

# Aviva Investors Multi-asset fund solutions - suitability template wording



This document covers the following fund ranges:

- Aviva Investors MAF Core
- Aviva Investors MAF Plus
- Aviva Investors MAF Sustainable Stewardship

This document is for professional/qualified investors only. It is not to be distributed to or relied on by retail clients.

This document is designed to aid you with your due diligence and outsourcing requirements by providing some information you may find of use when drafting your suitability reports.

We are not providing advice and no responsibility is accepted by Aviva Investors for your reliance on, or use of, this information.

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## Why Aviva Investors? Here are three key reasons:

### 1. Scale and resources

Aviva Investors is a part of Aviva, which has been around for over 325 years and serves over 18.7m customers. Aviva Investors is the asset management arm of Aviva and has a team of over 900 people in 12 countries around the world who look after £218 billion of assets.

### 2. Multi-asset expertise

The multi-asset team have been managing multi-asset funds for over 45 years. The team comprises more than 40 people and is collectively responsible for £101 billion in active and passive investment solutions.

### 3. ESG Heritage

Environmental, social and governance (ESG) is factored into all the multi-asset funds at Aviva Investors as a baseline, with some funds having a specific sustainable focus.

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## The Aviva Investors multi-asset fund ranges

The Aviva Investors multi-asset funds aim to give you a simple way to grow your money. They invest globally in a selection of asset classes, including equities and bonds, allowing you to access a variety of different investments – all in one place. They are medium to long-term investments, so you should be prepared to invest for five years or more. All the fund ranges are accessible via a range of different pension, investment and savings products. The funds in each range each cover a different risk profile. Based on our assessment of your attitude to risk and capacity for loss, we recommend you to invest into **{insert fund(s)}**

## Aviva Investors MAF Core range ‘at a glance’

MAF Core is a low-cost solution. There are three key features you should be aware of:

- 1. Multi-asset expertise:** The team have been managing multi-asset funds for over 45 years and currently manage approximately £101 billion of assets in multi-asset funds. We believe they have developed a robust approach to investing on the basis that:
  - They have an in-house asset allocation methodology. This allows the team to utilise their experience and capabilities, and to create diversified portfolios using a broad selection of different investments, investing in thousands of securities.
  - There is a strong focus on risk management. For example, the team aim to understand risk by stress testing the portfolios for a wide range of historical and hypothetical scenarios. This helps them to ensure your funds are taking an appropriate level of risk.
- 2. ESG Integrated:** The team aims to invest clients’ money in a responsible way.
  - MAF Core uses passive ESG-optimised strategies within its global equity and sovereign allocations, which utilise their own ESG scoring system and third-party ESG scoring system.<sup>1</sup>
  - The team are committed to the responsible stewardship of your investments through active ownership, which includes engagement, voting and public policy activities. They encourage the companies to implement sustainable business practice.
- 3. Great Value:** These funds aim to deliver performance in line with the markets at very low cost.
  - The funds aim to stay within a pre-specified level of risk, which we will review to ensure that it remains appropriate for your needs.
  - Each fund in the range has its own performance benchmark that represents the level of risk being targeted. This provides a useful performance comparison to understand how well the funds are performing.
  - The funds have a fixed Ongoing Charges Figure (OCF) of 0.15%, which makes it one of the lowest-cost solutions in the market. This is achieved through investing more “passively” i.e. investing in lower-cost strategies whereby the managers are trying to follow the market, rather than outperform it.

