

Past performance is no guarantee of future results. The value of an investment and any income from it can go down as well as up. Investors may not get back the original amount invested.

## STRATEGY IN BRIEF

# Aviva Investors Sterling Liquidity Plus Strategy

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A first step out of cash

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It is not to be distributed to, or relied on by retail clients.

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# Cash optimisation: getting cash fit

Stepping out of cash presents investors with a wide range of options.

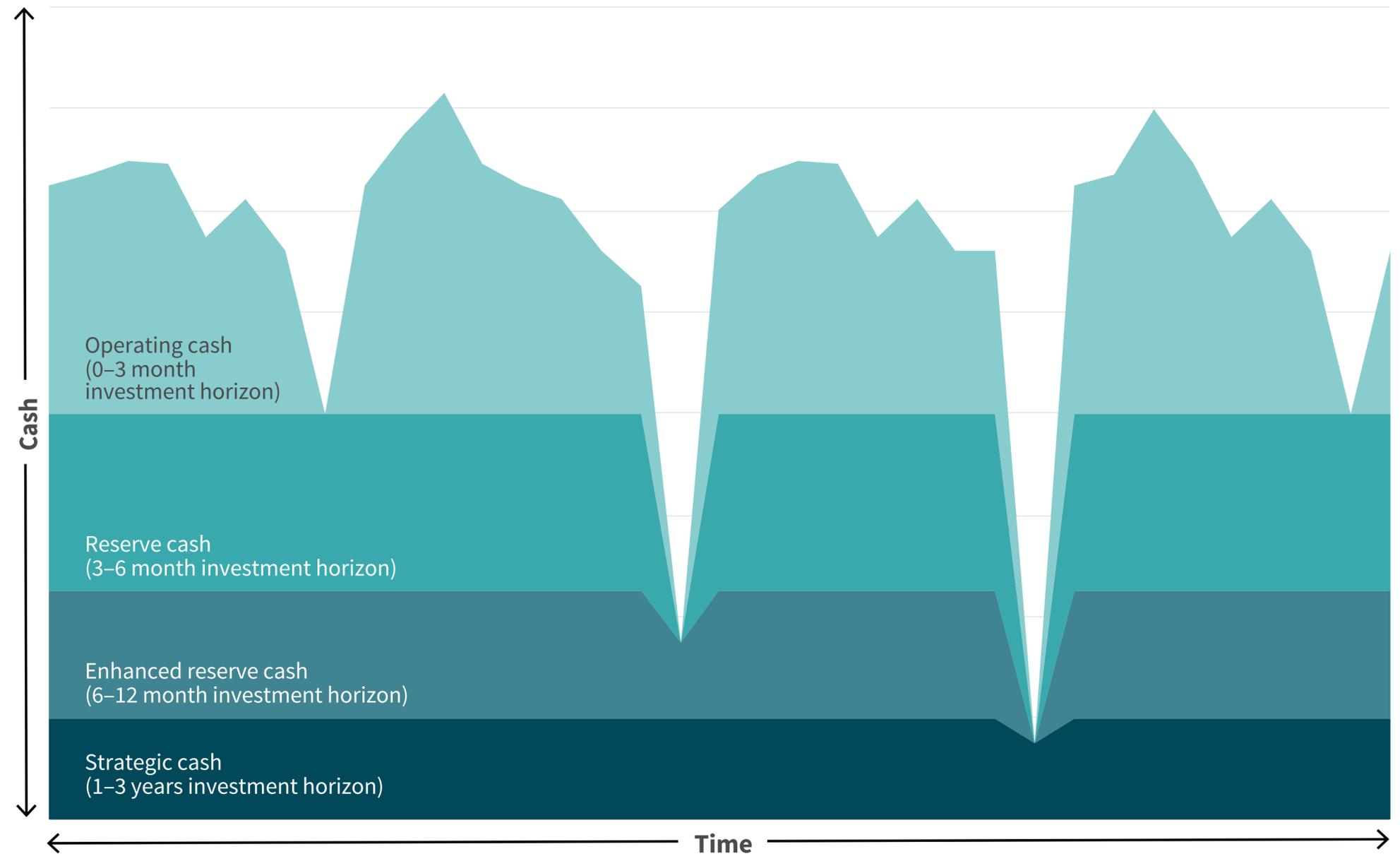
We believe that by a **cautious and deliberate** addition of duration - while carefully managing other risk factors - we can generate incrementally higher risk-adjusted returns.

Many short-dated bond funds will have high exposure to corporate credit. This means they may have meaningful levels of both interest-rate and corporate credit spread risk, which can result in unwanted volatility.

We believe there are more suitable ways to enhance returns as a first step out of operational cash, by adding duration carefully while limiting downside credit spread risk.

The Sterling Liquidity Plus Strategy looks to deliver a premium return above cash while providing liquidity and capital efficiency. The strategy may be a suitable solution for a reserve cash allocation - when same-day access is not required.

