

Aviva Investors Multi-Strategy Target Return

Monthly summary for November 2022



ISIN
AU60PIM00268

UNIT CLASS INCEPTION DATE
01/07/2015

FUND SIZE
AUD 217.52m

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

November saw a continuation of the strong risk rally seen last month, driven by signs that inflation may have started to peak in key economic areas. Bond markets also experienced a boost as lower inflation data led investors to price in a slower pace of hikes. The Fund registered a positive return, driven by Opportunistic and Market Returns while Risk-Reducing Returns modestly detracted.

Looking ahead last updated November 2022

We believe the current balance of risks warrants a more prudent approach than normal. We are therefore temporarily running lower levels of risk than in the past.

Month in review

November saw a continuation of the strong risk rally seen last month, driven by signs that inflation may have started to peak in key economic areas, such as the US and Euro Area. Contrary to last month, emerging market equities was the outperformer amid signs that China was starting to roll back its draconian zero Covid strategy. Bond markets largely experienced a boost as lower inflation data led investors to price in a slower pace of hikes, primarily by the US Fed. On the back of this, the US dollar saw a continued weakening following the strong rally through the year, falling 5% over the month. Gold, on the hand, rallied over 8%; meanwhile crude oil fell by 7% over the month.

Market Return strategies contributed to fund performance, with all strategies posting gains. UK equities was the strongest performer, followed by long European high yield credit and long European equities.

Opportunistic Returns led the gains at portfolio level, with long UK rates the strongest performer over the month. Long European dividends, resources equity relative value and short volatility positions also contributed positively. The only detractor was the short European rates strategy.

The **Risk-Reducing** section of the portfolio detracted modestly from performance. While the strong balance sheet equity relative value position posted gains, these were more than offset by losses in the now closed short basket of Asian currencies, alongside the long US dollar currency position versus UK sterling.

Performance

	Cumulative (%)					Annualised (%)		
	1M	3M	6M	FYTD*	1Y	3Y	5Y	Since Inception
Fund gross	1.29	4.09	0.88	5.58	7.44	3.70	3.42	3.18
Fund net	1.21	3.84	0.41	5.16	6.43	2.73	2.45	2.20
Benchmark	0.60	1.76	3.23	2.80	5.85	5.45	5.83	6.12

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 2022

While the lower inflation print is a welcome relief, one data point does not make a trend. As the year comes to a close, the current balance of risks alongside significantly reduced liquidity levels warrants a more prudent approach than normal.

At portfolio level, we decreased our overall equity and credit risk to nearly zero. We continue to maintain preference for value versus growth in US and Europe, as well as the resources sector. Within duration, our largest conviction positions are in UK rates versus European rates while maintaining a small position in short Japanese rates.

Within **Market Returns**, we decreased our overall equity and credit risk, and reduced our long global convertibles position.

We increased our long UK rates and short European rates positions within the **Opportunistic** section of the portfolio. While in reduced size, we continue to believe in value over growth and the structural opportunities in energy and resources companies, alongside our short volatility strategy.

We reduced the long US strong balance sheet equity relative value position within **Risk Reducing**, while closing the long US dollar currency positions versus the Euro and select Asian currencies. We continue to maintain long US dollar currency positions versus the UK sterling given ongoing political instability in the UK, alongside defensive equity relative value strategies and long equity volatility.

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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