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## Aviva Investors MAF Plus range ‘at a glance’

MAF Plus is a highly diversified and actively managed solution that aims to deliver a performance outcome better than would result from investing passively into the markets. There are three key features you should be aware of:

- 1. Multi-asset expertise:** As a team they have been managing multi-asset funds for over 45 years and currently manage approximately £101 billion in various multi-asset funds. We believe they have developed a robust approach to investing on the basis that:
  - They have an in-house asset allocation methodology. This allows them to utilise their experience and capabilities, and to create diversified portfolios using a broad selection of different investments, investing in thousands of securities.
  - The funds are managed actively, with the aim of making changes to the funds to either help grow your investment during the good times, or to protect it during the bad.
  - The funds invest across a broad selection of assets, including “uncorrelated” assets aiming to offer more diversification than investing only in traditional assets such as equities and fixed income.
  - There is a strong focus on risk management. For example, the team aim to understand risk by stress testing the portfolios for a wide range of historical and hypothetical scenarios. This helps them to ensure your funds are taking an appropriate level of risk.
- 2. ESG Integrated:** The team aim to invest clients’ money in a responsible way.
  - ESG factors are considered through investment analysis alongside other risks. The investment manager has ultimate discretion over final investment decisions.
  - The team are committed to the responsible stewardship of your investments through engagement, voting and public policy activities. They encourage the companies they own on your behalf to manage sustainability risks and opportunities better.

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1. Tilts are applied for global equities and sovereigns in the portfolio to achieve a higher ESG score than the respective benchmarks (MSCI World Index & Bloomberg Global Aggregate Treasuries Index). Global equities also tilt towards companies with lower carbon intensity than the benchmark (MSCI World Index)

**3. Great Value:** These funds aim to deliver consistent performance in a cost-effective way.

- The funds aim to stay within a pre-specified level of risk, which we will review to ensure it remains appropriate for your needs.
- Each fund in the range has its own performance benchmark that represents the level of risk being targeted. This provides a useful performance comparison to understand how well the funds are performing.
- The funds are aiming to deliver a return that is better, on average, than what would have been received by investing in a simple equity and bond fund.

## Aviva Investors MAF Sustainable Stewardship range ‘at a glance’

MAF Sustainable Stewardship has a focus on sustainable investing. There are three key features you should be aware of:

**1. Sustainable Focus:** The funds focus on investing in sustainable investments to address social issues, climate change and nature protection.

- The funds avoid or limit investment into harmful companies and industries that undermine the transition to a more sustainable future. For example, the distribution and sale of tobacco and alcohol, thermal coal, oil and gas, animal testing and fur products.
- The funds focus investment into companies that are industry leaders in terms of sustainability such as those that provide sustainable products and services and companies that manage their businesses sustainably. In terms of government bonds, the funds invest in green and social bonds, which focus on financing projects to improve the environment or to have a positive social impact.
- The team are committed to the responsible stewardship of your investments through engagement, voting and public policy activities. They encourage the companies they own on your behalf to manage sustainability risks and opportunities better.

**2. Performance Focus:** the funds aim to select sustainable investment opportunities to create a diversified portfolio, with potential for good investment performance.

- The funds are managed by a multi-asset team who have been managing multi-asset funds for over 45 years.
- The multi-asset team draw upon the expertise and research capabilities of over 90 investment professionals in Aviva Investors’ equity, credit and government bond teams to find sustainable investment opportunities, be it investment into a company or a government bond.
- The individual companies are selected based on having both growth potential and an element of predictability, such as resilient long-term cash flows. This means the team are looking for sustainable opportunities, whilst aiming not to take undue investment risks.

**3. Value focus:** These funds aim to have a focus on sustainability in a cost-effective way.

- The funds aim to stay within a pre-specified level of risk, which we will review to ensure that it remains appropriate for your needs.
- The funds have been priced competitively, as Aviva Investors believe sustainability should not come at a premium cost.
- The team produce a range of reports, to ensure you can see where your money is being invested as well as demonstrating how it is making a positive difference.

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# The Aviva Investors Multi-asset Fund performance and risk targets and performance benchmarks

## **Aviva Multi-asset Fund Core I – a defensive strategy for growth**

The Fund targets an overall average return before charges and taxes of at least 0.30% greater than the performance benchmark per year, measured over three year rolling periods.

The performance benchmark index comprises of 20% global equities and 80% global bonds.

The Fund is managed to a “defensive” risk profile and aims to remain within a defined risk range of 16% to 24% of the volatility of “Global Equities”, targeting 20%.

