

# AVIVA INVESTORS

## MULTI-STRATEGY TARGET RETURN FUND

AS AT 30 SEPTEMBER 2018



### KEY FACTS

#### INVESTMENT STRATEGY

The Fund aims to produce steady returns in all market conditions while seeking to preserve capital. It seeks to do this by using a multi-strategy approach, combining a range of global investment ideas. The ideas are implemented as strategies within the Fund. Some strategies are expected to perform well when financial markets rise, others when they fall, and a third group which look to generate returns while being indifferent to the direction markets take. The Fund strives to meet its objectives irrespective of the performance of a benchmark or peers. In doing so it makes significant use of derivatives. Where derivatives do not perform as expected or in adverse market conditions, the Fund could suffer substantial losses.

#### UNDERLYING FUND INVESTMENT MANAGER

Peter Fitzgerald  
Since 1 July 2015

Mark Robertson  
Since 17 September 2018

James McAlevey  
Since 14 June 2018

#### SHARE CLASS CURRENCY

AUD

#### SHARE PRICE

AUD 1.0420

#### FUND SIZE

AUD 481.18m

#### LAUNCH DATE

1 July 2015

#### FEES

Management Costs: 1.56% p.a of the Fund's Net Asset Value

#### HEDGED SHARE CLASS

Yes

The Fund will invest only in the Australian Dollar Hedged 'F' Share Class of the Aviva Investors Multi-Strategy Target Return Fund, a sub-fund of Aviva Investors SICAV, an open-ended investment company incorporated as a Société d'Investissement à Capital Variable in Luxembourg (the "Underlying Fund"). The Fund may also hold cash and cash equivalents. Except in respect of the left-hand panel on all pages of the document, the highlights and performance sections, all of the following references to the "Fund" in the document shall mean the Underlying Fund.

### OBJECTIVES AND INVESTMENT POLICY

The objective of the Fund is to achieve a 5% per annum gross return above the European Central Bank base rate (or equivalent) over a 3-year rolling period, regardless of market conditions (absolute return).

The Fund invests mainly in equities, bonds, money market instruments and bank deposits from anywhere in the world. The Fund may also invest in regulated Funds. The Fund makes extensive use of derivatives for investment purposes.

The Investment Manager actively makes the investment selection decisions for the Fund.

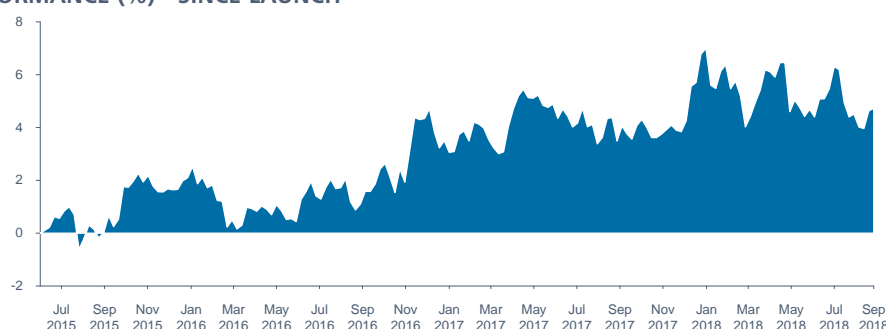
For full investment objectives and policy details please refer to the Prospectus.

Recommendation: this Fund is designed for investors who plan to invest for at least 5 years.

