

AVIVA INVESTORS**- MULTI-STRATEGY TARGET RETURN FUND (SHARE CLASS I)**

AS AT 31 DECEMBER 2015

**LEGAL FORM**

Sub fund of Aviva Investors SICAV (Luxembourg UCITS)

FUND MANAGERS

Dan James
Since 1 July 2014

Peter Fitzgerald
Since 1 July 2014

Ian Pizer
Since 1 December 2014

Brendan Walsh
Since 30 October 2015

RETURN OBJECTIVE

The Fund aims to provide a positive return under all market conditions, by targeting an average annual return of 5% above that of the European Central Bank base rate, before the deduction of charges, over a rolling three year period.

RISK OBJECTIVE

Less than half the volatility of global equities

SHARE CLASS CURRENCY

EUR

NAV

EUR 108.7663

AUM

EUR 1,645.14m

INDUSTRY CODES

ISIN: LU1074209757

SEDOL: BN5S0N2

Bloomberg: AIMSIEU LX

MEXID: CUAAJF

LAUNCH DATE

1 July 2014

FEES

Management Fee: 0.75% p.a

Initial charge: 5%

SETTLEMENT

T + 3

NAV CALCULATION

Global close

MANAGEMENT COMPANY

Aviva Investors Luxembourg S.A.

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

HIGHLIGHTS

- Over the month the Fund delivered an overall absolute return of -0.91%
- A slide in share prices reduced the value of some of the Fund's equity positions
- Losses were partially offset by positive performance from the Fund's 'risk-reducing' strategies

PERFORMANCE (%) - 5 YEARS OR SINCE LAUNCH

Source: Aviva Investors/Lipper, a Thomson Reuters company as at 31 December 2015
Basis: Mid to mid, gross income re-invested, net of fees, in Euro
Past performance is not a guide to the future

Calendar (%)

2015

Fund

4.07

COMMENTARY

The Fund delivered a negative return on the month. A slide in share prices reduced the value of some of its equity positions. Long positions in the US Dollar against both the Euro and Japanese Yen further detracted from performance.

However, these losses were partially offset by positive performance from the Fund's 'risk-reducing' strategies.

Global equities fell sharply, erasing the previous month's gain, as the European Central Bank (ECB)'s decision to ease monetary policy further left investors distinctly underwhelmed and following the first hike in US interest rates in nearly a decade. While widely expected, that decision gave investors pause for thought.

The Fund's exposure to European and Japanese equities weighed on returns as both the ECB and Bank of Japan disappointed investors with the scale of monetary easing. Furthermore, the two central banks' decisions led to both the Euro and Japanese Yen rallying against the US Dollar.

But other 'long' positions in the US Dollar – most notably against the Mexican Peso and Chinese Renminbi – did better following the Federal Reserve's rate hike.

The biggest single positive contribution on the month came from a strategy that is looking for shares in bigger US companies to outperform 'small-cap' stocks.

At the beginning of the month our portfolio managers closed a strategy that was looking for US technology stocks to outperform European ones. We also closed positions in 'emerging' European and Turkish equities in the aftermath of the Polish election result and on concern over the likely consequences of Russian sanctions on Turkey.

We replaced our 'short' two-year US Treasury position with a short position in two-year UK debt. We also opened a position that is designed to benefit from rising volatility in Japanese stocks relative to those in the US. We also commenced a position that looks for the US 'consumer staples' sector to outperform 'consumer discretionary' stocks.

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	-0.91	0.45	0.80	4.07	4.07	-	-	8.77	4.07	-	-

Source: Aviva Investors/Lipper, a Thomson Reuters company as at 31 December 2015
Basis: Mid to mid, gross income re-invested, net of fees, in Euro
Past performance is not a guide to the future

INVESTMENT STRATEGY

The Fund invests mainly in fixed-rate bonds, money market instruments and bank deposits from anywhere in the world. The Fund may invest directly or through other regulated funds. The Fund may use derivatives to directly seek investment gains in taking exposure (either short or long) to various assets, markets or income streams. The Fund Manager actively makes the investment selection decisions for the Fund.

AVIVA INVESTORS

- MULTI-STRATEGY TARGET RETURN FUND (SHARE CLASS I)

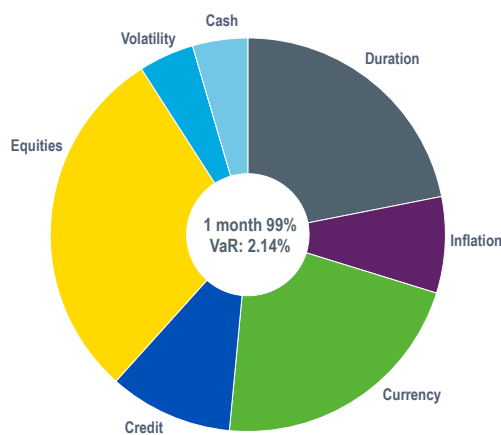
AS AT 31 DECEMBER 2015



IMPORTANT INFORMATION

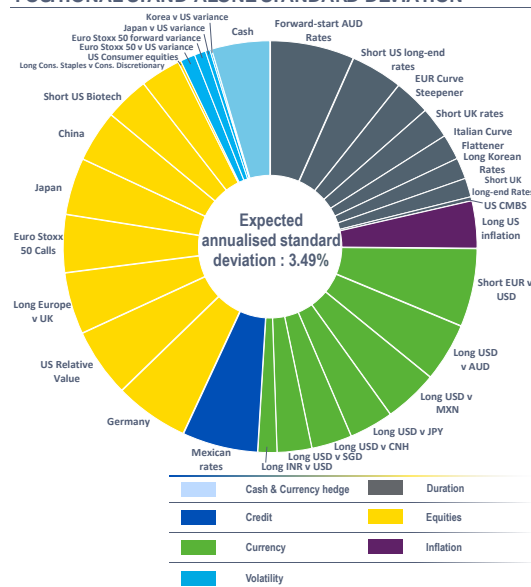
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POSITIONAL STAND-ALONE 1 MONTH 99% VaR