## **Aviva Multi-asset Fund Plus I – a defensive strategy for growth**

The Fund targets an overall average return before charges and taxes of at least 1.30% greater than the performance benchmark per year, measured over three year rolling periods.

The performance benchmark index comprises of 20% global equities and 80% global bonds.

The Fund is managed to a “defensive” risk profile and aims to remain within a defined risk range of 12% to 28% of the volatility of “Global Equities”, targeting 20%.

## **Aviva Multi-asset Fund Core II – a cautious strategy for growth**

The Fund targets an overall average return before charges and taxes of at least 0.30% greater than the performance benchmark per year, measured over three year rolling periods.

The performance benchmark index comprises of 45% global equities and 55% global bonds.

The Fund is managed to a “cautious” risk profile and aims to remain within a defined risk range of 41% to 49% of the volatility of “Global Equities”, targeting 45%.

## **Aviva Multi-asset Fund Plus II – a cautious strategy for growth**

The Fund targets an overall average return before charges and taxes of at least 1.30% greater than the performance benchmark per year, measured over 3-year rolling periods.

The performance benchmark index comprises of 45% global equities and 55% global bonds.

The Fund is managed to a “cautious” risk profile and aims to remain within a defined risk range of 37% to 53% of the volatility of “Global Equities”, targeting 45%.

### **Aviva Multi-asset Fund Core III – a moderately cautious strategy for growth**

The Fund targets an overall average return before charges and taxes of at least 0.30% greater than the performance benchmark per year, measured over three year rolling periods.

The performance benchmark index comprises of 60% global equities and 40% global bonds.

The Fund is managed to a “moderately cautious” risk profile and aims to remain within a defined risk range of 56% to 64% of the volatility of “Global Equities”, targeting 60%.

### **Aviva Multi-asset Fund Plus III – a moderately cautious strategy for growth**

The Fund targets an overall average return before charges and taxes of at least 1.30% greater than the performance benchmark per year, measured over three year rolling periods.

The performance benchmark index comprises of 60% global equities and 40% global bonds.

The Fund is managed to a “moderately cautious” risk profile and aims to remain within a defined risk range of 52% to 68% of the volatility of “Global Equities”, targeting 60%.

### **Aviva Multi-asset Fund Core IV – a balanced strategy for growth**

The Fund targets an overall average return before charges and taxes of at least 0.30% greater than the performance benchmark per year, measured over three year rolling periods.

The performance benchmark index comprises of 75% global equities and 25% global bonds.

The Fund is managed to a “balanced” risk profile and aims to remain within a defined risk range of 71% to 79% of the volatility of “Global Equities”, targeting 75%.

### **Aviva Multi-asset Fund Plus IV – a balanced strategy for growth**

The Fund targets an overall average return before charges and taxes of at least 1.30% greater than the performance benchmark per year, measured over three year rolling periods.

The performance benchmark index comprises of 75% global equities and 25% global bonds.

The Fund is managed to a “balanced” risk profile and aims to remain within a defined risk range of 67% to 83% of the volatility of “Global Equities”, targeting 75%.

### **Aviva Multi-asset Fund Core V – a adventurous strategy for growth**

The Fund targets an overall average return before charges and taxes of at least 0.30% greater than the performance benchmark per year, measured over three year rolling periods.

The performance benchmark index comprises of 100% global equities.

The Fund is managed to a “adventurous” risk profile and aims to remain within a defined risk range of 96% to 104% of the volatility of “Global Equities”, targeting 100%. .

### **Aviva Multi-asset Fund Plus V – a adventurous strategy for growth**

The Fund targets an overall average return before charges and taxes of at least 1.30% greater than the performance benchmark per year, measured over three year rolling periods.

The performance benchmark index comprises of 100% global equities.

The Fund is managed to a “adventurous” risk profile and aims to remain within a defined risk range of 92% to 108% of the volatility of “Global Equities”, targeting 100%.