## Segmenting cash by need and investment horizon



Note: For illustrative purposes only.  
Source: Aviva Investors.

# Stepping out of cash with Sterling Liquidity Plus

**Sterling Liquidity Plus is an ultra-short duration bond strategy offering capital efficient securitised asset exposure, while maintaining high liquidity.**

The strategy targets a stable return over cash by investing in money market securities, short-dated covered bonds, senior unsecured bonds and AAA-rated asset-backed securities (ABS).

## High quality, low volatility, diversified exposure



### Step out strategy

- Near-cash solution with incrementally higher yield than liquidity funds offer
- Target: Overnight SONIA + 50 basis points\*



### Capital efficiency

- Low Solvency II standard formula spread capital charge due to high floating-rate exposure to STS ABS and covered bonds

#### Client outcomes not guaranteed.

Note: \*Target refers to manager's target and is not an objective of the strategy; SONIA: Sterling Overnight Index Average Rate. ABS: Asset-backed securities, specifically STS (simple, transparent and standardised) transactions. An amendment to Solvency II regulations in April 2018 substantially lowered the capital charges for senior tranches of securitisations that met the new STS standards. Source: Aviva Investors.

# Benefits of our approach

**We believe there are significant opportunities to optimise liquidity portfolios by diversifying and lowering risk – while potentially increasing yield.**

The Sterling Liquidity Plus Strategy can offer investors the following benefits for that first step out of “operating or same-day” cash:



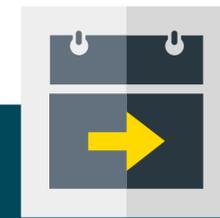
## Enhanced liquidity and yield

Highly liquid assets dominate allocation with active management of short-dated credit to enhance yields



## High credit quality

Majority of underlying holdings are rated AAA



## Low duration

Floating rate assets have limited interest rate sensitivity



## ESG integration\*\*

Utilising strong in-house capabilities  
Low on direct carbon emissions – helped by ABS and covered bonds exposures

**Past performance is not a reliable guide to future performance.**

Source: Aviva Investors.

Note: \*\*The investment manager always applies the Firm’s Baseline Exclusions Policy and any specific constraints within a prospectus or IMA, but any other ESG factors or risk considerations are adopted at the manager’s discretion.

# Why Aviva Investors Sterling Liquidity Plus Strategy?

## Expertise and experience in cash management

- Core capability developed over many decades managing cash and fixed income assets

## Long track record

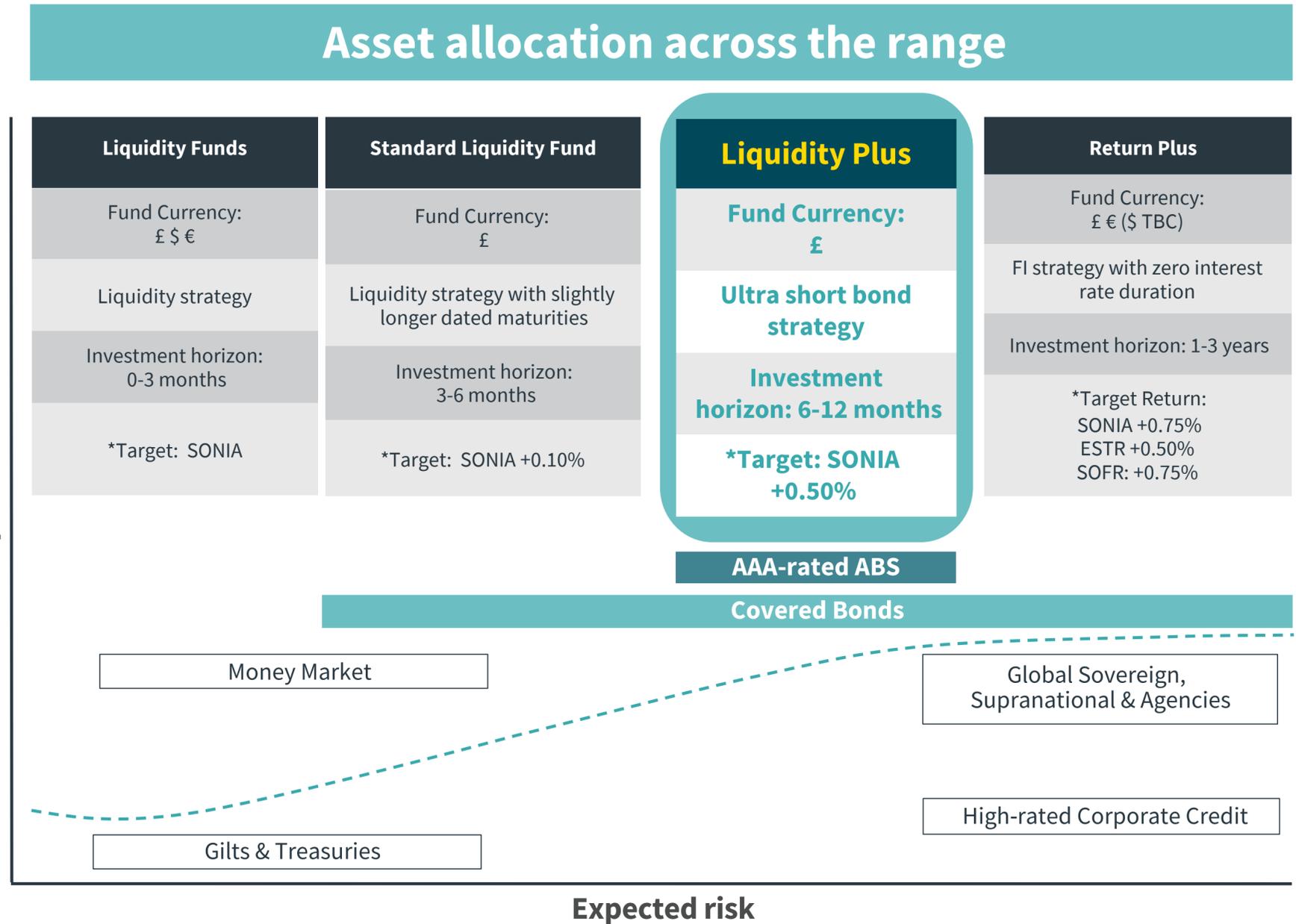
- The strategy was launched in 2007, exploiting opportunities within global fixed income that offer a premium above cash and money-market instruments without the same level of volatility as typical corporate credit strategies.

