

# Aviva Investors Multi-Strategy Target Return

## Monthly summary for February 2022



ISIN  
AU60PIM00268

UNIT CLASS INCEPTION DATE  
01/07/2015

FUND SIZE  
AUD 211.59m

### 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 07/2014  
\***Ian Pizer** since 05/2021

Performance benchmark **RBA cash rate + 5%**

### Month in review

Risk assets continued their downward trend from January. Most of the weakness was driven in the final week following Russia's decision to invade Ukraine, but investor sentiment had already dampened amidst rising bond yields and expectations of hawkish central bank actions. The Fund registered a negative return, with Opportunistic registering gains while Market and Risk-Reducing Returns detracted.

### Looking ahead last updated February 2022

Markets now have a war on Europe's border to contend with in addition to pre-existing concerns about inflation and central bank policy.

### Month in review

Risk assets continued their downward trend from January. Most of the weakness was driven in the final week following the outbreak of war. Investor sentiment was already low amidst rising bond yields and expectations of hawkish central bank actions. For developed bond markets, it was a tale of two halves, with yields rising notably in the first half on inflation concerns but quickly reversing on news of Russian invasion into Ukraine later in the month. Emerging market bond spreads rose sharply in the final week, close to peak levels traded during the COVID crisis. The US dollar index ended the month flat after a meaningful decline at the start of the month. Oil continued its surge and gold, which served as a safe haven amidst the geopolitical uncertainty, also rose over the month. Given the challenging market backdrop, **Market Return** strategies detracted from fund performance, led primarily by US equities and, to a lesser extent, European equities. Meanwhile, UK and emerging market equities posted small gains.

**Opportunistic Returns** delivered another month of positive return for the Fund. Key contributors included gold, short US rates as well long Australian vs US rates relative value position. Value and healthcare equity relative value strategies also performed well. The UK yield curve steepener, a position we trimmed over the month, was the main detractor.

The **Risk-Reducing** section of the portfolio posted losses. The short emerging market currency basket, a position we closed during the month, detracted most while the long Chinese rates position gave back its gains from the previous period.

### Performance

	Cumulative (%)					Annualised (%)		
	1M	3M	6M	FYTD*	1Y	3Y	5Y	Since Inception
<b>Fund gross</b>	-0.67	1.39	-0.25	0.28	2.98	3.89	2.51	2.64
<b>Fund net</b>	-0.75	1.15	-0.72	-0.35	2.01	2.91	1.54	1.68
<b>Benchmark</b>	0.42	1.26	2.51	3.36	5.10	5.48	5.89	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 February 2022

Developments around the Russia-Ukraine war are fast-moving and will dominate headlines and sentiment in financial markets. It is difficult to judge the likely outcome, but a look back to previous geo-political situations, and subsequent market reactions, serves as a reminder that economic and financial resilience has shown itself in the past. A key consideration is the impact this may have on the energy supply in a world of heightened inflation concerns. These inflationary moves leave little room for central banks to move into very dovish territory despite the geopolitical turmoil.

We retain our lower equity positioning but are looking for opportunities to add. We remain short volatility markets and short rates in the US.

Within **Market Returns**, the portfolio remains constructive on equities and in particular oil and gas stocks, where we used the market weakness to add into the position. We also introduced a selective basket of long convertible bonds given its attractive valuation

We also express our pro-cyclical view via the volatility market, which sits within the **Opportunistic** section of the portfolio. Travel and leisure and select value themed equity relative value remain high conviction positions. We express our duration view through short US rates at the front of the yield curve.

The **Risk-Reducing** section of the portfolio consists of a long duration position in Chinese rates, defensive equity relative value and options hedging 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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**Past performance is not a guide for future performance.**

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