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Aviva Investors Multi-Strategy Target Return

Monthly summary for November 2021

ISIN	UNIT CLASS INCEPTION DATE	FUND SIZE
AU60PIM00268	01/07/2015	AUD 208.80m

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

Global equities were up almost 2% at one point during November but ended down about 2.5% as they reacted to the discovery of the new COVID variant Omicron. Global bonds served as traditional safe havens with yields falling on the news. The Fund registered a negative return, with Opportunistic and Market Returns detracting while Risk-Reducing contributed positively to fund performance.

Looking ahead last updated November 2021

The full impact of the Omicron variant is at this point unknown. We continue to express our pro-cyclical view via equity and volatility markets; meanwhile we have moved our duration stance to neutral.

Month in review

What looked like another bumper rally in global equities was abruptly interrupted by the discovery of the potentially more contagious Covid variant Omicron. European and emerging market equities were hit the hardest, as were most cyclical sectors such as energy, financials and industrials. Global bonds served as traditional safe havens, with yields across developed and emerging markets falling sharply following months of grinding higher on inflation concerns. The US dollar outperformed, while gold gave away most of its mid-month gains to close in negative territory. Oil prices tumbled following news of Omicron after an already challenging month for the commodity as rising inventory data and new restrictions in parts of Europe dampened the demand outlook.

Against this backdrop, **Market Return** strategies ended the month in negative territory. The losses in our long equity positions were led by Japanese equities and followed by our long oil and gas equity strategy.

Opportunistic Return strategies were the largest detractor. The declines were led by the more cyclical strategies, namely travel & leisure stocks and our short volatility positions. Gains in the long carbon position helped to offset some of the losses.

The **Risk-Reducing** section of the portfolio served to provide portfolio protection and generated positive returns. While broadly all the positions posted gains, they were led by long Chinese rates, long US strong balance sheet vs Market and the short emerging market currency basket.

Performance

	Cumulative (%)					Annualised (%)		
	1M	3M	6M	FYTD*	1Y	3Y	5Y	Since Inception
Fund gross	-1.47	-1.62	-1.01	-1.10	0.42	2.97	2.48	2.53
Fund net	-1.55	-1.85	-1.47	-1.48	-0.53	2.00	1.51	1.56
Benchmark	0.41	1.23	2.50	2.07	5.10	5.60	5.96	6.16

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 November 2021

The impact of the Omicron variant is at this point unknown. We need to understand the severity of the virus, government reactions around imposing harsher restrictions and the subsequent actions by central banks in maintaining its accommodative stance. Current vaccines have proven safe and effective in greatly reducing deaths and hospitalizations, even as new strains can cause periodic infections to spread rapidly through populations. Our portfolio remains constructive on risk but is positioned more defensively today than at the beginning of the month reflecting this uncertainty. We have reduced our overall risk and moved our duration stance to neutral as we gain better understanding of the potential fallout from recent events.

Within **Market Returns,** the portfolio remains constructive on equities, albeit in lower size. The majority of the allocation is implemented via option-based structures that add elements of convexity to the portfolio's return profile. We also maintain our conviction in energy markets, expressed through a custom basket of oil and gas stocks.

We also express our pro-cyclical view via the volatility market, which sits within the **Opportunistic** section of the portfolio. While we believe the direction of travel is for higher interest rates, given recent events we have removed our short duration positions in the US and UK as this new variant reduced the probability of the Federal Reserve raising rates more than what is already priced into markets.

The **Risk-Reducing** section of the portfolio consists of a long duration position in Chinese rates, short positions across a range of emerging market currencies and equity relative value strategies.

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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