### **MAF Sustainable Stewardship I**

The Fund aims to make sustainable investments\*, while aiming to keep the volatility of the fund within a risk range of 3% higher or lower than a 20% global equity and 80% global bond index.

### **MAF Sustainable Stewardship II**

The Fund aims to make sustainable investments\*, while aiming to keep the volatility of the fund within a risk range of 3% higher or lower than a 45% global equity and 55% global bond index.

### **MAF Sustainable Stewardship III**

The Fund aims to make sustainable investments\*, while aiming to keep the volatility of the fund within a risk range of 3% higher or lower than a 60% global equity and 40% global bond index.

### **MAF Sustainable Stewardship IV**

The Fund aims to make sustainable investments\*, while aiming to keep the volatility of the fund within a risk range of 3% higher or lower than a 75% global equity and 25% global bond index.

### **Stewardship International Equity**

The Fund aims to make sustainable investments\*, while aiming to deliver an average return greater than the MSCI World Index, over five year rolling periods.

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\*Sustainable investments are defined as either investments in companies with an overall positive alignment to the UN Sustainable Development Goals or in bonds classified by the Climate Bonds Initiative as “Green”, “Social” or “Sustainability” Bonds.

Volatility is measured on an annualised basis, over three year rolling periods, using the volatility figures as at the end of each week. Global equity = MSCI® All Countries World Index (Net) GBP and Global bond = Bloomberg® Global Aggregate Bond Index Hedged GBP.

## Risk level descriptions

### Aviva Investors Multi-asset Fund [Plus / Core] I – defensive

A defensive investor is prepared to accept that the risk that they may lose capital is greater than if they invest in a UK bank or building society deposit account. However, they also expect potential returns to be greater. Moreover, investors would expect to see lower potential levels of volatility or growth, in the medium to long term, than expected with less defensive funds. While bank and deposit accounts are relatively safe, investment in this Fund is at risk and investors could get back less than originally invested. Also, interest is paid on money deposited in a UK bank or building society deposit account and access to your money may be easier.

### Aviva Investors Multi-asset Fund [Plus / Core] II – cautious

A cautious investor is prepared to accept the risk that they may lose capital and acknowledges that the risk of capital loss is greater than if they invest in more defensive investment strategies. However, they also expect the potential for capital growth to be greater than is normally associated with defensive investment strategies. They would expect the potential levels of volatility, and capital growth, in the medium to long term to be lower than is normally associated with the strategies employed by moderately cautious, balanced and adventurous strategies.

### Aviva Investors Multi-asset Fund [Plus / Core] III – moderately cautious

A moderately cautious investor is prepared to accept that the risk of capital loss is greater than if they invest in defensive and cautious investment strategies. However, they also expect the potential for capital growth to be greater than is normally associated with defensive and cautious investment strategies. They would expect the potential levels of volatility and capital growth to be lower than those normally associated with the strategies employed by balanced or adventurous investment strategies.

### Aviva Investors Multi-asset Fund IV [Plus / Core] – balanced

A balanced investor will accept wider day to day fluctuations in value than is normally associated with more cautious investment strategies. However, they would also expect volatility to be lower in the medium to long term than is normally associated with more adventurous investment strategies.

### Aviva Investors Multi-asset Fund V [Plus / Core] – adventurous

An adventurous investor is prepared to accept that the risk of capital loss is greater than if they invest in defensive, cautious and balanced investment strategies. However, they would also expect volatility to be lower in the medium to long term than is normally associated with more adventurous investment strategies, such as a fund that only invests in a single asset class, such as equities.

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## Appendix

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#### Diversification

In the simplest terms, diversification is a very straightforward idea – you don't want to put all your eggs in one basket. Spreading (or 'diversifying') your savings across different types of investment (such as different asset classes, regions and sectors) allows you to benefit from many more opportunities, while also limiting the impact to your overall portfolio if any one holding underperforms.

