

Aviva Investors Sterling Liquidity Plus Fund

Monthly summary for February 2024



REPRESENTATIVE SHARE CLASS
IE00B24F3V65

SHARE CLASS INCEPTION DATE
26/11/2007

FUND SIZE
GBP 1514.81m

Fund overview

Objective: The Fund aims to provide an investment return with a low level of capital volatility whilst maintaining liquidity. The performance of the Sub-Fund is measured against Sterling Overnight Index Average (SONIA) Rate(the benchmark).

For further information on Sustainability Risk please refer to the Sustainable Finance Disclosure section. On 14th May 2021 the Fund benchmark was changed from 7-Day LIBID rate (The London Interbank Bid Rate LIBID) to the Sterling Overnight Index Average (SONIA) rate. Historic benchmark performance is shown up to 14th May 2021 for the 7-Day LIBID rate.

Summary

Fund managers

Caroline Hedges since 10/2016
Josh Bramwell since 12/2021

Performance benchmark

SONIA LENDING RATE GBP

Month in review

There was some improved data on the UK economy, despite a technical recession having arrived at the start of the year. For the assets held within the fund, spreads of covered bonds narrowed significantly over the month, with asset-backed security (ABS) spreads little changed after the move seen in January.

Looking ahead last updated February 2024

For the assets we hold in the fund, we expect spreads to remain range-bound. We see ABS and covered bond issuance increasing as banks look to replace central bank schemes once they roll off.

Month in review

Given the cautious stance of the Bank of England (BoE) on policy and continued uncertainty regarding the path of inflation, there was little surprise that interest rates were left on hold at 5.25% at the monetary policy committee meeting at the start of the month. There was confirmation that the much anticipated UK recession had arrived, with GDP reported to have contracted by 0.3% in the fourth quarter of 2023 following negative growth of 0.1% in the third. The BoE remained optimistic, however, that the recession would be short lived as there had been an encouraging improvement of some economic indicators, including retail sales, purchasing manager data and employment, since the start of the year. Sentiment towards mortgage-backed assets was also boosted by news that UK house prices were rising at their fastest pace for a year. Regarding inflation, the main consumer rate was unchanged at 4.0% in January relative to the previous month. However, there were hopes that the fall to within range of the 2.0% BoE target would resume given falls in food prices and a likely reduction of the energy price cap in April. For the assets held within the fund, spreads of covered bonds narrowed significantly over the month, although asset-backed security (ABS) spreads were little changed after the move seen in January. In the fund, we increased our allocation to covered bonds at the start of the month, funded by selling out of the same names in short-term money market instruments (one to two months) to keep consistent our net sterling exposure to names/geographies.

Calendar year returns

	2019	2020	2021	2022	2023
Fund gross	1.14%	0.96%	0.52%	1.42%	5.42%
Fund net	1.04%	0.86%	0.42%	1.32%	5.31%
Benchmark	0.57%	0.06%	0.01%	1.42%	4.79%
	2014	2015	2016	2017	2018
Fund gross	0.64%	0.65%	0.93%	0.71%	0.81%
Fund net	0.54%	0.55%	0.83%	0.61%	0.71%
Benchmark	0.35%	0.37%	0.27%	0.15%	0.45%

Warning: Past performance is not a guide to future performance.

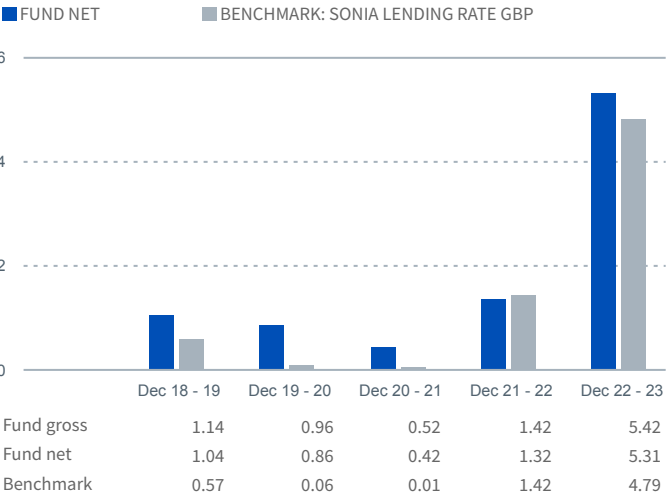
Performance basis: Mid to mid, in the share class currency, net of tax payable by the Fund with income reinvested. Net figures are net of ongoing charges and fees. Net and Gross performance does not include the effect of any exit or entry charge.

