



AVIVA INVESTORS SELECT FUNDS ICVC ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 28 February 2014

avivainvestors.co.uk

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* These items comprise the Authorised Corporate Director's Report for the purposes of the rules contained in the Collective Investment Scheme Sourcebook ("the Regulations").

COMPANY INFORMATION

Authorised Corporate Director

Aviva Investors UK Fund Services Limited
No. 1 Poultry
London, EC2R 8EJ

With effect from 1 May 2014, 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. Prior to this date, the ACD was a wholly owned subsidiary of Aviva Life Holdings UK Limited, a company incorporated in the United Kingdom and within the Aviva Group of Companies. The ACD is a member of the Investment Management Association and is authorised and regulated by the Financial Conduct Authority.

Directors of the Authorised Corporate Director

T Orton
B A Curran (resigned 31 March 2014)
A Beswick
J Green (appointed 31 July 2013)

Administrator and Registrar

International Financial Data Services (UK) Limited
IFDS House
St Nicholas Lane
Basildon
Essex, SS15 5FS

Investment Manager

For Aviva Investors Active Protector Fund and Aviva Investors Defined Returns Fund 10:

Aviva Investors Global Services Limited
No.1 Poultry
London, EC2R 8EJ

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

For Aviva Investors US Equity Income Fund and Aviva Investors US Equity Income Fund II:

River Road Asset Management LLC
462 South Fourth Street
Louisville KY 40202 USA

The ultimate parent company of River Road Asset Management LLC is Aviva Plc.

Depository

J.P. Morgan Trustee and Depository Company Limited
25 Bank Street
Canary Wharf
London, E14 5JP

Authorised and regulated by the Financial Conduct Authority.

Independent Auditors

PricewaterhouseCoopers LLP
7 More London Riverside
London
SE1 2RT

PricewaterhouseCoopers LLP have been reappointed as auditors of the Company.

REPORT OF THE AUTHORISED CORPORATE DIRECTOR

The Company

Aviva Investors Select Funds ICVC ("the Company") is an Open-Ended Investment Company (OEIC) with variable capital incorporated in England and Wales since 18 August 2004. The property of the Company is entrusted to J.P.Morgan Trustee and Depository Company Limited ("the Depository"). 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, deposits, units in collective investment schemes, derivative instruments and forward transactions, in accordance with the FCA Rules applicable to the Company and each sub-fund according to the type of authorisation of the Company as stated in the Instrument of Incorporation with the aim of spreading investment risk and giving its shareholders the benefit of the results of the management of the property.

The Company has an umbrella structure which means that it contains many sub-funds, each with a different investment objective. In the financial statements you will find an investment review for each sub-fund which includes details of the investment objectives. There are currently 4 sub-funds in the Aviva Investors Select Funds ICVC.

Authorised Status

From 18 August 2004 the Company was authorised as an Open-Ended Investment Company under Regulation 9 of the Open-Ended Investment Companies Regulations 1996 (superseded by Regulation 12 of the Open-Ended Investment Companies Regulations 2001). The Company is authorised to operate as a "UCITS Scheme" for the purposes of the COLL sourcebook and as an "umbrella" company for the purposes of the OEIC Regulations.

The Financial Statements

We are pleased to present the annual financial statements of the Company for the year ended 28 February 2014. The financial statements have been prepared on an aggregated basis including all sub-funds as permitted by the Regulations. As required by the Regulations, information for each of the sub-funds has also been included in these financial statements. On the following pages we review the performance of each of those sub-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 Changes to the Prospectus

On 4 February 2013, the FSTE® 100 Index, after averaging, was greater than the 'initial index level' of the Aviva Investors Defined Returns Fund 8 and in accordance with its objectives, the Fund matured early on its second anniversary. The Fund completed termination on 27 February 2014 and as such has not been included in these financial statements.

On 12 March 2013, the FSTE® 100 Index, after averaging, was greater than the 'initial index level' of the Aviva Investors Defined Returns Fund 3 and in accordance with its objectives, the Fund matured on this date. The Fund completed termination on 27 February 2014 and as such has not been included in these financial statements.

On 25 March 2013, the FTSE® 100 Index, after averaging, was greater than the 'initial index level' of the Aviva Investors Defined Returns Fund 9 and in accordance with its objectives, the Fund matured early on its second anniversary. The Fund completed termination on 27 February 2014 and as such has not been included in these financial statements.

On 20 May 2013, the FTSE® 100 Index, after averaging, was greater than the 'initial index level' of the Aviva Investors Structured Returns Fund 2 and in accordance with its objectives, the Fund matured early on its second anniversary. The Fund completed termination on 27 February 2014 and as such has not been included in these financial statements.

On 2 July 2013, the FTSE® 100 Index, after averaging, was greater than the 'initial index level' of the Aviva Investors Structured Returns Fund 1 and in accordance with its objectives, the Fund matured early on its third anniversary. The Fund completed termination on 27 February 2014 and as such has not been included in these financial statements.

On 9 September 2013, the Aviva Investors US Equity Income Fund II was launched, managed by River Road Asset Management LLC.

On 23 September 2013, the FTSE® 100 Index, after averaging, was greater than the 'initial index level' of the Aviva Investors Defined Returns Fund 11 and in accordance with its objectives, the Fund matured early on its second anniversary. The Fund completed termination on 27 February 2014 and as such has not been included in these financial statements.

On 5 November 2013, the Aviva Investors US Equity Income Fund share class 2 (USD) Accumulation was closed.

On 11 December 2013, the FTSE® 100 Index, after averaging, was greater than the 'initial index level' of the Aviva Investors Defined Returns Fund 2 and in accordance with its objectives, the Fund matured on this date. The Fund completed termination on 27 February 2014 and as such has not been included in these financial statements.

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AGGREGATED STATEMENT OF TOTAL RETURN

For the year ended 28 February 2014

	Notes	Year ended 28.02.14		Year ended 28.02.13	
		£000	£000	£000	£000
Income					
Net capital gains	4		21,547		41,269
Revenue	5	10,624		7,532	
Expenses	6	(3,285)		(1,855)	
Finance costs: Interest	8	(1)		–	
Net revenue before taxation		7,338		5,677	
Taxation	7	(1,424)		(916)	
Net revenue after taxation			5,914		4,761
Total return before distributions			27,461		46,030
Finance costs: Distributions	8		(8,425)		(6,048)
Change in net assets attributable to shareholders from investment activities			19,036		39,982

AGGREGATED STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

For the year ended 28 February 2014

	Year ended 28.02.14		Year ended 28.02.13	
	£000	£000	£000	£000
Opening net assets attributable to shareholders		287,215		255,312
Amount transferred from Aviva Investors US Equity Income Fund		39,951		–
Amount transferred to Aviva Investors US Equity Income II Fund		(39,951)		–
Movement due to issue and cancellation of shares:				
Amounts receivable on issue of shares	171,798		100,813	
Less: Amounts payable on cancellation of shares	(36,648)		(16,279)	
		135,150		84,534
Dilution levy		18		–
Stamp duty reserve tax		(3)		(1)
Change in net assets attributable to shareholders from investment activities (see above)		19,036		39,982
Compensation receivable		–		2
Retained distribution on accumulation shares		2,370		2,463
Closing net assets attributable to shareholders		443,786		382,292

The Statement of Recommended Practice (2010) requires that comparatives are shown for the above report. The Aviva Investors Defined Returns Fund 2, Aviva Investors Defined Returns Fund 3, Aviva Investors Structured Returns Fund 1, Aviva Investors Defined Returns Fund 8, Aviva Investors Defined Returns Fund 9, Aviva Investors Structured Returns Fund 2 and the Aviva Investors Defined Returns Fund 11 were terminated on 27 February 2014, therefore the aggregate at the end of the previous year will not agree to the net asset value at the start of this year. The published net asset value as at 28 February 2013 was £382,292,000.

AGGREGATED BALANCE SHEET

As at 28 February 2014

		As at		
		28.02.14	28.02.13	
	Notes	£000	£000	
ASSETS				
Investment assets			427,817	370,972
Debtors	9	2,919		5,711
Cash and bank balances	10	15,421		11,974
Total other assets			18,340	17,685
Total assets			446,157	388,657
LIABILITIES				
Creditors	11	(617)		(5,100)
Distribution payable on income shares		(1,754)		(1,265)
Total other liabilities			(2,371)	(6,365)
Total liabilities			(2,371)	(6,365)
Net assets attributable to shareholders			443,786	382,292

NOTES TO THE AGGREGATED FINANCIAL STATEMENTS

1 Accounting policies

a Basis of accounting

All the financial statements have been prepared under the historical cost basis, as modified by the revaluation of investments, and in accordance with the Prospectus, applicable law in the UK, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and with the Statement of Recommended Practice relating to Authorised Funds issued by the Investment Management Association (IMA) in October 2010 (SORP 2010).

The financial statements of all sub-funds have been aggregated and thus the financial statements of the Company have been presented on an aggregated basis.

b Share classes

The sub-funds have three types of share classes; retail shares (class 1), institutional shares (class 2) and shares held by associated undertakings of Aviva Plc (class 3). 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. Some shares classes are priced in currencies other than Sterling. The share classes of the Defined Returns Fund 10 are closed to new investment once the Cash Investment Period has ended, or earlier if the Total Sales Limit is reached.

c Recognition of revenue

Dividends are recognised when the investment is quoted ex-dividend.

Underwriting commission is recognised when the issue underwritten takes place. Where a sub-fund is required to take up some of the shares underwritten, an appropriate proportion of the commission earned is deducted from the cost of the shares. Deposit interest and other revenue are recognised on an accruals basis.

Revenue receivable from the Counterparty to the investment in the Aviva Investors Active Protector Fund is accounted for on an accruals basis.

d Treatment of derivatives

In determining the accounting treatment for derivatives, consideration is given to the instrument itself and the sub-funds' objectives for investment in derivative instruments. All gains/losses from the derivatives in the Aviva Investors Active Protector Fund and Defined Returns Fund 10 are taken to capital.

e Basis of valuation of investments

Quoted investments

The quoted investments of the Company have been valued at bid market value at midday on the last working day of the accounting period.

Unquoted and unapproved investments

The Swap in the Aviva Investors Active Protector Fund has been valued by UBS at 6pm on the last working day of the accounting period.

The derivative investments held in the Defined Returns Fund 10 has been valued by the relevant Counterparty (HSBC) at 5pm on the last working day of the accounting period.

All other unquoted and unapproved investments of the Company have been valued by the Investment Manager using available information, such as recent transactions prices, valuations from reliable sources, financial performance and other relevant factors, to arrive at an estimated market 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 at nil pence per share.

f Exchange rates

Assets and liabilities held in foreign currencies are translated at the rate ruling at midday on the last working day of the accounting period. Income and expenditure items are translated at the rate ruling at the date of the transaction.

g 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.

2 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 sub-funds were more than 60% invested in qualifying investments and so have proposed dividend distributions. Full details are set out in the distribution tables of each sub-fund.

b Treatment of stock dividends

The ordinary element of stock dividends is treated as revenue and forms part of the sub-fund's distribution. The value of the stock dividend is based on the market value of the shares on the dates they are quoted ex-dividend. Where an enhancement is offered, the amount by which the market value of the shares (on the date they are quoted ex-dividend) exceeds the cash dividend is treated as capital.

NOTES TO THE AGGREGATED FINANCIAL STATEMENTS (CONTINUED)

2 Distribution policies (continued)

c Treatment of management expenses

With the exception of the Aviva Investors US Equity Income Fund and the Aviva Investors US Equity Income Fund II, all expenses, except those relating to the purchase and sale of investments, transaction charges and stamp duty reserve tax, are charged to the revenue property of the respective sub-funds, on an accruals basis. The Aviva Investors US Equity Income Fund and the Aviva Investors US Equity Income Fund II, also pay their ACD periodic charges from capital. Where the ACD periodic charge is borne by capital, it is not deducted in determining the distribution.

To take account of the relief obtained in respect of charging ACD periodic charges to capital, a notional tax charge is deducted from the revenue account, and a corresponding notional tax credit is added to the capital account.

3 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.

The Company also enters into derivative transactions in the form of investment in swaps and stock index futures. The purpose of these financial instruments in the Aviva Investors US Equity Income Fund and the Aviva Investors US Equity Income Fund II is efficient portfolio management. All the other sub-funds use swap transactions for investment purposes. Stock index futures are used to manage market risk arising from the time lag between sub-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 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. Open-Ended Investment Companies are not permitted by the Regulations to enter into a transaction in derivatives if its purpose could reasonably be regarded as speculative. The Company's use of financial instruments satisfies these requirements and no trading in financial instruments is undertaken.

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 sub-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. Numerical disclosures can be found in the notes to the financial statements for each sub-fund.

