

Aviva Investors Multi-Strategy Target Return

Quarterly review for the three months to 30 June 2024



ISIN
AU60PIM00268

UNIT CLASS INCEPTION DATE
01/07/2015

FUND SIZE
AUD 28.06m

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%

What happened in the market

Despite the mixed performance for markets in Q2, equities continued to advance while sovereign bonds struggled as investors dialled back their expectations for rate cuts this year.

How the fund performed

The fund delivered positive performance in Q2. Opportunistic Returns led the gains over the period, along with positive performance in our cash holdings. Market Returns slightly detracted from fund performance, whilst Risk Reducing Returns were broadly flat.

Looking ahead

The focus is now on how much interest rates might fall by and when. However, dynamic position management remains key due to the speed at which things can change.

What happened in the market

April was a challenging month for most developed market equities, with many key indices pulling back from their previous all-time highs. The catalysts behind these moves were the stickier-than-expected inflation data and increased tensions in the Middle East, triggered by Iran's attack on Israel. Against the backdrop of higher-than-expected inflation data, fixed income markets struggled. Markets got off to a positive start in May. However, this recovery stalled part-way through the month due to stickier inflation and resilient data prints. This was especially evident in Europe, where the resilient data resulted in interest rate cut expectations being revised to 55bps. This caused sovereign bonds selling off across various countries. Global equities continued to advance in June, although regional performance was mixed. European equities struggled, whilst the S&P 500 hit yet another all-time high driven by the so-called Magnificent Seven. Elections continued to be a key theme this month, with the results from the European parliamentary elections at the start of the month leading French president Macron to call a snap election. This saw French assets sell off and the Franco-German 10-year spread widening by 29bps in the week following the announcement. Despite the sticker-than-expected services inflation data, the European Central Bank delivered its first rate cut of 25bps, as widely expected. Global Bonds reacted fairly well, finishing the month in positive territory.

How the fund performed

	Cumulative (%)					Annualised (%)		
	1M	3M	6M	FYTD*	1Y	3Y	5Y	Since Inception
Fund gross	-21.26	-20.67	-17.97	-11.70	-11.70	-1.83	0.47	1.30
Fund net	-21.32	-20.85	-18.35	-12.53	-12.53	-2.75	-0.47	0.34
Benchmark	0.75	2.30	4.69	9.34	9.34	7.40	6.61	6.62

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.

The fund ended the quarter in positive territory. Opportunistic Returns led the gains over the period, along with positive performance in our cash holdings. Market Returns slightly detracted from fund performance, whilst Risk Reducing Returns were broadly flat. Market Returns strategies incurred losses over the period, led by our long exposure in European equities, and to a lesser extent, long Japanese equities. These losses were largely offset by our long gold mining and long US equities positions. Opportunistic Returns drove gains over the quarter, primarily due to the short Japanese rates strategy. Our commodity positions in the portfolio also added to fund performance, mainly through the long copper and long gold strategies. These gains were slightly offset by losses in long UK vs US rates and long Japanese yen v Swiss franc positions. The Risk Reducing Returns section of the portfolio was broadly flat over the quarter, as gains in long Korean rates were offset by negative performance in the long equity volatility strategy.

Looking ahead

Economic data continues to be supportive of risk assets with odds of a soft landing increasing and interest rates likely to have peaked. While there should be scope for interest rates to decline appreciably from current levels, they are unlikely to fall nearly as low as in the years that followed the global financial crisis. The balance of risks is tilted to moderate risk exposure within equities and credit, but things can change rather quickly, and we continue to focus on dynamic position management to manage the overall level of risk in the portfolio.

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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