

## LATEST VIEWS FROM OUR FUND MANAGERS

### Risk Target & Perform - how MAF does it

CPD Opportunity Tomorrow @ 10am

[Click here](#) to register for tomorrow's webinar - Risk Target & Perform, how MAF does it. Fund Manager, Nick Samouilhan will highlight how the fund has generated solid returns since launch within their risk bands. **1 hours CPD** will be awarded to those who register and participate online.



Register	<a href="#">Register here</a>
Live event	The live event will broadcast from <a href="#">here</a>
CPD	We've received 1 hours CPD for this event. Please note you must register and <b>log into the live event via your PC to gain CPD points</b> . Telephone only participants will not be eligible for CPD.
Dial in details	If you don't have sound on your PC* or you don't have access to a PC you can still listen to the call by: <b>Dialing: 1 800 932 993</b> – Ireland Toll Free or <b>+44 (0) 20 3037 9365</b> – Standard International Access and using the passcode: <b>2523786</b>
Speakers	Nick Samouilhan, Fund Manager, Aviva Investors' Risk Targeted Multi Asset Funds

You'll need an internet connection and flash to view this presentation online. Most computers have flash, but just in case you don't you can download the latest version [here](#).

If you have any technical queries please contact me at [karen.deenihan@aviva.ie](mailto:karen.deenihan@aviva.ie).

### Global High Yield Equities - Bond Like Income Opportunities

by Kirill Pyshkin, Fund Manager Aviva Irl High Yield Equity Fund

*Dividend yields in many equity markets have been rising with increased payouts recently. Given the healthy state of many companies' balance sheets dividend payout increases may have further to go. In this environment, global equity income strategies can be a compelling addition to portfolios designed to deliver attractive returns with lower portfolio risk and volatility. In short, global high yield equities can marry the best characteristics of equities and bonds in one fund.*

[Click here](#) to download Kirill's views on why High Yield stocks are so attractive now.



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Key points:

- Equity funds are well-placed to outperform bonds given that bond yields are so low and global equity valuations look attractive.
- Dividend yields in many developed equity markets exceed government bond yields for the first time in many decades, showing just how much risk perceptions have changed in recent years.
- Dividends are usually a key driver of total returns in equity markets around the world. For instance, over a third of UK equity returns have flowed from dividend payments since 1998.
- Dividend growth is key - our research shows that the top fifth, or quintile, of global stocks that grew their dividends most returned more than any other quintile over the last ten years.
- Companies with strong income potential can be found outside the large-cap telecoms, pharmaceuticals and oil stocks often associated with high yield equity funds.
- Global high yield equities can marry the best characteristics of equities and bonds to create a fund of relatively few stocks capable of producing attractive and growing income, significant capital appreciation, and relatively low levels of risk and volatility.

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## European Real Estate Market Outlook

by Darren Sriharan, Global Real Estate Analyst

*Recent quarters have brought notable improvements in terms of financial stability but the outlook for European real estate remains mixed. The valuation case for real estate is strengthened by declining sovereign bond yields. However, poor prospects for growth in most of Europe will hinder recoveries in occupier markets. We reiterate our view that investors should focus on high-quality assets with secure income streams in core European economies such as Germany and Sweden. In addition, we believe that prime Irish real estate now provides attractive investment opportunities for long-term investors who have a moderate appetite for risk.*



[Click here](#) to download the full market outlook piece from Darren.

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- Investment activity has improved in core European economies and also in the periphery – most notably in Ireland and Spain.
- However, continued economic weakness and unemployment are weighing heavily on industrials and non-prime office and retail markets.
- We maintain our view that investors should focus on high-quality assets with secure income streams in the core European economies such as Germany and Sweden.
- We believe that prime Irish real estate now provides attractive investment opportunities for long-term investors with a moderate risk appetite.

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## MAY - VOLATILE MONTH FROM MARKETS

### Bernanke spooks markets

by Karen Deenihan, Investment & Savings Marketing Manager

*May was a month of two halves for the equity market. In the first half global equities performed strongly. However, gains were pared back mid-month as investors contemplated whether the US Federal Reserve would begin to taper asset purchases. Equities strongly outperformed bonds over the month. Bond yields rose as investors sold bonds anticipating lower demand in the future.*



For the equity market, May was a month of two halves. In the first half global equities performed strongly. However, gains were pared back mid-month when investors contemplated whether the US Federal Reserve would begin to taper asset purchases. Any reduction in the level of bond purchases will be heavily reliant on the continuing improvement in the US economy and particularly the US labour market. The US market continues to be supported by the American Consumer which is being supported by lower inflation which is increasing household purchasing power.

Overall, global equities strongly outperformed global bonds over the month. The MSCI World Index rose by 1.5% in local currency terms. Global government bonds fell by 1.7% in local currency terms. The S&P 500 Index ended May up 2.1% in US dollar terms. The financial sector was the best performing sector of the market, rising 5.9% in May and 20.6% year-to-date. Utilities and telecoms were the worst performing sectors in May, dropping 9.6% and 7.4% respectively. Despite weaker Q1 GDP growth, European equities rose 2.6% in euro terms over the month. A rising Purchasing Managers Index and rising German business confidence

buoyed markets. Emerging market equities lagged developed markets with the MSCI Emerging Markets Index rising 0.8% in local currency terms and declining 0.8% in euro terms.

Rising bond yields made investors nervous about the Japanese government's ability to kick start the economy. This resulted in Japanese equities witnessing a large sell off towards the end of the month, falling 2.5% over the month.

Bond markets witnessed sharp falls across the board. Global government bonds fell 1.7% in local currency terms. European bonds fell 1.2% in local currency terms. Emerging market bonds as represented by the JP Morgan EMBI+ Index fell 4.3% over the month. Corporate bonds fared the best falling by 0.2% (as represented by the Barclays Euro Aggregate Credit - Corporate Index).

Source of all data: The FT and JP Morgan June 2013.

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## MAY FUND PERFORMANCE UPDATE

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### Fund performance mirrors global trends

[Click here](#) *for May's fund performance scorecard.*



Star performers in May were:

- Euro Financials: +6.56%
- US Equity: +4.97%
- BlackRock New Energy: +2.9%
- Eurozone equity: +2.06%

[Click here](#) for May's fund performance scorecard.

"The information outlined in this email is the opinion of the author and is not intended for use when reviewing the appropriateness of a particular investment or pension products to an individual's financial needs and circumstances."

Warning: These funds may be affected by changes in currency exchange rates.

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

Warning: The value of your investment may go down as well as up. Subtitle Text

Warning: If you invest in these funds you may lose some or all the money you invest.

Warning: A deferral period may apply to withdrawals and/or switches from certain funds. Please refer to your product documentation for further details.

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