reasonable care to ensure that the Company is managed by the Authorised Corporate Director in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook ("the COLL Sourcebook"), the Open-Ended Investment Companies Regulations 2001 (SI 2001/1228) ("the OEIC Regulations") and the Company's Instrument of Incorporation and Prospectus, as appropriate, in relation to the pricing of, and dealings in, shares in the Company; the application of income of the Company; and the investment and borrowing powers of the Company.

## DEPOSITARY'S REPORT TO THE SHAREHOLDERS

Having carried out such procedures as we consider necessary to discharge our responsibilities as Depositary of the Company, it is our opinion, based on the information available to us and the explanations provided, that in all material respects the Authorised Corporate Director:

- (i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Company's shares and the application of the Company's income in accordance with the COLL Sourcebook, as appropriate, and, where applicable, the OEIC Regulations and the Company's Instrument of Incorporation and Prospectus; and
- (ii) has observed the investment and borrowing powers and restrictions applicable to the Company.

J.P. Morgan Europe Limited  
London  
27 June 2019

# INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF AVIVA INVESTORS PORTFOLIO FUNDS ICVC

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### OPINION

In our opinion, Aviva Investors Portfolio Funds ICVC's financial statements:

- give a true and fair view of the financial position of the Company and each of the sub-funds as at 28 February 2019 and of the net revenue and the net capital losses on the scheme property of the Company and each of the sub-funds for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law), the Statement of Recommended Practice for UK Authorised Funds, the Collective Investment Schemes sourcebook and the Instrument of Incorporation.

Aviva Investors Portfolio Funds ICVC (the "company") is an Open Ended Investment Company ('OEIC') with 8 sub-funds. The financial statements of the company comprise the financial statements of each of the sub-funds. We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the balance sheets as at 28 February 2019; the statements of total return and the statements of change in net assets attributable to shareholders for the year then ended; the distribution tables; the accounting policies (within Policies and Risks); and the notes to the financial statements.

### BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

### CONCLUSIONS RELATING TO GOING CONCERN

ISAs (UK) require us to report to you when:

- the Authorised Corporate Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Authorised Corporate Director has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's or any of the sub-funds' ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's or any of the sub-funds' ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear and it is difficult to evaluate all of the potential implications on the Company's or any of the sub-funds' business and the wider economy.

### REPORTING ON OTHER INFORMATION

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Authorised Corporate Director is responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

### Report of the Authorised Corporate Director

In our opinion, the information given in the Authorised Corporate Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF AVIVA INVESTORS PORTFOLIO FUNDS ICVC (CONTINUED)

### RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

#### Responsibilities of the Authorised Corporate Director for the financial statements

As explained more fully in the Statement of the Authorised Corporate Director's Responsibilities set out on page 137, the Authorised Corporate Director is responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Authorised Corporate Director is also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Authorised Corporate Director is responsible for assessing the company's and each of the sub-funds ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Authorised Corporate Director either intends to wind up or terminate the company or individual sub-fund, or has no realistic alternative but to do so.

#### Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

#### Use of this report

This report, including the opinions, has been prepared for and only for the Company's shareholders as a body in accordance with paragraph 4.5.12 of the Collective Investment Schemes sourcebook as required by paragraph 67(2) of the Open-Ended Investment Companies Regulations 2001 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

### OTHER REQUIRED REPORTING

#### OPINION ON MATTER REQUIRED BY THE COLLECTIVE INVESTMENT SCHEMES SOURCEBOOK

In our opinion, we have obtained all the information and explanations we consider necessary for the purposes of the audit.

#### COLLECTIVE INVESTMENT SCHEMES SOURCEBOOK EXCEPTION REPORTING

Under the Collective Investment Schemes sourcebook we are also required to report to you if, in our opinion:

- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records.

We have no exceptions to report arising from this responsibility.

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Edinburgh  
27 June 2019

## SECURITIES FINANCING TRANSACTIONS REGULATION DISCLOSURE (UNAUDITED)

None of the Funds in the Company currently undertakes securities financing transactions (as defined in Article 3 of Regulation (EU) 2015/2365) or uses total return swaps.

## GENERAL INFORMATION

Investments in Aviva Investors Portfolio Funds ICVC are intended to be medium to long term investments and should not be considered as a short term investment.

Past performance is not a guide to the future.

The value of an investment in the Funds and the revenue from it may go down as well as up, and you may not get back the original amount invested.

Where Funds are invested abroad, the value of your investment may rise and fall purely on account of movement in exchange rates.

Please refer to the Prospectus (which is available on the internet at [www.avivainvestors.com](http://www.avivainvestors.com) or from the ACD on request) for a full description of the risks involved when investing in the Funds.

Performance figures detailed in each Fund's review have been sourced from Lipper. All other performance figures have been sourced from the Investment Manager.

Any future returns and opinions expressed are those of the Investment Manager and should not be relied upon as indicating any guarantee of return from investment in the Funds.

The information contained within this document should not be construed as a recommendation to purchase or sell stocks.

### **Publication of Prices**

Information on the prices of Shares will be available by calling 0800 051 2003 or on the internet at [www.avivainvestors.com](http://www.avivainvestors.com). Calls to this number may be recorded for training and monitoring purposes. Calls are free from landlines and mobiles.

