Outcome-focused strategies for an uncertain world.
THE AVIVA INVESTORS MULTI-STRATEGY (AIMS) FUND RANGE:

- Global multi-strategy funds free from benchmark constraints.
- Are linked to the European Central Bank base rate.
- Strives to help investors reduce funding deficits by generating sufficient returns or income.
- Seeks to help investors diversify their portfolios with an outcome-oriented approach generating returns or income that have little correlation to equities, bonds and other traditional asset classes.
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 in recent years. Their popularity lies in their ability to generate relatively stable returns that are uncorrelated to traditional asset returns. That in turn has made them an attractive option for investors as they look to reduce deficits and fund the costs of hedging out their liabilities. Furthermore, while aggressive and experimental monetary policy has in recent years meant most financial markets have done well, there is no guarantee this will continue. Investors could be in for a bumpy ride if US interest rates start to rise. And, it is during periods of market stress that the links and correlations between assets will become clear. With so much uncertainty remaining, demand for these types of investments could be set to grow.

WHY MULTI-STRATEGY INVESTMENTS

Our Aviva Investors Multi-Strategy (AIMS) fund range aims to provide investors with specific returns or income linked to the European Central Bank base rate. It is designed to meet many investors’ needs for equity-like returns or income with limited volatility, irrespective of market conditions.

Drawing on the best investment ideas from across our business, each of the funds in the AIMS offering manages risk for clients by combining a diverse range of strategies. The Fund’s performance has little correlation to equities, bonds and other traditional asset classes, so they can help improve the risk-adjusted performance of a traditional multi-asset portfolio.

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.

1. MARKETS ARE NOT EFFICIENT

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

2. 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 three-year investment period than any other period.

3. 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.

WHY AVIVA INVESTORS

As a firm, we have considerable expertise in running multi-strategy portfolios, backed by a multi-asset pedigree stretching back over 30 years and an investment team managing over €120 billion in multi-asset strategies.1

Risk management is an integral part of our fund management process. All strategies must pass through a stringent pre-trade risk process before being incorporated into the portfolio; this includes analysis of liquidity, scalability, suitability and the impact of the strategy on the portfolio.

Members of the Portfolio Risk Team have a responsibility to critically interpret and translate the output of the various risk systems to the portfolio managers rather than simply provide the figures and a ‘yes’ or ‘no’ sign off. We follow a risk factor rather than an asset allocation limit approach, ensuring a truly diversified portfolio.

1 Source: Aviva Investors, 30 September 2018
A MULTI-STRATEGY APPROACH TO GENERATE RETURNS OR INCOME

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**
- These strategies seek to capture the natural risk premia associated with traditional asset markets such as equities and bonds. These strategies would normally be consistent with the House View.
- For the Target Income Fund, these strategies are primarily designed to help the fund meet its income objective. They can also lead to capital growth in the event our ‘House View’ (our outlook for the world economy and financial markets) proves to be correct.

**OPPORTUNISTIC STRATEGIES**
- These strategies aim to profit from market panics or the actions of non-profit seeking market participants, like central banks.
- In addition to the above, for the Target Income Fund, these strategies also primarily aim to help the fund deliver on its income objective. In this instance, capital can be preserved regardless of how markets perform.

**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.

Note: the above examples are shown for illustrative purposes only.

MANAGING AND MONITORING PORTFOLIO RISK

The fund’s risk-analysis 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 testing individual strategies. 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. And the team also tests how the overall portfolio would perform in different market conditions.

The risk-analysis team continuously monitors risks both in terms of individual strategies and the overall portfolio. The team conducts regular stress tests on the portfolio and assesses optimal trade sizes. It analyses risk from the level of individual instruments and securities through to asset classes and ultimately the total fund level.

In addition, an independent team monitors market risk separately.
PREPARING FOR THE UNPREDICTABLE

In coming up with creative ideas, investment specialists across the business draw on research produced by our dedicated team of strategists and economists covering the expected key drivers of the major economies and prospective medium-term returns for the various key asset classes.

IDEA EVALUATION

Investment ideas are evaluated regularly by our Strategic Investment Group (SIG). The group is chaired by our chief executive officer, Euan Munro*, and is comprised of the most experienced investment professionals from across our business, representing a wide range of disciplines. The SIG determines whether ideas are suitable for potential inclusion in the fund.

*In the past Euan Munro has been architect of similar market-leading strategies. He has considerable industry experience covering fixed income and multi-asset funds.

