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Aviva Investors Monthly Report

Performance & positioning of popular Funds

Top three investment themes of July 2026

1. Geopolitics kept energy markets on edge

Geopolitics remained a key market driver throughout July, with shifting tensions between the US and Iran triggering significant volatility in energy prices. Brent crude initially fell towards $70 per barrel as diplomatic progress reduced concerns over disruption to the Strait of Hormuz. However, renewed conflict and attacks on energy infrastructure later pushed prices above $100, before easing back towards $88 as tensions moderated. These swings repeatedly altered expectations for inflation and interest rates, particularly in Europe and the UK, where economies remain more exposed to higher energy costs. While markets ended the month increasingly confident that a broader regional conflict could be avoided, the geopolitical backdrop remains fragile and remains a potential source of future market volatility

2. Investors demanded proof that AI investment can deliver return on investment

Artificial intelligence remained the dominant theme in equity markets, but investor focus shifted from demand to profitability. Semiconductor shares experienced sharp volatility, with the Philadelphia Semiconductor Index falling almost 19% from its June peak before recovering strongly following resilient earnings and continued evidence of robust demand. However, investors became increasingly focused on whether spending on AI infrastructure can generate attractive long-term returns. Microsoft's results were well received after the company reported strong cloud growth (+40% YoY). In contrast, Meta's shares fell despite delivering revenue growth of +28%, as investors focused on the rapid increase in AI-related spending and the resulting pressure on cash flow. The contrasting market reactions suggest investors are becoming more selective, rewarding companies that can demonstrate a clear financial return on AI investment rather than simply increasing spending.

3. Market leadership broadened as economic growth remained resilient

Global equity markets remained resilient despite higher oil prices, rising government bond yields and periods of weakness among some of the largest technology companies. US economic data continued to point to solid growth, while corporate earnings remained supportive, with S&P 500 profits expected to increase by around 30% year-on-year. Importantly, market leadership broadened beyond the largest technology stocks. While the traditional S&P 500 declined 1.5% during the month, the equal-weighted index gained over 2%, suggesting performance was increasingly being driven by the wider market rather than a handful of mega-cap companies. This broadening of returns is typically viewed as a healthier backdrop for equity markets, reducing reliance on a small number of stocks to drive performance.

Please note: the companies mentioned are for illustrative purposes only, not intended as an investment recommendation. All returns above are quoted in local currency terms unless otherwise stated. Commodity returns are in USD.

The Heat is On

Watch video

Popular funds gross performance 01 August 2026

	1 Month	YTD	1 Year	2 Years pa	3 Years pa	5 Years pa	10 Years pa	Risk Rating	Monthly Comment
Multi-Asset ESG Active 3	-0.1%	3.8%	6.9%	5.9%	6.7%	2.5%	2.8%	3	Click here
Multi-Asset ESG Active 4	0.2%	8.7%	13.9%	10.5%	11.2%	6.1%	5.6%	4	
Multi-Asset ESG Active 5	0.3%	12.0%	18.3%	12.9%	14.0%	8.7%	7.9%	5	
Multi-Asset ESG Passive Plus 3	-0.3%	3.9%	6.7%	5.7%	6.4%	--	--	3	Click here
Multi-Asset ESG Passive Plus 4	0.0%	9.1%	14.3%	10.7%	11.3%	--	--	4	
Multi-Asset ESG Passive Plus 5	0.2%	13.0%	20.2%	14.5%	15.3%	--	--	4	
Fixed 20	-0.7%	2.0%	4.2%	3.9%	5.2%	--	--	3	
Fixed 40	-0.3%	5.0%	8.2%	6.6%	8.0%	--	--	4	
Fixed 60	0.1%	7.9%	12.3%	9.4%	11.0%	--	--	4	
Fixed 80	0.5%	10.9%	16.6%	12.2%	13.9%	--	--	5	
High Yield Equity Fund	2.5%	10.7%	15.2%	9.8%	13.7%	12.9%	12.5%	6	Click here

Source: Longboat Analytics, based on the price calculated for 01 August 2026, which is calculated using close of market price from the previous working day. Performance quoted gross of fees. Please note the impact of fees would reduce performance. The Series 1 Annual Management Charge for Multi-Asset ESG Active and High Yield Equity is 0.75%, Passive Plus is 0.70% and Fixed Allocation is 0.65%. Other charges may apply. Where available, different series of the Funds will have different Annual Management Charges. The relevant Financial Broker Guide or Charging Sheet has more information.

