

# Aviva Investors Sterling Government Liquidity Fund

## Quarterly review for the three months to 31 March 2024



REPRESENTATIVE SHARE CLASS  
IE00BMG74T54

SHARE CLASS INCEPTION DATE  
15/09/2020

FUND SIZE  
GBP 5783.40m

### Fund overview

**Objective:** The investment objective of the Fund is to offer returns in line with money market rates and to preserve the value of the investment. The performance of the Sub-fund is measured against the Sterling Overnight Index Average (SONIA) Rate (the benchmark). The Aviva Investors Sterling Government Liquidity Fund is a Short-Term Low-Volatility Net Asset Value (LVNAV) Money Market Fund.

### Summary

Fund managers

**Richard Hallett** since 12/2008  
**Josh Bramwell** since 12/2021

Performance benchmark

**Sterling Overnight Index Average  
(SONIA) Rate**

### What happened in the market

Sterling money market yields reflected the prospect of the Bank of England cutting interest rates in 2024 in reaction to falling inflation and weak economic growth.

### Performance

The fund delivered strong performance over the quarter, outperforming the sterling overnight rate. Duration on the fund has been lengthened to lock in the higher yields in the T-Bill market.

### Looking ahead

Hopes have grown that the UK economy is turning a corner and that inflation is close to being sustainably under control. Expectations are thus rising of interest rate cuts arriving in the summer.

### What happened in the market

Sterling money market yields at the start of the year reflected the prospect of the Bank of England (BoE) cutting interest rates in 2024 in reaction to falling inflation and weak economic growth. Nevertheless, in the mid part of the quarter, the yield curve flattened as the BoE and other leading central banks indicated that hopes of early cuts in interest rates may be misplaced given stubborn price pressures. However, statements accompanying bank's March meeting indicated, that with inflation falling encouragingly to 3.4% in February, things were "moving in the right direction" for a loosening of the base rate from the 5.25% level that had been in place since September. With that, the market shifted forward its expectation for the first BoE move to mid-year. The UK economic backdrop improved somewhat over the quarter, despite the onset of recession at the start of the year. GDP growth turned positive once again in January (+0.2%) thanks to stronger performance by the services sector and rising retail sales.

### Calendar year returns

	2019	2020	2021	2022	2023
<b>Fund gross</b>	0.74%	0.20%	0.03%	1.29%	4.68%
<b>Fund net</b>	0.74%	0.20%	0.03%	1.29%	4.68%
<b>Benchmark</b>	0.56%	0.05%	0.02%	1.42%	4.79%

**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. For further information on Sustainability Risk please refer to the Sustainable Finance Disclosure section

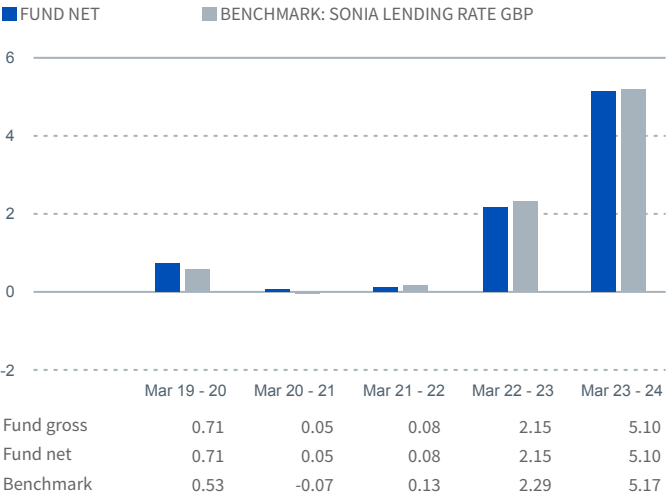
The fund delivered strong performance over the quarter, outperforming the sterling overnight rate (SONIA). Duration on the fund has been lengthened to lock in the higher yields in the T-Bill market. The supply of gilts for repo has increased as the Bank of England reduced their holdings under quantitative tightening, underpinning repo yields, thereby helping the fund to deliver the strong performance.

### Looking ahead

With evidence building that tighter policy has held back economic activity and loosened the labour market, the likelihood of the BoE starting to cut interest rates at some point in the summer has strengthened. While input costs and wage pressures remain higher than desired, it appears most of the UK policy makers, with two notable exceptions, feel the projected path of inflation is in line with bringing it back to target. The question that money market investors will now be asking is how rapid the policy loosening cycle will be. That is likely to hang largely on how inflation and growth data develop from here. Overall, the prospects for money market investments have improved. The UK consumer picture has improved alongside that of inflation. Gilt market volatility has settled down, thereby improving valuation metrics. Inward flows of assets into the money market have also helped from a technical perspective. Hanging over the outlook is political uncertainty as the UK approaches a general election and a likely change of government. Geopolitical risks also remain elevated as the crisis in the Middle East and the conflict in Ukraine continue.

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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	3Y	5Y	Since Inception
Fund gross	0.46	1.31	2.66	1.31	5.10	2.42	1.60	-
Fund net	0.46	1.31	2.66	1.31	5.10	2.42	1.60	0.79
Benchmark	0.45	1.32	2.67	1.32	5.17	2.51	1.59	0.81

## Sustainable Finance Disclosure

Sustainability Risk indicators are considered alongside a range of financial and non-financial research, with no specific limits imposed, therefore the Investment Manager retains discretion over which investments are selected. Where practicable, the Investment Manager also seeks to apply the Baseline ESG Exclusions when selecting investments.

This product does not have a sustainable investment objective and the investment manager will consider the 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](http://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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