

Our ref: Sample

(Date)

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Dear (Salutation)

Aviva Investors UK Smaller Companies – fund closure

Account number:

Your financial adviser:

The Aviva Investors UK Smaller Companies fund that you invest in with us is due to be closed from 10 May 2024.

The fund's strategy is to invest in UK smaller companies. These can be harder to sell than other types of investment, particularly for a fair value, as demand can be lower. As the fund decreases in size, it would likely have a smaller, more concentrated pool of these investments, impacting Aviva's ability to manage the fund fairly in line with its objectives and to close the fund in an orderly effective manner.

Consequently, Aviva has suspended trading in the fund since 05 April 2024 as they believe this will allow the fund's investments to be sold in an organised way and ensure that all investors receive their fair share of the money raised from the sale of those investments.

If you don't have a financial adviser, we recommend that you consider the benefits of receiving professional financial advice, which can be especially important when you need to make investment decisions. If you would like to search for an adviser in your area you can start by visiting quilter.com/financial-advice/find-an-adviser.

How the fund closure will affect your account

- **Phasing and Rebalancing** – Any **phased investment** or **rebalancing** instructions using the fund will automatically continue after the closure. Unless you give us an alternative instruction, the portion allocated to the closing fund will be reapportioned across the other assets in your instruction, or cash if the closing fund is the only fund in your instruction.
- **Direct Debits** – If you were paying into the fund by Direct Debit:
 - 1) we will buy units proportionally across the other assets in your Direct Debit instruction.
 - 2) if the closing fund is the only fund in your Direct Debit instruction we will allocate your payment to cash, where it will stay until you send us a new instruction.

Cash may not be suitable for your long-term investment needs. If you're happy for the amount to stay in cash, you don't need to do anything. Alternatively, you can switch the cash into an alternative asset(s) from our extensive range. Your financial adviser can give us your switch instruction, or you can switch by logging into our online Customer Centre at quilter.com/login or by sending us a switch form in the post.

- **Fund Management Fee (FMF)** – Aviva will apply a 20% discount to the FMF throughout this closure period.
- **Closure Proceeds** - Aviva has advised that due to the fund's underlying investments, whilst they expect to sell a large majority of the portfolio (approx. 90%) within 10 days of the effective date, there will be a minority of these investments which will take longer to sell. Consequently, closing proceeds will be returned in phases with the initial payment made within 3 weeks of the effective date, then one or more subsequent smaller distributions at later dates.

The fund will close in line with the fund group's timeframe as above, which could mean it will take some time for the proceeds to appear on your account.

Capital gains tax – Collective Investment Account only

This is a disposal for capital gains tax purposes. Please speak to your financial adviser to understand how this may affect you.

The cost of the closure

Aviva estimate that the direct transaction costs for selling the fund's investments (such as transaction taxes and broker commissions) will be 0.027% of the total value of the fund which will be borne by the fund.

Why the fund manager is closing the fund

The fund aims to grow your investment and provide an average annual net return greater than the FTSE® Small Cap ex Investment Trusts Index (the "Index") over a rolling 5-year period, by investing in shares of small UK companies.

Over the past three years, the fund has underperformed the Index and this has also impacted the longer-term fund performance. Its performance has been below the range of outcomes Aviva would expect for an actively managed fund of this nature, and they have therefore concluded the fund is no longer providing value for investors.

Aviva believes this poor performance has also contributed to investor withdrawals from the fund over the past few years and the fund is now too small to achieve its investment objective, with investors no longer benefiting from the efficiencies and economies of scale that investing in a fund normally brings.

They have therefore decided that closing the fund would be in the best interests of investors.

If you have any questions about this letter, please speak to your financial adviser who will be able to help you. Alternatively, you can call or email us using the details shown and we will be happy to help. Our Customer Service Centre is open 8:30am – 5:30pm, Monday to Friday.

Yours sincerely



Callum Earl

Head of Customer Operations