Aviva Investors Multi-Strategy Target Return

Monthly summary for July 2022

ISIN	UNIT CLASS INCEPTION DATE	FUND SIZE
AU60PIM00268	01/07/2015	AUD 211.24m

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

Prospects of easier monetary policy along with short term oversold conditions and poor sentiment (a contrary indicator) saw global equities surge in July. Developed bond yields tightened, with the yield curve inverting once again this year. The fund registered a positive return, driven by Market Returns while Opportunistic and Risk-Reducing Returns sections detracted.

Looking ahead last updated July 2022

Our bias to value over growth within equities alongside a short position in bonds remains in place. We also believe tactical position management is necessary.

Month in review

Prospects of easier monetary policy along with short term oversold conditions and poor sentiment (a contrary indicator) saw global equities surge in July, with the S&P breaking its record for the biggest post-FOMC gain despite a 75-basis point hike as markets priced in a more dovish tilt by the US Fed. Tech and consumer discretionary were the biggest winners at the expense of more defensive sectors such as healthcare and consumer staples. Developed bond market yields tightened considerably on the changing narrative of recession risks away from inflation concerns, especially the longer-dated maturities which led to yet another inversion of the yield curve this year. Correspondingly, commodity prices also experienced a pull back, notably in energy. Despite weakening in the second half, the US dollar still ended the month 1.2% higher while gold declined 2.3%.

Market Return strategies made strong positive contribution to fund performance, led predominantly by the long US equities position. All strategies except long oil & gas and long resource equities posted gains over the period.

Opportunistic Returns detracted over the month. Our short Japanese duration and short US and Indian rates positions gave back some of their previous gains and value-oriented equity relative value strategies also dragged on performance. Meanwhile, the short volatility position and long building efficiency relative value strategy helped offset some of the losses.

The **Risk-Reducing** section of the portfolio posted a small loss. While the long US strong balance sheet equity relative value strategy generated positive performance, the discretionary option hedges more than offset those gains.

Performance

	Cumulative (%)					Annualised (%)		
	1M	3M	6M	FYTD*	1Y	3Y	5Y	Since Inception
Fund gross	0.58	-2.76	0.27	0.58	1.21	3.00	2.48	2.62
Fund net	0.50	-2.99	-0.21	0.50	0.25	2.03	1.52	1.65
Benchmark	0.50	1.34	2.63	0.50	5.19	5.32	5.79	6.08

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 2022

Shorter term we expect the slowing economic data to dominate sentiment even if longer term we still expect that the Fed will need to raise rates by more than market pricing to contain inflation. Higher sovereign bond yields still appear to be the most likely direction of travel. Our constructive medium-term outlook for selective equities remains, with the focus on position management to adjust for the current risk landscape.
At portfolio level, we further reduced our equity positioning, and maintain a preference for value versus growth. Given high levels of implied volatility, we have retained our short volatility positions. We also maintain short rates position in Japan.

Within **Market Returns**, we reduced our overall risk level, mainly through our US and commodity equities exposure, which given the uncertain near-term market outlook we restructured into market neutral relative value equity positions within Opportunistic Returns.

We maintain a value bias within the **Opportunistic** section of the portfolio through long European banks, travel and leisure, resources and select value equity relative value strategies. We closed our short US rates position which had been focussed on the 5yr point of the curve and will look to re-establish this position in the future but closer to the front end. We also reduced some of our long commodity exposure.

The **Risk-Reducing** section of the portfolio consists of defensive equity relative value and discretionary options hedging 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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