

Aviva Life & Pensions UK Limited

Secure Growth Fund

Supplementary Fund Information

February 2018

This document has been produced to provide you with information on the Fund and to help you review your financial situation. It includes information on the asset mix and performance of the Fund.

This document is for information only and is not designed to provide advice on the suitability of an investment for your personal financial situation. If you have any questions on the information included in this document, please speak to your financial adviser, who may charge you for any advice provided. If you do not have a financial adviser you can find one at www.unbiased.co.uk.

We manage our with-profits business according to our 'Principles and Practices of Financial Management (PPFM)' document. We also have a short version of the PPFM, our 'With-Profits Summary: A guide to how we manage our with-profits business'. You can get copies of these documents from our website www.withprofitsfunds.co.uk or by contacting us on **0345 602 9199**.

Investment objective

The objective of the Aviva Life & Pensions UK Limited Secure Growth Fund is to provide stable income and long-term capital guarantees.

How is your money invested?

The Fund predominantly invests in fixed interest investments, with some degree of exposure to shares in companies. In the long term, the Fund's return will reflect the performance of these underlying assets increased or decreased for the distribution of the excess assets in the Fund. Excess assets exist when the assets of the Fund are higher than the amount required to pay policy and other benefits (including the payment of guaranteed benefits and future interest).

Secure Growth Fund Size as
at 31/12/2017

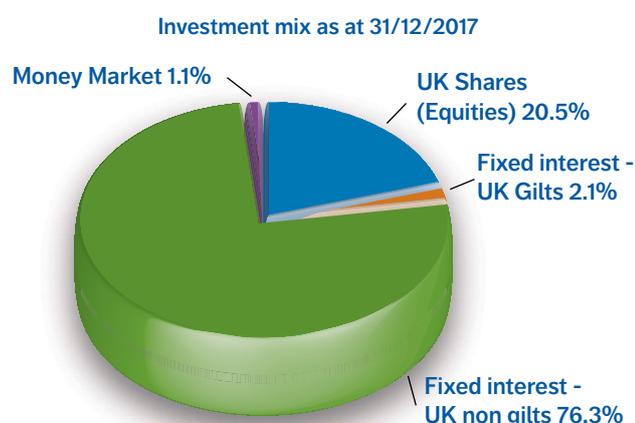
£0.6bn



Retirement
Investments
Insurance
Health

Asset allocation

The latest asset mix of the investments backing the Secure Growth Fund is shown below.



Asset classes

Shares

Shares are also known as equities. Shareholders have a 'share' in a company's assets. Shares are bought and sold on stock markets and their value can go up and down depending on the fortunes of the company and stock markets in general. Companies may also pay a share of profits to shareholders, known as dividends. While there is

more opportunity for potential gains with shares than some asset classes, there is also greater risk that they will fall in value.

Fixed interest

Referred to as bonds, these are loans to a government, a company or an organisation which pay a fixed interest rate for a set period until the loan is repaid to the investor. The most common bonds are government bonds (known in the UK as gilts) and corporate bonds (issued by companies). If a government or company defaults on the loan, then the interest will not be paid. For this reason UK government bonds are seen as less risky than corporate bonds as the UK government is less likely to be unable to repay them.

Money Market

The 'money market' is a mechanism for short-term borrowing and lending between organisations. Money market investments typically include what are described as 'near-cash instruments', such as certificates of deposit, floating rate notes and treasury bills. They are not to be confused with deposit accounts with bank or building societies.

Although less risky than other asset classes, there could be circumstances where these investments fall in value, for example if an organisation defaults. Their value could also be eroded over time due to the effects of Fund charges, product charges and inflation.

Investment Returns

The investment returns achieved in each of the last five years are as follows:

	(01/01/17 – 31/12/17)	(01/01/16 – 31/12/16)	(01/01/15 – 31/12/15)	(01/01/14 – 31/12/14)	(01/01/13 – 31/12/13)
Pension*	7.3%	14.5%	1.1%	12.8%	4.5%

*These figures are before any deduction for charges and investment expenses.

Past performance should not be used as a guide to future performance.

Investment Markets in 2017

Most of the profits of the Fund come from investments in shares and fixed interest.

Equity markets (shares) performed well in 2017, as did UK commercial property. UK corporate bonds and UK government bonds (gilts) have experienced much lower growth.

The main factors affecting performance include the uncertainty around Britain's exit from the EU (Brexit) and investor concerns regarding increasing inflation and interest rate rises.

The FTSE 100 share index, a commonly used indicator of the performance of UK shares, showed a total return of 11.95% (see note 1) while UK corporate bonds returned 4.32% (see note 2).

Against this backdrop, in 2017, the overall investment return on the assets backing your policy was 7.3%.