Source: FinAnalytics Risk Engine Cognity, as at 31 December 2015
Basis: Includes all holdings, cash & derivatives

POSITIONAL STAND-ALONE STANDARD DEVIATION



Source: FinAnalytics Risk Engine Cognity, as at 31 December 2015
Basis: Includes all holdings, cash & derivatives

PORTFOLIO RISK AND RETURN ANALYSIS

Risk Factor	Strategy	Stand-alone Risk Exposure %	Weighting (risk-based %)	Contribution to Returns for December %	YTD %	Since Inception %
Duration	Forward-start AUD Rates	0.74	6.60		-0.09	0.38
	Short US long-end rates	0.45	4.06		-0.01	0.00
	EUR Curve Steepener	0.31	2.82		-0.06	0.42
	Short UK rates	0.28	2.47		0.04	0.05
	Italian Curve Flatteners	0.22	2.00		0.02	-0.26
	Long Korean Rates	0.19	1.66		0.08	0.41
	Short UK long-end rates	0.17	1.48		0.01	-0.14
	US CMBS	0.03	0.30		0.00	-0.01
	Long US Inflation	0.42	3.73		-0.01	-0.09
	Short EUR v USD	0.69	6.17		-0.19	0.87
Inflation	Long USD v AUD	0.51	4.61		-0.02	0.48
	Long USD v MXN	0.47	4.22		0.20	0.65
	Long USD v JPY	0.39	3.46		-0.16	-0.05
	Long USD v CNH	0.35	3.17		0.16	0.03
	Long USD v SGD	0.30	2.71		0.04	-0.03
	Long INR v USD	0.17	1.48		0.06	0.43
	Long USD v SAR	0.00	0.00		0.03	0.09
	Mexican rates	0.66	5.94		-0.09	0.17
	Germany equities	0.65	5.82		-0.18	0.29
	US Relative Value	0.60	5.39		0.26	0.36
Currency	Long Europe v UK	0.54	4.86		-0.22	-0.20
	Euro Stoxx 50 Calls	0.51	4.55		-0.36	0.03
	Japan equities	0.50	4.48		-0.24	-0.13
	China equities	0.45	4.07		0.01	0.02
	Short US Biotech	0.39	3.47		0.01	-0.22
	Long Cons Staples v Cons Discretionary	0.35	3.16		0.00	0.00
	US Consumer equities	0.02	0.21		-0.02	0.21
	Euro Stoxx 50 v US variance	0.13	1.16		0.00	0.29
	Euro Stoxx 50 forward variance	0.10	0.88		-0.02	0.20
	Japan v US variance	0.04	0.36		0.00	0.00
Credit	Korea v US variance	0.01	0.13		0.00	-0.04
	Cash	0.51	4.58		0.01	-0.07
	Equities	0.65	5.82		-0.18	0.29
	US Relative Value	0.60	5.39		0.26	0.36
	Long Europe v UK	0.54	4.86		-0.22	-0.20
	Euro Stoxx 50 Calls	0.51	4.55		-0.36	0.03
	Japan equities	0.50	4.48		-0.24	-0.13
	China equities	0.45	4.07		0.01	0.02
	Short US Biotech	0.39	3.47		0.01	-0.22
	Long Cons Staples v Cons Discretionary	0.35	3.16		0.00	0.00
Volatility	US Consumer equities	0.02	0.21		-0.02	0.21
	Euro Stoxx 50 v US variance	0.13	1.16		0.00	0.29
	Euro Stoxx 50 forward variance	0.10	0.88		-0.02	0.20
	Japan v US variance	0.04	0.36		0.00	0.00
	Korea v US variance	0.01	0.13		0.00	-0.04
	Cash	0.51	4.58		0.01	-0.07
	Equities	0.65	5.82		-0.18	0.29
	US Relative Value	0.60	5.39		0.26	0.36
	Long Europe v UK	0.54	4.86		-0.22	-0.20
	Euro Stoxx 50 Calls	0.51	4.55		-0.36	0.03
Total (including closed positions)		11.15	100.00		-0.85	5.01

Source: FinAnalytics Risk Engine Cognity/Barclays Point, as at 31 December 2015
Risk Basis: Includes all holdings, cash & derivatives, base currency Euro
One-tailed confidence interval of 99%. Horizon equivalent to one month
Effective observation period (history) of risk factors of at least one year
Contribution Basis: Includes all holdings, cash & derivatives, gross of fees, base currency Euro
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/Normalization - Net Market Value
Past performance is not a guide to the future

RISK TYPE GLOSSARY

Stand-alone Risk Exposure	is the risk exposure 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 standalone VaR as a percentage of the total undiversified VaR of the Fund