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Aviva Investors Global Emerging Markets Equity Unconstrained Fund

Quarterly review for the three months to 31 March 2022

REPRESENTATIVE SHARE CLASS	SHARE CLASS INCEPTION DATE	FUND SIZE
GB00BJQS1J61	29/07/2019	GBP 12.37m

Fund overview

Objective: To grow your investment over the long term (5 years or more).

Summary

Fund managers	**Alistair Way** since 07/2019 **Jonathan Toub** since 12/2021
Performance benchmark	**MSCI EM NR GBP**

What happened in the market

Emerging market equities fell on Russia's invasion of Ukraine. Europe, the Middle East, Asia and Latin America performed relatively well. Higher oil and food prices burdened many countries.

Performance

Holdings in Standard Chartered and Sands China performed well, but Taiwanese technology companies suffered. We were unable to exit our two positions in Russia. Underperformance in March was driven by exposure to China, where we adjusted our property holdings. We exited Rusal and invested in Qatar National Bank on an expected shift in European energy demand.

Looking ahead

China is a concern while the economic and political outlook for other emerging markets is not supportive. However, the corporate sector remains healthy, and we expect the fund to outperform.

What happened in the market

The quarter started with a sharp change of direction in global equity markets, with a rotation away from growth and quality stocks into value and cyclical segments. At the same time, emerging market equities significantly outperformed US equities and other developed markets. Markets in Europe, the Middle East and Asia, along with Latin America, performed relatively well thanks partly to their higher exposure to commodity prices and financial companies.

Emerging market equities fell in February as Russia's invasion of Ukraine rattled global markets, particularly those in the region. Panic liquidations saw Russian global depositary receipts (which represent shares in foreign companies) lose 75% of their value during the month.

March was a highly volatile month for equities, particularly emerging markets, driven by the escalation of the war in Ukraine and sanctions imposed on Russia. Further fallout from this conflict included the perceived risk of incremental sanctions on China resulting from its unwillingness to condemn Russia's invasion of Ukraine. Escalating oil and food price inflation due to supply chain constraints, which tend to have a heavy burden on many emerging market nations, also spurred more aggressive monetary tightening expectations in developed markets, and this was generally negative for emerging market equities. The rapid spread of the Covid-19 Omicron variant in China impacted both domestic demand and increased the risks on global supply chains.

Calendar year returns

	2017	2018	2019	2020	2021
Fund gross	-	-	-	15.47%	1.87%
Fund net	-	-	-	14.75%	0.86%
Benchmark	-	-	-	14.65%	-1.64%

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's performance is compared against the MSCI Emerging Market Index GBP.

In January, Standard Chartered performed well compared with other Asian banks, while a positive rebound in Macau gaming benefited Sands China. In contrast, holdings in Taiwanese technology companies slipped back on concerns of a cyclical peak in the technology sector.

Although the fund has no holdings in Ukraine, the extreme and rapid sanctions placed on Russia caused a severe dislocation in the market. We were unable to exit the fund's two positions in Russia – Sberbank and Detsky Mir – due to market restrictions. These were marked to zero in the fund's net asset valuation.

The fund's underperformance in March was driven primarily by our overweight exposure to the Chinese market. An adjustment of our Chinese property holdings, partly to de-risk our exposure given high stock-specific risk, included exiting our position in KWG Group and adding to cash-generative developer COGO. We exited Russian aluminium giant Rusal, given available liquidity in our Hong Kong listing, and took a new position in South32, the base metal spin-out of BHP Billiton. We invested in Qatar National Bank on the expected shift in European energy demand from Russia and to Qatar's liquified natural gas.

Looking ahead

Looking at the rest of 2022, China remains the key market for the emerging market equities. Monetary policy is gradually easing, as is the tone of regulatory pressure towards China's out-of-favour internet giants, and we are seeing signs of support for the fragile property sector. However, investor sentiment remains negative and, in an environment dominated by geopolitical risk, China's relationship with Russia will stay in focus.

For other emerging markets, the economic and political backdrop does not appear to be particularly supportive. A combination of global liquidity that is set to peak and inflation at elevated levels could drive the risk of more material monetary policy tightening. The threat of rising Covid-19 cases, given lower vaccination rates, and limited fiscal flexibility also affects many emerging market countries.

Against this backdrop, the corporate sector in general remains in decent health, and valuations look attractive against their historic range. The fund continues to rely on our bottom-up, idiosyncratic and change-focused investment approach, which we expect should drive outperformance relative to the asset class over time.

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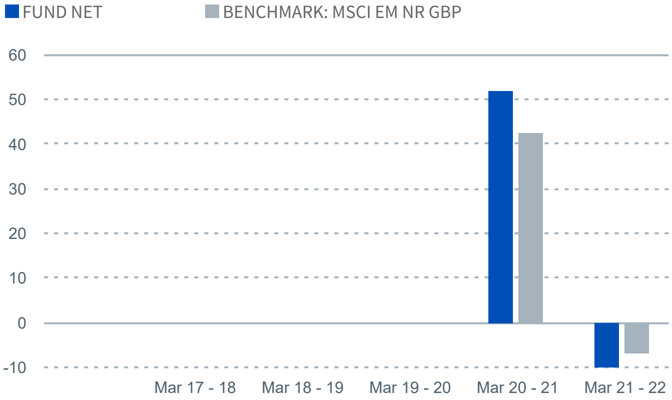
Rolling annual net performance (%)



	Mar 17 - 18	Mar 18 - 19	Mar 19 - 20	Mar 20 - 21	Mar 21 - 22
Fund gross	-	-	-	52.99	-9.04
Fund net	-	-	-	51.90	-9.94
Benchmark	-	-	-	42.34	-7.12

Performance

	Cumulative (%)					Annualised (%)		
	1M	3M	6M	YTD	1Y	3Y	5Y	Since Inception
Fund gross	-0.25	-6.92	-7.04	-6.92	-9.04	-	-	5.19
Fund net	-0.33	-7.15	-7.50	-7.15	-9.94	-	-	4.35
Benchmark	-0.40	-4.30	-5.98	-4.30	-7.12	-	-	2.61

Tracking error (%)*

	Mar 17 - 18	Mar 18 - 19	Mar 19 - 20	Mar 20 - 21	Mar 21 - 22
Fund net	-	-	-	6.77	5.42

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 3% and 8% when compared to the Index.

Fund targets

The Index has been selected as a benchmark for performance and risk measurement because it is representative of the type of companies in which the Fund is likely to invest, and it is therefore an appropriate comparator for the Fund's performance.

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 exchange rates. Investors may not get back the original amount invested.

Emerging Markets Risk
The Fund Invests in emerging markets, these markets may be volatile and carry higher risk than developed markets.

Derivatives Risk
The Fund uses derivatives, these can be complex and highly volatile. Derivatives may not perform as expected meaning the Fund may suffer significant losses.

Illiquid Securities Risk
Certain assets held in the Fund could be hard to value or to sell at a desired time or at a price considered to be fair (especially in large quantities), and as a result their prices could be very volatile.

Concentration Risk
The Fund invests in a small portfolio of securities. Losses from a single investment may be more detrimental to the overall fund performance than if a larger number of investments were made.

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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