Strategy in brief

Aviva Investors Global Equity Income Strategy

An income strategy targeting growth, diversification and resilience

It takes Aviva Investors

Why Global Equity Income?

Dividends have always been an important part of equity total returns across the world, offering the potential for a reliable income stream. An allocation to global equities with a focus on durable, growing dividends can not only provide clients with an attractive income but also with capital growth.

A global equity income strategy aims to provide clients with the following benefits:

1

Capital protection

Income strategies can offer greater levels of capital protection in periods of market stress.* Income paying stocks tend to be established businesses that generate positive cash flows that are better able to withstand market cycles relative to highly growth focused companies that tend to have more volatile stock prices.**

2

Inflation protection

Higher yielding companies are typically well-established global franchises with strong brands and the ability to support a durable and growing dividend. These dividends, re-invested over time, in a well-balanced high conviction portfolio aim to deliver a powerful compounding total return for investors. Historically, dividends have shown a strong ability to keep pace with, or outgrow inflation.

3

Diversification

Domestic investors have traditionally stayed closer to home in their hunt for income, but a global approach provides more opportunities from a range of regions and sectors. Income paying sectors have also broadened in recent years from the traditional (e.g. consumer staples, financials) to non-traditional sectors such as technology and industrials.

Providing the opportunity for a more resilient capital and income profile regardless of market cycles.

Source: *Morningstar as at 30 September 2024, GBP. **Robert J. Shiller, Aviva Investors. Data as of March 31, 2023.

The power of dividends

Significant benefit of reinvesting dividend streams

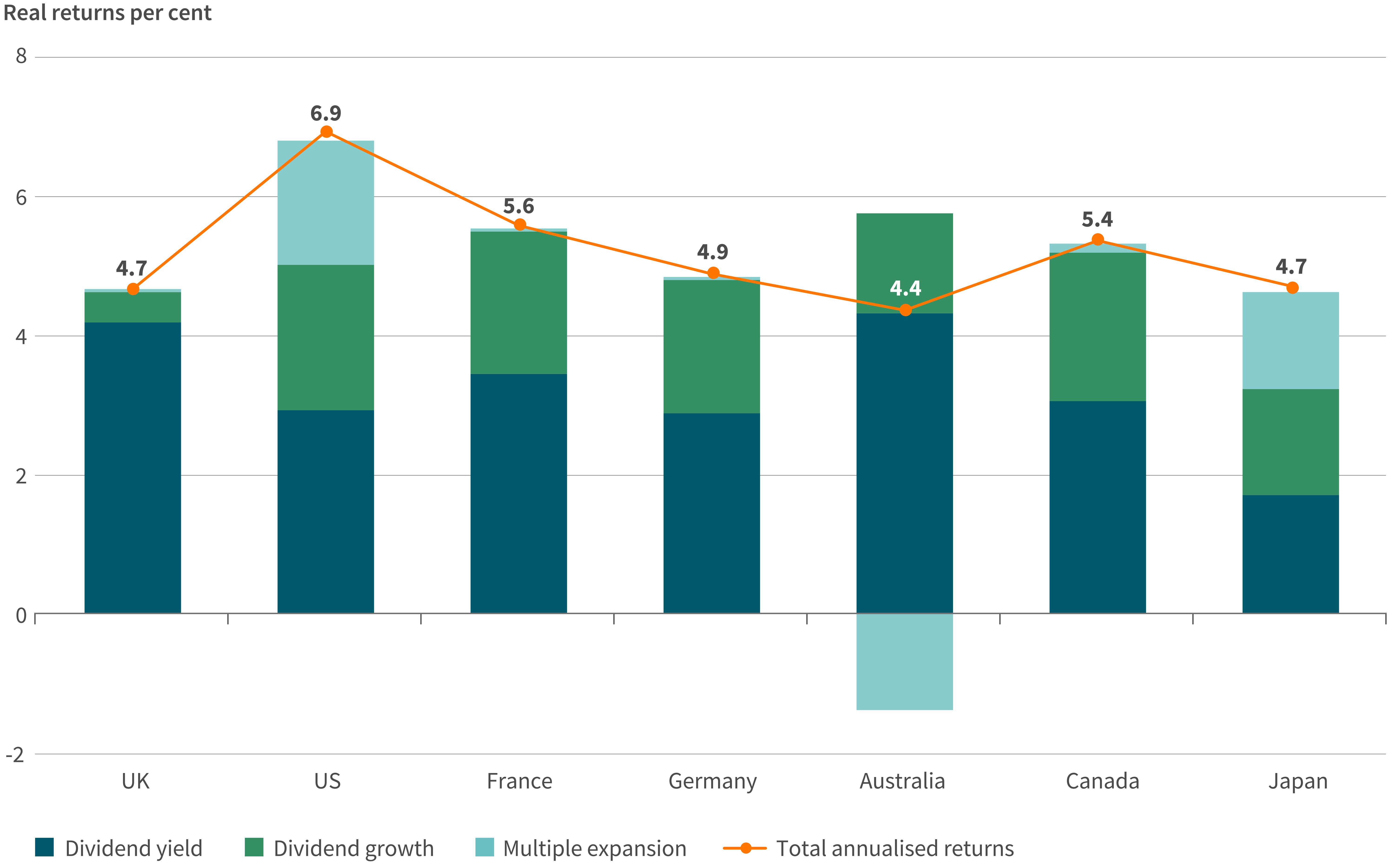
As well as providing the potential for a reliable income stream, a strategy focused on equity income can offer investors attractive long-term capital growth through *the power of compounding*.

