

Aviva Investors Multi-Strategy Target Return

Monthly summary for August 2021



ISIN
AU60PIM00268

UNIT CLASS INCEPTION DATE
01/07/2015

FUND SIZE
AUD 217.44m

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

Following the more subdued rally in July, risk assets accelerated higher in August, with strong equity performance across regions. The portfolio generated positive performance against this backdrop, with Market Returns driving most of the gains. Risk-Reducing returns were broadly flat while Opportunistic Returns detracted.

Looking ahead last updated August 2021

We remain constructive on risk but as we head into autumn and face new variants of the virus, our view on duration has turned to a more neutral stance.

Month in review

Market Return strategies were the strongest contributor to fund performance, with positive performance across the board, led by US equities and followed by European equities.

Opportunistic Return strategies detracted over the period. Our long Norwegian Krone versus the Swedish Kroner and long Energy equities vs Market relative value positions contributed positively as did our short Polish rates and long US inflation position. On the other hand, our newly introduced long Healthcare equities vs Market and long US vs EM equities, as well as our long US industrials vs Market position, more than offset those gains.

The Risk-Reducing section of the portfolio closed broadly flat over the month. Gains in our long Chinese rates position were offset by losses within our tail-hedging and now closed US vs German rates strategies.

Performance

	Cumulative (%)					Annualised (%)		
	1M	3M	6M	FYTD*	1Y	3Y	5Y	Since Inception
Fund gross	0.51	0.62	3.24	0.53	5.42	3.60	3.01	2.75
Fund net	0.43	0.38	2.75	0.37	4.43	2.62	2.04	1.93
Benchmark	0.41	1.25	2.53	0.83	5.13	5.71	6.03	6.20

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 2021

We remain constructive on risk as we believe monetary policy will continue to stay supportive in heading off any economic headwinds faced by new variants of the virus, particularly as we head into the autumn months. However, we have moved our duration positioning at fund level to a more neutral stance given the less attractive risk-reward on offer and express our pro-cyclical view via equity and volatility markets which remain well supported and offer positive carry.

Within **Market Returns**, the portfolio remains constructive on risk assets. Equities make up the bulk of the allocation, implemented predominantly via option-based structures that add elements of convexity to the portfolio's return profile. Albeit in reduced size, we also hold exposure to US and European high yield credit.

Opportunistic Returns on the other hand are centred around finding uncorrelated strategies across asset classes with market-neutral ideas being an important area of focus. These types of strategies are proving useful in a landscape of stretched valuation as they result in little net market exposure given their greater reliance on idiosyncratic, stock specific or sector risk instead.

We continue to use tail-hedging option structures and systematic hedging strategies for capital preservation within the **Risk-Reducing** section of the portfolio. We also maintain a long duration position in Chinese 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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