Aviva Investors Multi-Strategy Target Return OEIC

Outcome-focused strategy for an uncertain world

AVIVA INVESTORS

The Aviva Investors Multi-Strategy Target Return fund:

- Global Multi-Strategy fund free from benchmark constraints.
- Targets annual investment performance of five per cent[1] over the Bank of England base rate in order to generate capital growth over the long term.[2]
- Aims to help stabilise an investor's overall portfolio by managing fund volatility to a target of less than half that of global equities over any three-year period.
- Seeks to help investors diversify their portfolios with an outcome-oriented approach generating returns that have little correlation to equities, bonds and other traditional asset classes.

1. Objective based on the Bank of England base rate, annualised on a rolling 3 year basis, before charges.
2. The ICVC UCITS Fund structure (registered in the United Kingdom).

Multi-Strategy investing

Investing in an uncertain world

Investment strategies designed to deliver specific returns or levels of income regardless of the market environment have proven popular with a wide array of institutional investors. Their popularity lies in their ability to generate relatively stable returns that are less correlated to other asset prices. That in turn has made them an attractive option for investors looking to diversify their portfolio and reduce volatility.

Furthermore, while aggressive and experimental monetary policy has in recent years meant most financial market have done well, there is no guarantee this will continue. COVID-19 has for instance reminded investors of the importance of defensive positions within a portfolio during times of market stress. The rising inflationary environment is posing headwinds not only for fixed income markets but also to equity valuations, which has led investors to seek alternatives in order to generate performance. With so much uncertainty ahead, these types of strategies are set to remain a compelling proposition for investors.

Why Aviva Investors for Multi-Strategy investments

The Aviva Investors Multi-Strategy (AIMS) Target Return fund aims to provide investors with a return of five per cent over the Bank of England base rate with half the volatility of global equities.* As such, it is designed to meet many investors' needs for equity – like returns with limited volatility, irrespective of market conditions.

As a firm, we have considerable expertise in running Multi-Strategy portfolios, backed by a multi-asset pedigree stretching back 40 years and an investment team managing over £145 billion in Multi-asset strategies.[3]

Key Strengths

Managing Multi-Strategy funds is at the heart of our business. We believe the following three characteristics set us apart:

- **Connected thinking**: A firm-wide approach, not just a team. We take advantage of the full breadth of Aviva Investors' return generating capabilities within Multi-asset & Macro, Equities, Credit, Real Assets and ESG. All investment teams, across all asset classes, are incentivised to contribute investment ideas into AIMS.
- **Unconstrained approach**: An unconstrained investment approach is the key to a well-diversified portfolio. In the current environment of stretched valuations and historically low bond yields, the ability to invest across and within asset classes enables us to source investment opportunities with an asymmetric return profile.
- **Robust portfolio construction**: Portfolio construction is crucial to generating performance. We acknowledge that as investors we are not always right in forecasting with the future.

  This is why we build portfolios that are risk diversified with the aim to preserve capital. The portfolio should perform well if our House View plays out but also be robust under a range of market scenarios.

The AIMS investment philosophy

The following three beliefs underpin how our investment process, including the way we construct our AIMS funds, is designed to deliver the outcomes clients need.

Markets are not efficient

Markets are quick to embed information but not always the correct information, potentially leading to large swings in sentiment.

Markets are more focused on the short term than the medium-to-long term

Fund managers who can ignore short-term market events and investment opportunities should be better placed to spot mispriced medium-term opportunities. Therefore, more investment ideas with attractive risk-adjusted returns should be found over a two-to-three-year investment period than any other period.

Investment opportunities are not always found in traditional asset classes

Our investment ideas aim to identify why and how the market misprices risk. In managing risk for our clients, more often than not we employ strategies that allow us to express a view within an asset class or on how the outlook for one compares relative to the outlook for another.

3. Source: Aviva Investors as at 31 December 2021.

* The Index we use to represent Global Equities is the MSCI® All Country World Index LC (the Index).