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#### Volatility

Volatility is a way of identifying how risky an asset might be. Broadly, assets that show large movements in value (high volatility) are riskier than those that don't change much (low volatility). That's because their value can increase or decrease significantly – which means it's possible to lose more, but it's also possible to gain more than less volatile investments. Because high volatility is associated with the potential for higher returns, there is always a trade-off between risk and potential reward, which is why understanding your appetite and capacity for risk is so important.

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# Key Risks

## Investment risk

The value and income from the fund's assets will go down as well as up. This will cause the value of your investment to fall as well as rise. There is no guarantee that the fund will achieve its objective and you may get back less than you originally invested.

## Currency risk

The fund is exposed to different currencies. Derivatives are used to minimise, but may not always eliminate the impact of movements in currency exchange rates.

## Emerging markets risk

The funds invest in emerging markets; these markets may be volatile and carry higher risk than developed markets.

## Derivatives risk

Investments can be made in derivatives, which can be complex and highly volatile. Derivatives may not perform as expected, meaning significant losses may be incurred.

Derivatives are instruments that can be complex and highly volatile, have some degree of unpredictability (especially in unusual market conditions), and can create losses significantly greater than the cost of the derivative itself.

## Sustainable investing risk

The level of sustainability risk to which the Fund is exposed, and therefore the value of its investments, may fluctuate depending on the investment opportunities identified by the Investment Manager.

## Credit risk

Bond values are affected by changes in interest rates and the bond issuer's creditworthiness. Bonds that offer the potential for a higher income typically have a greater risk of default.

## Green, Social and Sustainability Bonds risk

These bonds have a smaller market size and can be more volatile and less liquid than established bond markets.

## Collective investment risk

Investing in any type of collective investment involves certain risks and limitations that you would not face if investing in markets directly, including the risk of delay in liquidating your investment.

## 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.



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## Important Information

### MAF -

Except where stated as otherwise, the source of all information is Aviva Investors Global Services Limited ("Aviva Investors"). Unless stated otherwise any opinions expressed are those of Aviva Investors. They should not be viewed as indicating any guarantee of return from an investment managed by Aviva Investors nor as advice of any nature. 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.

The Aviva Investors Multi-asset Funds comprise two ranges, each with five funds (together the "Funds"): Aviva Investors Multi-asset Plus Fund range comprises the Aviva Investors Multi-asset Plus Fund I ("MAF Plus I"), the Aviva Investors Multi-asset Plus Fund II ("MAF Plus II"), the Aviva Investors Multi-asset Plus Fund III ("MAF Plus III"), the Aviva Investors Multi-asset Plus Fund IV ("MAF Plus IV") and the Aviva Investors Multi-asset Plus Fund V ("MAF Plus V") Aviva Investors Multi-asset Core Fund range comprises the Aviva Investors Multi-asset Core Fund I ("MAF Core I"), the Aviva Investors Multi-asset Core Fund II ("MAF Core II"), the Aviva Investors Multi-asset Core Fund III ("MAF Core III"), the Aviva Investors Multi-asset Core Fund IV ("MAF Core IV") and the Aviva Investors Multi-asset Core Fund V ("MAF Core V").

The Funds are sub-funds of the Aviva Investors Portfolio Funds ICVC. For further information please read the latest Key Investor Information Document and Supplementary Information Document. The Prospectus and the annual and interim reports are also available on request. Copies in English can be obtained free of charge from Aviva Investors UK Fund Services Limited, 80 Fenchurch Street, London EC3M 4AE. You can also download copies from our website.

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### MAF Sustainable -

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The Aviva Investors MAF Sustainable Stewardship funds are a new range by Aviva Investors and will comprise four funds: Aviva Investors Multi-asset Sustainable Stewardship Fund I ("MAF SS I"), the Aviva Investors Multi-asset Sustainable Stewardship Fund II ("MAF SS II"), the Aviva Investors Multi-asset Sustainable Stewardship Fund III ("MAF SS III") and the Aviva Investors Multi-asset Sustainable Stewardship Fund IV ("MAF SS IV").

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