Aviva Investors Multi-Strategy Target Return

Monthly summary for December 2022

ISIN	UNIT CLASS INCEPTION DATE	FUND SIZE
AU60PIM00268	01/07/2015	AUD 218.58m

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%**

What happened in the market

Risk assets ended 2022 on a positive note, softening what was one of the worst annual performances since 2008. US bond posted modest gains while developed market European bonds continued to sell off.

How the fund performed

The fund ended the quarter in positive territory. Opportunistic Returns were the strongest performer, followed by Market Returns, while Risk Reducing Returns modestly detracted from performance.

Looking ahead

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

What happened in the market

October saw strong gains across most risk assets, driven by speculation central banks would ease their rate hiking cycle alongside a seeming resolution in the UK market with the fiscal package U-turn and change in leadership. However, weakness in Chinese equities weighed on emerging markets. Despite hopes for a pivot, US and European central banks remained on course given continued elevated inflation data and developed market yields, with the exception of UK, continued to rise.November saw a continuation of the strong risk rally.Contrary to September, emerging market equities was the outperformer as China began plans to roll back its zero Covid strategy. Bond markets largely rallied as investors to price in a slower pace of hikes, primarily by the US Fed.December reversed some of those gains as growing recession risks weighed on investor sentiment. The exception was emerging markets, where China's lift of its COVID restrictions brought a more positive outlook to equities. Bonds sold off as hawkish rhetoric across US and European central banks drove yields higher. UK gilts underperformed despite a more dovish BoE; meanwhile, the Bank of Japan surprised markets with an unexpected widening of its yield curve control band by 25bp (now +/- 50bp), driving yields sharply higher. Over the quarter, expectations of a US Fed pivot saw US dollar strength take pause and weaken by 8%. Meanwhile, gold rallied 10%. Growth concerns saw crude oil prices close up 1% over the period.

How the fund performed

	Cumulative (%)					Annualised (%)		
	1M	3M	6M	FYTD*	1Y	3Y	5Y	Since Inception
Fund gross	2.07	5.42	7.76	7.76	6.10	4.04	3.89	3.42
Fund net	1.99	5.17	7.25	7.25	5.11	3.06	2.91	2.45
Benchmark	0.00	1.20	2.80	2.80	5.42	5.29	5.72	6.05

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.

Fund ended the quarter in positive territory. Opportunistic Returns were the strongest performer, followed by Market Returns, while Risk Reducing Returns modestly detracted from performance.

Market Returns contributed to fund performance over the quarter, with all strategies posting gains. The positive returns were lead by long US equities, followed by long European and UK equities.

Opportunistic Returns continued to add value. The leading contributors were our duration positions, particularly short European rates and long UK rates, followed by short Japanese rates. These were marginally offset by small losses in the volatility opportunities strategy, which was the only detractor.

The **Risk-Reducing** section finished the quarter in negative territory. Losses were concentrated in the now-closed long US dollar positions versus the UK sterling and Euro. These were marginally offset by gains in the strong balance sheet equity relative value strategy, and to a lesser extent the newly introduced long Japanese yen versus UK sterling.

Looking ahead

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 the **Market Return** segment of the portfolio, we tactically increased our overall risk level through the quarter but reduced it going into yearend, taking equity exposure net short. We reduced our long global convertibles position as well as closed our long US and European high yield credit exposure.

Within the **Opportunistic** section of the portfolio, we maintain our value bias through long resources and select value equity relative value strategies, albeit in reduced size. We also retain conviction in our resources and commodities positions. Within duration, we introduced short European rates and long UK rates positions while taking some profit on our short Japanese rates position.

The **Risk-Reducing** section of the portfolio consists of defensive equity relative value, as well as long US dollar positions against the Japanese yen 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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