

Aviva Investors Multi-Strategy Target Return

Monthly summary for May 2023



ISIN
AU60PIM00268

UNIT CLASS INCEPTION DATE
01/07/2015

FUND SIZE
AUD 164.26m

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

The fund ended the month in negative territory. Opportunistic Returns led the losses, followed by Market Returns. This was buffered by gains in Risk Reducing Returns as well as our cash holdings.

Looking ahead last updated May 2023

Stickier-than-expected core inflation will require weaker economic growth before central banks can loosen policy.

Month in review

Global equities closed the month in negative territory as weaker macroeconomic data and continued sticky core inflation prints weighed on investor sentiment. US equities, driven by the strong rally in the tech sector (+10%) returned +0.6% at the expense of resources and more defensive sectors. European equities fell (-2.6%) due to the weaker Chinese economic backdrop. The US debt ceiling standoff, while ultimately resolved, contributed to market uncertainty over the month, resulting in Fitch placing the US on watch for a downgrade and the short-term T-bill rate to spike to 5.9% before coming back down. Following the UK core inflation print, gilt yields continued to rise, with the 2-year yield closing the month at 4.3%. Meanwhile, changes in Bund yields remained relatively muted due to expectations of a slower pace to the ECB hiking cycle, with the 2-year Bund yield closing the month close to where it started at 2.7%.

Market Returns posted losses over the period. Our long European equities detracted most, followed by a modest loss in a now closed long emerging markets (EM) equities position. This was slightly offset by a gain in long US equities.

Opportunistic Returns detracted, with the long UK rates strategy leading the loss, followed by short US rates and long Copper positions. Newly introduced EM rates strategies offered some respite, with both long Mexico and long Brazil rates contributing positively. Losses were further mitigated by gains in our long systematic currencies strategy.

The **Risk-Reducing** section of the portfolio contributed to fund performance, mainly through the strong balance sheet equity relative value strategy.

Performance

	Cumulative (%)					Annualised (%)		
	1M	3M	6M	FYTD*	1Y	3Y	5Y	Since Inception
Fund gross	-0.30	-2.26	0.02	5.60	0.90	4.26	3.29	2.97
Fund net	-0.38	-2.49	-0.46	4.68	-0.05	3.28	2.32	2.00
Benchmark	0.71	2.11	4.13	7.04	7.49	5.91	6.01	6.26

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 May 2023

While the US debt ceiling showdown may be behind us, the key macroeconomic driver which is inflation, particularly core inflation, is still very much present. Whether central banks manage a soft landing, no landing or tip the economy into a hard landing is still up for debate. We are of the view that while we are near peak interest rates, stickier than expected inflation will require weaker economic growth before central banks loosen policy.

We remain light on risk and look for opportunities as we wait for further catalysts to deploy risk. We continue to maintain preference for value versus growth in US and Europe, as well as the resources sector. Within duration, we continue to maintain our short duration bias mainly through Japanese and European rates versus long UK rates.

We remain in short US rates positioning and took the opportunity this month to gain exposure to select emerging market rates.

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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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