A Multi-Strategy approach to generate returns

In an ever changing world, constructing diverse portfolios is not easy. In selecting the best strategies at any given time and integrating them into a cohesive portfolio, we assign all positions to one of three groups:

Market strategies

- Our focus is on harnessing risk premia through dynamic allocation across and within asset classes.
- These strategies should lead to capital growth in the event our "House View", representing our outlook for the world economy and financial markets, proves to be correct.

Opportunistic strategies

- These strategies aim to generate returns that are less correlated to the broader market. They exploit mispricing that occurs during periods of excessive pessimism or optimism or is caused by the action of non-profit maximising agents such as central banks and pension funds.
- This part of the portfolio aims to generate positive returns over the medium term, irrespective of the business cycle.

Risk-reducing strategies

- These strategies aim to generate positive returns if our House View does not materialise, while being flat to mildly positive in the event it proves to be correct.
- In times of market stress, these strategies can significantly boost portfolio returns, thereby helping to control risk.

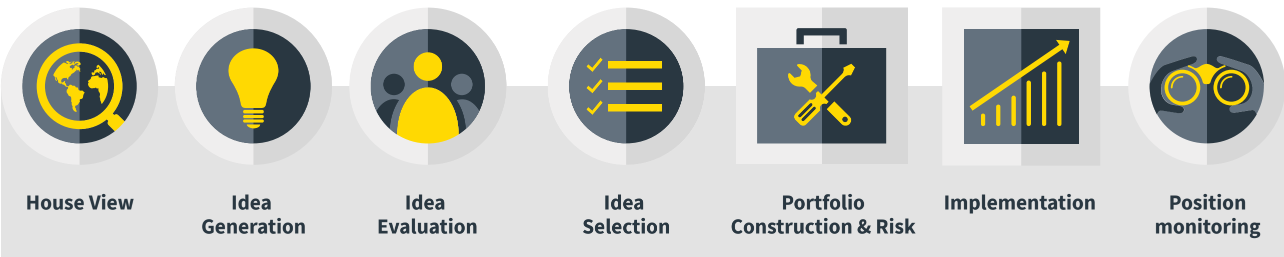
AIMS Investment Process

Creating an inventory of approved ideas

Constructing a robust diversified portfolio

Global collaboration in idea generation

Dedicated AIMS team managing portfolio



ESG integration*

*ESG considerations are non-binding but a critical part of the process holding equal importance alongside other risk factors. Our portfolio managers are empowered to make the right decisions for the best investment outcome.

Managing and monitoring portfolio risk

The fund's Portfolio Construction & Risk team plays a vital role in helping the fund managers construct portfolios as risk considerations are at the heart of the process.

The team works closely with the fund's managers, rigorously monitoring and testing individual strategies and the overall portfolio. All strategies pass through a stringent pre-trade risk process before being incorporated into the fund. Strategies are assessed according to their expected risk and return, the ease with which they can be exited, and whether they will work if the fund grows substantially in size. The team also tests how the overall portfolio would perform in different market conditions, conducting regular stress testing and assessing optimal trade sizes.

In addition, an independent team monitors market risk separately.

Key benefits

Smoother returns, preserving capital and managing volatility

For the AIMS Target Return Fund, we aim to help institutions meet their investment needs by targeting long-term investment returns similar to traditional equity strategies but with much less volatility and irrespective of market conditions.

Risk-diversified portfolio

By focusing on diversifying portfolio risk rather than asset allocation, we aim to provide investors with a targeted return from a wide range of sources, unconstrained by benchmark considerations. This allows us to focus on providing the long-term performance you need, even as market conditions change.

Lower correlation to traditional markets

The fund aims to help schemes diversify their portfolios with an approach that targets a specific levels of return with lower correlation to equities, bonds and other traditional asset classes.

Key risks

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 and exchange rates. Investors may not get back the original amount invested.

The Fund uses derivatives; these can be complex and highly volatile. This means in unusual market conditions the Fund may suffer significant losses.

Certain assets held in the Fund could 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.

AIMS Target Return Fund

An outcome-driven solution designed for schemes looking for attractive long-term returns but with far less volatility than typically associated with global equities.

