

# Aviva Investors Multi-Strategy Target Return

## Monthly summary for August 2023



ISIN  
AU60PIM00268

UNIT CLASS INCEPTION DATE  
01/07/2015

FUND SIZE  
AUD 155.80m

### 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 negative territory. Market Returns led the losses, followed by Opportunistic Returns. This was buffered by gains in Risk Reducing Returns as well as our cash holdings.

### Looking ahead last updated August 2023

We are not yet seeing the full pass-through of monetary policy on the economy as expected. We maintain a moderate level of equity risk given the economic resilience.

### Month in review

August was a tough month for risk assets, with global equities falling 2.1%. A weaker macro-economic backdrop, sticky inflation data and the US credit downgrade by Fitch all weighed on investor sentiment. Emerging market equities were hit hardest, dragged down by concerns around China. Sectorwise, US banks were hit especially hard following credit downgrades of several banks by S&P & Moody's. The only sector to end the month in positive territory were energy stocks due to the continued rise in oil prices. For government bonds, the US yield curve steepened, with 10-year yields rising more than the front end. In Europe, yields fell on the back of weaker than expected services PMI data. Meanwhile, Japanese yields rose on the back of a surprising rise in inflation data. The US dollar gained 1.7% over the month, while gold fell 1.3%. Oil rose 2.2% over the month, with Brent Crude oil reaching over \$86 a barrel.

**Market Returns** strategies incurred the bulk of the losses over the period, led by our long European and US equities exposure.

**Opportunistic Returns** also detracted from performance, albeit to a lesser degree. Long Mexican rates was the primary driver of negative returns, followed by the long copper position. Gains in our long UK rates and long systematic value equity strategies partially offset these losses.

The **Risk Reducing Returns** section of the portfolio contributed to fund performance, mainly through the long US strong balance sheet equity relative value strategy. Losses in the long Korean rates position dampened this slightly.

### Performance

	Cumulative (%)					Annualised (%)		
	1M	3M	6M	FYTD*	1Y	3Y	5Y	Since Inception
<b>Fund gross</b>	-0.48	2.19	-0.12	1.37	6.39	4.46	3.73	3.16
<b>Fund net</b>	-0.56	1.95	-0.59	1.21	5.38	3.47	2.76	2.18
<b>Benchmark</b>	0.73	2.20	4.36	1.48	8.29	6.23	6.14	6.35

### 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 August 2023

The traction in monetary policy pass-through to the economy is taking longer to bear out. Whether central banks manage a soft landing, no landing or tip the economy into a hard landing is still up for debate. We are of the view that while we are near peak interest rates, stickier-than-expected inflation will require weaker economic growth before central banks loosen policy.

We continue to maintain preference for value versus growth in US and Europe, as well as the resources sector. Within duration, we are currently net duration neutral at portfolio level. This is through short positions in Japanese and European rates versus long positions in UK, South Korean and Mexican rates.

Within **Market Returns**, we rebalanced our directional equity positions by decreasing long exposure to Europe and increasing exposure to the US. Long credit strategies were reintroduced to the portfolio via high yield exposure in Europe and the US.

Within the **Opportunistic section**, we maintain our preference for value over growth equities, the positive long-term structural trends in resources companies, alongside opportunities in volatility markets. We maintain our short European, short Japanese and long UK rates positions, whilst modestly increasing our long Mexican rates exposure.

We maintain exposure to the strong balance sheet and long Korean rates strategies within **Risk Reducing**, whilst increasing our risk reducing options positions.

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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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