

Aviva Investors Climate Transition Global Equity Fund

Quarterly review for the three months to 30 June 2024



REPRESENTATIVE SHARE CLASS
GB00BLNQ1861

SHARE CLASS INCEPTION DATE
08/06/2020

FUND SIZE
GBP 759.38m

Fund overview

Objective: The Fund aims to grow your investment and provide an average annual net return greater than the MSCI® All Country World Index over a rolling 5 year period by investing in shares of global companies responding to climate change by orientating their business models to be resilient in a warmer climate and a lower carbon economy; or providing solutions to mitigate climate change or help communities adapt to the adverse impacts of climate change.

Summary

Fund managers

Max Burns since 07/2021
Andrea Carzana since 03/2022

Performance benchmark

MSCI® All Countries World Index

What happened in the market

In the second quarter, equity markets built on their strong returns at the start of the year as confidence was boosted by signs of inflation moving back in the right direction in the US.

Performance

The fund produced a positive return but was behind the benchmark index over the quarter. While sector allocation had a mildly positive effect, stock selection detracted from returns.

Looking ahead

We continue to position the fund conservatively, focusing on companies that meet our climate transition mandate and that possess resilient business models.

What happened in the market

In the second quarter, equities built on their strong returns at the start of the year as confidence was boosted by signs of inflation moving back in the right direction in the US. Otherwise, while economic data was something of a mixed bag, investors continued to believe that the US economy would avoid a sharp slowdown and achieve a so-called soft landing. Emerging markets outperformed developed markets, boosted by a strong return from China. This offset disappointing performance from Latin America. The leading indices for sterling investors were the American S&P 500 (+4.2%) and the UK's FTSE All-Share (+3.7%). The US was buoyed by further positive performance by the large technology players. The main disappointment was Japan, where the Topix index was pulled into negative territory (-4.4%) for sterling investors by the weakness of the yen. Returns from Europe were also underwhelming as investors were spooked by the results of the EU parliamentary elections, which saw a notable shift to the right in the core countries.

Calendar year returns

	2019	2020	2021	2022	2023
Fund gross	-	-	14.62%	-9.23%	13.55%
Fund net	-	-	13.48%	-10.13%	12.43%
Benchmark	-	-	20.13%	-7.63%	15.88%

Past performance is not a guide to future performance.

Performance shown is for the representative share class, for details of other share classes please refer to the specific factsheet. Performance basis: Mid to mid, in the share class currency, net of tax payable by the Fund with income reinvested. Net figures are net of ongoing charges and fees. Net and Gross performance does not include the effect of any exit or entry charge.

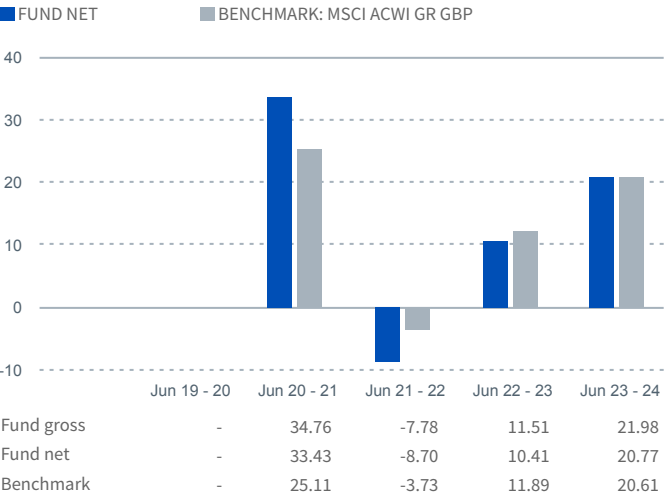
The fund produced a positive return but underperformed the benchmark index over the quarter. Stock selection was a negative factor, particularly in the information technology (IT) sector. It was also weak in materials and consumer discretionary. On the other hand, it contributed positively and most notably in industrials and communication services. Sector allocation had a mildly positive impact. While the overweighting of industrials weighed on performance, the overweight to IT and the underweight exposure to consumer discretionary benefited fund returns.

Looking ahead

We remain focused on finding businesses in our process where the market does not value the climate opportunity for that particular business model correctly in the long term. We are significantly overweight in the industrial sector. Our holdings are tilted defensively towards business models that have resilient revenue streams with robust pricing. We are also overweight in IT. We remain significantly underweight in the consumer discretionary sector as we continue to worry about consumer spending in a high interest rate environment. We initiated a position in Carlisle in April. The company manufactures a variety of products for the roofing, real estate, construction, and manufacturing industries and is primely positioned to capitalise upon the structural shift towards improved building efficiency. Carlisle has its near-term SBTi (Science Based Targets initiative) approved to align with 1.5 degrees and has committed to net-zero and aims to cut scope one and two by 42% and scope three by 52% per pound produced by 2030 (from 2021 base).

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Rolling annual net performance (%)



Performance

	Cumulative (%)					Annualised (%)		
	1M	3M	6M	YTD	1Y	3Y	5Y	Since Inception
Fund gross	3.92	2.47	13.51	13.51	21.98	7.85	-	13.20
Fund net	3.83	2.22	12.94	12.94	20.77	6.78	-	12.08
Benchmark	3.00	2.94	12.52	12.52	20.61	9.12	-	12.53

Tracking error (%)*

	Jun 19 - 20	Jun 20 - 21	Jun 21 - 22	Jun 22 - 23	Jun 23 - 24
Fund net	-	7.10	6.37	7.33	4.17

Past performance is not a guide to future performance.

Basis of performance is described on page 1.

*The Fund is expected to have an average yearly tracking error of between 2% and 6% when compared to the MSCI All Countries World Index GBP.

Fund risks

Investment risk & currency risk: 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.

Equities risk: Equities can lose value rapidly, can remain at low prices indefinitely, and generally involve higher risks — especially market risk — than bonds or money market instruments. Bankruptcy or other financial restructuring can cause the issuer's equities to lose most or all of their value.

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.

Emerging market risk: Investments can be made in emerging markets. These markets may be volatile and carry higher risk than developed markets.

Derivatives risk: Investments can be made in derivatives, which can be complex and highly volatile. Derivatives may not perform as expected, meaning significant losses may be incurred.

Specialist Fund Risk: Certain of the Fund's investments may be more susceptible to foreign government policies, including tax incentives and subsidies, as well as political support for certain environmental initiatives and developments. Under certain market conditions, the Fund may underperform funds that invest in a broader array of shares in global companies, for example, funds that do not provide any screening of companies undertaking fossil fuel activities.

Full information on risks applicable to the Fund are in the Prospectus and the Key Investor Information Document (KIID).

Important information

THIS IS A MARKETING COMMUNICATION

The source for all performance, portfolio and fund breakdown data is Morningstar unless indicated otherwise. For share classes that have not yet completed 5 years, the cumulative performance chart will start from the first full month. All data is as at the date of the Factsheet, unless indicated otherwise.

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For further information please read the latest Key Investor Information Document and Supplementary Information Document. The Prospectus and the annual and interim reports are also available on request. Copies in English can be obtained, free of charge from Aviva Investors, PO Box 10410, Chelmsford CM99 2AY. You can also download copies at www.avivainvestors.com

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