Key fund facts	
Fund name	Aviva Investors Multi-Strategy Target Return Fund
Fund managers	Peter Fitzgerald and Ian Pizer
Investment objective	The Fund aims to provide a positive return under all market conditions, by targeting an average annual return of 5 per cent above that of the Bank of England base rate, before the deduction of charges, over a rolling three year period. The fund aims to achieve this with less than half the volatility of global equities,* over the same rolling three year period.
Fund structure	A sub-fund of Aviva Investors Investment Funds ICVC, a UK domiciled UCITS.
Share class and type	Share class 2 (institutional): Accumulation
Currency of fund	GBP
Fund launch date	1 July 2014
Liquidity	Daily pricing
Settlement	T+4
Investment Association sector	Targeted Absolute Return
ISIN Code	GB00BMJ6DT26
SEDOL	BMJ6DT2
Ongoing Charges Figure	0.85%
Entry charge[4]	Nil

4 The entry charges shown above are those that currently apply. These may be lower than the entry charge shown on the Key Investors Information Document as those are based on standard entry charges as detailed in the Prospectus. In the future, we may increase these charges for new investments.

* The Index we use to represent Global Equities is the MSCI® All Country World Index Local Currency (the Index).

An important note regarding tax – Corporation tax (currently 20 per cent) is payable on some of the revenue profit in the AIMS Target Return Fund. The impact of corporation tax paid by these funds means that the level of distributions paid to investors may be up to 20 per cent less than the revenue profits generated by the funds.

Contact us

John Andrews
Client Solutions Director
Tel: +44 (0) 207 809 8103
john.andrews@avivainvestors.com

Matthew Graham
Client Solutions Director
Tel: + 44 (0) 207 809 8795
matthew.graham@avivainvestors.com

Andy Seed
Client Solutions Director
Tel: +44 (0) 7384 905 401
andy.seed@avivainvestors.com

Jenny Connell
Consultant Relations Director
mob: +44 (0)207 809 8134
jenny.connell@avivainvestors.com

Alternatively, you can visit us online at **www.avivainvestors.com**

or write to us at:

Aviva Investors
St Helen's,
1 Undershaft,
London EC3P 3DQ

Important information

Except where stated as otherwise, the source of all information is Aviva Investors Global Services Limited ("Aviva Investors") as at 31st March 2022 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 content of this communication does not purport to be representational or provide warranties above and beyond those contained in the Prospectus and subscription documentation of the Fund. The Prospectus and the subscription document contain the full terms, conditions, representations and warranties in respect of the Fund. Nothing in this communication shall be construed as forming any part of those terms, conditions, representations or warranties.

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.

The Aviva Investors Multi-Strategy Target Return Fund is a sub-fund of the Aviva Investors Investment Funds ICVC. For further information please read the latest Key Investor Information Documents and Supplementary Information Documents. The Prospectus and the annual and interim reports are also available on request. Copies in English can be obtained from Aviva Investors UK Fund Services Limited, St Helen's, 1 Undershaft, London EC3P 3DQ or by contacting us on + 44 (0) 20 7809 6000. You can also download copies from our website.

*Telephone calls may be recorded for training and monitoring purposes. Calls are free from a BT landline. Call charges may vary from mobiles and other networks.

Investment into the Fund is provided by Aviva Investors UK Fund Services Limited, the Authorised Fund Manager. Registered in England No. 1973412. Authorised and regulated by the Financial Conduct Authority. Firm Reference No. 119310. Registered address: St Helen's, 1 Undershaft, London EC3P 3DQ, an Aviva company. www.avivainvestors.com.

Issued by Aviva Investors Global Services Limited, the Investment Manager to the Fund registered in England No. 1151805. Registered Office: St Helen's, 1 Undershaft, London EC3P 3DQ. Authorised and regulated by the Financial Conduct Authority (Firm Reference No. 1191780).

Contact us at Aviva Investors Global Services Limited, St Helen's, 1 Undershaft, London EC3P 3DQ.

297233 - D009007-31032022