Looking ahead last updated February 2024

The impact of monetary policy tightening is expected to continue to build through 2024, as the most interest-rate sensitive sectors refinance onto higher rates. Indeed, we think two-thirds of mortgages are yet to reset to the new rates environment. We expect inflation to continue to decline in 2024 as food and core goods inflation drop back further. With core services expected to be more persistent, we do not see headline inflation back to 2% until 2025. We expect the Bank of England will be in a position to ease policy around the third quarter of 2024. For the assets we hold in the fund, we expect spreads to remain within a relatively tight range. We see ABS and covered bond issuance increasing as banks look to replace central bank schemes once they roll off. However, due to the lack of issuance over the last few years in some sectors (such as simple-transparent-standardised ABS) we know that strong investor appetite will be an offsetting factor. In the fund, we are looking to add exposure to ABS and covered bonds in the primary market. If excess cash builds up within the fund we may also add money market instruments in the four to six-month part of the curve.

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Rolling annual net performance (%)



Warning: Past performance is not a guide to future performance.

Basis of performance is described on page 1.

Performance

	Cumulative (%)				Annualised (%)			
	1M	3M	6M	YTD	1Y	5Y	10Y	Since Inception
Fund gross	0.46	1.46	2.98	0.96	5.61	2.05	1.40	1.52
Fund net	0.45	1.44	2.93	0.94	5.51	1.95	1.29	1.42
Benchmark	0.42	1.32	2.66	0.87	5.06	1.51	0.92	1.04

Sustainable Finance Disclosure

The Sub-Fund seeks to promote environmental and social characteristics, ESG considerations, and an evaluation of Sustainability Risks and good governance principles are integrated when selecting investments. The investments, where it is possible, will be aligned with the environmental/ social characteristics and will be selected based on specific ESG investment criteria outlined within the Prospectus. There may on occasion be investments used for hedging and efficient portfolio management purposes which are not possible to be aligned with the environmental or social characteristics described.

The Fund does not have a sustainable investment objective, and the Investment Manager will consider adverse impacts of an investment to the extent they are financially material. *For further information please refer to the prospectus and our website.*

Fund risks

Warning - Investment Risk & Currency Risk

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.

Warning - Money Market Securities Risk

The Fund invests in money market instruments such as short term bank debt, the market prices/value of which can rise as well as fall on a daily basis. Their values are affected by changes in interest rates, inflation and any decline in creditworthiness of the issuer.

This is not a guaranteed investment, an investment in a Money Market Fund is different from an investment in deposits and can fluctuate in price meaning you may not get back the original amount you invested. This investment does not rely on external support for guaranteeing liquidity or stabilising the NAV per unit or share. The risk of loss of the principal is to be borne by the investor.

Warning - Sustainability Risk

The level of sustainability risk may fluctuate depending on which

investment opportunities the Investment Manager identifies. This means that the fund is exposed to Sustainability Risk which may impact the value of investments over the long term.

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 Luxembourg S.A., 2 rue du Fort Bourbon, L-1249 Luxembourg or from J.P. Morgan Administration Services (Ireland) Limited. You can also download copies at www.avivainvestors.com

Where relevant, information on our approach to the sustainability aspects of the fund and the Sustainable Finance disclosure regulation (SFDR) including policies and procedures can be found on the following link: <https://www.avivainvestors.com/en-gb/capabilities/sustainable-finance-disclosure-regulation/>

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