

# AVIVA INVESTORS

## - GLOBAL HIGH YIELD BOND FUND (SHARE CLASS A)

AS AT 31 MAY 2015



### FUND MANAGERS

Todd Youngberg  
Since 22 September 2008  
Brent Finck  
Since 20 May 2013  
Sunita Kara  
Since 12 August 2013  
Kevin Matthews  
Since 5 August 2014

### BENCHMARK

Barclays Global High Yield Excl  
CMBS & EMG 2% Cap

### SHARE CLASS CURRENCY

USD

### NAV

USD 19.1627

### AUM

USD 1,866.89m

### INDUSTRY CODES

ISIN: LU0367993317  
SEDOL: B39VTT6  
Bloomberg: AVGHYAU LX  
MEXID: CULOBA

### MODIFIED DURATION

3.73

### CURRENT YIELD

6.23%

### LAUNCH DATE

22 September 2008

### MINIMUM INVESTMENT

USD 2,000.00

### FEES

Management Fee: 1.20% p.a.

### SETTLEMENT

T + 3

### NAV CALCULATION

18:00 CET

### OBJECTIVE

To earn income and increase the value of the Shareholder's investment over time.

### MANAGEMENT COMPANY

Aviva Investors Luxembourg SA  
2 rue du Fort Bourbon  
Luxembourg  
L-1249

### INVESTMENT ADVISOR

Aviva Investors Global Services  
Limited

### CUSTODIAN

J.P. Morgan Bank Luxembourg  
S.A.

### AUDITOR

PricewaterhouseCoopers Société  
coopérative

### LEGAL FORM

Sub fund of Aviva Investors  
SICAV (Luxembourg UCITS)

### HIGHLIGHTS

- Over the month the Fund underperformed the benchmark by  $-0.09\%$ , with an overall absolute return of  $+0.16\%$
- Quality allocation was the strongest contributor to outperformance
- Rising rates expectations in the U.S. are a potential source of volatility as we move forward

### PERFORMANCE VS BENCHMARK (%) - 5 YEARS OR SINCE LAUNCH



Source: Aviva Investors/Lipper as at 31 May 2015

Basis: Mid to mid, gross income re-invested, net of fees, in US Dollars

Past performance is not a guide to the future

### COMMENTARY

We experienced an erratic month in terms of government yields, however, central banks remain accommodative. U.S. GDP was revised to  $-0.7\%$ , however, we believe this was an anomaly and we expect to see growth bounce back to around  $3\%$  as the year plays out. We should see an improvement in exports and business investments which hurt from the slumping oil, harsh winter, and strong US Dollar in the first quarter. In Europe, Greece continued to generate lots of headlines on the potential of a deal with the nation's creditors. June will be a critical month with the nation's cash possibly exhausted and further repayments due to the International Monetary Fund.

The demand for yield remains strong and conditions continue to remain broadly supportive for high yield. New issue supply continues to be well digested by both the European and U.S. high yield markets. However, fund flows tend to be especially fickle in the summer months and keep us guarded. Despite another month of positive total returns for the asset class, we remain cautious regarding potential volatility in the near term. As we head into the summer fears of the rising interest rates and/or slowing fund flows are seen as potential catalysts.

From a currency perspective, GBP denominated bonds in the index outperformed, posted returns of  $+0.49\%$ , while USD and EUR denominated bonds returned  $+0.30\%$  and  $-0.06\%$ , respectively. From a quality perspective lower quality bonds outperformed with single-B rated issues returning  $+0.46\%$ , triple C rated  $+0.24\%$ , and the double B segment  $+0.11\%$ . In term of Fund performance, quality allocation was the strongest contributor to outperformance and was driven by our overweight in triple C bonds and B bonds, and our underweight in double B bonds.

The Moody's trailing twelve month Global High Yield Bond default rate was  $2.2\%$  at the end of April and is only expected to see a modest uptick to  $2.7\%$  in the next twelve months. While default rates remain well below historical averages, fundamentals have likely peaked for this economic cycle. Beyond the next 12 months, we expect global defaults to trend somewhat higher. With the lower refinancing trend and leverage levels ticking up, companies' cash flows and default rates could become more of a concern in a few years time, particularly if interest rates are materially higher. For the time being, the strong company fundamentals and fair valuations make high yield an attractive asset class in fixed income.

