# AVIVA INVESTORS MULTI-STRATEGY TARGET RETURN FUND

FUND UPDATES

MARCH 2023

This notice provides updated information in relation to the Aviva Investors – Multi-Strategy Target Return Fund (ARSN 605 042 288) (Fund) which is a Sub-Fund of Aviva Investors Société d'Investissement à Capital Variable (Underlying Fund). This notice forms part of the ongoing disclosures in relation to the Product Disclosure Statement issued on 6 June 2022. This update is issued by The Trust Company (RE Services) Limited (ABN 45 003 278 831) (Australian Financial Services Licence No. 235150) as Responsible Entity for the Fund.

## FUND UPDATE

The Board of Directors of the Underlying Fund (the "Board") has decided to amend its investment policy with respect to the use of derivatives and the level of leverage that may be used from time-to-time. The changes, which are summarised below, are effective from 17 March 2023 (the "Effective Date").

A copy of the Underlying Fund's letter to shareholders which outlines these changes in more detail, is enclosed with this continuous update.

### Investment Policy with respect to Asset-backed and Mortgage-backed Securities

The Underlying Fund currently invests up to 5% of total net assets in asset-backed securities and mortgage- backed securities ("ABS/MBS").

The Board has resolved to allow an increase the Underlying Fund's exposure to ABS/MBS of up to 10% of its NAV.

### Derivatives and Techniques

The Underlying Fund's leverage may rise when the Investment Manager deems it most appropriate to use such instruments to adjust the Underlying Fund's interest rate exposure according to market conditions.

The Underlying Fund's derivatives may include futures, options, swap contracts, swaptions, total return swaps, currency forwards (deliverable or non-deliverable), foreign exchange options and credit default swaps and interest rate swaps.

### Expected Level of Leverage

The Board has resolved to increase the level of leverage which the Underlying Fund may use, from 700% to 1200% of its NAV, although it is possible that actual leverage may exceed 1200% from time-to-time.

An increase of the Underlying Fund's use of leverage will facilitate access to strategies that help the Investment Manager deliver the Underlying Fund's investment strategy through alpha generation and by increasing portfolio diversification.

The Investment Manager believes that the increase to the Underlying Fund's use of leverage will not affect the Investment Manager's ability to manage the Underlying Fund in accordance with the Underlying Fund's stated investment policies.

For the avoidance of doubt, please note that the Underlying Fund's risk limits otherwise remain unchanged.

The Notice to shareholders is enclosed below for reference. For full details on the aforementioned changes, please refer to the Underlying Fund's prospectus dated February 2023 which is available from www.avivainvestors.com.au or upon request at info.au@avivainvestors.com.

**More information**

For further information you may contact us at **Info.au@avivainvestors.com** or on (03) 9653 6472.

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# NOTICE TO SHAREHOLDERS OF **AVIVA INVESTORS – MULTI-STRATEGY TARGET RETURN FUND**

Luxembourg, 15 February 2023

Dear Shareholder,

We would like to inform you that the Board of Directors of the Fund (the "**Board**") has decided to amend the investment policy, the use of derivatives and the expected level of leverage of *Aviva Investors – Multi-Strategy Target Return Fund* (the "**Sub-Fund**"). The changes, as detailed below, will become effective on 17 March 2023 (the "**Effective Date**").

1. Investment Policy:

   The Sub-Fund currently invests up to 5% of total net assets in asset-backed securities and mortgage-backed securities ("**ABS/MBS**").

   The Board has resolved to amend the investment policy of the Sub-Fund as outlined below in order to increase the exposure to ABS/MBS up to 10% of total net assets as from the Effective Date.

"*The Sub-Fund invests in equities, bonds, money market instruments and bank deposits from anywhere in the world.*
*The Sub-Fund may also invest in UCITS, other UCIs and closed-end funds, including real estate investment trusts (REITs).*
*The Sub-Fund may also take exposure to commodities (including but not limited to Gold) and/or carbon credit through transferable securities (such as ETC), ETFs or derivatives on eligible financial indices:*

- *No exposure to any single commodity and/or carbon credit linked instrument may exceed 5% of the Sub-Fund's NAV on an individual basis,*
- *The aggregate value of all exposures to gold shall not exceed 8% of the Sub-Fund's NAV,*
- *The aggregate value of all exposures to carbon credits shall not exceed 5% of the Sub-Fund's NAV, and*
- *The aggregate value of all commodity and carbon credit exposures shall not exceed 10% of the Sub-Fund's NAV.*

