

Real Asset House View

The intelligence that guides our investment decisions

Thursday 23 April 2020, 2pm BST

Today's speakers



Chris Urwin
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Head of Real Assets
Investment Specialists

Key points

Risk assessment is key – House View models risks consistently across real assets

Analysis compares asset classes to build outcome focussed portfolios

Identifying opportunities – which markets are the clear winners?

Traditional boundaries blurring



Evolving investment landscape

Investible universe wider, deeper & more complex

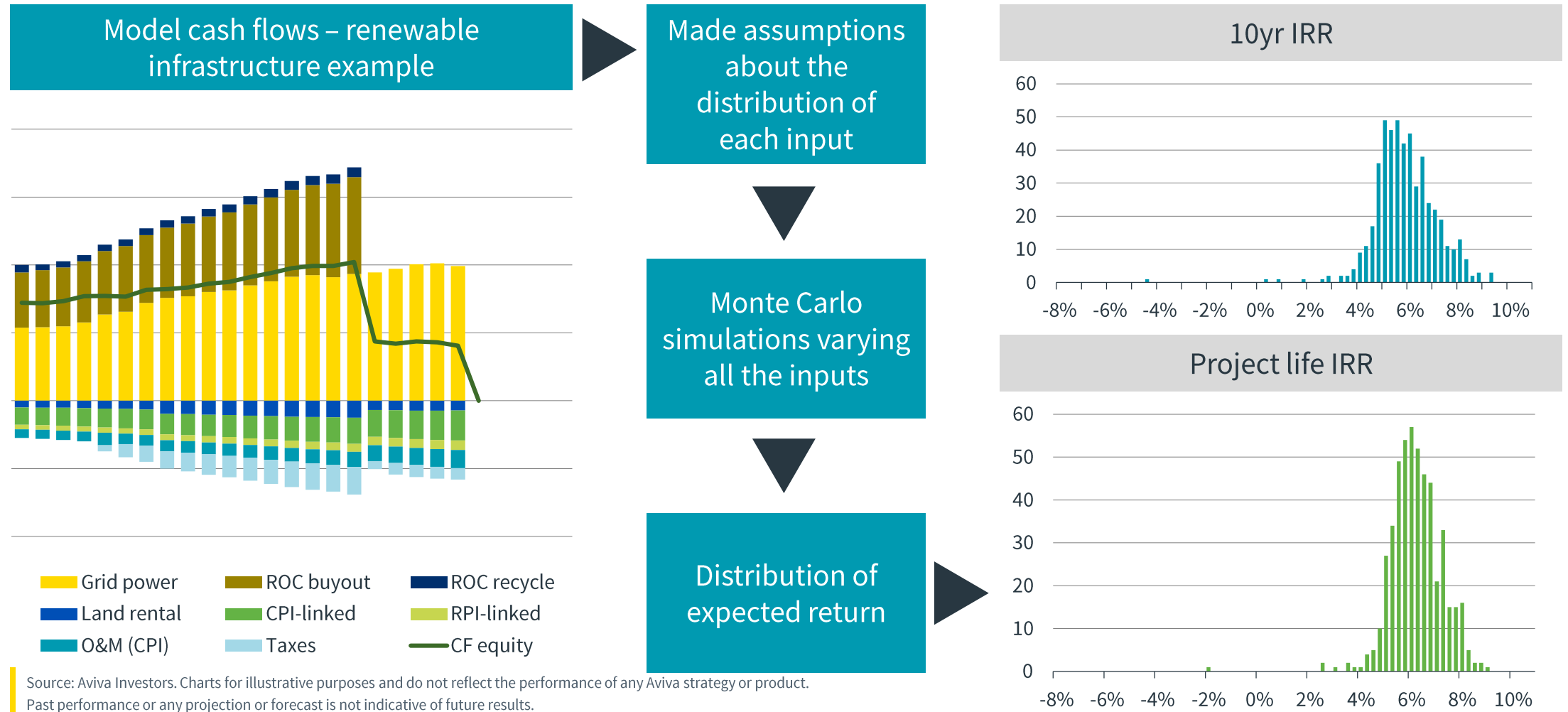


Evolving investor landscape

Increasing 'outcome' focus across all investors channels

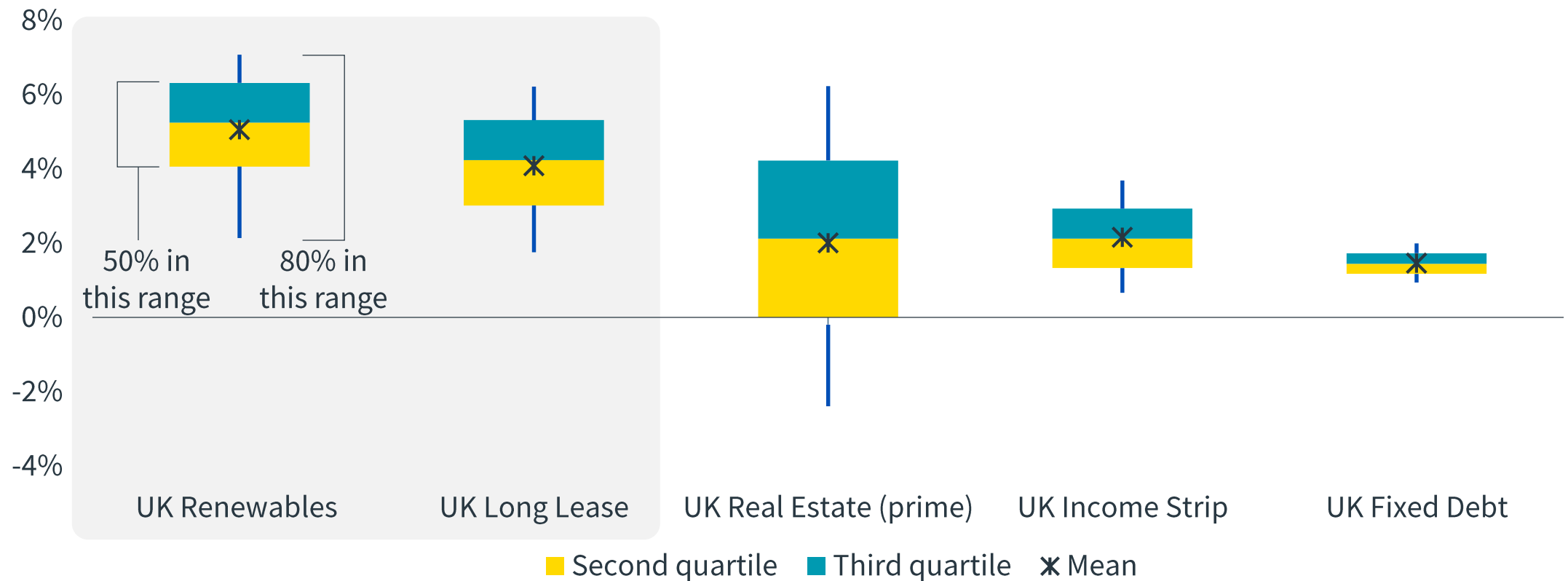
Ability to navigate changes in optimal portfolio construction is critical