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. Numerical disclosures can be found in the notes to the financial statements for each sub-fund.

c. Market Risk

The sub-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 sub-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 sub-funds.

d. Credit Risk

The sub-funds restrict their exposure to credit losses on derivative instruments by trading via international Swap and Derivative Association (ISDA) Master Arrangements with each counterparty.

e. Liquidity Risk

This is the risk that there is insufficient liquidity which restricts a sub-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 reduced.

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 collateral arrangements. This means that the Counterparty delivers government bonds with a minimum credit rating of 'AA' to the value of the derivative into a segregated account with the depository. The Fund has full legal rights to this collateral, should the Counterparty become unable to meet its obligations in order to recover most of the value of the Fund at the time of Counterparty default.

Numerical disclosures in relation to these risks are set out within each individual sub-fund.

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

NOTES TO THE AGGREGATED FINANCIAL STATEMENTS (CONTINUED)

4 Net capital gains

	Year ended 28.02.14	Year ended 28.02.13
	£000	£000
Net capital gains on investments during the year comprise:		
Currency (losses)/gains	(1,002)	288
Derivative contracts gains	69	11,265
Expenses relating to the purchase and sale of investments	(24)	(22)
Forward currency contracts gains	3	1
Non-derivative securities gains	22,501	29,737
Net capital gains	21,547	41,269

5 Revenue

	Year ended 28.02.14	Year ended 28.02.13
	£000	£000
Bank and deposit interest	5	3
Overseas dividends	9,907	6,483
Revenue from swap	357	368
Stock dividends	–	291
UK dividends	355	387
Total revenue	10,624	7,532

6 Expenses

	Year ended 28.02.14	Year ended 28.02.13
	£000	£000
Payable to the Authorised Corporate Director ("ACD"), associates of the ACD and agents of either of them:		
ACD's periodic charge	2,846	1,654
Registration fees	262	116
	3,108	1,770
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fee	50	30
Dividend collection charges	8	10
Safe custody fee	23	12
	81	52
Other expenses:		
Audit fee*	31	16
Printing & postage expenses	48	11
Statement fees	17	6
	96	33
Total expenses	3,285	1,855

* The audit fee was £27,500 (2013: £13,000) net of VAT.

NOTES TO THE AGGREGATED FINANCIAL STATEMENTS (CONTINUED)

7 Taxation

a Analysis of tax charge

	Year ended 28.02.14	Year ended 28.02.13
	£000	£000
Overseas tax suffered	1,424	916
Total current tax (see note 7.b)	1,424	916
Deferred tax	–	–
Total deferred tax (see note 7.c)	–	–
Total tax for the year	1,424	916

b Factors affecting current tax charge

The tax assessed for the year is lower (2013: lower) than the standard rate of corporation tax in the UK for an Authorised Investment Fund (20%) (2013: 20%).

The differences are explained below:

	Year ended 28.02.14	Year ended 28.02.13
	£000	£000
Net revenue before taxation	7,338	5,677
Corporation tax at 20%	1,468	1,135
Effects of:		
Movement in excess expenses	546	238
Overseas dividends not subject to corporation tax	(1,921)	(1,238)
Overseas tax suffered	1,424	916
Revenue taxable in different periods	(22)	–
Stock dividends not taxable	–	(58)
UK dividends not subject to corporation tax	(71)	(77)
	(44)	(219)
Current tax charge (see note 7.a)	1,424	916

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 the deferred tax at the balance sheet date (2013: £nil).

Unrecognised deferred tax assets are disclosed with the individual sub-funds where relevant.

NOTES TO THE AGGREGATED FINANCIAL STATEMENTS (CONTINUED)

8 Finance costs

Distributions and interest

	Year ended 28.02.14	Year ended 28.02.13
	£000	£000
The distributions take account of revenue received on the issue of shares and revenue deducted on the cancellation of shares, and comprise:		
Net dividend distribution for the three months ended 28 May	1,831	1,227
Net dividend distribution for the three months ended 28 Aug	2,321	1,427
Net dividend distribution for the three months ended 28 Nov	2,406	1,848
Net dividend distribution for the three months ended 28 Feb	2,275	1,936
	8,833	6,438
Add: Revenue deducted on cancellation of shares	127	19
Deduct: Revenue received on issue of shares	(535)	(409)
Finance costs: Distributions	8,425	6,048
Finance costs: Interest on bank overdrafts	1	–
Total finance costs	8,426	6,048
Reconciliation of distributions for the year to net revenue after taxation		
Distributions for the year	8,425	6,048
ACD's periodic charge borne by the capital account	(2,511)	(1,308)
Tax relief from revenue on investment manager capital rebates	–	21
Net revenue after taxation	5,914	4,761

9 Debtors

	As at 28.02.14	As at 28.02.13
	£000	£000
Accrued revenue	764	747
Amounts receivable on issue of shares	1,189	1,140
Overseas tax recoverable	1	2
Sales awaiting settlement	965	3,822
Total debtors	2,919	5,711

10 Cash and bank balances

	As at 28.02.14	As at 28.02.13
	£000	£000
Cash and bank balances	15,421	11,974

NOTES TO THE AGGREGATED FINANCIAL STATEMENTS (CONTINUED)

11 Creditors

	As at 28.02.14	As at 28.02.13
	£000	£000
Accrued expenses	339	209
Amounts payable for cancellation of shares	228	300
Purchases awaiting settlement	–	4,558
UBS income creditor	50	33
Total creditors	617	5,100

12 Contingent liabilities and commitments

The numerical disclosures for contingent liabilities and commitments are shown within each individual sub-fund.

13 Related party transactions

The numerical disclosures for related party transactions are shown within each individual sub-fund.

14 Portfolio transaction costs

The numerical disclosures for portfolio transaction costs are shown within each individual sub-fund.

AVIVA INVESTORS ACTIVE PROTECTOR FUND

Investment Objective

The investment objective of the Fund is to provide capital appreciation linked to the performance of a Balanced Asset Basket, together with capital protection such that investors receive, at any time, a minimum redemption value equal to 80% of the highest NAV share price achieved by the Fund from the 7 August 2009.

Investment Policy

To achieve the investment objective, the Fund will enter into a Swap Contract negotiated at arms length with the Swap Counterparty. The effect of the Swap Contract is to deliver a return calculated by reference to a notional portfolio of the Balanced Asset Basket, and cash units which will either be Zero Coupon Bonds or other cash instruments issued by the Swap Counterparty (together, the "Notional Portfolio"). The allocation between the component parts, of the Notional Portfolio will be adjusted daily in order to achieve the Fund's investment objective.

General description of the Balanced Asset Basket: A FTSE® 100 Index (adjusted) and a basket of Short dated gilts. The FTSE® 100 Index is a weighted index of the 100 most highly capitalised companies on the London Stock Exchange. The Short Dated Gilts are short dated UK government bonds that mature between 1 and 3 years. The split between the FTSE® 100 Index (adjusted) and a basket of Short Dated Gilts will be 60/40 but this will fluctuate as a result of market movements and will be rebalanced periodically.

From time to time the Fund may retain cash in the scheme property where necessary in order to enable:

- The pursuit of the Fund's investment objectives, or redemption of units, or
- Efficient management of the Fund in accordance with its investment objectives, or
- Any other purposes which may be reasonably regarded as ancillary to the investment objectives of the Fund.

FTSE® 100 Index (adjusted) – The proportion of the Balanced Asset Basket that is linked to the performance of the FTSE® 100 Index will not fully reflect the performance of the FTSE® 100 (Total Return) Index. This is because the Balanced Asset Basket will produce an adjusted FTSE® 100 Index return. This adjusted return is likely to be lower than the FTSE® 100 (Total Return) Index due to the cash funding provided by the Swap Counterparty. The FTSE® 100 Index (adjusted) return will be calculated as follows:

Performance of the FTSE® 100 (Total Return) Index + SONIA* – LIBOR**

* SONIA is the Sterling Over-Night Index Average. Basically, it is the rate that banks charge each other to borrow money over a 24-hour period.

** LIBOR is the London Inter-Bank Offered Rate. This is the rate at which international banks lend to each other. For the purposes of this calculation we will use the average of the LIBOR 1 month and 2 month rates.

Collateral Management – Exposure of the Fund to the Swap Counterparty under the Swap Contract in excess of 10% of the NAV of the Fund will be collateralised to the extent allowable under COLL 5.2.11R.

Fund Manager's Report

Market review

UK shares surged as demand for riskier assets continued to be buoyed by extremely loose monetary policy around the world and a steady improvement in global economic data. Shares began the period positively as better-than-expected economic data in the US and UK bolstered investor sentiment. They came off the boil briefly after the head of the US central bank indicated stronger economic data may soon lead to the withdrawal of some of the extraordinary policy measures that have been supporting financial markets in recent years. However, the rally quickly resumed with the Federal Reserve's eventual decision to start scaling back monthly bond purchases failing to significantly dampen investors' enthusiasm. The shares of mid and small-cap companies, which tend to generate less of their revenue abroad, outperformed reflecting a sharp improvement in UK economic data.

Gilts delivered negative returns as demand for safe-haven investments dwindled against a backdrop of strengthening economic activity. However, towards the end of the period rising concern over a sharp sell-off in emerging markets caused gilts to rally strongly as investors fled to safe-haven assets. Bank of England (BoE) governor Mark Carney suggested the central bank would keep interest rates as low as possible for as long as possible. Despite that, some analysts are expecting an initial rate increase at the end of 2014.

Fund review

The Fund (retail share class) returned 2.71 per cent over the period compared with the average return of 3.07 per cent generated by its peer group, the IMA Protected sector.

During 2013 the Fund's average exposure to the balanced asset basket was 83.79 per cent. As of the end of the reporting period it stood at 91.02 per cent. The remaining assets are invested in cash.

The balanced asset basket is composed of a 60 per cent stake in an instrument that tracks the performance of the FTSE® 100 index of blue chip shares and 40 per cent invested in short-dated UK government bonds with maturities of between one and three years.

April 2014

Source for all fund returns: Lipper; Calculation basis total return, net of fees, net income re-invested. Source for all index returns: RIMES. Total returns, net dividends re-invested.

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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.

AVIVA INVESTORS ACTIVE PROTECTOR FUND (CONTINUED)

Synthetic Risk and Reward Indicator



The Fund has been allocated a risk number based on the higher of the historic volatility of its share price, the historic volatility of its current asset classes or its intended maximum risk levels.

- 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'.
- Bond values are affected by changes in interest rates, and the bond issuer's creditworthiness. Bonds that produce a higher level of income usually have a greater risk of default.
- Where a third party appointed to manage transactions or ensure the safe keeping of assets fails in their duty a loss may occur.
- Full information on the risks applicable to the Fund is detailed in the Prospectus.

INVESTMENT PERFORMANCE

Net Asset Value – Accumulation Shares

Share class	As at	Net asset value* £000	Shares in issue	Pence per share
Class 1	28.02.12	35,410	30,025,023	117.94
	28.02.13	34,413	28,318,953	121.52
	28.02.14	32,206	25,891,261	124.39

* Valued at mid market prices.

Share Price Record – Accumulation Shares

Share class	Calendar year	Highest price* (p)	Lowest price* (p)
Class 1	2009	117.35	103.42
	2010	122.60	110.52
	2011	121.67	109.47
	2012	118.48	112.33
	2013	127.48	118.22
	2014**	125.43	121.09

* Valued at mid market prices.

** Up to 28 February 2014.

Ongoing Charges Figure*

Share class	28.02.14
Class 1	1.07%

* 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 Annual Management Charge and other operating costs deducted from the assets of the Fund during the year, except for those payments that are explicitly excluded (performance fees). The OCF includes transaction charges which were excluded from the Total Expense Ratio (TER) calculations provided previously. The OCF has replaced the TER.

Revenue Record – Accumulation Shares

The revenue record table below shows the net distribution rates per calendar year on a payment date basis for an investment made on 2 January 2009.

Share class	Calendar year	Net revenue per share (p)	Per £1,000 invested (£)
Class 1	2009	0.0000	0.00
	2010	0.0000	0.00
	2011	0.0000	0.00
	2012	0.0000	0.00
	2013	0.0000	0.00
	2014*	0.0000	0.00

* Up to 28 April 2014 (the final distribution payment date).

PORTFOLIO STATEMENT

As at 28 February 2014

Holding or nominal value		Market value £000	Total net assets %
United Kingdom (100.37%; 2013 100.35%)			
25,778,214	§ Swap linked to FTSE® 100 Index and basket of short dated gilts	32,326	100.37
Portfolio of investments		32,326	100.37
Net other liabilities		(120)	(0.37)
Net assets		32,206	100.00

§ Unquoted securities – refer note 1e to the Aggregated Financial Statements, page 6.
The comparative percentage figures are as at 28 February 2013.

