

Aviva Investors Climate Transition Global Equity Fund

Quarterly review for the three months to 31 March 2024



REPRESENTATIVE SHARE CLASS
GB00BLNQ1861

SHARE CLASS INCEPTION DATE
08/06/2020

FUND SIZE
GBP 745.37m

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

Stock markets performed well amid optimism towards growth and a likely soft economic landing in the US. The strongest returns were posted by the US and Japan.

Performance

In a strong quarter for the fund, performance was supported by both stock selection and sector allocation. The strongest individual contributions were made by US companies Hubbell and United Rentals.

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

Equities enjoyed strong returns in the first quarter as confidence was boosted by hopes that the peak in interest rates had been reached and that central banks were poised to reintroduce looser monetary policy, possibly by the middle of the year. Although the UK and Japan had technically entered recession at the end of 2024, there was optimism that any downturn would be short-lived. Indeed, the US economy continued to perform much more resiliently than expected, benefiting from significant government investment and robust consumer spending. Elsewhere, the continued downtrend in inflation in the Eurozone and UK was reflected by gradually improving performance in the manufacturing and service sectors. Accordingly, economy-sensitive areas of the market, which had been under pressure in 2023, began to show signs of recovery. In local currency terms, the strongest returns were posted by Japan (Topix Index +18.1%) and the US (S&P 500 Index +10.6%) and. Emerging markets nevertheless lagged the global average, with Latin America and China both posting negative returns.

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 performed well in both absolute and relative terms over the quarter. Both stock selection and sector allocation added value. The main stock contributors were electrical product maker Hubbell and equipment hire company United Rentals. This more than offset the drag of being overweight renewable energy company EDP Renovaveis and Canadian automotive solutions provider ATS Corp. At the sector level, being overweight in industrials and underweight in consumer staples were the most helpful positions.

Looking ahead

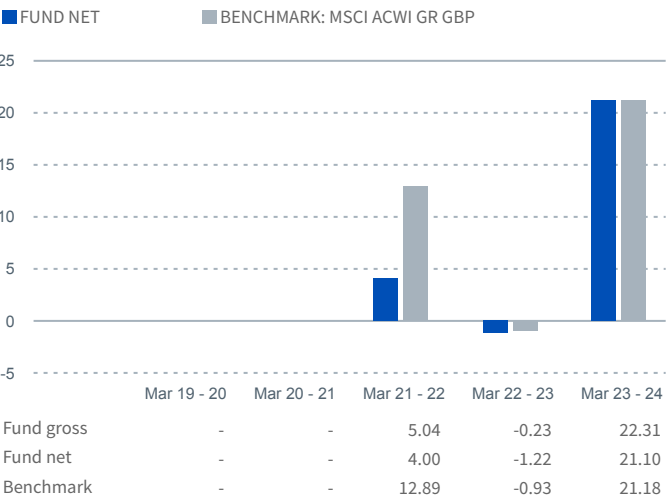
We are confident that the main developed economies can avoid a material slowdown in 2024. The latest estimate for fourth quarter GDP in the US saw a small upward revision to an already strong reading. GDP is now estimated to have risen by 3.4% annualised, with significant contributions across the main components of demand. Currently we expect a slowdown for the US in the first quarter, but annualised growth should remain robust at around 1.8%.

The combination of resilient growth and inflation continuing to fall to within range of central bank targets creates a positive backdrop for equities, even if valuations are starting to look a little rich following the breaching of new highs in a number of markets. We should be mindful, however, of the raised potential for unexpected geopolitical events to disrupt sentiment. 2024 is also an election year in several key countries, with the results in many cases too close to call. Negative inflation shocks and the postponement or dilution of monetary policy easing also have the potential to sap confidence.

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Rolling annual net performance (%)



Performance

	Cumulative (%)					Annualised (%)		
	1M	3M	6M	YTD	1Y	3Y	5Y	Since Inception
Fund gross	2.83	10.77	19.27	10.77	22.31	8.63	-	13.40
Fund net	2.74	10.49	18.68	10.49	21.10	7.55	-	12.27
Benchmark	3.33	9.31	16.32	9.31	21.18	10.67	-	12.54

Tracking error (%)*

	Mar 19 - 20	Mar 20 - 21	Mar 21 - 22	Mar 22 - 23	Mar 23 - 24
Fund net	-	-	6.30	7.18	4.37

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.

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.

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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