Aviva Investors Multi-Strategy Target Return

Monthly summary for August 2022

ISIN	UNIT CLASS INCEPTION DATE	FUND SIZE
AU60PIM00268	01/07/2015	AUD 212.58m

Fund overview

Objective: To achieve a 5% per annum gross return above the Reserve Bank of Australia Cash Rate (or equivalent) over a 3-year rolling period, regardless of market conditions (absolute return).

* Ian Pizer used to manage this fund from 01/07/2014 to 01/09/2018 and again he is an active fund manager from 06/05/2021 to present.

Summary

Underlying Fund managers	**Peter Fitzgerald** since 07/2015 ***Ian Pizer** since 05/2021
Performance benchmark	**RBA cash rate + 5%**

Month in review

Despite initial optimism, hawkish central bank rhetoric dampened investor confidence on the back of raised recession risks. Developed bond yields rose sharply with further yield curve inversion. The Fund registered a positive return, driven by Opportunistic Returns while Market Returns and Risk-Reducing Returns sections detracted.

Looking ahead last updated August 2022

Our bias to value versus growth within equities alongside a short position in bonds remains in place. We also believe tactical position management is necessary.

Month in review

It was a month of contrasting fortunes for risky assets, with August initially building on the gains from July and optimism that peak inflation was likely behind us. However, hawkish rhetoric leading up to and during the Jackson Hole central bank conference dampened investor confidence. The sell-off was concentrated in developed market equities, particularly Europe, while from a sector perspective technology, healthcare and consumer discretionary were hit hardest. Developed bond market yields rose sharply, particularly at the front end of the curve and leading to a further inversion of both the US and German interest rate curve. Commodity performance was also weak, with oil prices falling 9% over the period.

Market Return strategies detracted from fund performance, led by the US equities and to a lesser extent European equities. Positive performance in emerging market equities and global convertibles were able to offset some of the losses.

Opportunistic Returns generated strong gains over the month. The short US rates position was the best performer at fund level while our short Japanese rates position also contributed positively. Our value-based strategies in long resource equities, systemic value and to a lesser extent European banks also posted gains. The building efficiency and the now closed travel & leisure relative value equity positions reversed previous month's gains.

The **Risk-Reducing** section of the portfolio posted a small loss, driven by the long US strong balance sheet equity relative value strategy, which was partially offset by gains in the discretionary option hedges.

Performance

	Cumulative (%)					Annualised (%)		
	1M	3M	6M	FYTD*	1Y	3Y	5Y	Since Inception
Fund gross	0.85	-3.08	1.80	1.44	1.55	2.67	2.71	2.71
Fund net	0.77	-3.31	1.32	1.28	0.59	1.70	1.74	1.74
Benchmark	0.52	1.44	2.73	1.02	5.30	5.34	5.79	6.08

Past performance is not a guide to future performance.

Performance basis: NET OF FEES, COSTS, TAXES. Mirrors Australian Dollar Hedged 'F' Share Class of the Aviva Investors Multi-Strategy Target Return Fund, a sub-fund of Aviva Investors SICAV. The Fund's performance is measured against the Reserve Bank of Australia Cash Rate + 5%. *Financial year-to-date. The financial year runs from 1 July to 30 June.

Looking ahead last updated August 2022

Shorter term we expect the slowing economic data to dominate sentiment even if longer term we still expect that the Fed will need to raise rates by more than market pricing to contain inflation. Higher sovereign bond yields still appear to be the most likely direction of travel. Our constructive medium-term outlook for selective equities remains, with the focus on position management to adjust for the current risk landscape.
At portfolio level, we maintain our relatively low equity positioning, but rebalanced the risk away from emerging markets and European exposure towards US equities where we hold greater conviction. While taking some profit this month, we continue to maintain preference for value versus growth. Given high levels of implied volatility, we have retained our short volatility positions but these are materially smaller than earlier in the year.

Within **Market Returns**, we maintained our overall equity positioning, but rebalanced the risk away from emerging markets and European exposure towards US equities where we hold greater conviction.

We maintain our value bias within the **Opportunistic** section of the portfolio through our long resources and select value equity relative value strategies. We also retain our short US and short Japanese rates positions.

The **Risk-Reducing** section of the portfolio consists of a new long US dollar currency position versus the Euro alongside defensive equity relative value and discretionary options hedging strategies.

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Fund risks

The key risks of the fund, which are detailed in the product disclosure statement, are:
- Collateral risk
- Counterparty risk
- Credit risk
- Currency risk
- Derivatives risk
- Emerging markets risk
- Equity risk
- Fund risk
- Fund Structure risks
- General risks
- Interest rate risk
- Leverage risk
- Liquidity risk
- Market risk
- Operational risk

Important information

The source for all performance, portfolio and fund breakdown data is Morningstar unless indicated otherwise.

All data is as at the date of the Commentary, unless indicated otherwise. For share classes that have not yet completed 5 years, the cumulative performance chart will start from the first full month.

The legal documentation and the subscription documents should be read before an investment is made. Portfolio holdings are subject to change at any time without notice and information about specific securities should not be construed as a recommendation to buy or sell any securities.

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The Aviva Investors Multi-Strategy Target Return Fund intends to invest a significant proportion of its assets in an underlying fund which in turn may invest a substantial proportion of its assets in derivatives contracts with the aim of, among other things, gearing the underlying fund's investment exposure. The risk for the Aviva Investors Multi-Strategy Target Return Fund involved in this approach may be considerable and may not be suitable for some investors.

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