Counterparty Exposure

Counterparty 28.02.14	Swap contract £000	Total £000
UBS AG	32,326	32,326
Total	32,326	32,326

Counterparty 28.02.13	Swap contract £000	Total £000
UBS AG	34,533	34,533
Total	34,533	34,533

Collateral

The collateral value held on behalf of the Counterparty is £32,444,000 (2013: £34,508,000). The collateral consists of government bonds all with a minimum 'AA' credit rating. As discussed in the Investment Policy section for this Fund, and can be seen from the Portfolio Statement, the full value of the Fund is exposed to the Balanced Asset Basket Index.

The Fund has no entitlement to the collateral of the swap, unless UBS AG ("the Counterparty") defaults. The Fund is required to pay over any interest earned on the collateral to the Counterparty in accordance with current market practice. Accordingly, such interest is not reflected in the Fund's financial statements.

At the end of each calendar month throughout the term of the swap, the Counterparty pays the Fund an amount equal to the product of the Swap Payment Percentage and of the value of the Dynamic Basket over the calendar month, calculated on a daily basis ("Interim Payments"). The objective of these payments is to finance the Fund's expense payments to its service providers. The Counterparty made total interim payments of £387,000 during the year (2013: £387,000).

STATEMENT OF TOTAL RETURN

For the year ended 28 February 2014

	Notes	Year ended		Year ended	
		28.02.14	28.02.13	28.02.14	28.02.13
		£000	£000	£000	£000
Income					
Net capital gains	2		793		1,040
Revenue	3	357		368	
Expenses	4	(357)		(368)	
Net revenue before taxation		-		-	
Taxation		-		-	
Net revenue after taxation			-		-
Total return before distributions			793		1,040
Finance costs: Distributions			-		-
Change in net assets attributable to shareholders from investment activities			793		1,040

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

For the year ended 28 February 2014

	Year ended		Year ended	
	28.02.14	28.02.13	28.02.14	28.02.13
	£000	£000	£000	£000
Opening net assets attributable to shareholders		34,413		35,410
Movement due to issue and cancellation of shares:				
Amounts receivable on issue of shares	720		1,342	
Less: Amounts payable on cancellation of shares	(3,720)		(3,379)	
		(3,000)		(2,037)
Change in net assets attributable to shareholders from investment activities (see above)		793		1,040
Closing net assets attributable to shareholders		32,206		34,413

BALANCE SHEET

As at 28 February 2014

		As at		As at	
	Notes	£000	28.02.14 £000	£000	28.02.13 £000
ASSETS					
Investment assets			32,326		34,533
Cash and bank balances	5	79		64	
Total other assets			79		64
Total assets			32,405		34,597
LIABILITIES					
Creditors	6	(199)		(184)	
Total liabilities			(199)		(184)
Net assets attributable to shareholders			32,206		34,413

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting basis and policies

Please see pages 6 and 7 for accounting basis and policies.

2 Net capital gains

	Year ended 28.02.14	Year ended 28.02.13
	£000	£000
Net capital gains on investments during the year comprise:		
Derivative contracts gains	793	1,040
Net capital gains	793	1,040

3 Revenue

	Year ended 28.02.14	Year ended 28.02.13
	£000	£000
Revenue from SWAP	357	368
Total revenue	357	368

4 Expenses

	Year ended 28.02.14	Year ended 28.02.13
	£000	£000
Payable to the Authorised Corporate Director ("ACD"), associates of the ACD and agents of either of them:		
ACD's periodic charge	334	346
	334	346
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fee	6	6
	6	6
Other expenses:		
Audit fee*	13	8
Printing & postage expenses	3	4
Statement fees	1	4
	17	16
Total expenses	357	368

* The audit fee was £10,500 (2013: £6,500) net of VAT.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5 Cash and bank balances

	As at 28.02.14	As at 28.02.13
	£000	£000
Cash and bank balances	79	64

6 Creditors

	As at 28.02.14	As at 28.02.13
	£000	£000
Accrued expenses	29	31
Amounts payable for cancellation of shares	120	120
UBS income creditor	50	33
Total creditors	199	184

7 Contingent liabilities and commitments

There were no contingent liabilities or commitments at the year end (2013: £nil).

8 Related party transactions

ACD periodic charges paid to Aviva Investors UK Fund Services Limited ("the ACD") are shown in note 4 and details of shares issued and cancelled by the Manager 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 £10,000 (2013: £12,000). Any balance due to the ACD in respect of cancellations is shown in note 6.

Distributions payable to the ACD and related parties of the ACD during the year amounted to £nil (2013: £nil). The amount outstanding at the year end was £nil (2013: £nil). 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.

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

	Holdings at 28.02.14 (shares)	Movement (shares)	Holdings at 28.02.13 (shares)
ACD and related parties	642,789	307,333	335,456

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

9 Shareholder funds

The Fund currently has one share class: Class 1 (retail). The annual management charge is as follows:

Class 1: 1.00%

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 14.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 Derivatives and other financial instruments

The policies applied in the management of financial instruments are set out on page 7.

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 (2013: nil).

Currency exposures

At the year end date, none (2013: none) of the net assets of the Fund were denominated in currencies other than sterling.

Interest rate risk profile of financial assets and financial liabilities

The Fund does not invest in either fixed or floating rate securities and interest rate risk exposure is restricted to interest receivable on bank deposits or payable on bank overdraft positions which will be affected by fluctuations in interest rates.

At the year end date 0.25% (2013: 0.19%) of the net assets of the Fund were interest bearing.

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

11 Portfolio transaction costs

Due to the nature of the investments held, no transaction costs or taxes were incurred on the Fund's purchases or sales during the current year ended 28 February 2014 (2013: £nil). The total purchases for the year amounted to £720,000 (2013: £1,322,000) and the total sales amounted to £3,600,000 (2013: £3,240,000).

12 Post balance sheet events

There are no post balance sheet events which require adjustment or disclosure at the year end (2013: nil).

AVIVA INVESTORS DEFINED RETURNS FUND 10

The Fund closed to new investment on 22 July 2011 (the end of the Cash Investment Period).

Summary of Investment Objective

To provide a return during the Cash Investment Period, and at the Maturity Date, a return dependent on the performance of the Index together with a defined level of capital protection. At the Maturity Date there are a number of possible investment outcomes. The possible investment outcomes for Shareholders are as follows:

1. At the Maturity Date if the performance of the Index is equal to or above the Trigger Index Growth Level, then the Fund will provide growth by applying the relevant Trigger Return to the Capital Protected Price.
2. If the Index at the Maturity Date is below the Trigger Index Growth Level but has not fallen below the Protection Barrier, there will be no Trigger Return and the Limited Capital Protection will apply. Limited Capital Protection means that Shareholders will receive back the Capital Protected Price per Share at the Maturity Date. The Capital Protected Price will be at least equal to the price of a Share on the Derivative Investment Date (plus the value of any Initial Charge that applied to that Share). The Capital Protected Price will be dependent upon the Capital Protection Rate which will be set by the ACD. The Capital Protection Rate will never be less than 100% of Capital; or
3. If the Index at the Maturity Date is below the Protection Barrier, there will be no Trigger Return, the Limited Capital Protection will not apply and Shareholders will receive back a proportion of their Capital corresponding to the percentage fall in the Index at the Maturity Date. The rise or fall in the Index is calculated by subtracting the Initial Index Level from the Final Index Level (allowing for Averaging, if applicable) at the Maturity Date and dividing the result by the Initial Index Level.

The Details of Terms for the Fund set out the current actual and applicable Index, dates, terms and charges, both as referred to above and elsewhere in the Prospectus, applicable to the Fund. For details of the full investment objective of the Fund, please refer to the full Prospectus.

Investment Policy

To achieve its objective the Fund will have a Fixed Term consisting of a Cash Investment Period followed by a Growth Potential Period.

During the Cash Investment Period, the investment policy of the Fund is to invest in cash, near cash, AAA rated money market schemes or other collective investment schemes which are equivalent to AAA rated money market schemes.

During the Growth Potential Period, scheme property will be invested in over the counter (OTC) derivatives designed to provide exactly the return referred to in the investment objective of the Fund if Shares are held until the Maturity Date. At the Maturity Date, the assets of the Fund will be paid out to Shareholders and the Fund will subsequently be closed.

Fund Manager's Report

During the period the Fund has remained in its 'Growth Investment Period', invested in a derivative purchased from HSBC designed to meet the investment objective. The next major event will be the maturity date, 22 July 2015. If, at this point in time, the final index level is equal to or above the 'initial index level' after averaging, the Fund will mature, paying out a gross return of 22 per cent. If the final index level is up to 50 per cent below its initial index level at maturity then investors will receive their gross initial investment back. However, if the final index level is more than 50 per cent below the initial index level at maturity then investors will lose a percentage of their invested capital that is directly proportional to the drop in the final index level. In other words, if the final index level is 60 per cent beneath the initial index level, investors will lose 60 per cent of their invested capital. The final index level will be calculated as the average of the closing level of the FTSE® 100 on each business day for three months prior to maturity.

April 2014

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Synthetic Risk and Reward Indicator

The Fund is closed to new investment and therefore no information regarding the Synthetic Risk and Reward Indicator is provided.

INVESTMENT PERFORMANCE

Net Asset Value – Accumulation Shares

Share class	As at	Net asset value* £000	Shares in issue	Pence per share
Class 1	28.02.12	1,260	1,242,837	101.39
	28.02.13	1,441	1,242,837	115.94
	28.02.14	1,473	1,211,699	121.59

* Valued at mid market prices.

Share Price Record – Accumulation Shares

Share class	Calendar year	Highest price* (p)	Lowest price* (p)
Class 1	2011**	100.05	90.90
	2012	110.48	96.33
	2013	122.67	111.00
	2014***	121.62	119.02

* Valued at mid market prices.

** From 16 May 2011 (date of launch).

*** Up to 28 February 2014.

Ongoing Charges Figure*

Share class	28.02.14
Class 1	0.00

* All costs associated with operating the Fund are paid by the ACD.

Revenue Record – Accumulation Shares

The revenue record table below shows the net distribution rates per calendar year on a payment date basis for an investment made on 16 May 2011.

Share class	Calendar year	Net revenue per share (p)	Per £1,000 invested (£)
Class 1	2011*	0.0504	0.50

* Up to 5 August 2011, the distribution payment date.

The only revenue distribution on the Fund was paid at the end of the Cash Investment Period on 22 July 2011.

PORTFOLIO STATEMENT

As at 28 February 2014

Holding or nominal value		Market value £000	Total net assets %
	United Kingdom (100.00%; 2013: 100.00%)		
1,309,940	FTSE® 100 Index 4yr Fully Collateralised Digital & Short Down & In Put	1,473	100.00
	Portfolio of investments	1,473	100.00
	Net other assets	-	-
	Net Assets	1,473	100.00

§ Unquoted securities – refer note 1e to the Aggregated Financial Statements, page 6.
The comparative percentage figures in brackets are as at 28 February 2013.

Counterparty Exposure

Counterparty 28.02.14	Swap contract £000	Total £000
HSBC	1,473	1,473
Total	1,473	1,473

Counterparty 28.02.13	Swap contract £000	Total £000
HSBC	1,441	1,441
Total	1,441	1,441

Collateral

The collateral value held on behalf of the Counterparty is £1,443,000 (2013: £1,339,000). The collateral consists of government bonds all with a minimum 'AA' credit rating. As discussed in the Investment Policy section for this Fund, and can be seen from the Portfolio Statement, the full value of the Fund is exposed to the FTSE® 100 Index.

The Fund has no entitlement to the collateral of the swap, unless HSBC ("the Counterparty") defaults. The Fund is required to pay over any interest earned on the collateral to the Counterparty in accordance with current market practice. Accordingly, such interest is not reflected in the Fund's accounts.

STATEMENT OF TOTAL RETURN

For the year ended 28 February 2014

	Notes	Year ended	
		28.02.14	28.02.13
		£000	£000
Income			
Net capital gains	2		69
Revenue		–	–
Net revenue before taxation		–	–
Taxation		–	–
Net revenue after taxation		–	–
Total return before distributions		69	181
Finance costs: Distributions		–	–
Change in net assets attributable to shareholders from investment activities		69	181

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

For the year ended 28 February 2014

	Year ended	
	28.02.14	28.02.13
	£000	£000
Opening net assets attributable to shareholders	1,441	1,260
Movement due to issue and cancellation of shares:		
Less: Amounts payable on cancellation of shares	(37)	–
	(37)	–
Change in net assets attributable to shareholders from investment activities (see above)	69	181
Closing net assets attributable to shareholders	1,473	1,441

BALANCE SHEET

As at 28 February 2014

		As at 28.02.14	As at 28.02.13
	Notes	£000	£000
ASSETS			
Investment assets		1,473	1,441
Total other assets		–	–
Total assets		1,473	1,441
LIABILITIES			
Creditors		–	–
Total liabilities		–	–
Net assets attributable to shareholders		1,473	1,441

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting basis and policies

Please see pages 6 and 7 for accounting basis and policies.