COMBINING STRATEGIES TO HELP LOWER RISK

We believe that the way we construct the fund is as important as coming up with good investment ideas. Ideas are incorporated in our portfolio through investment strategies. By combining strategies in the appropriate proportions, the fund managers aim to diversify the sources of income and return, thereby reducing overall portfolio risk.
AIMS TARGET RETURN FUND

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

Key fund facts

<table>
<thead>
<tr>
<th>Fund name</th>
<th>Aviva Investors Multi-Strategy Target Return Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fund managers</td>
<td>Peter Fitzgerald, Mark Robertson and James McAlevey</td>
</tr>
<tr>
<td>Investment objective</td>
<td>The Fund aims to target a 5% per annum gross return above the European Central Bank base rate (or equivalent) over a three-year rolling period, regardless of market conditions (absolute return).</td>
</tr>
<tr>
<td>Fund structure</td>
<td>A sub-fund of Aviva Investors SICAV a Luxembourg domiciled UCITS fund incorporated as a Société d'Investissement à Capital Variable (&quot;SICAV&quot;)</td>
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<tr>
<td>Currency of fund</td>
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<tr>
<td>Fund launch date</td>
<td>1 July 2014</td>
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<tr>
<td>Liquidity</td>
<td>Daily pricing</td>
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<tr>
<td>Settlement</td>
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</tbody>
</table>

AIMS TARGET INCOME FUND

An outcome-driven solution designed for investors looking for attractive, steady levels of income but with far less volatility than typically associated with global equities.

Key fund facts

<table>
<thead>
<tr>
<th>Fund name</th>
<th>Aviva Investors Multi-Strategy Target Income Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fund managers</td>
<td>Peter Fitzgerald, Mark Robertson and Ahmed Behdenna</td>
</tr>
<tr>
<td>Investment objective</td>
<td>The Fund aims to achieve an annualised 4% income yield above the European Central Bank base rate (or equivalent), regardless of market conditions (absolute return) and to preserve capital over three-year rolling periods. However, no guarantee can be provided in that regard.</td>
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<tr>
<td>Fund structure</td>
<td>A sub-fund of Aviva Investors SICAV a Luxembourg domiciled UCITS fund incorporated as a Société d'Investissement à Capital Variable (&quot;SICAV&quot;)</td>
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<td>Liquidity</td>
<td>Daily pricing</td>
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<td>Settlement</td>
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</table>
**AIMS FIXED INCOME FUND**

An outcome driven solution for investors looking for long term returns with less volatility than global fixed income.

### Key fund facts

<table>
<thead>
<tr>
<th>Fund name</th>
<th>Aviva Investors Multi-Strategy Fixed Income Fund</th>
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</thead>
<tbody>
<tr>
<td>Fund managers</td>
<td>James McAlevey, Mark Robertson, Orla Garvey and Joubeen Hurren</td>
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<tr>
<td>Investment objective</td>
<td>The fund aims to deliver a three per cent per annum gross return above the European Central Bank base rate (or equivalent) over a three-year rolling period, regardless of market conditions (absolute return).</td>
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<tr>
<td>Fund structure</td>
<td>A Sub fund of Aviva Investors SICAV, a Luxembourg domiciled UCITS fund incorporated as a Société d’Investissement à Capital Variable (“SICAV”)</td>
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<td>Fund launch date</td>
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<td>Liquidity</td>
<td>Daily pricing</td>
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<tr>
<td>Settlement</td>
<td>T+3</td>
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</tbody>
</table>

**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 Funds use 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 Funds 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.

Bond values are affected by changes in interest rates and the bond issuer’s creditworthiness. Bonds that offer the potential for a higher income typically have a greater risk of default.

**KEY BENEFITS**

**Smoother returns, preserving capital and managing volatility**

For the AIMS Target Return Fund, we aim to help institutional investors manage funding levels more effectively by targeting long-term investment returns similar to traditional equity strategies and irrespective of market conditions.

The AIMS Target Income Fund seeks to generate sufficient growth in the fund to preserve capital while meeting the fund’s income target. Distributions are managed with the aim of paying roughly one twelfth of the annual income target each month.

The AIMS Fixed Income Fund offers dynamic and highly selective access to the full global fixed income universe, offering the potential for enhanced returns with lower volatility than traditional global fixed income portfolios.

In helping institutional investors to manage their funding volatility, the Target Return and Target Income funds aim to be less than half as volatile as an investment in global equities over any three-year period. The AIMS Fixed Income Fund seeks to generate long-term investment returns similar to traditional fixed income strategies irrespective of market conditions.

**Risk-diversified portfolio**

By focusing on diversifying portfolio risk rather than asset allocation, we aim to provide investors with specific levels of return or income 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.

**Largely uncorrelated strategies**

The funds aim to help investors diversify their portfolios with an approach that targets a specific level of return or income with little correlation to equities, bonds and other traditional asset classes.