

# Aviva Investors Multi-Strategy Target Return

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



ISIN  
AU60PIM00268

UNIT CLASS INCEPTION DATE  
01/07/2015

FUND SIZE  
AUD 154.31m

### 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

Q3 saw poor performance across most risk assets. Sticky inflation data followed by hawkish central bank rhetoric saw yields reach multi-year highs across a number developed markets.

### How the fund performed

The fund ended the quarter in positive territory. Opportunistic Returns were the key driver to fund performance, along with positive performance in our cash holdings. This was slightly dampened by losses in Market Returns and Risk Reducing Returns.

### Looking ahead

There are no signs of impending recession in the US but the extent to which rates continue to sell off will determine the level to which risk assets stay under pressure. Dynamic management is key.

### What happened in the market

July was a strong month for risk assets, with global equities rising 3.2%. Emerging markets 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. The widening of the yield curve control band by the Bank of Japan saw the 10-year government bond yield widen by over 20 basis points, whilst other developed markets saw yield curves steepen on the back of a more constructive economic growth backdrop. August was a tough month for risk assets as a weaker macro-economic backdrop, sticky inflation data and the US credit downgrade by Fitch all weighed on investor sentiment. Emerging market equities were hit hardest, dragged down by concerns around China. The only sector to end the month in positive territory were energy stocks due to the continued rise in oil prices. The weak performance in September was led by US growth-oriented stocks. From a sector standpoint, energy stocks were the biggest outperformer followed by financials. Bond markets were at the epicentre of market activity, with more hawkish central bank rhetoric leading investor to reprice likelihood of cuts and demand higher term premia which led to a bear steepening of the yield curve across most developed markets. Gold fell 3.7% over the quarter while the US dollar index rose 3.2%. Crude oil sharply increased 28.2% over the quarter.

### How the fund performed

	Cumulative (%)					Annualised (%)		
	1M	3M	6M	FYTD*	1Y	3Y	5Y	Since Inception
<b>Fund gross</b>	0.37	1.75	1.70	1.75	5.96	4.81	3.78	3.17
<b>Fund net</b>	0.29	1.51	1.22	1.51	4.96	3.82	2.80	2.20
<b>Benchmark</b>	0.72	2.21	4.39	2.21	8.47	6.34	6.18	6.37

### 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.

**Market Returns** strategies incurred losses over the period, led by our long US and European equities exposure.

**Opportunistic Returns** drove fund performance in Q3. The long UK rates position was the strongest performer in the fund, followed by short Japanese rates. Equity relative value positions also added to fund performance, mainly from the long resources v market and European systematic value strategies. These gains were slightly offset due to losses in the Long Mexican rates and Long UK vs US rates positions.

The **Risk Reducing Returns** section of the portfolio detracted from fund performance, mainly through losses in long Korean rates. This was offset slightly by gains in our long US strong balance sheet equity relative value strategy.

### Looking ahead

Looking across the broad range of recession indicators, there are not yet signs of impending recession in the US. Inflation data is encouraging for the peak rates thematic but continued US growth may pose more of a challenge to this thesis. The extent to which term premia driven bear steepening continues will determine the level to which risk assets stay under pressure. While the balance of risks has been tilted to moderate risk exposure within equities and credit, things can change rather quickly and we continue to focus on dynamic position management to manage the overall level of risk in the portfolio. We maintain preference for value versus growth in US and Europe, as well as the resources sector. Within duration, we are currently net duration neutral at portfolio level through short positions in Japanese rates versus long positions in UK and South Korean rates, as well as relative value in long UK vs US 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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**Past performance is not a guide for future performance.**

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