Studies show that over the long run, there is a significant benefit from the reinvestment of dividends – or the compounding effect of the dividend yield and its growth – making up the bulk of returns as shown here.*

Growth potential with lower volatility

Companies that pay dividends regularly, generally tend to be *more efficient in allocating capital* and hence *maintain more resilient earnings growth*.

Equity income strategies have also been shown to be *less volatile* than pure growth-oriented approaches, given that dividends are paid from cash flows, not earnings.



Past performance is not a reliable guide to future performance.

Source: Société Générale Research, Thomson Datastream, Aviva Investors, as of June 30, 2024. *Rolling 10-year annualised real returns since 30 June 1992.

A different approach to investing for income and growth

The Aviva Investors Global Equity Income Strategy is a selective income strategy that seeks to invest in companies that pay durable and growing dividends, backed by strong cash flows and balance sheets.

The strategy aims to deliver an income equivalent of at least 125% of the income return of the MSCI ACWI[1], alongside income and capital growth over the long term[2].

Three distinctive areas of focus:

Protection

We aim to protect the downside by understanding bottom-up company fundamentals with a strong emphasis on selecting mature businesses that offer resilience in changing environments.

Predictability

We look for companies that offer predictable free cash flow to help deliver resilient income through periods of market stress and changes in the economic cycle.

Upside

We focus outside traditional income sectors, aiming to maximise potential growth, in both income and capital, through market cycles.