*The Sub-Fund may invest in China A-Shares through Shanghai Hong Kong Stock Connect and through Shenzhen Hong Kong Stock Connect.*
***The Sub-Fund may invest up to 10% in mortgage and asset backed securities and up to 5% in contingent convertible bonds. For full details of the risks applicable to investing in these bonds, please refer to section "Risk Descriptions".*** "

2. Derivatives and Techniques

   With effect from the effective date, the Board has resolved to amend the "Derivatives and Techniques" section to reflect the use of interest rate swap strategies, as follows:

   "*Derivatives and Techniques*

*The Sub-Fund makes extensive use of derivatives for investment purposes by taking long and synthetic short positions in indices, securities and baskets of securities* ***and relative value interest rate swap strategies (to manage duration, to manage the yield curve via steepening/flattening or other yield curve management strategies). Interest rate swap strategies and other derivative instruments (particularly shorter-dated investments) may give rise to higher levels of leverage and are important tools to manage risk as well as provide opportunities for generating investment returns, Consequently, the Sub- Fund's leverage may rise when the Investment Manager deems it most appropriate to use such instruments to adjust the Sub-Fund's interest rate exposure according to market conditions.***

*The Sub-Fund's derivatives may include futures, options, swap contracts, swaptions, total return swaps, currency forwards (deliverable or non-deliverable), foreign exchange options ~~and~~ credit default swaps* ***and interest rate swaps.***

*In order to limit exposure, the aggregate long exposure via derivatives to excluded securities will be monitored on a quarterly basis so as not to exceed 7.5% of the delta weighted notional value. If this level is exceeded, it will be reduced back within tolerance by the following quarter.*

*The Sub-Fund may also use derivatives for hedging and for efficient portfolio management."*

3. Expected Level of Leverage:

With effect from the Effective date, the Board has resolved to amend the expected level of leverage of the Sub-Fund, as detailed below:

"*~~700%~~* ***1200%*** *of the NAV of the Sub-Fund, although it is possible that this level be higher from time to time."*

*(…)*

***The expected level of leverage is calculated using the sum of notionals approach. The volume and type of derivatives used by the Sub-Fund may cause the sum of the notionals figure to vary significantly over time. It should be noted that this figure is not an indicator of economic leverage within the sub-fund. A figure for leverage based on the sum of the notionals of the derivatives used may appear high as it does not take into account the effect of any netting or hedging arrangements that the Sub-Fund has in place even though these netting and hedging arrangements may reduce exposure.***

***There may be circumstances of higher leverage consumption, for example with higher usage of shorter-dated interest rate swaps. Whilst shorter duration strategies are more leverage intensive than those with a longer duration, this higher leverage does not equate to higher volatility.The interest rate swaps market is one of the most liquid within financial markets, with daily turnover of OTC interest rate derivatives at high levels. The Investment Manager therefore considers that the use of these strategies does not impact on the Sub-Fund's overall liquidity profile*."**

This increase of the Sub-Fund's expected level of leverage will allow the access to strategies that help the Investment Manager deliver the Sub-Fund's investment strategy by facilitating alpha generation and increasing portfolio diversification.

The increase to the expected level of leverage will not affect the Investment Manager's ability to manage the Sub-Fund in accordance with the Sub-Fund's stated investment policies.

It is not anticipated that the volatility of the Sub-Fund will increase as a result of this change, nor will the Sub-Fund's risk profile be affected:

- The Sub-Fund uses Value at Risk (VaR) to calculate its global exposure, and the VaR internal guideline will remain unchanged;
- The Sub-Fund's stated SRRI (currently 4) is not expected to change as a result of the leverage increase, and the proposals will not alter the Sub-Fund's stated aim of managing volatility to a target of less than half the volatility of global equities, as set out in the investment objective in the prospectus;
- The Investment Manager has also considered the impact of the proposals on the liquidity profile of the Sub-Fund and as a result of these proposals the Investment Manager has not needed to revise its liquidity management processes;
- The Investment Manager will continue to monitor the drivers of leverage and risk at portfolio and individual strategy level to ensure that the Sub-Fund continues to operate within its risk parameters.

For the avoidance of doubt, please note that the Sub-Fund's risk limits remain unchanged.

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If you do not accept these changes, you may request free of charge redemption or conversion of you shares into any of the other sub-funds of the Fund until 16 March 2023, under the conditions described in the prospectus.

An updated version of the prospectus dated February 2023 reflecting the change referred above will soon be available, free of charge, upon request at the registered office of the Fund.

Capitalised terms not defined herein shall have the meaning given to them in the prospectus of the Fund.

**Should you require further information about the changes mentioned above, please contact the following email address: csaviva@rbc.com.**

Yours sincerely,

Paula Concordea

**Paula Concordea**
**On behalf of the Board of Directors**