2 Net capital gains

	Year ended 28.02.14	Year ended 28.02.13
	£000	£000
Net capital gains on investments during the year comprise:		
Derivative contracts gains	69	181
Net capital gains	69	181

3 Contingent liabilities and commitments

There were no contingent liabilities or commitments at the year end (2013: £nil).

4 Related party transactions

There were no distributions payable to the ACD or related parties to the ACD during the year ended 28 February 2014 (2013: £nil). There were no share holdings held by the ACD or related parties to the ACD during the year ended 28 February 2014 (2013: nil). 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.

The audit fee of £5,000 (2013: £4,000) net of VAT is paid by the ACD.

5 Shareholder funds

The Fund currently has one share class, Class 1 (retail). There is no annual management charge on this share class.

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 22.

6 Derivatives and other financial instruments

The policies applied in the management of financial instruments are set out on page 7.

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 (2013: nil).

Currency exposures

At the year end date, none (2013: none) of the net assets of the Fund were denominated in currencies other than sterling.

Interest rate risk profile of financial assets and financial liabilities

The Fund does not invest in either fixed or floating rate securities and interest rate risk exposure is restricted to interest receivable on bank deposits or payable on bank overdraft positions which will be affected by fluctuations in interest rates.

At the year end date, none (2013: none) of the net assets of the Fund were interest bearing.

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

7 Portfolio transaction costs

Due to the nature of the investments held, no transaction costs or taxes were incurred on the Fund's purchases or sales during the current year ended 28 February 2014 (2013: £nil). The total purchases for the year amounted to £nil (2013: £nil) and the total sales amounted to £37,000 (2013: £nil).

8 Post balance sheet events

There are no post balance sheet events which require adjustment or disclosure at the year end (2013: nil).

AVIVA INVESTORS US EQUITY INCOME FUND

Investment Objective

To provide an annualised income yield 1.5% higher than that of the Russell 3000 Value Index which is paid quarterly, with the potential for capital growth.

Investment Policy

The Fund aims to achieve the investment objective by principally investing in equity securities listed on regulated North American exchanges. Limited exposure to other geographic locations may be possible.

The Fund may also invest in other transferable securities, collective investment schemes, money market instruments, deposits, cash or near cash. The Fund may also use derivative instruments for the purposes of efficient portfolio management.

Fund Manager's Report

During the year ended 28 February 2014, the Fund underperformed its benchmark (Russell 3000 Value) by 264 bps, returning 9.36% versus the benchmark return of 12.00%.

The momentum that built in the second half of Q4 2012 continued into Q1 2013 as the Dow Jones Industrial Average finally eclipsed its 2007 peak and traders pushed the S&P 500 above the 1,565 high water mark on the final day of the first quarter, amid growing risk in the European periphery. The second quarter was unpredictable and somewhat confusing for investors, with stocks ending the period higher despite a surge in interest rates. The volatility began on 22 May 2013 when comments emanating from the Federal Reserve ("Fed") spooked investors. The decline accelerated on 19 June 2013 when the Fed's policy statement indicated that the central bank may begin to wind down its current bond-buying program (QE3) later this year.

U.S. equities continued to post strong gains in the second half of 2013, moving to fresh highs as the economy continued to move in a positive direction, albeit slowly. While income stocks were favoured in the first half of the year, they struggled mightily in the latter half as interest rates climbed. During the summer, markets corrected modestly after the U.S. central bank announced they may begin reducing bond purchases, only to rebound after policymakers recanted. In what could prove a watershed moment for the current monetary cycle, on December 18, the Fed finally initiated a "taper" of its Quantitative Easing program, announcing a \$10 billion reduction in monthly bond purchases. While consensus had settled on an initial cut in Q1 2014, the path appeared to be cleared as an unexpected breakthrough in Washington, D.C., trumped the flurry of constructive economic news. For the first time in years, the U.S. Congress managed to pass a budget, signaling the end to the cycle of fiscal brinkmanship that led Senator Schumer to declare the Federal Reserve, "the only game in town".

The U.S. market started 2014 with a whimper, but came roaring back in February, closing the month at new all-time highs. The ongoing assertions by Federal Reserve officials that they would halt, or perhaps reverse, further "tapering" of the Quantitative Easing program if the economy weakens appear to have sparked yet another risk-accumulation rally. The U.S. market has quickly moved past concerns about growth in China, political unrest in Turkey, and the devaluation of the Argentine Peso. Traders currently see little downside risk for equities, which was poignantly highlighted by the quick reversal of the market declines stemming from the Ukrainian conflict.

Broadly surveying the market, the dispersion between investment styles was relatively significant for large caps over the 12 months to 28 February 2014, as large cap growth stocks outperformed value by +578 bps. The gap among small cap was even more substantial as growth returned +37.32% versus +26.30% for value. The dispersion by market capitalization was also quite significant, as small cap stocks returned +31.74% versus +26.25% for large cap stocks.

Cyclical sectors generally led over the period. Among the top performing sectors in the Russell 3000 Value were Consumer Discretionary (+34.6%), Information Technology (+34.5%), and Industrials (+28.7%). While Health Care (+33.6%) was also among the top performing sectors, defensive sectors typically lagged as Telecommunication Services (-0.2%) and Utilities (+12.9%) were the worst performers.

Over the past 12 months, low quality, low dividend stocks led the U.S. equity market. According to Bank of America/Merrill Lynch, low quality stocks outperformed high quality by +797 bps for the year. In addition, according to Ned Davis, the lowest yielding stocks in the S&P 500 outperformed the highest by a staggering +2,090 bps.

The following commentary details the relative performance and contribution to return of ten economic areas, i.e. Consumer Discretionary, Consumer Staples, Energy, Financials, Information Technology, Materials, Telecommunications Services, Utilities, Industrials and Healthcare.

Looking at what worked during the period, all 10 sectors in the Fund and nine out of 10 sectors in the benchmark had a positive total return. Seven of the 10 economic sectors had a positive total effect on relative return, with the most significant impacts coming from the underweight in Energy and stock selection in Telecommunication Services. Driven by positive allocation in six of 10 sectors, overall sector allocation was also positive.

The five holdings with the highest contribution to relative return during the period were Walgreen (+63.5%), Vodafone Group Sponsored ADR (+72.6%), Raytheon (+84.8%), Lockheed Martin (+83.2%) and General Dynamics (+63.6%).

Speaking to what did not work, overall stock selection was negative. The most significant negative impacts were from stock selection in Consumer Discretionary and the overweight in Telecommunication Services. Of the 14 holdings in Consumer Discretionary, only one outperformed the benchmark sector return.

The five holdings with the lowest contribution to relative return during the period were Iron Mountain (-19.5%), Telefonica Brasil S.A. Sponsored ADR Pfd (-24.5%), The Geo Group (-1.7%), Target (+1.9%) and Coach (+4.4%).

AVIVA INVESTORS US EQUITY INCOME FUND (CONTINUED)

Fund Manager's Report (continued)

As of 28 February 2014, the Portfolio held a total of 61 positions. During the period, we established 12 and eliminated 20 positions. The five largest positions established were Qualcomm (+15.4%), Rogers Communications (-0.1%), Western Union (+15.7%), Staples (-0.4%) and EnSCO (-11.6%). The five largest positions eliminated were Automatic Data Processing (+15.9%), UNS Energy (-1.5%), Walgreen (+63.5%), Pfizer (+21.0%) and Johnson & Johnson (+18.8%). All of these positions were sold at premiums to their assessed Absolute Values.

Given the strong headwinds for high quality, high dividend stocks, we are extremely pleased with the absolute and relative results in the period. Over the summer, the threat of "taper" set off a surge in interest rates and a correction in global markets, but by Q4, the arrival of the event sparked a market rally. As has happened in the past, high quality dividend stocks have lagged, but the universe continues to grow and remains a relatively safe harbor if volatility surges yet again.

The discount to value of the top 20 holdings in the Dividend All-Cap Value (DAV) Representative Portfolio rose to 91% at the end of February 2014, at the high end of the historic range of 82% to 92%. Unless economic growth and corporate earnings accelerate sharply, significant market upside will require further multiple expansion. While 2013 showed that this is entirely possible in an extremely supportive monetary policy environment, it is increasingly clear that the environment is changing on the margin and yet market participants are clamoring to buy yesterday's winners. Amid the frenzy, we will continue to behave as we always have, reducing and eliminating positions as price momentum carries them to significant premiums to our assessed valuations and building positions in firms with an attractive balance between discount, conviction, and yield. It is the consistent application of this discipline that should benefit investors when this risk accumulation rally ultimately ends.

April 2014

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
Rogers Communications 'B'	Walgreen
Qualcomm	Raytheon
Western Union	Pfizer
Staples	Medtronic
Intel	General Mills
Occidental Petroleum	Automatic Data Processing
EnSCO 'A'	Hillenbrand
Geo Group	Lockheed Martin
Coach	Johnson & Johnson
Dr Pepper Snapple	UNS Energy

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'.
- The value of investments will be affected by changes in exchange rates.
- The level of targeted income is not guaranteed and may not be achieved.
- Full information on the risks applicable to the Fund is detailed in the Prospectus.

INVESTMENT PERFORMANCE

Net Asset Value – Income Shares

Share class	As at	Net asset value* £000	Shares in issue	Per share in class currency
Class 1	28.02.12	8,750	8,693,108	100.66p
	28.02.13	14,180	12,485,711	113.57p
	28.02.14	14,192	11,699,708	121.31p
	28.02.14	14,192	11,699,708	121.31p
Class 2	28.02.12	51,182	50,592,748	101.17p
	28.02.13	150,639	130,985,942	115.00p
	28.02.14	242,673	196,078,092	123.76p
Class 2 (USD)	28.02.13	43	60,000	108.96c
	28.02.14	14,173	18,345,937	128.91c

* Valued at bid market prices.

Net Asset Value – Accumulation Shares

Share class	As at	Net asset value* £000	Shares in issue	Per share in class currency
Class 1	28.02.12	360	350,668	102.59p
	28.02.13	1,772	1,482,240	119.53p
	28.02.14	2,803	2,143,046	130.78p
Class 2	28.02.12	1,776	1,141,025	103.08p
	28.02.13	6,983	5,771,781	120.98p
	28.02.14	8,339	6,254,242	133.34p
	28.02.14	8,339	6,254,242	133.34p
Class 2 (USD)	28.02.13	44	60,000	112.51c
	28.02.14**	N/A	N/A	N/A
Class 3	28.02.12	63,558	61,525,991	103.30p
	28.02.13	77,700	63,843,659	121.70p
	28.02.14	37,977	28,214,550	134.60p

* Valued at bid market prices.

** Share class closed on 5 November 2013.

Share Price Record – Income Shares

Share class	Calendar year	Highest price*	Lowest price*
Class 1	2011**	100.30p	84.46p
	2012	105.70p	97.43p
	2013	128.17p	98.95p
	2014†	124.66p	118.33p
Class 2	2011**	100.68p	84.53p
	2012	106.60p	98.10p
	2013	130.20p	100.07p
	2014†	127.04p	120.67p
Class 2 (USD)	2012***	106.30c	96.48c
	2013	123.10c	102.67c
	2014†	131.05c	122.92c

* Valued at mid market prices.

** From 8 July 2011 (date of launch).

*** From 29 February 2012 (date of launch).

† Up to 28 February 2014.

Share Price Record – Accumulation Shares

Share class	Calendar year	Highest price*	Lowest price*
Class 1	2011**	101.50p	84.46p
	2012	108.60p	99.30p
	2013	135.69p	103.34p
	2014†	133.67p	126.88p
Class 2	2011**	101.86p	84.53p
	2012	109.50p	99.94p
	2013	137.77p	104.47p
	2014†	136.13p	129.30p
Class 2 (USD)	2012***	107.90c	97.20c
	2013††	133.76c	105.17c
Class 3	2011**	102.02p	84.56p
	2012	109.90p	100.20p
	2013	138.81p	105.04p
	2014†	137.36p	130.51p

* Valued at mid market prices.

** From 8 July 2011 (date of launch).

*** From 29 February 2012 (date of launch).

† Up to 28 February 2014.

†† Up to 5 November 2013 (date share class closed).

INVESTMENT PERFORMANCE (CONTINUED)

Ongoing Charges Figure*

Share class	28.02.14
Class 1	1.65%
Class 2	0.90%
Class 2 (USD)	0.90%
Class 3	0.55%

* 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 Annual Management Charge and other operating costs deducted from the assets of the Fund during the year, except for those payments that are explicitly excluded (performance fees). The OCF includes transaction charges which were excluded from the Total Expense Ratio (TER) calculations provided previously. The OCF has replaced the TER.