Warning: Past performance is not a reliable guide to future performance.

Download Fund Performance Scorecard

Multi-Asset current positioning

	Aviva Multi-Asset ESG Active*			Aviva Multi-Asset ESG Passive Plus^		
	MAF Active 3	MAF Active 4	MAF Active 5	**Passive Plus 3**	**Passive Plus 4**	**Passive Plus 5**
Growth Assets	31.3%	67.1%	92.8%	26.2%	62.6%	88.8%
Total Equity	30.2%	64.7%	89.3%	25.2%	60.3%	85.5%
Defensive Assets	56.6%	23.3%	7.2%	70.8%	33.6%	5.4%
Alternative Assets	12.2%	9.6%	0.0%	3.0%	3.8%	5.9%

	Fixed ESG 20*	Fixed ESG 40*	Fixed ESG 60*	Fixed ESG 80*
Equities	20.4%	40.3%	60.3%	80.3%
UK Equity	0.8%	1.6%	2.3%	3.2%
North America Equity	15.1%	30.1%	45.2%	60.4%
European Equity	2.6%	5.2%	7.8%	10.3%
Japanese Equity	1.2%	2.3%	3.4%	4.4%
Asia Pacific Equity	0.6%	1.1%	1.7%	2.1%
Bonds	79.6%	59.7%	39.7%	19.7%
Global Sovereign Bonds	47.9%	35.9%	23.9%	11.9%
Global Corporate Bonds	31.7%	23.7%	15.8%	7.8%

** Due to rounding the asset allocation numbers may not add up to 100%. Source: Aviva Investors 31 July 2026.*

Multi-Asset Commentary July 2026

	Multi-Asset ESG Active	Multi-Asset ESG Passive Plus
	Tactical and Strategic Asset Allocation Standard Annual Fund Charge	Strategic Asset Allocation 0.05% less than Standard
Growth Assets	Global equities experienced a volatile July as investors reassessed AI-related valuations while also navigating heightened geopolitical tensions. US equities were broadly flat, with the S&P 500 returning -0.1%, while the Nasdaq fell -3.2% as semiconductor stocks endured their weakest month since 2008. European markets proved more resilient, with the STOXX Europe 600 gaining 1.3% and UK equities rising 3.6%. Concerns around AI spending, earnings delivery and competition from lower-cost Chinese AI models weighed on sentiment, although strong late-month technology earnings helped stabilise markets. The tactical equity sector positions added to performance.	Global equities experienced a volatile July as investors reassessed AI-related valuations while also navigating heightened geopolitical tensions. US equities were broadly flat, with the S&P 500 returning -0.1%, while the Nasdaq fell -3.2% as semiconductor stocks endured their weakest month since 2008. European markets proved more resilient, with the STOXX Europe 600 gaining 1.3% and the FTSE 100 rising 3.6%. Concerns around AI spending, earnings delivery and competition from lower-cost Chinese AI models weighed on sentiment, although strong late-month technology earnings helped stabilise markets.
Defensive Assets	Bond markets came under pressure as rising oil prices reignited inflation concerns and pushed long-dated government bond yields higher. The US 10-year Treasury yield rose +0.27% during the month, while the 30-year Treasury yield reached its highest level since 2007. European government bonds followed a similar path, with German Bund yields touching levels last seen in 2011. Central banks largely remained on hold, but markets continued to price a higher-for-longer interest rate environment amid energy-driven inflation risks. The tactical fixed income positions detracted from performance but were offset by the positive contribution from the FX positions.	Bond markets came under pressure as rising oil prices reignited inflation concerns and pushed long-dated government bond yields higher. The US 10-year Treasury yield rose +0.27% during the month, while the 30-year Treasury yield reached its highest level since 2007. European government bonds followed a similar path, with German Bund yields touching levels last seen in 2011. Central banks largely remained on hold, but markets continued to price a higher-for-longer interest rate environment amid energy-driven inflation risks.
Alternative Assets	AIMs fell during the month, being partly offset by the positive return from AISS (Aviva Investors Systematic Strategies). Alternative bonds and infrastructure added to performance, while gold detracted. As a result, the tactical position in gold detracted from performance.	Property and infrastructure delivered positive returns, being partially offset by the negative return from gold. Overall, alternative assets played their role as a stabiliser in a volatile month for markets.