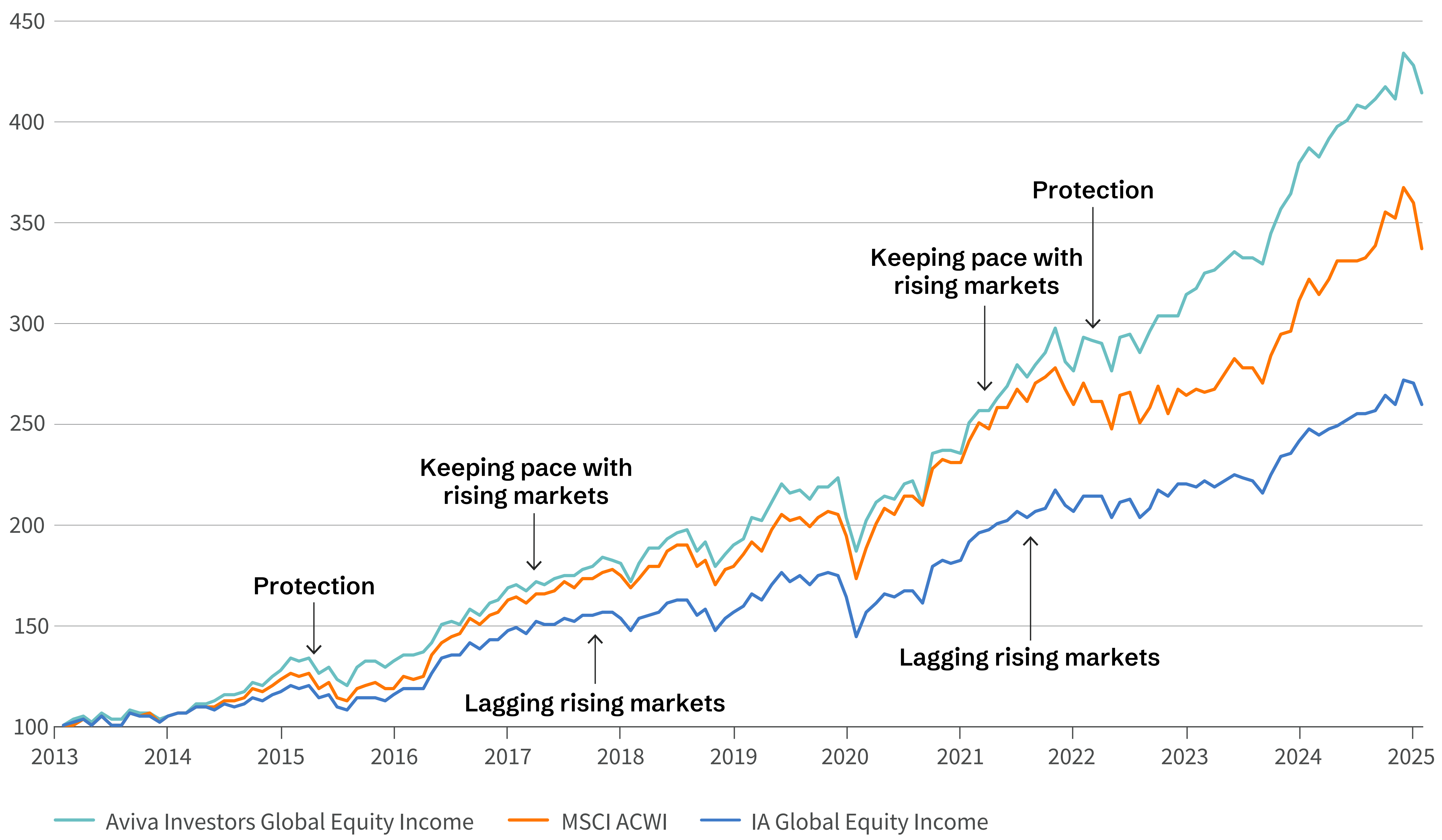
A concentrated, high conviction portfolio, which exhibits low holdings overlap with peers and can offer a complementary strategy to investors' existing global equity holdings.

1. Over any given 12-month period.
2. Over a rolling 5 year period by investing in shares of global companies.

Resilience and growth in a core equity holding

Investors generally look to global equity income strategies for their ability to provide downside protection. Our strategy has historically delivered on this, but is also well-placed to capture the upside, which can translate into higher levels of dividend and capital growth.

While the strategy may appeal to investors seeking a regular income, our focus on growing total returns with an element of capital protection may appeal to investors looking for a **core standalone holding.**



For illustrative purposes and not intended as an investment recommendation.

Source: Aviva Investors, Aladdin, as of 31 March 2025. FY1 dividend yield. Dividend growth and total return contribution for the past 5-years.