## Avoiding defaults and downgrades

- Rigorous, fundamentally-driven credit analysis and conservative credit selection has delivered zero defaults and downgrades in the strategy since inception.

## Key focus on client experience

- Dedicated client facing liquidity team with over 50+ years collective experience
- Sales and investment teams work in close partnership to deliver tailored investment solutions to clients, building strong, long-term relationships and delivering high-quality service and solutions



**Past performance is not a reliable indicator of future performance.**

Note: For illustrative purposes.

Source: Aviva Investors, as at March 31, 2024.

\*Target refers to manager's target and is not an objective of the strategy.

# Connected expertise

Our unique proposition of LDI (asset/liability matching) and liquidity as one team provides expertise across the entire opportunity set with experience spanning multiple currencies.

## Sterling Liquidity Team



**Rakesh Girdharlal, FIA**  
Head of Liquidity and Liability Driven Investment, and Senior Portfolio Manager



**Todd Cutting, CFA**  
Senior Portfolio Manager



**Josh Bramwell, CFA**  
Portfolio Manager Liquidity



**Richard Hallett**  
Head of Money Markets



**Alastair Sewell**  
Liquidity Investment Strategist



**Laura Frost**  
Investment Director, Credit



**Duncan Harris**  
Head of Macro Trading



**Global Credit Research**  
**23**



**12 London**



**9 Chicago**



**2 Toronto**



**23**  
Global Credit Research

**5**

Credit Investment Specialists

**20**

ESG Research and Active Ownership

**11**

Traders

Source: Aviva Investors as of March 31, 2024.

# Sterling Liquidity Plus Strategy - key terms

Target Performance	SONIA <sup>1</sup> + 50 basis points
Aim	<b>To provide an investment return with a low level of capital volatility while maintaining liquidity</b>
Credit quality	<b>Min. A-/F2 (Fitch rating)</b>
High degree of liquidity	<b>Liquid underlying investments (Redemptions T+2)</b>
Securitised exposure	<b>AAA only; 50-80 per cent range</b>
Interest rate risk / credit spread risk	<b>Max. 60 days / Max. two years</b>
Individual asset maturity	<b>Max. five years</b>
Maximum weighted average maturity (WAM)	<b>365 days</b>
Non-base currency	<b>Max. 20 per cent</b>

Source: Aviva Investors, <sup>1</sup>Benchmark is SONIA: Sterling Overnight Index Average Rate.

# Key risks



## Investment risk & Currency risk

The value of investments and the income from them will change over time. The price may fall as well as rise and as a result you may not get back the original amount you invested



## Money Market Securities Risk

The strategy invests in money market instruments such as short-term bank debt, the market prices/value of which can rise as well as fall on a daily basis. Their values are affected by changes in interest rates, inflation and any decline in creditworthiness of the issuer.

This is not a guaranteed investment, an investment in a Money Market Fund is different from an investment in deposits and can fluctuate in price meaning you may not get back the original amount you invested. This investment does not rely on external support for guaranteeing liquidity or stabilising the NAV per unit or share. The risk of loss of the principal is to be borne by the investor.



## Sustainability Risk

The level of sustainability risk may fluctuate depending on which investment opportunities the Investment Manager identifies. This means that the fund is exposed to Sustainability Risk which may impact the value of investments over the long term.



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## Important information

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