Revenue Record – Income Shares

The revenue record table below shows the net distribution rates per calendar year on a payment date basis for an investment made on 8 July 2011 for Classes 1 and 2 and 29 February 2012 for Class 2 (USD).

Share class	Calendar year	Net revenue per share	Per 1,000 invested in class currency
Class 1	2011*	0.2902p	£2.90
	2012	3.1000p	£31.00
	2013	3.2887p	£32.89
	2014***	1.4577p	£14.58
Class 2	2011*	0.2906p	£2.91
	2012	3.1129p	£31.13
	2013	3.3226p	£33.23
	2014***	1.4838p	£14.84
Class 2 (USD)	2012**	1.5264c	\$15.26
	2013	3.1747c	\$31.75
	2014***	1.5285c	\$15.29

* From 8 July 2011 (date of launch).

** From 29 February 2012 (date of launch).

*** Up to 28 April 2014 (the final distribution payment date).

Revenue Record – Accumulation Shares

The revenue record table below shows the net distribution rates per calendar year on a payment date basis for an investment made on 8 July 2011 for Classes 1, 2 and 3 and 29 February 2012 for Class 2 (USD).

Share class	Calendar year	Net revenue per share	Per 1,000 invested in class currency
Class 1	2011*	0.2890p	£2.89
	2012	3.1446p	£31.45
	2013	3.4326p	£34.33
	2014***	1.5571p	£15.57
Class 2	2011*	0.2895p	£2.90
	2012	3.1557p	£31.56
	2013	3.4760p	£34.76
	2014***	1.5840p	£15.84
Class 2 (USD)	2012**	1.5322c	\$15.32
	2013†	3.1542c	\$31.54
Class 3	2011*	0.3007p	£3.01
	2012	3.2583p	£32.58
	2013	3.6163p	£36.16
	2014***	1.6433p	£16.43

* From 8 July 2011 (date of launch).

** From 29 February 2012 (date of launch).

*** Up to 28 April 2014 (the final distribution payment date).

† Up to 5 November 2013 (date share class closed).

PORTFOLIO STATEMENT

As at 28 February 2014

Holding or nominal value		Market value £000	Total net assets %
Automobiles & Parts (0.00%; 2013 0.98%)			
Aerospace & Defence (2.51%; 2013 3.57%)			
123,201	General Dynamics	8,048	2.51
		8,048	
Banks (4.33%; 2013 4.33%)			
158,596	PNC Financial Services	7,732	2.43
246,634	US Bancorp	6,080	1.90
		13,812	
Beverages (5.59%; 2013 4.87%)			
259,327	Dr Pepper Snapple	8,022	2.51
132,774	Molson Coors Brewing 'B'	4,528	1.41
113,180	PepsiCo	5,362	1.67
		17,912	
Chemicals (1.23%; 2013 0.00%)			
27,800	Compass Minerals	1,406	0.44
77,197	Innophos Holdings	2,524	0.79
		3,930	
Electricity (0.00%; 2013 0.79%)			
Electronics & Electrical Equipment (5.10%; 2013 1.35%)			
136,084	Emerson Electric	5,320	1.66
58,765	Energizer Holding	3,405	1.06
169,191	Qualcomm	7,622	2.38
		16,347	
Fixed Line Telecommunications (2.65%; 2013 3.20%)			
298,385	Verizon Communications	8,497	2.65
		8,497	
Food & Drug Retails (1.87%; 2013 3.83%)			
278,214	Sysco	5,992	1.87
		5,992	
Food Producers (0.56%; 2013 2.65%)			
59,762	General Mills	1,783	0.56
		1,783	
Gas, Water & Multiutilities (3.79%; 2013 3.02%)			
156,776	Avista	2,766	0.86
209,154	National Fuel Gas	9,380	2.93
		12,146	
General Financial (6.13%; 2013 3.99%)			
28,510	BlackRock 'A'	5,225	1.63
140,738	Chicago Mercantile Exchange	6,171	1.93
178,935	Compass Diversified Holding Shares of Beneficial Interest	2,033	0.65
617,834	Western Union	6,146	1.92
		19,575	
General Industrials (1.10%; 2013 2.23%)			
150,548	Bemis	3,517	1.10
		3,517	

PORTFOLIO STATEMENT (CONTINUED)

As at 28 February 2014

Holding or nominal value		Market value £000	Total net assets %
General Retailers (6.49%; 2013 6.04%)			
208,960	Kohls	6,980	2.18
574,011	Staples	4,620	1.44
160,415	Target	5,830	1.82
74,976	Wal-Mart Stores	3,350	1.05
		20,780	
Health Care Equipment & Services (4.02%; 2013 4.49%)			
68,295	Becton Dickinson & Co	4,711	1.47
229,025	Owens & Minor	4,768	1.49
107,355	Quest Diagnostics	3,394	1.06
		12,873	
Household Goods (1.26%; 2013 2.31%)			
86,064	Proctor & Gamble	4,032	1.26
		4,032	
Industrial Metals (1.34%; 2013 1.42%)			
142,223	Nucor	4,292	1.34
		4,292	
Industrial Transportation (4.24%; 2013 4.26%)			
305,509	Aircastle	3,636	1.14
60,324	Norfolk Southern	3,275	1.02
116,271	United Parcel Service 'B'	6,659	2.08
		13,570	
Leisure Goods (2.29%; 2013 1.68%)			
222,761	Hasbro	7,345	2.29
		7,345	
Media (2.53%; 2013 2.75%)			
305,774	National CineMedia	2,860	0.89
255,293	Thomson Reuters	5,260	1.64
		8,120	
Mobile Telecommunications (5.11%; 2013 2.05%)			
60,837	Atlantic Tele-Network	2,345	0.73
309,449	Rogers Communications 'B'	7,140	2.23
252,225	Shaw Communications 'B'	3,464	1.08
137,992	Vodafone	3,412	1.07
		16,361	
Nonlife Insurance (3.00%; 2013 3.20%)			
160,942	OneBeacon Insurance Group 'A'	1,579	0.49
88,645	PartnerRe	5,261	1.64
83,807	Safety Insurance Group	2,786	0.87
		9,626	
Oil & Gas Producers (5.94%; 2013 3.77%)			
76,705	Chevron	5,317	1.66
141,225	EnSCO 'A'	4,451	1.39
161,440	Occidental Petroleum	9,239	2.89
		19,007	

PORTFOLIO STATEMENT (CONTINUED)

As at 28 February 2014

Holding or nominal value		Market value £000	Total net assets %
Personal Goods (3.42%; 2013 3.09%)			
159,749	Coach	4,672	1.46
96,028	Kimberly-Clark	6,268	1.96
		10,940	
Pharmaceuticals & Biotechnology (0.00%; 2013 4.19%)			
Real Estate Investment Trusts (3.55%; 2013 2.69%)			
255,117	GEO	4,926	1.54
379,719	Sabra Health Care REIT	6,428	2.01
		11,354	
Software & Computer Services (5.16%; 2013 5.02%)			
259,801	CA	5,197	1.62
160,143	J2 Global	4,941	1.54
282,277	Microsoft	6,406	2.00
		16,544	
Support Services (4.54%; 2013 6.67%)			
97,351	ABM Industries	1,640	0.51
178,240	ADT	3,348	1.05
274,314	Iron Mountain	4,667	1.46
242,788	Republic Services	4,862	1.52
		14,517	
Technology Hardware & Equipment (5.75%; 2013 3.18%)			
711,149	Corning	8,238	2.57
686,288	Intel	10,179	3.18
		18,417	
Travel & Leisure (3.63%; 2013 3.83%)			
232,668	Bob Evans Farms	7,098	2.22
151,455	Darden Restaurants	4,519	1.41
		11,617	
Portfolio of investments		310,954	97.13
Net other assets		9,203	2.87
Net assets		320,157	100.00

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

STATEMENT OF TOTAL RETURN

For the year ended 28 February 2014

	Notes	Year ended 28.02.14		Year ended 28.02.13	
		£000	£000	£000	£000
Income					
Net capital gains	2		20,262		30,004
Revenue	3	9,472		7,164	
Expenses	4	(2,737)		(1,487)	
Net revenue before taxation		6,735		5,677	
Taxation	5	(1,310)		(916)	
Net revenue after taxation			5,425		4,761
Total return before distributions			25,687		34,765
Finance costs: Distributions	6		(7,776)		(6,048)
Change in net assets attributable to shareholders from investment activities			17,911		28,717

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

For the year ended 28 February 2014

	Year ended 28.02.14		Year ended 28.02.13	
	£000	£000	£000	£000
Opening net assets attributable to shareholders		251,361		125,027
Amount transferred to Aviva Investors US Equity Income II Fund		(39,951)		–
Movement due to issue and cancellation of shares:				
Amounts receivable on issue of shares	121,800		99,471	
Less: Amounts payable on cancellation of shares	(32,891)		(4,316)	
		88,909		95,155
Dilution levy		16		–
Stamp duty reserve tax		(3)		(1)
Change in net assets attributable to shareholders from investment activities (see above)		17,911		28,717
Retained distribution on accumulation shares		1,914		2,463
Closing net assets attributable to shareholders		320,157		251,361

BALANCE SHEET

As at 28 February 2014

			As at 28.02.14	As at 28.02.13
	Notes	£000	£000	£000
ASSETS				
Investment assets			310,954	239,925
Debtors	7	1,354		5,711
Cash and bank balances	8	9,692		11,906
Total other assets			11,046	17,617
Total assets			322,000	257,542
LIABILITIES				
Creditors	9	(356)		(4,916)
Distribution payable on income shares		(1,487)		(1,265)
Total liabilities			(1,843)	(6,181)
Net assets attributable to shareholders			320,157	251,361

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting basis and policies

Please see pages 6 and 7 for accounting basis and policies.

2 Net capital gains

	Year ended 28.02.14	Year ended 28.02.13
	£000	£000
Net capital gains on investments during the year comprise:		
Currency (losses)/gains	(1,676)	288
Expenses relating to the purchase and sale of investments	(14)	(22)
Forward currency contracts gains	–	1
Non-derivative securities gains	21,952	29,737
Net capital gains	20,262	30,004

3 Revenue

	Year ended 28.02.14	Year ended 28.02.13
	£000	£000
Bank and deposit interest	3	3
Overseas dividends	9,145	6,483
Stock dividends	–	291
UK dividends	324	387
Total revenue	9,472	7,164

4 Expenses

	Year ended 28.02.14	Year ended 28.02.13
	£000	£000
Payable to the Authorised Corporate Director (“ACD”), associates of the ACD or agents of either of them:		
ACD’s periodic charge	2,351	1,308
Registration fees	253	116
	2,604	1,424
Payable to the Depositary, associates of the Depositary or agents of either of them:		
Depositary’s fee	40	24
Dividend collection charges	8	10
Safe custody fee	22	12
	70	46
Other expenses:		
Audit fee*	8	8
Printing & postage expenses	41	3
Statement fees	14	6
	63	17
Total expenses	2,737	1,487

* The audit fee was £8,500 (2013: £6,500) net of VAT.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5 Taxation

a Analysis of tax charge

	Year ended 28.02.14	Year ended 28.02.13
	£000	£000
Overseas tax suffered	1,310	916
Total current tax (see note 5.b)	1,310	916

b Factors affecting current tax charge

The tax assessed for the year is lower (2013: lower) than the standard rate of corporation tax in the UK for an Authorised Investment Fund (20%) (2013: 20%).

The differences are explained below:

	Year ended 28.02.14	Year ended 28.02.13
	£000	£000
Net revenue before taxation	6,735	5,677
Corporation tax at 20%	1,347	1,135
Effects of:		
Movement in excess expenses	510	238
Overseas dividends not subject to corporation tax	(1,775)	(1,238)
Overseas tax suffered	1,310	916
Revenue taxable in different periods	(17)	–
Stock dividends not taxable	–	(58)
UK dividends not subject to corporation tax	(65)	(77)
	(37)	(219)
Current tax charge (see note 5.a)	1,310	916

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

c Deferred tax

After claiming relief against accrued income taxable on receipt, the Fund has unrelieved excess expenses of £4,035,000 (2013: £1,485,000) creating a potential deferred tax asset of £807,500 (2013: £297,000). 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 year.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6 Finance costs

Distributions and interest

	Year ended 28.02.14	Year ended 28.02.13
	£000	£000
The distributions take account of revenue received on the issue of shares and revenue deducted on the cancellation of shares, and comprise:		
Net dividend distribution for the three months ended 28 May	1,831	1,227
Net dividend distribution for the three months ended 28 August	2,321	1,427
Net dividend distribution for the three months ended 28 November	2,115	1,848
Net dividend distribution for the three months ended 28 February	1,758	1,936
	8,025	6,438
Add: Revenue deducted on cancellation of shares	127	19
Deduct: Revenue received on issue of shares	(376)	(409)
Finance costs: Distributions	7,776	6,048
Reconciliation of distributions for the year to net revenue after taxation		
Distributions for the year	7,776	6,048
ACD periodic charge borne by the capital account	(2,351)	(1,308)
Tax relief on capitalised ACD's periodic charge	–	21
Net revenue after taxation	5,425	4,761

Details of the distributions per share are set out in the distribution tables on pages 41 to 44.