Note: All returns quoted in the table above are in euro terms.

Outlook: The outlook for the second half of 2026 remains broadly supportive. The easing of tensions between the US and Iran and the normalisation of energy markets have reduced concerns around inflation, helping to create a more favourable backdrop for global growth. Equities remain supported by resilient economic activity, healthy company earnings growth and a broadening across regions and sectors. Government bonds could benefit from easing inflation pressures, although stronger US growth may keep interest rates elevated in the US and lead to periods of bond market volatility. Corporate bonds continue to be supported by solid fundamentals and a resilient economic backdrop, however the yield differential versus government bonds is low relative to history. Aviva Investors expect the US dollar to face longer-term structural challenges, but near-term support is possible from the relative strength of the US economy and higher US interest rates compared with other developed markets.

Aviva Multi-Asset ESG Active positions

Overweight

- Global equities – Diversified between US, Europe, Japanese and Emerging Market equities.
- European Defence – Expect increased spending on defence to be a structural theme.
- European Basic Resources – Supported by improving Chinese outlook, low metal inventories, strong demand for materials and resource nationalism.
- US energy – Expect global energy markets to become more fractured over medium term, keeping energy prices elevated.
- Gold – Safe haven asset during market uncertainty and structural demand from Central Banks diversifying reserves.
- UK Gilts vs US Treasuries – Expect yields on UK Gilts to fall relative to yields on US Treasuries.

Underweight

- US Dollar – this position is based on the deterioration of US exceptionalism. Held versus AUD and Brazilian Real for diversification.

High Yield Equity Fund

- The fund outperformed its benchmark in July, demonstrating the funds' ability to provide returns in volatile markets.
- Industrials' exposure was the biggest contributor to performance with ADP & Experian in our Core Yield bucket. It is pleasing to see both names performed well, as they had been under some recent stock price pressure due to the perceived impact of AI on their business models, which Aviva Investors thinks was misjudged.
- Microsoft was one of the top contributors over the month. The company has generated strong and resilient cash flows from its leading positions in cloud computing, enterprise software and AI. The company delivered a robust set of results, with strong growth in their cloud computing (Azure) division, reflecting strong demand for AI capacity and compute power. It sits within the Income Growth bucket.
- Materials detracted the most from the Strategy over July, as the sector came under pressure amid concerns around global growth and softer commodity prices. Holdings such as CRH and Linde were among the largest detractors, weighing on relative performance despite generally resilient company fundamentals.

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Outlook

July was a reminder of how quickly market leadership can change. Following an exceptionally strong run for semiconductor and AI-related stocks, investors reassessed valuations and near-term expectations, leading to increased volatility across parts of the technology sector. Beneath the headlines, however, the earnings backdrop continued to broaden, with strength emerging across Industrials, Financials and Consumer Staples. As a growing number of sectors contribute to earnings growth and valuation disparities begin to narrow, investors are being rewarded for looking beyond a handful of market leaders. Aviva Investors remain very positive on the long-term opportunity presented by AI and believe the market is increasingly rewarding the characteristics that sit at the heart of the High Yield Equity fund investment approach: earnings resilience, cash generation, dividend growth and valuation discipline. In their view, this creates a more supportive backdrop for diversified income strategies, particularly those exposed to businesses with sustainable cash flows and multiple sources of return. Whether driven by AI adoption, broadening earnings growth or demand for resilient income, the opportunity set is becoming increasingly favourable for a diversified income strategy.

Warning: If you invest in this fund you may lose some or all of the money you invest.
Warning: Past performance is not a reliable guide to future performance.
Warning: The value of your investment may go down as well as up.
Warning: These funds may be affected by changes in currency exchange rates.

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