### PERFORMANCE (%)

	Cumulative								Annualised		
	1 M	3 M	6 M	YTD	1 Y	3 Y	5 Y	Since launch	1 Y	3 Y	5 Y
Fund	0.16	1.20	3.11	4.03	2.17	23.59	51.20	91.63	2.17	7.32	8.62
Benchmark	0.25	0.88	2.82	3.99	2.61	29.67	57.73	100.35	2.61	9.05	9.54
Relative	-0.09	0.32	0.28	0.04	-0.43	-4.69	-4.14	-4.35	-0.43	-1.59	-0.84

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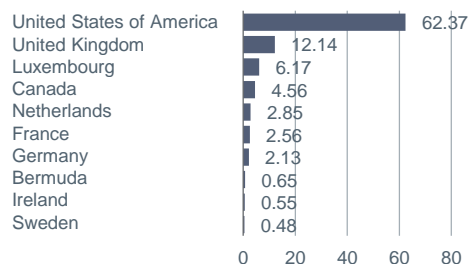
AS AT 31 MAY 2015



### IMPORTANT INFORMATION

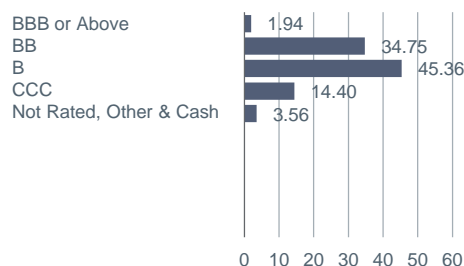
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### ABSOLUTE COUNTRY BREAKDOWN (%)



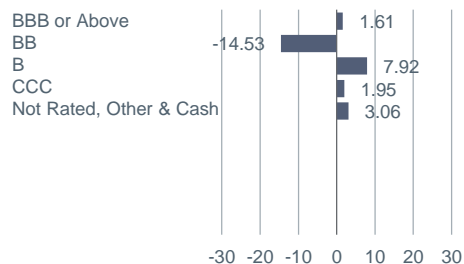
Source: Aviva Investors/Aladdin as at 31 May 2015  
Basis: Excludes cash & unassigned

### ABSOLUTE CREDIT RATING (%)



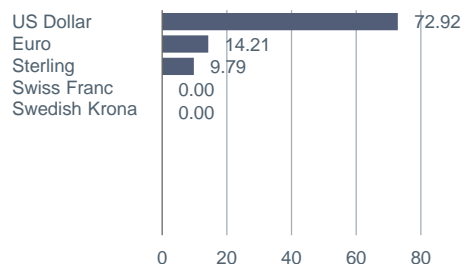
Source: Aviva Investors/Aladdin as at 31 May 2015  
Basis: Excludes cash & unassigned

### RELATIVE CREDIT RATING (%)



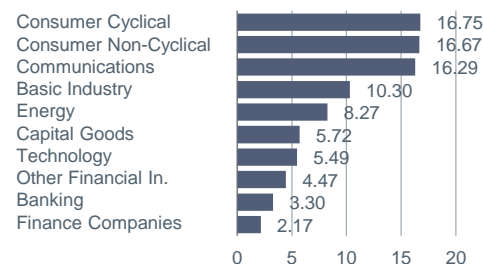
Source: Aviva Investors/Aladdin as at 31 May 2015  
Basis: Excludes cash & unassigned

### ABSOLUTE CURRENCY BREAKDOWN (%)



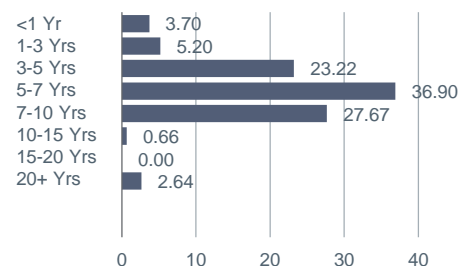
Source: Aviva Investors/Aladdin as at 31 May 2015  
Basis: Excludes cash & unassigned

### ABSOLUTE SECTOR BREAKDOWN (%)



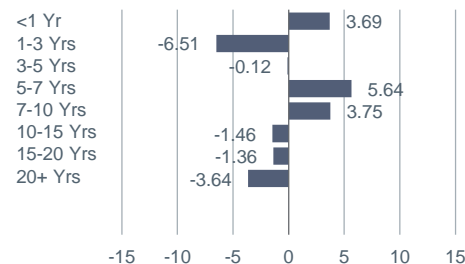
Source: Aviva Investors/Aladdin as at 31 May 2015  
Basis: Excludes cash & unassigned

### ABSOLUTE MATURITY (%)



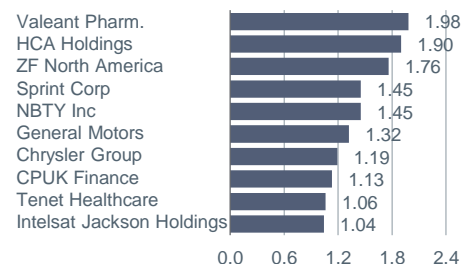
Source: Aviva Investors/Aladdin as at 31 May 2015  
Basis: Excludes cash & unassigned

### RELATIVE MATURITY (%)



Source: Aviva Investors/Aladdin as at 31 May 2015  
Basis: Excludes cash & unassigned

### ABSOLUTE TOP 10 HOLDINGS (%)



Source: Aviva Investors/Aladdin as at 31 May 2015  
Basis: Excludes cash & unassigned, by issuer