7 Debtors

	As at 28.02.14	As at 28.02.13
	£000	£000
Accrued revenue	607	747
Amounts receivable on issue of shares	–	1,140
Overseas tax recoverable	–	2
Sales awaiting settlement	747	3,822
Total debtors	1,354	5,711

8 Cash and bank balances

	As at 28.02.14	As at 28.02.13
	£000	£000
Cash and bank balances	9,692	11,906

9 Creditors

	As at 28.02.14	As at 28.02.13
	£000	£000
Accrued expenses	248	178
Amounts payable for cancellation of shares	108	180
Purchases awaiting settlement	–	4,558
Total creditors	356	4,916

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 Contingent liabilities and commitments

There were no contingent liabilities or commitments at the year end (2013: £nil).

11 Related party transactions

ACD periodic charges paid to Aviva Investors UK Fund Services Limited ("the ACD") are shown in note 4 and details of shares issued and cancelled by the Manager 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 £186,000 (2013: £133,000). Any balance due from the ACD in respect of issues is shown in note 7. Any balance due to the ACD in respect of cancellations is shown in note 9.

Distributions payable to the ACD and related parties of the ACD during the year amounted to £1,615,000 (2013: £960,000). The amount outstanding at the year end was £213,000 (2013: £254,000). 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.

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

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

	Holdings at 28.02.14 (shares)	Movement (shares)	Holdings at 28.02.13 (shares)
ACD and related parties (share class 1 Income)	22,104	5,320	16,784
ACD and related parties (share class 1 Accumulation)	242,710	228,650	14,060
ACD and related parties (share class 2 Income)	10,348	9,481	867
ACD and related parties (share class 2 Accumulation)	69,072	69,072	–
ACD and related parties (share class 3 Accumulation)	28,214,550	1,534,550	26,680,000

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

12 Shareholder funds

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

Class 1: 1.50%

Class 2: 0.75%

Class 3: 0.50%

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 29. The distributions per share class are given in the distribution tables on pages 41 to 44. All the share classes have the same rights on winding up.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13 Derivatives and other financial instruments

The policies applied in the management of financial instruments are set out on page 7.

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 (2013: nil).

Currency exposures

At the year end date, 100.15% (2013: 99.69%) 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.

Currency	Net foreign currency assets					
	Monetary exposure £000		Non monetary exposure £000		Total £000	
	28.02.14	28.02.13	28.02.14	28.02.13	28.02.14	28.02.13
US Dollar	9,690	10,666	310,954	239,925	320,644	250,591

Interest rate risk profile of financial assets and financial liabilities

The Fund does not invest in either fixed or floating rate securities and interest rate risk exposure is restricted to interest receivable on bank deposits or payable on bank overdraft positions which will be affected by fluctuations in interest rates.

At the year end date 3.03% (2013: 4.74%) of the net assets of the Fund were interest bearing.

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

14 Portfolio transaction costs

	Year ended 28.02.14		Year ended 28.02.13	
	£000	£000	£000	£000
Analysis of total purchase costs				
Purchases in year before transaction costs		193,323		136,907
Commissions	138		66	
Other charges	2		-	
Total purchase costs		140		66
Gross purchases total		193,463		136,973
Analysis of total sale costs				
Gross sales before transaction costs		144,501		42,942
Commissions	(54)		(24)	
Other charges	(2)		-	
Total sale costs		(56)		(24)
Total sales net of transaction costs		144,445		42,918

15 Post balance sheet events

There are no post balance sheet events which require adjustment or disclosure at the year end (2013: nil).

DISTRIBUTION TABLES

Final distribution payable in pence per share for the three months ended 28 February 2014

Income shares		Net revenue	Equalisation	Final distribution payable 28 April 2014	Final distribution paid 28 April 2013
Share Class 1	Group 1	0.6666	–	0.6666	0.8780
	Group 2	0.3665	0.3001	0.6666	0.8780
Share Class 2	Group 1	0.6788	–	0.6788	0.8821
	Group 2	0.3543	0.3245	0.6788	0.8821

Accumulation shares		Net revenue	Equalisation	Final distribution payable 28 April 2014	Final distribution paid 28 April 2013
Share Class 1	Group 1	0.7142	–	0.7142	0.9125
	Group 2	0.5942	0.1200	0.7142	0.9125
Share Class 2	Group 1	0.7274	–	0.7274	0.9201
	Group 2	0.2136	0.5138	0.7274	0.9201
Share Class 3	Group 1	0.7454	–	0.7454	0.9453
	Group 2	0.7454	0.0000	0.7454	0.9453

Final distribution payable in cents per share for the three months ended 28 February 2014

Income shares		Net revenue	Equalisation	Final distribution payable 28 April 2014	Final distribution paid 28 April 2013
Share Class 2 (USD)	Group 1	0.7069	–	0.7069	0.8849
	Group 2	0.2526	0.4543	0.7069	0.8849

Accumulation shares		Net revenue	Equalisation	Final distribution payable 28 April 2014	Final distribution paid 28 April 2013
Share Class 2 (USD)	Group 1	N/A	–	N/A	0.8688
	Group 2	N/A	N/A	N/A	0.8688

Final Distribution

Group 1 shares are those shares purchased at or before 12:00 noon on 28 November 2013.

Group 2 shares are those shares purchased after 12:00 noon on 28 November 2013.

DISTRIBUTION TABLES (CONTINUED)

Interim distribution paid in pence per share for the three months ended 28 November 2013

Income shares		Net revenue	Equalisation	Interim distribution paid 28 January 2014	Interim distribution paid 28 January 2013
Share Class 1	Group 1	0.7911	–	0.7911	0.8982
	Group 2	0.4463	0.3448	0.7911	0.8982
Share Class 2	Group 1	0.8050	–	0.8050	0.9114
	Group 2	0.5879	0.2171	0.8050	0.9114

Accumulation shares		Net revenue	Equalisation	Interim distribution paid 28 January 2014	Interim distribution paid 28 January 2013
Share Class 1	Group 1	0.8429	–	0.8429	0.9329
	Group 2	0.5682	0.2747	0.8429	0.9329
Share Class 2	Group 1	0.8566	–	0.8566	0.9434
	Group 2	0.5693	0.2873	0.8566	0.9434
Share Class 3	Group 1	0.8979	–	0.8979	0.9769
	Group 2	0.8979	0.0000	0.8979	0.9769

Interim distribution paid in cents per share for the three months ended 28 November 2013

Income shares		Net revenue	Equalisation	Interim distribution paid 28 January 2014	Interim distribution paid 28 January 2013
Share Class 2 (USD)	Group 1	0.8216	–	0.8216	0.9144
	Group 2	0.5181	0.3035	0.8216	0.9144

Accumulation shares		Net revenue	Equalisation	Interim distribution paid 28 January 2014	Interim distribution paid 28 January 2013
Share Class 2 (USD)	Group 1	N/A	–	N/A	0.9286
	Group 2	N/A	N/A	N/A	0.9286

Interim distribution

Group 1 shares are those shares purchased at or before 12:00 noon on 28 August 2013.

Group 2 shares are those shares purchased after 12:00 noon on 28 August 2013.

DISTRIBUTION TABLES (CONTINUED)

Interim distribution paid in pence per share for the three months ended 28 August 2013

Income shares		Net revenue	Equalisation	Interim distribution paid 28 October 2013	Interim distribution paid 28 October 2012
Share Class 1	Group 1	0.7718	–	0.7718	0.7944
	Group 2	0.3437	0.4281	0.7718	0.7944
Share Class 2	Group 1	0.7837	–	0.7837	0.7962
	Group 2	0.3480	0.4357	0.7837	0.7962

Accumulation shares		Net revenue	Equalisation	Interim distribution paid 28 October 2013	Interim distribution paid 28 October 2012
Share Class 1	Group 1	0.8171	–	0.8171	0.8123
	Group 2	0.3827	0.4344	0.8171	0.8123
Share Class 2	Group 1	0.8294	–	0.8294	0.8160
	Group 2	0.3464	0.4830	0.8294	0.8160
Share Class 3	Group 1	0.8689	–	0.8689	0.8397
	Group 2	0.4734	0.3955	0.8689	0.8397

Interim distribution paid in cents per share for the three months ended 28 August 2013

Income shares		Net revenue	Equalisation	Interim distribution paid 28 October 2013	Interim distribution paid 28 October 2012
Share Class 2 (USD)	Group 1	0.7577	–	0.7577	0.7915
	Group 2	0.4419	0.3158	0.7577	0.7915

Accumulation shares		Net revenue	Equalisation	Interim distribution paid 28 October 2013	Interim distribution paid 28 October 2012
Share Class 2 (USD)	Group 1	0.8741	–	0.8741	0.7973
	Group 2	0.8741	0.0000	0.8741	0.7973

Interim distribution

Group 1 shares are those shares purchased at or before 12:00 noon on 28 May 2013.

Group 2 shares are those shares purchased after 12:00 noon on 28 May 2013.

DISTRIBUTION TABLES (CONTINUED)

Interim distribution paid in pence per share for the three months ended 28 May 2013

Income shares		Net revenue	Equalisation	Interim distribution paid 28 July 2013	Interim distribution paid 28 July 2012
Share Class 1	Group 1	0.7407	–	0.7407	0.7734
	Group 2	0.4214	0.3193	0.7407	0.7734
Share Class 2	Group 1	0.7454	–	0.7454	0.7782
	Group 2	0.3788	0.3666	0.7454	0.7782

Accumulation shares		Net revenue	Equalisation	Interim distribution paid 28 July 2013	Interim distribution paid 28 July 2012
Share Class 1	Group 1	0.7701	–	0.7701	0.7892
	Group 2	0.3369	0.4332	0.7701	0.7892
Share Class 2	Group 1	0.7831	–	0.7831	0.7930
	Group 2	0.2225	0.5606	0.7831	0.7930
Share Class 3	Group 1	0.8252	–	0.8252	0.8198
	Group 2	0.1720	0.6532	0.8252	0.8198

Interim distribution paid in cents per share for the three months ended 28 May 2013

Income shares		Net revenue	Equalisation	Interim distribution paid 28 July 2013	Interim distribution paid 28 July 2012
Share Class 2 (USD)	Group 1	0.6177	–	0.6177	0.7349
	Group 2	0.1648	0.4529	0.6177	0.7349

Accumulation shares		Net revenue	Equalisation	Interim distribution paid 28 July 2013	Interim distribution paid 28 July 2012
Share Class 2 (USD)	Group 1	0.4827	–	0.4827	0.7349
	Group 2	0.4827	0.0000	0.4827	0.7349

Interim distribution

Group 1 shares are those shares purchased at or before 12:00 noon on 28 February 2013.

Group 2 shares are those shares purchased after 12:00 noon on 28 February 2013.

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 US EQUITY INCOME FUND II

Investment Objective

To provide an annualised income yield 1.5% higher than that of the Russell 3000 Value Index which is paid quarterly, with the potential for capital growth.

Investment Policy

The Fund aims to achieve the investment objective by principally investing in equity securities listed on regulated North American exchanges. Limited exposure to other geographic locations may be possible.

The Fund may also invest in other transferable securities, collective investment schemes, money market instruments, deposits, cash or near cash. The Fund may also use derivative instruments for the purposes of efficient portfolio management.

Fund Manager's Report

During the period from 10 September 2013 (launch) to 28 February 2014, the Fund underperformed its benchmark (Russell 3000 Value) by 174 bps, returning 2.39% versus the benchmark return of 4.13%.

In Q4 2013, both consumer confidence and spending finally returned to pre-crisis levels, as employment reports showed steady, albeit slow, improvement. In perhaps the most important test of the strength of the recovery, the federal government shutdown was largely a non-event outside of the Beltway. The market keyed off this strength and grinded higher throughout the last two months of the quarter.

In what could prove a watershed moment for the current monetary cycle, on 18 December 2013, the Federal Reserve ("Fed") finally initiated a "taper" of its Quantitative Easing program, announcing a \$10 billion reduction in monthly bond purchases. While consensus had settled on an initial cut in Q1 2014, the path appeared to be cleared as an unexpected breakthrough in Washington, D.C., trumped the flurry of constructive economic news. For the first time in years, the U.S. Congress managed to pass a budget, signaling the end to the cycle of fiscal brinkmanship that led Senator Schumer to declare the Federal Reserve, "the only game in town".