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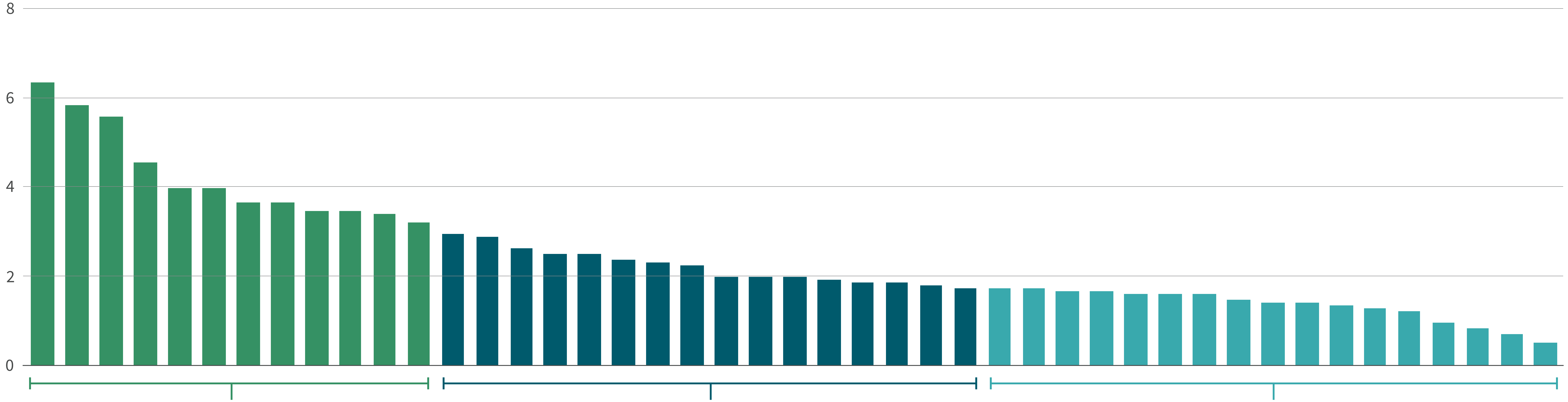
Diversified sources of income



Protection
Mature yield
✓ Mature businesses
✓ Typical yield: >3.5%
✓ Typical dividend growth: <5%

Predictability
Core yield
✓ Cash compounders
✓ Typical yield: 1.5-3.5%
✓ Typical dividend growth: 5-15%

Upside
Income growth
✓ High cash generation
✓ Typical yield: <1.5%
✓ Typical dividend growth: >15%

Past performance is not a reliable guide to future performance.

Source: Aviva Investors, as of 31 March 2025. FY1 dividend yield is shown. For illustrative purposes and not intended to be an investment recommendation.

Global Equity Income portfolio management

Equities	$22.8bn AUM
Global Equity Strategies	$7.6bn AUM

Global Endurance	Global Income	Global Climate	Natural Capital	Stewardship International

Richard Saldanha
Global Equity
Portfolio Manager

Ed Kevis
Global Equity
Portfolio Manager

25+ Equity investment team

Source: Aviva Investors. Richard Saldanha re-joined the business as of 31 May 2025. AUM as of 31 December 2024.

Portfolio construction framework

Key strategy parameters	
Benchmark	MSCI ACWI
Manager income aim	1.25x
Manager performance target*	+2%
No. of stocks	30-50
Active share	80%+
Absolute stock limit	10%
Sector limits	None
Guideline tracking error range	2-6%

Aim

Maximise income and capital growth, emphasising downside protection. Seek diversification of income across sectors.

Avoid

Companies with poor free cash flow generation; high leverage; volatile stocks with unpredictable levels of income.

Action

Constructing the best combination of income predictability and prospective returns.

*Source: Aviva Investors. Targets and outcomes are not guaranteed and may not be achieved.

Key risks

Investment Risk & Currency Risk

The value of an investment and any income from it can go down as well as up and can fluctuate in response to changes in currency exchange rates. Changes in currency exchange rates could reduce investment gains or increase investment losses. Exchange rates can change rapidly, significantly and unpredictably. Investors may not get back the original amount invested.

Emerging Markets Risk

Compared to developed markets, emerging markets can have greater political instability and limited investor rights and freedoms, and their securities can carry higher equity, market, liquidity, credit and currency risk.

Equities Risk

Equities can lose value rapidly, can remain at low prices indefinitely, and generally involve higher risks — especially market risk — than bonds or money market instruments. Bankruptcy or other financial restructuring can cause the issuer's equities to lose most or all of their value.

Hedging Risk

Any measures taken to offset specific risks will generate costs (which reduce performance), could work imperfectly or not at all, and if they do work will reduce opportunities for gain.

Illiquid Securities

Certain assets held in the Strategy could, by nature, be hard to value or to sell at a desired time or at a price considered to be fair (especially in large quantities), and as a result their prices could be very volatile.

Income Risk

The investment objective of a Strategy is to generate income, at times this may limit opportunities for capital growth.

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Important information

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