

Aviva Investors Strategic Bond Fund

Monthly summary for April 2022



REPRESENTATIVE SHARE CLASS
GB00B3CGG643

SHARE CLASS INCEPTION DATE
22/09/2008

FUND SIZE
GBP 242.85m

Fund overview

Objective: To grow your investment through a combination of income and capital returns, whilst aiming to provide a net return greater than that of the benchmark over the long term (5 years or more) (after charges and taxes). The benchmark (the "Index") is a composite index, as detailed in our prospectus.

The fund's benchmark was introduced on the 7th August 2019 and is tracked since inception.

Summary

Fund managers **Chris Higham** since 09/2008
James Vokins since 06/2016

Performance benchmark **Composite Index**

Month in review

Fragile risk appetite and worries about tighter monetary policy weighted on fixed income assets. The fund nevertheless performed well against its benchmark. Key contributors were our short duration positioning, cautious credit risk profile, holdings in inflation-protection assets and a lack of exposure to Russia.

Looking ahead last updated April 2022

The path of inflation and volatility in the sovereign bonds are the key risks to the market at present. With company fundamentals still sound, we will add to risk when opportunities arise.

Month in review

It was a disappointing month for global government and corporate bonds as generally positive company earnings announcements were trumped by a number of worries. The chief concern was inflation, with the most recent consumer prices index data for the US and Eurozone showing rises of 8.5% and 7.5% respectively. The other leading sources of uncertainty were the ongoing war in Ukraine and the threat to Chinese growth caused by reinstated Covid-19 lockdowns. This assortment of risks drove credit spreads back out to the level they were at the onset of the Ukraine war. Given the significant supply we have seen from banks this year they have considerably underperformed corporates despite positive earnings and outlooks. High-beta technology-media-telecoms also underperformed on mixed results and the supply overhang from Oracle. Energy and metals continued to outperform. Real estate has been a particularly poor performer in euros given its perceived interest rate sensitivity which has been exacerbated by supply and negative sentiment towards German property group Adler. While posting a negative absolute return, the fund continued to perform well against its benchmark. Key contributors were our short duration positioning, cautious credit risk profile, holdings in inflation-protection assets and a lack of exposure to Russia. The strongest contributors at the individual security level were Largardere, Telecom Italia and Spirit.

Calendar year returns

	2017	2018	2019	2020	2021
Fund gross	4.18%	-3.57%	9.24%	7.97%	1.98%
Fund net	2.91%	-4.41%	8.29%	7.02%	1.09%
Benchmark	4.04%	-1.78%	9.29%	5.77%	0.59%
	2012	2013	2014	2015	2016
Fund gross	19.88%	7.63%	8.00%	2.90%	7.92%
Fund net	17.28%	5.65%	6.02%	1.02%	6.00%
Benchmark	11.03%	2.82%	6.42%	-0.36%	8.07%

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 one third Bloomberg Treasury G7 Index (GBP hedged), one third Bloomberg Global Aggregate Corporate Index (GBP hedged), and one third Bloomberg Global High Yield Index ex CMBS ex EMG 2% issuer capped (GBP hedged).

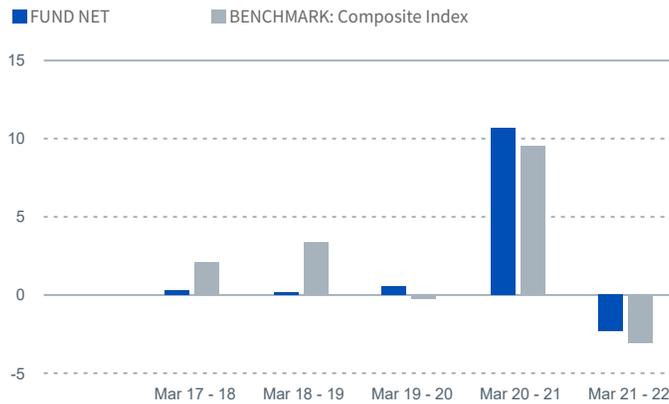
Looking ahead last updated April 2022

Sentiment in credit markets will remain at the mercy of inflation and sovereign bond yield volatility. This will need to settle before asset class fund flows can stabilise. A key challenge remains the withdrawal of policy support, although credit typically performs well in the early stages of an interest rate hiking cycle. Event risk is further source of uncertainty, with company balance sheets poised to come under greater pressure as capital is reinvested and merger and acquisition activity remains high.

Technical factors are a little more uncertain as conflicting drivers hang over the supply outlook. Ample company liquidity as well as the rising rate environment suggest supply may ease, although this is set against the prospect of rising refinancings and share buybacks. Investment-grade corporate bond valuations are once again very attractive and spreads could stabilise or even tighten from current levels. However, the technical backdrop does not warrant a sharp rally similar to what occurred in March.

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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	1.32	0.89	1.38	11.64	-1.42
Fund net	0.29	0.01	0.50	10.66	-2.28
Benchmark	1.96	3.26	-0.32	9.43	-3.08

Past performance is not a guide to future performance.

Basis of performance is described on page 1.

Performance

	Cumulative (%)				Annualised (%)			Since Inception
	1M	3M	6M	YTD	1Y	5Y	10Y	
Fund gross	-2.96	-5.11	-6.47	-6.83	-5.09	1.92	4.95	7.32
Fund net	-3.03	-5.32	-6.88	-7.11	-5.92	1.01	3.53	5.63
Benchmark	-3.42	-6.46	-8.23	-8.52	-6.97	1.29	3.15	4.70

Fund targets

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

Convertible Securities Risk

Convertible bonds can earn less income than comparable debt securities and less growth than comparable equity securities, and carry a high level of risk.

Credit Risk

Bond values are affected by changes in interest rates and the bond issuer's creditworthiness. Bonds that offer the potential for a higher income typically have a greater risk of default.

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.

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. 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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All performance figures shown are up to the latest month end unless otherwise stated and are on a total return basis. Up to 05 April 2017, the figures include income reinvested after deducting basic rate income tax. From 06 April 2017, income is reinvested without deducting this tax. This will impact fund performance figures post 06 April 2017.