Our methodology : assessing risk is critical



Key findings : comparing risk and return

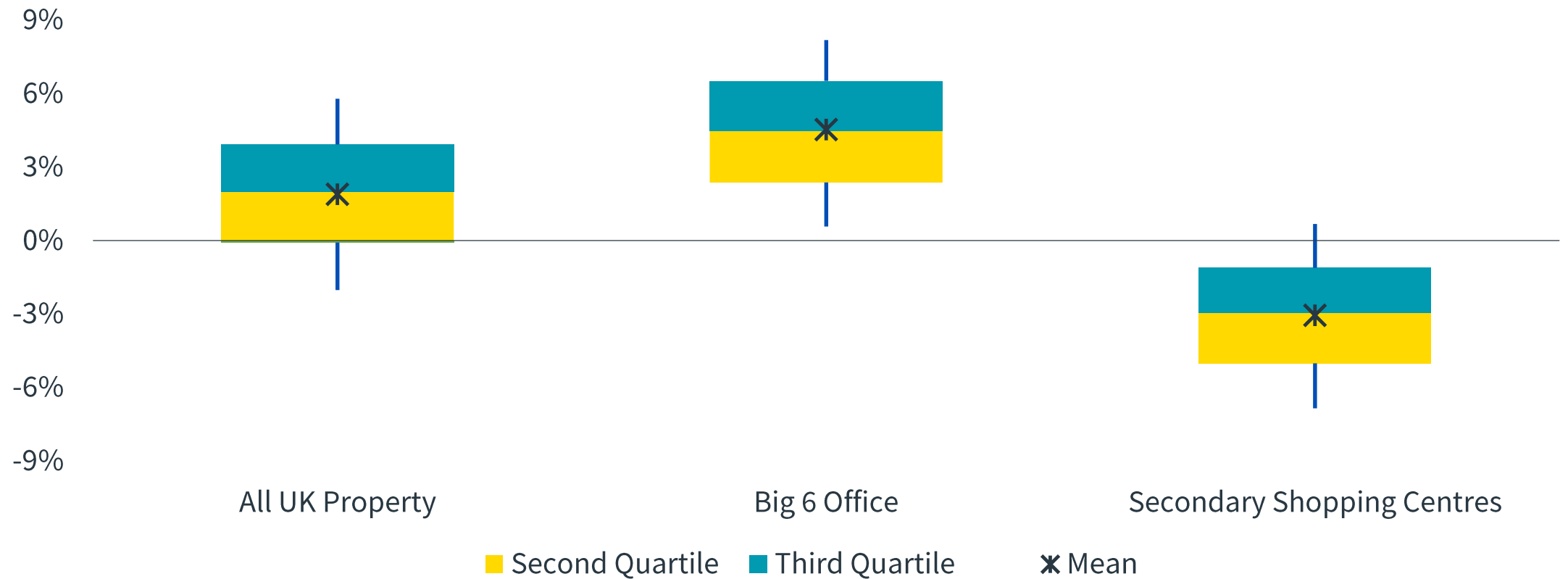
10 year IRR for UK real assets – Dec 2019 view



Source: Aviva Investors. Certain data is projected. There is no guarantee these projections will come to pass.