The U.S. market started 2014 with a whimper, but came roaring back in February, closing the month at new all-time highs. The ongoing assertions by Federal Reserve officials that they would halt, or perhaps reverse, further "tapering" of the Quantitative Easing program if the economy weakens appear to have sparked yet another risk-accumulation rally. The U.S. market has quickly moved past concerns about growth in China, political unrest in Turkey, and the devaluation of the Argentine Peso. Traders currently see little downside risk for equities, which was poignantly highlighted by the quick reversal of the market declines stemming from the Ukrainian conflict.

Broadly surveying the market, the dispersion between investment styles was relatively significant for large caps from 10 September 2013 (launch) to 28 February 2014. Large cap growth stocks led value, outperforming by +376 bps. The gap among small cap was much more moderate as growth returned +14.81% versus +12.66% for value. The dispersion by market capitalization was modest, as small cap stocks returned +13.77% versus +12.83% for large cap stocks.

Cyclical sectors generally led over the period. Among the top performing sectors in the Russell 3000 Value were Industrials (+16.5%), Materials (+14.1%), and Consumer Discretionary (+13.1%). While Health Care (+15.5%) was also among the top performing sectors, defensive sectors typically lagged as Telecommunication Services (-0.3%) was the worst performing sector during this period.

During the period, low quality, low dividend stocks dominated the U.S. equity market. According to Bank of America/Merrill Lynch, low quality stocks outperformed high quality by +512 bps. In addition, according to Ned Davis, the lowest yielding stocks in the S&P 500 outperformed the highest by a staggering +1400 bps in the same period.

The following commentary details the relative performance and contribution to return of ten economic areas, i.e. Consumer Discretionary, Consumer Staples, Energy, Financials, Information Technology, Materials, Telecommunications Services, Utilities, Industrials and Healthcare.

Looking at what worked during the period, all 10 sectors in the Fund and nine out of 10 sectors in the benchmark had a positive total return. Only four of the 10 economic sectors had a positive total effect on relative return, with the most significant impacts coming from stock selection in Consumer Staples and the underweight in Energy. Five of the 10 holdings in Consumer Staples posted returns greater than +13%, including Walgreen (+30.8%), the highest contributor to relative return during the period.

The other four holdings with the highest contribution to relative return during the period were Corning (+33.1%), Raytheon (+31.6%), Norfolk Southern (+26.8%) and Vodafone Group Sponsored ADR (+26.0%).

Speaking to what did not work, overall stock selection and sector allocation were negative. The most significant negative impacts were from stock selection in Consumer Discretionary and the overweight in Telecommunication Services. Of the 11 holdings in Consumer Discretionary, only one outperformed the benchmark sector return.

The five holdings with the lowest contribution to relative return during the period were Rogers Communications (-6.3%), Western Union (-6.8%), Coach (-8.4%), Ensco (-11.6%) and Target (-1.2%).

As of 28 February 2014, the Portfolio held a total of 54 positions. During the period, we established six and eliminated 16 positions. The five largest positions established were Ensco (-11.6%), Energizer Holdings (+2.2%), Quest Diagnostics (+1.5%), Shaw Communications (+2.5%) and ADT (-2.6%). The five largest positions eliminated were Walgreen (+30.8%), Raytheon (+31.6%), Pfizer (+14.7%), Medtronic (+8.9%) and Lockheed Martin (+0.7%). All of these positions were sold at premiums to their assessed Absolute Values.

AVIVA INVESTORS US EQUITY INCOME FUND II (CONTINUED)

Fund Manager's Report (continued)

While we are not satisfied by the relative results in the period, they are consistent with our expectations in a period when risk tolerance increases sharply. Over the summer, the threat of "taper" set off a surge in interest rates and a correction in global markets, but by Q4 the arrival of the event sparked a market rally. As has happened in the past, high quality dividend stocks have lagged, but the universe continues to grow and remains a relatively safe harbor if volatility surges yet again.

The discount to value of the top 20 holdings in the Dividend All-Cap Value (DAV) Representative Portfolio rose to 91% at the end of February 2014. Unless economic growth and corporate earnings accelerate sharply, significant market upside will require further multiple expansion. While 2013 showed that this is entirely possible in an extremely supportive monetary policy environment, it is increasingly clear that the environment is changing on the margin and yet market participants are clamoring to buy yesterday's winners. Amid the frenzy, we will continue to behave as we always have, reducing and eliminating positions as price momentum carries them to significant premiums to our assessed valuations and building positions in firms with an attractive balance between discount, conviction, and yield. It is the consistent application of this discipline that should benefit investors when this risk accumulation rally ultimately ends.

April 2014

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
Intel	Walgreen
Occidental Petroleum	Raytheon
National Fuel Gas	Pfizer
Rogers Communications 'B'	General Dynamics
Dr Pepper Snapple	Hillenbrand
Qualcomm	Medtronic
PNC Financial Services	Paychex
Corning	Lockheed Martin
Kohls	Bob Evans Farms
Verizon Communications	Norfolk Southern

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'.
- The value of investments will be affected by changes in exchange rates.
- The level of targeted income is not guaranteed and may not be achieved.
- Full information on the risks applicable to the Fund is detailed in the Prospectus.

INVESTMENT PERFORMANCE

Net Asset Value – Income Shares

Share class	As at	Net asset value* £000	Shares in issue	Per share in class currency
Class 1	28.02.14	61	60,000	101.34p
Class 2	28.02.14	46,805	46,016,755	101.71p
Class 2 (USD)	28.02.14	485	746,593	108.30c

* Valued at bid market prices.

Net Asset Value – Accumulation Shares

Share class	As at	Net asset value* £000	Shares in issue	Per share in class currency
Class 2	28.02.14	1,373	1,336,261	102.75p
Class 3	28.02.14	41,226	30,839,107	133.68p

* Valued at bid market prices.

Share Price Record – Income Shares

Share class	Calendar year	Highest price*	Lowest price*
Class 1	2013**	106.77p	98.99p
	2014***	104.91p	99.07p
Class 2	2013**	106.93p	99.06p
	2014***	105.17p	99.39p
Class 2 (USD)	2013**	108.33c	100.93c
	2014***	110.90c	103.50c

* Valued at mid market prices.

** From 9 September 2013 (date of launch).

*** Up to 28 February 2014.

Share Price Record – Accumulation Shares

Share class	Calendar year	Highest price*	Lowest price*
Class 2	2013**	106.91p	99.05p
	2014***	105.64p	99.84p
Class 3	2013**	138.96p	128.70p
	2014***	137.38p	129.87p

* Valued at mid market prices.

** From 9 September 2013 (date of launch).

*** Up to 28 February 2014.

Ongoing Charges Figure*

Share class	28.02.14
Class 1	1.69%
Class 2	0.94%
Class 2 (USD)	0.94%
Class 3	0.59%

* 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 period. The OCF is made up of the Annual Management Charge and other operating costs deducted from the assets of the Fund during the period, except for those payments that are explicitly excluded (performance fees).

Revenue Record – Income Shares

The revenue record table below shows the net distribution rates per calendar year on a payment date basis for an investment made on 9 September 2013.

Share class	Calendar year	Net revenue per share	Per 1,000 invested in class currency
Class 1	2013*	0.4857p	4.86p
	2014**	0.5739p	5.74p
Class 2	2013*	0.4885p	4.89p
	2014**	0.5742p	5.74p
Class 2 (USD)	2013*	0.5408c	5.41c
	2014**	0.6092c	6.09c

* From 9 September 2013 (date of launch).

** Up to 28 April 2014 (the final distribution payment date).

Revenue Record – Accumulation Shares

The revenue record table below shows the net distribution rates per calendar year on a payment date basis for an investment made on 9 September 2013.

Share class	Calendar year	Net revenue per share	Per 1,000 invested in class currency
Class 2	2013*	0.4866p	3.78p
	2014**	0.5775p	4.48p
Class 3	2013*	0.6609p	6.61p
	2014**	0.7857p	7.86p

* From 9 September 2013 (date of launch).

** Up to 28 April 2014 (the final distribution payment date).

PORTFOLIO STATEMENT

As at 28 February 2014

Holding or nominal value		Market value £000	Total net assets %
Banks (4.60%)			
47,282	PNC Financial Services	2,305	2.56
74,600	US Bancorp	1,839	2.04
		4,144	
Beverages (6.27%)			
78,641	Dr Pepper Snapple	2,433	2.70
42,144	Molson Coors Brew 'B'	1,437	1.60
37,312	PepsiCo	1,768	1.97
		5,638	
Chemicals (0.89%)			
7,784	Compass Minerals	394	0.44
12,614	Innophos Holdings	412	0.45
		806	
Electronics & Electrical Equipment (5.27%)			
34,520	Emerson Electric	1,350	1.50
18,106	Energizer Holding	1,049	1.17
51,991	Qualcomm	2,342	2.60
		4,741	
Fixed Line Telecommunications (2.87%)			
90,694	Verizon Communications	2,583	2.87
		2,583	
Food & Drug Retailers (2.03%)			
84,645	Sysco	1,823	2.03
		1,823	
Food Producers (0.53%)			
15,863	General Mills	473	0.53
		473	
Gas, Water & Multiutilities (3.89%)			
35,606	Avista	628	0.70
63,946	National Fuel Gas	2,868	3.19
		3,496	
General Financial (5.29%)			
6,877	BlackRock 'A'	1,260	1.40
41,220	Chicago Mercantile Exchange	1,807	2.01
170,203	Western Union	1,693	1.88
		4,760	
General Industrials (1.23%)			
47,482	Bemis	1,109	1.23
		1,109	
General Retailers (6.97%)			
63,679	Kohls	2,127	2.36
176,773	Staples	1,423	1.58
47,522	Target	1,727	1.92
22,360	Wal-Mart Stores	999	1.11
		6,276	

PORTFOLIO STATEMENT (CONTINUED)

As at 28 February 2014

Holding or nominal value		Market value £000	Total net assets %
Health Care Equipment & Services (4.08%)			
21,808	Becton Dickinson & Co	1,504	1.67
53,910	Owens & Minor	1,122	1.25
33,034	Quest Diagnostics	1,045	1.16
		3,671	
Household Goods (1.27%)			
24,455	Proctor & Gamble	1,146	1.27
		1,146	
Industrial Metals (1.34%)			
39,817	Nucor	1,202	1.34
		1,202	
Industrial Transportation (4.42%)			
77,987	Aircastle	928	1.03
18,342	Norfolk Southern	996	1.11
35,843	United Parcel Service 'B'	2,053	2.28
		3,977	
Leisure Goods (2.37%)			
64,684	Hasbro	2,133	2.37
		2,133	
Media (1.86%)			
81,078	Thomson Reuters	1,670	1.86
		1,670	
Mobile Telecommunications (4.71%)			
95,497	Rogers Communications 'B'	2,203	2.45
75,505	Shaw Communications 'B'	1,037	1.15
40,250	Vodafone	995	1.11
		4,235	
Nonlife Insurance (1.83%)			
27,709	PartnerRe	1,645	1.83
		1,645	
Oil & Gas Producers (6.39%)			
22,561	Chevron	1,564	1.74
42,972	Ensco 'A'	1,354	1.50
49,460	Occidental Petroleum	2,831	3.15
		5,749	
Personal Goods (3.50%)			
46,132	Coach	1,349	1.50
27,508	Kimberly-Clark	1,796	2.00
		3,145	
Real Estate Investment Trusts (1.51%)			
70,187	GEO	1,355	1.51
		1,355	
Software & Computer Services (5.42%)			
79,460	CA	1,589	1.77
44,556	J2 Global	1,375	1.53
84,168	Microsoft	1,910	2.12
		4,874	

PORTFOLIO STATEMENT (CONTINUED)

As at 28 February 2014

Holding or nominal value		Market value £000	Total net assets %
Support Services (4.82%)			
24,200	ABM Industries	407	0.45
55,054	ADT	1,034	1.15
82,148	Iron Mountain	1,398	1.55
74,778	Republic Services	1,498	1.67
		4,337	
Technology Hardware & Equipment (6.27%)			
217,866	Corning	2,524	2.81
210,119	Intel	3,116	3.46
		5,640	
Travel & Leisure (2.71%)			
35,232	Bob Evans Farms	1,075	1.20
45,630	Darden Restaurants	1,361	1.51
		2,436	
Forward Currency Contracts (0.00%)			
	<i>Sterling</i>		
\$17,329	Buy US Dollar 03/03/14, Sell £10,384	–	–
		–	
	Portfolio of investments	83,064	92.34
	Net other assets	6,886	7.66
	Net assets	89,950	100.00

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

Counterparty Exposure

Counterparty	Forwards £000	Total £000
28.02.14		
JPMorgan	10	10
Total	10	10

STATEMENT OF TOTAL RETURN

For the period from 9 September 2013 to 28 February 2014

	Notes	For the period from 9.09.13 to 28.02.14	
		£000	£000
Income			
Net capital gains	2		423
Revenue	3	795	
Expenses	4	(191)	
Finance costs: Interest	6	(1)	
Net revenue before taxation		603	
Taxation	5	(114)	
Net revenue after taxation			489
Total return before distributions			912
Finance costs: Distributions	6		(649)
Change in net assets attributable to shareholders from investment activities			263

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

For the period from 9 September 2013 to 28 February 2014

	For the period from 9.09.13 to 28.02.14	
	£000	£000
Opening net assets attributable to shareholders		–
Amount transferred from Aviva Investors US Equity Income Fund		39,951
Movement due to issue and cancellation of shares:		
Amounts receivable on issue of shares	49,278	
		49,278
Dilution levy		2
Change in net assets attributable to shareholders from investment activities (see above)		263
Retained distribution on accumulation shares		456
Closing net assets attributable to shareholders		89,950

BALANCE SHEET

As at 28 February 2014

			As at 28.02.14
	Notes	£000	£000
ASSETS			
Investment assets			83,064
Debtors	7	1,565	
Cash and bank balances	8	5,650	
Total other assets			7,215
Total assets			90,279
LIABILITIES			
Creditors	9	(62)	
Distribution payable on income shares		(267)	
Total liabilities			(329)
Net assets attributable to shareholders			89,950

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting basis and policies

Please see pages 6 and 7 for accounting basis and policies.

