

# Aviva Investors Multi-Strategy Target Return

## Quarterly review for the three months to 30 June 2023



ISIN  
AU60PIM00268

UNIT CLASS INCEPTION DATE  
01/07/2015

FUND SIZE  
AUD 163.14m

### 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%**

### What happened in the market

Broad equity and credit markets made gains. While resolved, the US debt ceiling contributed to market uncertainty and stickier inflation drove a continued sell-off in developed markets bonds.

### How the fund performed

The fund ended the quarter in slight negative territory. Market Returns led the gains followed by Risk Reducing Returns, whilst Opportunistic Returns detracted from performance.

### Looking ahead

We are not yet seeing the full pass-through of monetary policy on the economy as expected. We maintain moderate level of equity risk given the economic resilience.

### What happened in the market

The second quarter followed much of the same trend as in Q1, with broad equity and credit markets experiencing a strong rally. In April, risk assets were largely able to shake off concerns around the banking sector, with value outperforming growth. Meanwhile, emerging market equities posted negative returns as slowing growth concerns within China weighed on equities. Developed market bonds remained relatively rangebound, with the exception of UK yields which widened materially on inflation concerns. May was a negative month for global equities as weaker macroeconomic data and continued sticky core inflation prints weighed on markets. US equity performance was driven largely by tech at the expense of resources and more defensive sectors. European equities fell due to the weaker Chinese economic backdrop. The US debt ceiling standoff, while ultimately resolved, contributed to market uncertainty. Gilts yields continued to rise. June saw a strong rebound in risk assets, led by the US and the tech sector. European and emerging markets lagged on continued weakness of the Chinese economy. The theme for rates was hawkish central bank surprises, with Bank of Canada and Bank of England delivering higher than expected rate hikes to tame inflation. Gold rose 5.2% over the quarter while the US dollar index fell -0.6%. Crude oil fell 12%.

### How the fund performed

	Cumulative (%)					Annualised (%)		
	1M	3M	6M	FYTD*	1Y	3Y	5Y	Since Inception
<b>Fund gross</b>	0.81	-0.05	-1.21	6.46	6.46	4.50	3.42	3.05
<b>Fund net</b>	0.73	-0.28	-1.68	5.45	5.45	3.52	2.45	2.08
<b>Benchmark</b>	0.71	2.13	4.22	7.80	7.80	6.01	6.05	6.29

### 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.

The fund ended the quarter in slight negative territory. Market Returns led the gains followed by Risk Reducing Returns, whilst Opportunistic Returns detracted from performance.

**Market Returns** strategies led the gains this quarter, with long US and European equities performing the strongest. Small losses in long EM equities and long global convertibles gave back some of these returns.

**Opportunistic Returns** posted losses over the quarter. Performance was held back largely by the long UK rates position and followed to a lesser extent by long resource equities. This was offset by gains in short European rates, the recently closed short US rates and long systematic value equities positions.

**Risk-Reducing Returns** contributed positively to performance, driven mainly by our strong balance sheet relative value position.

### Looking ahead

The traction in monetary policy pass-through to the economy is taking longer to bear out. 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. In the light of a more resilient macroeconomic backdrop, we moderately increased our risk level in equities. We continue to maintain preference for value versus growth in US and Europe, as well as the resources sector. Within duration, we maintain a slight short duration bias through Japanese and European rates versus long positions in UK and Mexican rates.

## 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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**Past performance is not a guide for future performance.**

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