### RISKS

- The value of investments and the income from them will change over time.
- The Fund price may fall as well as rise and as a result you may not get back the original amount you invested.
- **Counterparty risk:** The Fund could lose money if an entity with which it does business becomes unwilling or is unable to meet its obligations to the Fund.
- **Illiquid securities risk:** Certain assets held in the Fund could, by nature, 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.
- **Derivatives risk:** Derivatives are instruments that can be complex and highly volatile, have some degree of unpredictability (especially in unusual market conditions), and can create losses significantly greater than the cost of the derivative itself.
- **Leverage risk:** A small price decline on a "leveraged" underlying investment will create a correspondingly larger loss for the Fund. A high overall level of leverage and/or unusual market conditions could create significant losses for the Fund.
- **Currency risk:** Changes in currency exchange rates could reduce investment gains or increase investment losses. Exchange rates can change rapidly, significantly and unpredictably.
- **Multi-strategy risk:** Because the Sub-Fund is exposed to the risks of multiple markets and asset classes, there is a risk that some or all of its strategies may not perform or correlate as expected.
- **Hedging risk:** Any measures taken to offset specific risks will generate costs (which reduce performance), could work imperfectly or not at all, and if they do work will reduce opportunities for gain.
- Full information on the risks applicable to the Fund is detailed in the Prospectus.

### PERFORMANCE (%) - SINCE LAUNCH



#### Past performance is not a guide to future performance

Source: Aviva Investors/Lipper, a Thomson Reuters company as at 30 September 2018  
Basis: Mid to mid, gross income re-invested, net of fees, in Australian Dollar

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### FURTHER INFORMATION

#### ACCESS TO FUNDS

Usually within five business days of receipt of a withdrawal request

#### INDUSTRY CODES

APIR PIM0026AU  
ARSN 605 042 288

#### MINIMUM INVESTMENT

AUD 500,000

#### INVESTMENT MANAGER

Aviva Investors Pacific Pty Ltd  
AFSL 411458  
ABN 87 153 200 278

#### CUSTODIAN

JPMorgan Chase Bank, N.A. (Sydney Branch)

#### AUDITOR

PricewaterhouseCoopers LLP

#### RESPONSIBLE ENTITY

The Trust Company (RE Services) Limited  
AFSL 235150  
ABN 45 003 278 831

#### LEGAL FORM

An Australian registered managed investment scheme established as an Australian unit trust. Issuer: The Trust Company (RE Services) Limited

### HIGHLIGHTS

- Over the month the Fund delivered an overall absolute return of 0.07%
- Risk assets advanced while bonds fell as yields pushed higher
- Losses from risk-reducing strategies offset gains elsewhere

### PERFORMANCE (%)

	Calendar					Discrete Annual to last quarter end				
	2017	2016	2015	2014	2013	1Y	2Y	3Y	4Y	5Y
Fund	-0.54	2.85	-	-	-	0.22	2.68	0.75	-	-
RBA Cash Rate	1.51	1.83	-	-	-	1.51	1.55	1.91	-	-

	Cumulative							Annualised				
	1m	3m	6m	FYTD*	1Y	3Y	5Y	Since inception	1Y	3Y	5Y	Since inception
Fund	0.07	-0.24	-0.17	-0.24	0.22	3.67	-	4.19	0.22	1.21	-	1.27
RBA Cash Rate	0.12	0.38	0.75	0.37	1.51	5.06	-	5.58	1.51	1.66	-	1.68

#### Past performance is not a guide to future performance

Source: Aviva Investors/Lipper, a Thomson Reuters company as at 30 September 2018

Basis: Mid to mid, gross income re-invested, net of fees, in Australian Dollar

\*Financial year-to-date. The financial year runs from 1 July to 30 June. The performance figures under FYTD are for the period 1 July 2018 – 30 September 2018

### COMMENTARY

Fund performance was broadly flat in September. Gains within the market and opportunistic returns sections of the Fund were offset by losses in risk-reducing strategies. The strongest contributor to returns was a position which benefits from lower yields in Brazilian government debt. Emerging markets fared better in September as fears around a rising US dollar and trade tensions partially receded. Other market return strategies that performed well included Japanese real estate investment trusts (REITs) and a commodity basket within global equities.

Within opportunistic returns, the long Swedish krona strategy reversed many of August's losses on the back of a revival in expectations of a rate hike from the Riksbank. Moreover, as developed market bond yields in the US, UK and Europe moved higher, various short duration strategies delivered positive returns. These strategies continue to be the largest contributors to Fund performance this year.