Sector focus : digging deeper

10 IRR forecast of different UK property sectors

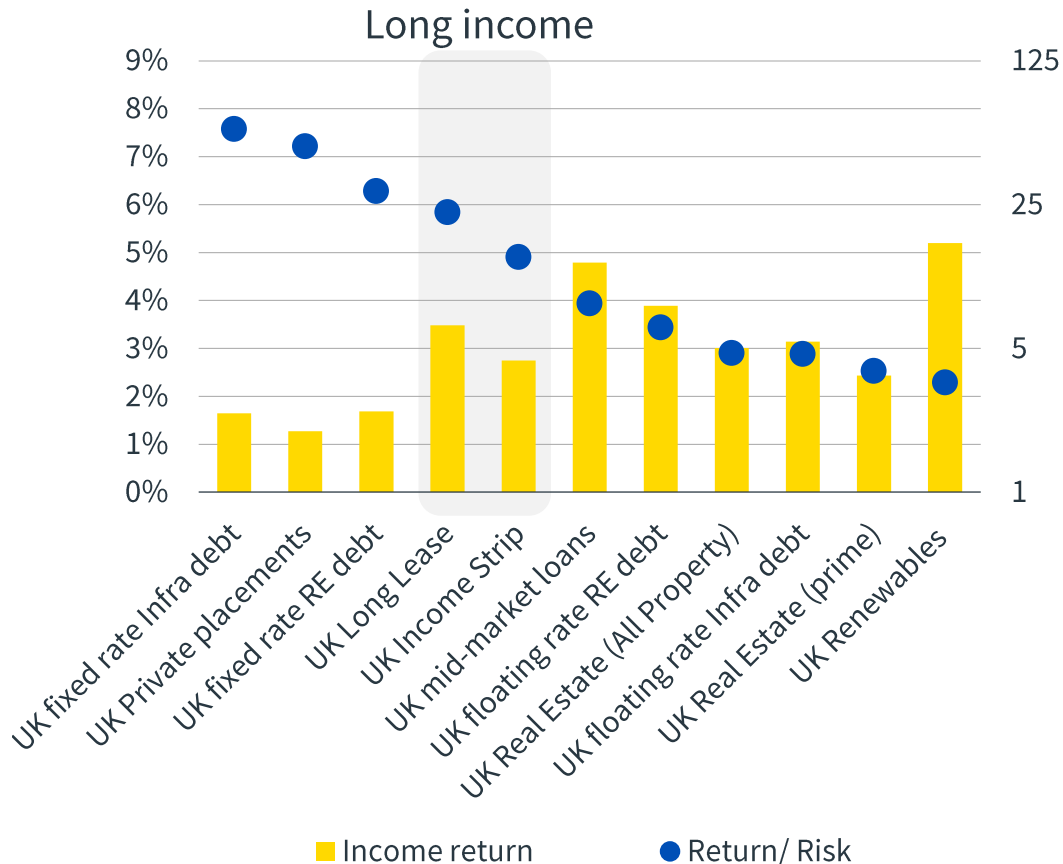


10 IRR forecast of different UK property sectors.

Source: Aviva Investors. Certain data is projected. There is no guarantee these projections will come to pass.

Relative winners : long income

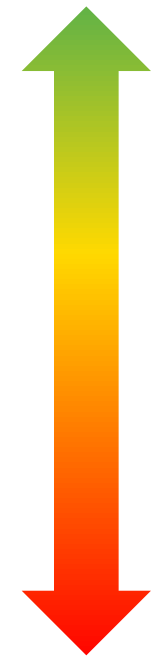
Long income has the most stable equity income



Source: Aviva Investors. Certain data is projected. There is no guarantee these projections will come to pass.

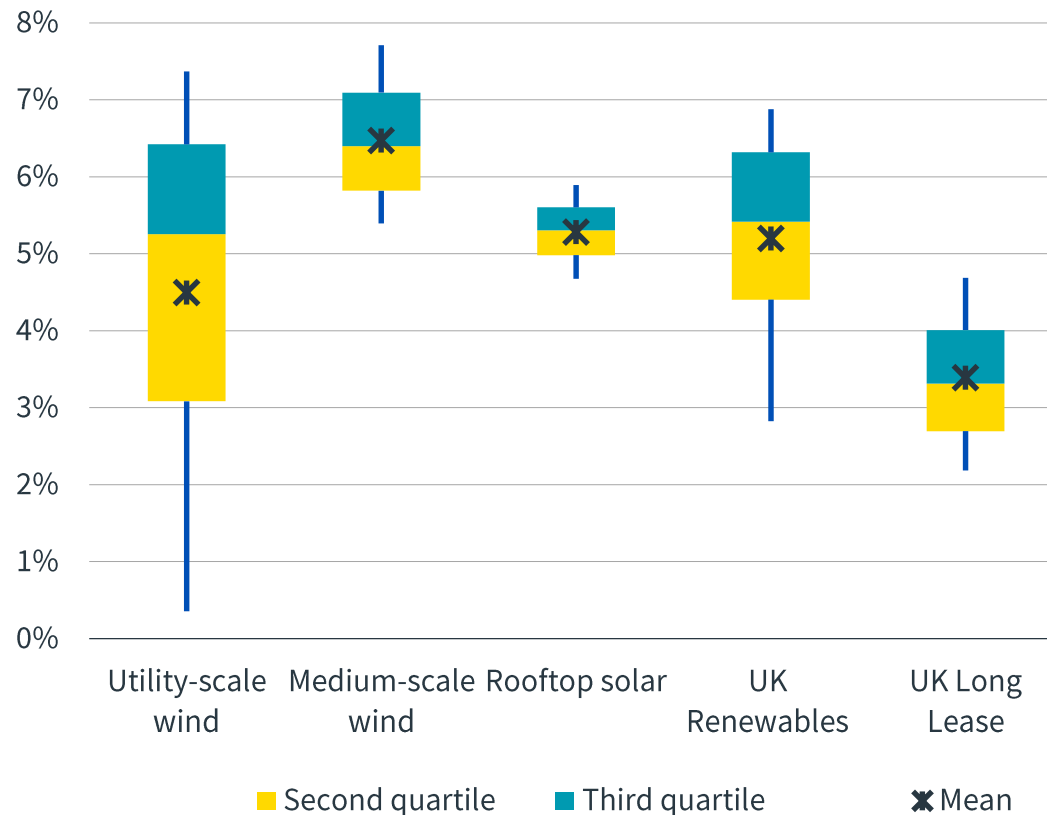
Resilience depends on tenant quality

Public sector assets
Ground rent
Industrials
Supermarkets
Student Accommodation
Care Homes
Construction project
Retail and Leisure
Hotels