2 Net capital gains

	For the period from 09.09.13 to 28.02.14
	£000
Net capital gains on investments during the period comprise:	
Currency losses	(119)
Expenses relating to the purchase and sale of investments	(10)
Forward currency contracts gains	3
Non-derivative securities gains	549
Net capital gains	423

3 Revenue

	For the period from 09.09.13 to 28.02.14
	£000
Bank and deposit interest	2
Overseas dividends	762
UK dividends	31
Total revenue	795

4 Expenses

	For the period from 09.09.13 to 28.02.14
	£000
Payable to the Authorised Corporate Director ("ACD"), associates of the ACD or agents of either of them:	
ACD's periodic charge	161
Registration fees	9
	170
Payable to the Depositary, associates of the Depositary or agents of either of them:	
Depositary's fee	4
Safe custody fee	1
	5
Other expenses:	
Audit fee*	10
Printing & postage expenses	4
Statement fees	2
	16
Total expenses	191

* The audit fee was £8,500 net of VAT.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5 Taxation

a Analysis of tax charge

	For the period from 09.09.13 to 28.02.14
	£000
Overseas tax suffered	114
Total current tax (see note 5.b)	114

b Factors affecting current tax charge

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

The differences are explained below:

	For the period from 09.09.13 to 28.02.14
	£000
Net revenue before taxation	603
Corporation tax at 20%	121
Effects of:	
Movement in excess expenses	36
Overseas dividends not subject to corporation tax	(146)
Overseas tax suffered	114
Revenue taxable in different periods	(5)
UK dividends not subject to corporation tax	(6)
	(7)
Current tax charge (see note 5.a)	114

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 balance sheet date.

After claiming relief against accrued income taxable on receipt, the Fund has unrelieved excess expenses of £180,000 creating a potential deferred tax asset of £36,000. 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 period.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6 Finance costs

Distributions and interest

	For the period from 09.09.13 to 28.02.14
	£000
The distributions take account of revenue received on the issue of shares and revenue deducted on the cancellation of shares, and comprise:	
Net dividend distribution for the period from 9 Sep to 28 November	291
Net dividend distribution for the three months ended 28 February	517
	808
Deduct: Revenue received on issue of shares	(159)
Finance costs: Distributions	649
Finance costs: Interest on bank overdrafts	1
Total finance costs	650
Reconciliation of distributions for the period to net revenue after taxation	
Distributions for the period	649
ACD periodic charge borne by the capital account	(160)
Net revenue after taxation	489

Details of the distributions per share are set out in the distribution tables on pages 58 and 59.

7 Debtors

	As at 28.02.14
	£000
Accrued revenue	157
Amounts receivable on issue of shares	1,189
Overseas tax recoverable	1
Sales awaiting settlement	218
Total debtors	1,565

8 Cash and bank balances

	As at 28.02.14
	£000
Cash and bank balances	5,650

9 Creditors

	As at 28.02.14
	£000
Accrued expenses	62
Total creditors	62

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 Contingent liabilities and commitments

There were no contingent liabilities or commitments at the period end.

11 Related party transactions

ACD periodic charges paid to Aviva Investors UK Fund Services Limited ("the ACD") are shown in note 4 and details of shares issued and cancelled by the Manager are shown in the statement of change in net assets attributable to shareholders. The balance due to the ACD at the period end in respect of ACD periodic charges was £38,000. Any balance due from the ACD in respect of issues is shown in note 7. Any balance due to the ACD in respect of cancellations is shown in note 9.

Distributions payable to the ACD and related parties of the ACD during the period amounted to £447,000. The amount outstanding at the period end was £244,000. 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.

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

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

	Holdings at 28.02.14 (shares)	Movement (shares)	Holdings at 28.02.13 (shares)
ACD and related parties (share class 2 Income)	164,775	164,775	–
ACD and related parties (share class 2 Accumulation)	38,954	38,954	–
ACD and related parties (share class 3 Accumulation)	30,839,107	30,839,107	–

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

12 Shareholder funds

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

Class 1: 1.50%
Class 2: 0.75%
Class 3: 0.50%

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 47. The distributions per share class are given in the distribution tables on pages 58 and 59. All the share classes have the same rights on winding up.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13 Derivatives and other financial instruments

The policies applied in the management of financial instruments are set out on page 7.

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.

Currency exposures

At the period end date, 98.28% 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.

Currency	Net foreign currency assets		
	Monetary exposure £000	Non monetary exposure £000	Total £000
US Dollar	5,331	83,074	88,405

Interest rate risk profile of financial assets and financial liabilities

The Fund does not invest in either fixed or floating rate securities and interest rate risk exposure is restricted to interest receivable on bank deposits or payable on bank overdraft positions which will be affected by fluctuations in interest rates.

At the period end date 6.28% of the net assets of the Fund were interest bearing.

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

14 Portfolio transaction costs

	For the period from 09.09.13 to 28.02.14	
	£000	£000
Analysis of total purchase costs		
Purchases in period before transaction costs		93,485
Commissions	21	
Total purchase costs		21
Gross purchases total		93,506
Analysis of total sale costs		
Gross sales before transaction costs		11,004
Commissions	(4)	
Total sale costs		(4)
Total sales net of transaction costs		11,000

15 Post balance sheet events

There are no post balance sheet events which require adjustment or disclosure at the period end.

DISTRIBUTION TABLES

Final distribution payable in pence per share for the three months ended 28 February 2014

Income shares		Net revenue	Equalisation	Final distribution payable 28 April 2014
Share Class 1	Group 1	0.5739	–	0.5739
	Group 2	0.2098	0.3641	0.5739
Share Class 2	Group 1	0.5742	–	0.5742
	Group 2	0.1988	0.3754	0.5742

Accumulation shares		Net revenue	Equalisation	Final distribution payable 28 April 2014
Share Class 2	Group 1	0.5775	–	0.5775
	Group 2	0.2697	0.3078	0.5775
Share Class 3	Group 1	0.7857	–	0.7857
	Group 2	0.7857	0.0000	0.7857

Final distribution payable in cents per share for the three months ended 28 February 2014

Income shares		Net revenue	Equalisation	Final distribution payable 28 April 2014
Share Class 2 (USD)	Group 1	0.6092	–	0.6092
	Group 2	0.2105	0.3987	0.6092

Final distribution

Group 1 shares are those shares purchased at or before 12:00 noon on 28 November 2013.

Group 2 shares are those shares purchased after 12:00 noon on 28 November 2013.

DISTRIBUTION TABLES (CONTINUED)

Interim distribution paid in pence per share for the period from 9 September to 28 November 2013

Income shares		Net revenue	Equalisation	Final distribution paid 28 January 2014
Share Class 1	Group 1	0.4857	–	0.4857
	Group 2	0.4857	0.0000	0.4857
Share Class 2	Group 1	0.4885	–	0.4885
	Group 2	0.2274	0.2611	0.4885

Accumulation shares		Net revenue	Equalisation	Final distribution paid 28 January 2014
Share Class 2	Group 1	0.4866	–	0.4866
	Group 2	0.1625	0.3241	0.4866
Share Class 3	Group 1	0.6609	–	0.6609
	Group 2	0.6609	0.0000	0.6609

Interim distribution paid in cents per share for the period 9 September to 28 November 2013

Income shares		Net revenue	Equalisation	Final distribution paid 28 January 2014
Share Class 2 (USD)	Group 1	0.5408	–	0.5408
	Group 2	0.0145	0.5263	0.5408

Interim distribution

Group 1 shares are those shares purchased at or before 12:00 noon on 28 August 2013.

Group 2 shares are those shares purchased after 12:00 noon on 28 August 2013.

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 income 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 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 Select Funds ICVC for the year ended 28 February 2014 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.

T Orton
Director

J Green
Director
18 June 2014

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 income 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 Scheme 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 Trustee and Depositary Company Limited
London
18 June 2014

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AVIVA INVESTORS SELECT FUNDS ICVC

Report on the financial statements

Our opinion

In our opinion the financial statements, defined below:

- give a true and fair view of the financial position of the Company and each of the sub-funds as at 28 February 2014 and of the net revenue and the net capital gains/(losses) of 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, the Statement of Recommended Practice for Authorised Funds, the Collective Investment Schemes sourcebook and the Instrument of Incorporation.

This opinion is to be read in the context of what we say the remainder of this report.

What we have audited

The financial statements of Aviva Investors Select Funds ICVC (the "Company"), which are prepared by Aviva Investors UK Fund Services Limited (the "Authorised Corporate Director"), comprise:

- the aggregated balance sheet of the Company as at 28 February 2014;
- the aggregated statement of total return of the Company for the year then ended;
- the aggregated statement of change in net assets attributable to shareholders of the Company for the year then ended;
- the balance sheets as at 28 February 2014 together with the statements of total return and statements of changes in net assets attributable to shareholders for each of the Company's sub-funds;
- the notes to the Company's financial statements and each of the Company's sub-funds', which include a summary of significant accounting policies and other explanatory information; and
- the distribution tables

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), the Statement of Recommended Practice 'Financial Statements of Authorised Funds' issued by the Investment Management Association (the "Statement of Recommended Practice for Authorised Funds"), the Collective Investment Schemes sourcebook and the Instrument of Incorporation.

In applying the financial reporting framework, the Authorised Corporate Director has made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Company's and each of the Company's sub-funds circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Authorised Corporate Director; and
- the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Annual Report and Financial Statements (the "Annual Report") to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinions on matters prescribed 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; and
- 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.

Other matters on which we are required to report by exception

Propriety of accounting records and information and explanations received

Under the Collective Investment Schemes sourcebook we are 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 and returns.

We have no exceptions to report arising from this responsibility.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AVIVA INVESTORS SELECT FUNDS ICVC (CONTINUED)

Responsibilities for the financial statements and the audit

Our responsibilities and those of the Authorised Fund Manager

As explained more fully in the Statement of Authorised Corporate Director's Responsibilities Statement set out on page 60, the Authorised Corporate Director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members 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.

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
18 June 2014

- (a) The maintenance and integrity of the Aviva Investors Select Funds ICVC website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website..
- (b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

GENERAL INFORMATION

Investments in Aviva Investors Select 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 sub-funds and the revenue from it may go down as well as up, and you may not get back the original amount invested.

Where sub-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 Key Investor Information Document (which is available on the internet at www.avivainvestors.co.uk or from the ACD on request) for a full description of the risks involved when investing in the sub-funds.

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 sub-funds.

The information contained within this document should not be construed as a recommendation to purchase or sell stocks.

Stamp Duty Reserve Tax (SDRT)

For the Structured Return Funds SDRT is not expected to arise due to the nature of the underlying investments. If SDRT should arise, it will be paid by the ACD and not charged to the Structured Return Fund in question.

For the Aviva Investors US Equity Income Fund and the Aviva Investors US Equity Income Fund II, SDRT is not expected to arise due to the nature of the underlying investments. If SDRT should arise, the ACD's chosen policy is to charge it directly against the property of the Fund. This is then reflected within the published prices of the Fund. However, the ACD reserves the right to charge SDRT on purchases or redemptions of shares in excess of £250,000 to the investor rather than the Fund.

Publication of Prices

Information on the prices of Shares will be available by calling 0800 051 2003 or on the internet at www.avivainvestors.co.uk. Calls may be recorded for training or monitoring purposes.

**Aviva Investors is a business name of
Aviva Investors UK Fund Services Limited.**

Registered in England No. 1973412.

Authorised and regulated by the Financial Conduct Authority.

FCA Registered No. 119310.

Registered address: No. 1 Poultry, London EC2R 8EJ.

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