In the risk-reducing returns section of the Fund, a strategy that benefits from lower inflation in the UK detracted the most as inflation surprised to the upside. However, we believe long-term risks to growth are skewed to the downside given the uncertainty around Brexit negotiations and that inflation risk premia should decline.

Most changes in September resulted in either adding or decreasing risk to existing strategies in the Fund. Most notably we continued to reduce equity risk across most long equity market returns strategies. Although the threat of a trade war escalation has diminished for the moment, it remains in the background as a key risk to our central scenario.

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### FUND STRATEGIES

The Fund invests in the Underlying Fund which in turn invests in a wide range of strategies which combine to diversify the risk in the Fund and to help the Fund perform in many different market conditions. By combining strategies, the Underlying Fund's fund managers aim to generate lower risk than the sum of the risks of each individual strategy.

### PORTFOLIO RISK AND RETURN ANALYSIS

The table below shows how much of the Fund is made up from each risk factor and the contribution each has made to returns.

This gives you a breakdown of the performance of the strategies so you can see where Fund performance has come from.

Risk factor	Strategy	Stand-alone Risk Exposure %	Weighting (risk-based%)	Contribution to returns %	
				September	1 year
Duration	Long Brazilian rates	1.53	10.06	0.30	0.06
	Short US rates	1.25	8.23	0.12	-0.11
	Short UK long-end rates	1.16	7.62	0.19	0.12
	US long-end yield curve steepener	0.58	3.82	-0.09	-0.04
	Long Japanese payer swaption	0.42	2.73	-0.03	0.06
	Short EUR long-end rates	0.28	1.86	0.02	-0.13
	Korean yield curve steepener	0.21	1.40	-0.04	-0.00
Inflation	Short UK inflation	0.87	5.68	-0.34	-0.52
	Long US inflation	0.65	4.28	0.04	0.86
	Long EUR inflation	0.30	1.95	0.04	0.10
Currency	Short Asian currencies	0.81	5.31	-0.18	0.01
	Long Swedish Krona v Swiss Franc	0.52	3.41	0.19	-0.14
	Short AUD	0.33	2.16	-0.08	0.04
	Short SAR	0.12	0.79	-0.06	-0.25
	Long INR	0.09	0.59	-0.14	-0.00
	Long TRY v USD	0.00	0.02	-0.00	-0.53
Credit	Short credit	0.39	2.58	-0.16	-0.15
	Long Indonesian bonds	0.35	2.30	-0.03	-0.36
Equities	Long global financial equities	1.25	8.22	0.05	-0.93
	Long global equities	0.81	5.32	0.23	0.75
	Long European equities	0.51	3.37	-0.12	0.14
	Long US Data Infrastructure	0.35	2.30	-0.12	-0.11
	Long emerging market equities	0.35	2.28	-0.13	-0.04
	Long US industrials v market	0.34	2.20	0.07	-0.01
Property	Long Japanese REITs	0.83	5.42	0.11	0.33
Volatility	Long US Rates Volatility	0.37	2.42	-0.02	-0.04
	Long Chinese equity variance	0.22	1.45	0.02	0.04
	Long China v US variance	0.19	1.27	0.03	-0.02
	Long Japan v US variance	0.06	0.36	0.02	-0.05
Cash	Cash and Currency Hedge	0.09	0.61	-0.02	-0.30
Closed Positions		0.00	0.00	-0.09	-0.00

### Past performance is not a guide to future performance

Source: MSCI Riskmetrics, as at 30 September 2018. Risk Basis: Includes all holdings, cash & derivatives, base currency Euro

Risk data shown is based on annualised standard deviation

Effective observation period (history) of risk factors of at least one year. Includes idiosyncratic risks & takes account of basis risks, and second-order and nonlinear risks

Attribution Basis: Includes all holdings, cash & derivatives, base currency Australian Dollar

FX Allocation Hurdle Rate - Base Currency Deposit Rate. Funding Cost Hurdle Rate - Negative Average Deposit Rate Of Currencies in Benchmark

