

Aviva Investors Multi-Strategy Target Return

Monthly summary for October 2022



ISIN
AU60PIM00268

UNIT CLASS INCEPTION DATE
01/07/2015

FUND SIZE
AUD 215.63M

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 sell-off in September, October saw strong gains across risk assets. This could be attributed to speculation that central banks could potentially ease their rate hiking cycle alongside a seeming resolution in the UK market following the fiscal package U-turn. Fund returns were driven by Opportunistic and Market Returns while Risk-Reducing Returns modestly detracted.

Looking ahead last updated October 2022

As we start to see divergences between major central banks, opportunities are starting to appear for those investors who have flexible mandates.

Month in review

Following the sell-off in September, October saw strong gains across risk assets, driven by speculation that central banks could potentially ease their rate hiking cycle alongside a seeming resolution in the UK market following the fiscal package U-turn and subsequent resignation of PM Liz Truss. European and US stocks outperformed; meanwhile, weakness in Chinese equities saw its index fall 16%, weighing on emerging market equities. Despite hopes for a pivot, US and European central banks seem to remain on course, their stance supported by stronger than expected inflation data. Developed market bond yields rose over the month, with the exception of UK Gilts as events leading up to Rishi Sunak's appointment as prime minister saw its best monthly performance since January 2020. Expectations of a US Fed pivot saw US dollar strength take pause, down 0.5%. This, alongside OPEC's production cuts saw a sharp +8% rebound in crude oil. Gold fell 1.6% over the month.

Market Return strategies contributed to fund performance, with all strategies posting gains. US equities led the gains, followed by European equities and high yield credit.

Opportunistic Returns also generated gains, led by the newly introduced long UK rates strategy and followed by the US and European systematic value equities and long European dividends positions. On the other hand, the short European rates and long resource equities strategies detracted.

The **Risk-Reducing** section of the portfolio posted a small loss, with gains in the short Asian currency basket helping to offset losses within the short sterling and strong balance sheet equities positions.

Performance

	Cumulative (%)					Annualised (%)		
	1M	3M	6M	FYTD*	1Y	3Y	5Y	Since Inception
Fund gross	1.97	3.64	0.77	4.24	4.51	3.36	3.14	3.03
Fund net	1.89	3.39	0.30	3.91	3.52	2.39	2.17	2.06
Benchmark	0.59	1.67	3.04	2.18	5.64	5.40	5.81	6.10

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 October 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. However, as we start to see divergences between major central banks and they start to step back from a decade long suppression of volatility in the bond market, opportunities for those investors who have flexible mandates are starting to appear.

At portfolio level, we increased our overall equity risk toward the beginning of the month but it remains below our historic average. 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 increased our overall equity risk but it remains below our historic average. We also added to European and US High Yield.

We introduced a long UK rates and short European rates positions within the **Opportunistic** section of the portfolio. We maintain our value bias through our long resources and select value equity relative value strategies. We also reintroduced the short volatility strategy, albeit in relatively small size.

We introduced a long equity volatility strategy within **Risk Reducing**. We continue to maintain long US dollar currency positions versus the Euro, UK sterling and Asia FX alongside defensive equity relative value strategies.

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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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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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