Aviva Investors Multi-Strategy Target Return

Monthly summary for January 2023

ISIN	UNIT CLASS INCEPTION DATE	FUND SIZE
AU60PIM00268	01/07/2015	AUD 219.79m

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

The fund ended the month in positive territory. Market Returns led the gains followed by Opportunistic Returns, while Risk Reducing Returns modestly detracted from performance.

Looking ahead last updated January 2023

We remain conscious of potential earnings downgrades alongside the risk that inflation proves stickier than what markets have priced in.

Month in review

Markets had a strong start to the year, with risk assets and bonds posting strong gains in January. Investor sentiment was boosted by signs of lower energy prices, slowing inflation and therefore expectations of lower rate hikes across major central banks. From a regional perspective, European and emerging market equities led the rally, the latter boosted by continued reopening in China. Sector-wise, cyclical sectors outperformed more defensive sectors, with the Nasdaq up almost 11% over the month. Developed market bond yields fell, particularly on the longer end as recession fears continued to mount, causing further inversion of the yield curve. The one exception was the Japanese bond market, which saw the 10-year yield break through the 50bp band. The US dollar continued to weaken while gold rallied 5.7%. Oil closed the month down 1.7%.

Market Return strategies led the gains this month, with all strategies posting gains except for a small loss in UK equities. US equities and global convertibles were the strongest performers.

Opportunistic Returns also contributed to fund performance, led by strong gains in the long UK rates position. The short volatility, European dividends and commodity positions also contributed positively. Meanwhile, the short Japanese rates and European rates positions gave back some of their gains.

The **Risk-Reducing** section of the portfolio posted a modest loss. The long Japanese yen v UK sterling detracted but this was partially offset by gains in the long equity volatility and strong balance sheet positions.

Performance

	Cumulative (%)					Annualised (%)		
	1M	3M	6M	FYTD*	1Y	3Y	5Y	Since Inception
Fund gross	0.75	4.15	7.94	8.57	8.23	3.84	3.34	3.48
Fund net	0.67	3.91	7.43	7.97	7.21	2.87	2.37	2.51
Benchmark	1.31	1.92	3.63	4.15	6.35	5.58	5.88	6.16

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 January 2023

We continue to see divergences between major central banks as they step back from a decade long suppression of volatility in the bond market, creating opportunities for those investors who have flexible mandates. Market momentum has been strong and while we take advantage of the strong risk-on sentiment, we remain conscious of potential earnings downgrade alongside the risk inflation proves stickier than what markets have priced in. Dynamic position management is more critical than ever in the current risk landscape.
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 continuing to maintain a position in short Japanese rates.

Within **Market Returns**, we increased our directional equity positions from being broadly neutral across the US, UK and Europe.

We introduced a long copper position within the **Opportunistic section** of the portfolio and reintroduced risk across numerous strategies. We continue to believe in value over growth and the structural opportunities in energy and resources companies, alongside our volatility opportunities strategy.

We increased the long Japanese yen v UK sterling position within **Risk Reducing**, while closing the long equity volatility position. We continue to maintain defensive equity relative value 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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