Local Allocation Model - Total Return Allocation. Weight/Normalisation - Net Market Value

Note: Data shown is for the Aviva Investors - Multi-Strategy Target Return SICAV

### Risk Type Glossary

**Stand-alone Risk Exposure**– is the volatility associated with a single strategy or asset

**Contribution to returns**– is the breakdown of the return within the given investment universe

**Weighting (risk-based %)**– is the stand-alone volatility as a percentage of the undiversified volatility of the Fund

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### IMPORTANT INFORMATION

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The Aviva Investors Multi-Strategy Target Return Fund intends to invest a significant proportion of its assets in an underlying fund which in turn invests a substantial proportion of its assets in derivatives contracts with the aim of, among other things, gearing the underlying fund's investment exposure. The risk for the Aviva Investors Multi-Strategy Target Return Fund involved in this approach may be considerable and may not be suitable for some investors.

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**The value of an investment and any income from it may go down as well as up and the investor may not get back the original amount invested. Past performance is not a guide for future performance.**

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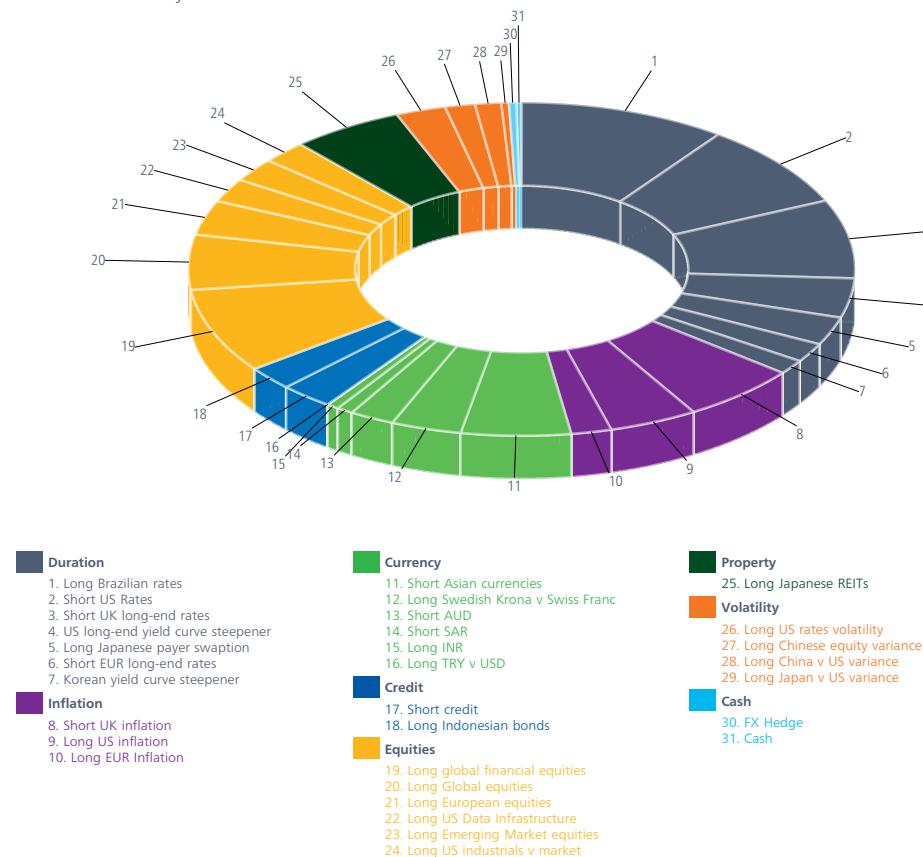
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### PORTFOLIO RISK BREAKDOWN BY STRATEGY

### POSITIONAL STAND-ALONE STANDARD DEVIATION

Annualised Volatility: 4.63%



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Source: MSCI Riskmetrics, as at 30 September 2018. Risk Basis: Includes all holdings, cash & derivatives, base currency Euro

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