Notes

- 1 Source: Lipper IM, a Thomson Reuters company. FTSE 100 Total Return Index.
- 2 Source: Lipper IM, a Thomson Reuters company. Markit iBoxx Sterling Non Gilts Overall TR Index.

Regular Interest rate

Our primary aim is to make sure that all guarantees are met and that all policyholders are treated fairly.

We base regular interest rates on the future investment return we expect to earn in the long term on the assets of the Fund, increased or decreased for distribution of the excess assets in the Fund (see the section How is your money invested?).

We reviewed the regular interest rate in December 2017 and concluded that the rate should be 5.0% p.a. gross of any management charge. The rate was implemented from 1 January 2018.

The regular interest rate is reviewed at least once a year. Over time we have been able to maintain the regular interest rate at a level higher than that earned on the assets of the Fund by distributing excess assets in the Fund.

The history of regular interest rate additions in the last 10 years is given below. Your premiums invested in this Fund will be reduced by any charges that you pay. For details of the charges please refer to your policy documents.

Year	Regular Interest rate – gross (%)
1/2/2017	5.5
1/1/2016	6.5
1/1/2015	6.5
1/1/2014	6.5
1/2/2013	6.5
1/1/2012	5.5
1/1/2011	5.5
1/1/2010	5.5
1/2/2009	5.5
1/1/2008	6.5

The information shown refers to the past. Past performance is not a guide to future performance. The declared interest rates shown are before any charges have been deducted.

You may have a minimum income guarantee applicable to your policy. Please check your policy conditions for more information.

Special Interest rate addition

We aim to balance fairly the interests of policyholders cashing-in units in the Fund in the immediate future and those who will remain invested in the Fund for many years. From time to time we may consider that the excess assets of the Fund have reached a level at which its distribution through an increased regular interest rate alone would not achieve this aim. In this case we may then make a special interest payment to all policies in force at a specified date.

The history of special interest rate additions in the last 10 years is given below:

Year	Special Interest addition
2017	5%
2016	10%
2014	15%

Past performance should not be used as a guide to future performance. The ultimate value of a Secure Growth Fund investment depends on future interest rates which cannot be guaranteed and may be reduced or increased at any time.

In order to enable a fairer distribution of surplus between policyholders, a final bonus has been introduced for claims on or after 1 January 2018. As a result it is less likely that special interest rate additions will be made.

What happens if you leave the Fund early?

If you decide to move some or all of your investment out of the Fund early we work out the cash-in, transfer or switch value by looking at the value of the units in your policy and then apply any reduction as described in your policy booklet. You will forego the future distribution of assets as described in the Regular Interest rate section.

Market Value Reduction (MVR)

If the assets in the Fund which back your policy have performed poorly, then we may reduce your payout by applying what is known as a 'Market Value Reduction' ('MVR'). We apply an MVR to ensure that policyholders who remain in the Fund are not disadvantaged when others leave. For certain policies we guarantee not to apply an MVR on certain dates or events. Your policy booklet will tell you if this is the case.

An MVR reduces the unit price used to calculate the value of units for policyholders. When it is applied, it will reduce the value of your investment, which may mean that you get back less than you invested.

Short-Term Investment Charge

The Fund should be viewed as a means for long-term (over 10 years) investment. A Short-Term Investment Charge (STIC) may be applied where you started to invest in the Fund (or made a one off contribution or switch to the Fund) less than five years before you wish to take your benefits from the Fund. The cash-in value may be reduced to ensure that a fair share of the Fund is left for the remaining policyholders. Please refer to your policy conditions for more information.

Expenses

Charges are the deductions taken from your policy to meet our expenses. Details can be found in your policy booklet. Charges deducted from your policy are paid to the Non-Profit Sub-Fund of Aviva Life & Pensions UK Limited.

Expenses are what it costs us to sell and look after your policy and to meet certain guarantee costs. All expenses associated with the management of policies invested in the Fund are met by the Non-Profit Sub-Fund of Aviva Life & Pensions UK Limited. In addition the cost of providing Guaranteed Annuity Rate Option guarantees at retirement is met by the Non-Profit Sub-Fund of Aviva Life & Pensions UK Limited.

Other charges

Although not currently the case, an additional charge may be deducted from the Fund to recompense Aviva Life & Pensions UK Limited for the cost of holding capital to cover the regulatory capital requirements of the Fund, if any, not covered by the assets of the Fund itself. Any such charge will not relate to the capital required or risks borne outside the Fund.

Aviva Life & Pensions UK Limited.

Registered in England No. 3253947. Registered office: Aviva, Wellington Row, York, YO90 1WR. Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Firm Reference Number 185896.

Calls to Aviva may be recorded.