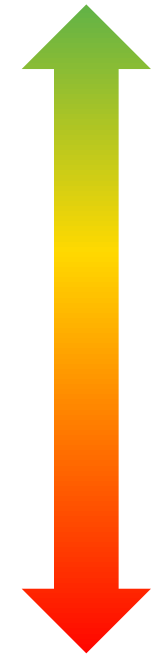
Relative winners : infrastructure

Renewable income linked to power price



Transport sector more exposed

Social infrastructure
Data Infrastructure
Subsidised renewable & Utilities
Rolling stock
Student accommodation
Merchant renewable
Ports
Motorways
Ferries
Airports

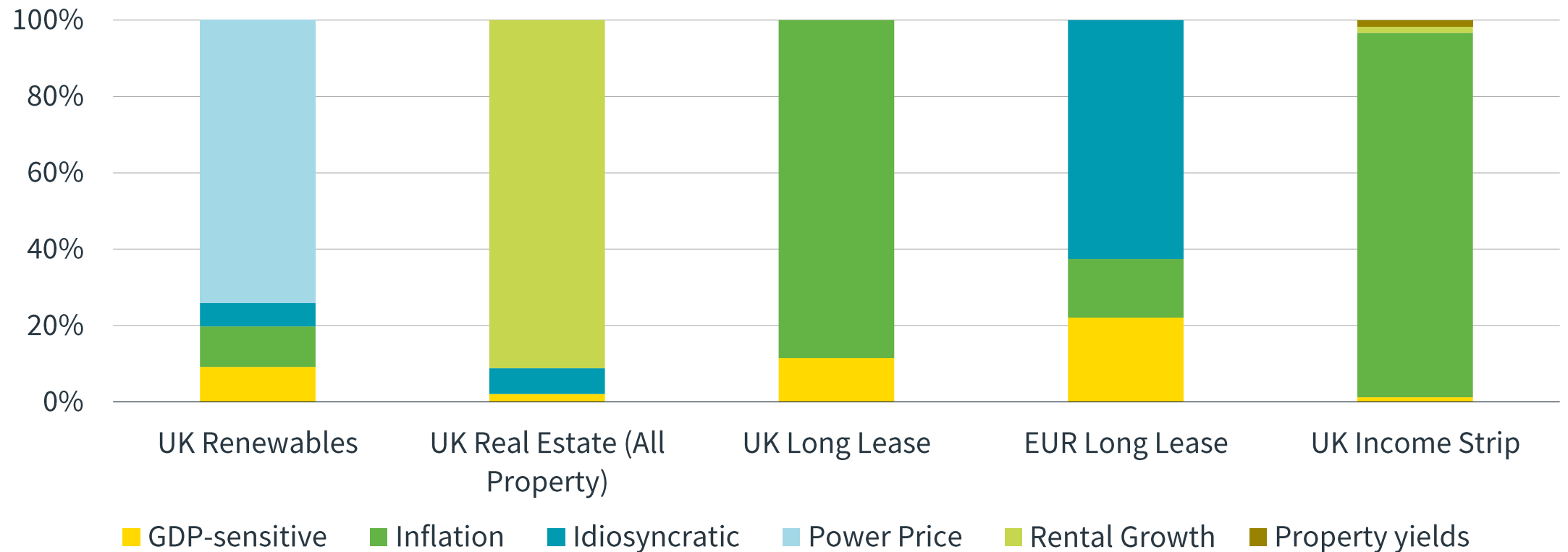


Source: Aviva Investors. Certain data is projected. There is no guarantee these projections will come to pass.

Sources of diversification in real assets

Where does volatility come from

Risk drivers of income



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Key points

Risk assessment is key – House View models risks consistently across real assets

Analysis compares asset classes to build outcome focussed portfolios

Identifying opportunities – which markets are the clear winners?

Risks

Investment risk

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.

Illiquidity risk

Where invested in real estate / infrastructure and illiquid private assets, you may not be able to switch or cash in your investment when you want because real estate in the fund may not always be readily saleable. If this is the case we may defer your request to switch or cash in your units.

Valuation risk

Investors should bear in mind that the valuation of real estate / infrastructure is generally a matter of valuers' opinion rather than fact.

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