

Aviva Investors Multi-Strategy Target Return

Monthly summary for July 2023



ISIN
AU60PIM00268

UNIT CLASS INCEPTION DATE
01/07/2015

FUND SIZE
AUD 156.50M

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 positive territory. Opportunistic Returns led the gains followed by Market Returns, whilst Risk Reducing Returns detracted from performance.

Looking ahead last updated July 2023

While we are nearing the peak of interest rates, we are not seeing the full pass-through of monetary policy on the economy. We maintain a moderate level of equity risk given the economic resilience.

Month in review

July was another strong month for risk assets, with global equities rising 3.2%. This time around, it was emerging markets that led the rally, with China gaining 10% on the back of positive rhetoric by the government around policy support. Technology continued its upward surge but were outpaced by financials and energy equities. Key moves in developed bond markets included UK gilts, which rallied considerably at the short end following a large downside surprise in CPI. The widening of the yield curve control band by the Bank of Japan saw the 10-year JGB widen by over 20 basis points. US and European bond markets saw yields moderately fall at short-dated maturities but the curve steepened on the back of a more constructive economic growth backdrop leaving longer-dated yields higher. Commodities surged over the month, led by crude oil as supply concerns lifted prices. Gold rallied 2.7% on the back of a weaker US dollar, with the DXY down 1% over the month.

Market Returns strategies contributed positively to performance this month, led by our long US and European equities exposure.

Opportunistic Returns led the gains at the portfolio level. The long UK rates position was the strongest performer in the fund, followed by short Japanese rates. These gains were partially offset by losses from our short European and long Mexican rates strategies.

The **Risk Reducing Returns** section of the portfolio incurred losses over the period, mainly through the long US strong balance sheet equity relative value strategy and the newly introduced long South Korean rates position.

Performance

	Cumulative (%)					Annualised (%)		
	1M	3M	6M	FYTD*	1Y	3Y	5Y	Since Inception
Fund gross	1.86	2.38	-0.12	1.86	7.81	4.55	3.42	3.25
Fund net	1.78	2.14	-0.59	1.78	6.80	3.56	2.44	2.28
Benchmark	0.74	2.17	4.28	0.74	8.06	6.12	6.10	6.32

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 July 2023

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.

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, South Korean and Mexican rates.

Within **Market Returns**, our overall equity risk modestly increased due to a newly introduced long position in gold miner's equities.

Within the **Opportunistic section**, we maintain our preference for value over growth equities, the positive long-term structural trends in resources companies, alongside opportunities in volatility markets. We maintain our long UK, long Mexican and short European rates positions, whilst increasing our short Japanese rates exposure earlier in the month.

Within **Risk Reducing Returns**, exposure to long South Korean rates was introduced into the portfolio.

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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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