HR Mauritius Global Managed Fund

31 August 2023

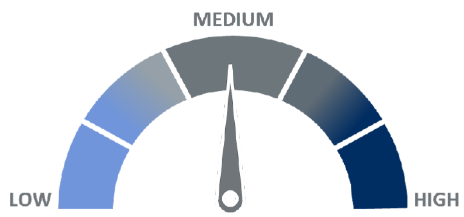
General Fund Information

Fund Structure	CIS
Region	Mauritius
Currency	USD
Asset Class	Balanced
Portfolio Manager	Peter Jarvis
Headline Fee	0.90%
TER (includes Headline Fee)	0.00%
Initial Fee	-
Distribution Frequency	Semi-annually
Launch Date	May 30, 2015
Financial Year End	December
Minimum Lump Sum Investment	100000
Risk Rating	Medium
Net Asset Value (NAV)	1.18
Assets Under Management (AUM)	13,362,613.00

Fund Objective

The Global Managed Fund seeks to achieve long-term capital appreciation by investing principally in a balanced portfolio of global fixed income and equity instruments. Diversification is achieved through the allocation of capital to our Global Equity and Global Fixed Income funds. Weightings are driven by our outlook for each of the underlying asset classes on a medium to long-term view.

Risk Rating



Gross Performance (%)

	1 Month	3 Months	6 Months	1 Year	2 Years*	3 Years*	5 Years*
Fund	-2.05	4.48	7.22	10.89	-2.97	3.06	4.26
Benchmark**	-1.90	4.27	7.40	9.94	-3.12	3.57	5.21
Value Add	-0.15	0.21	-0.18	0.95	0.15	-0.51	-0.95

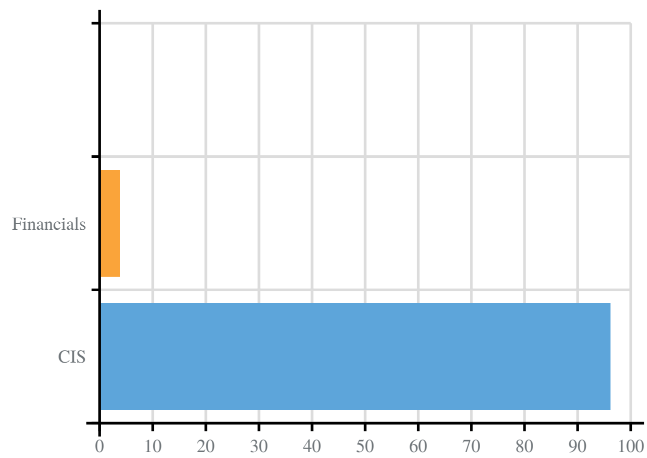
*Annualised

** MSCI World TR (65.00%), Citi WGBI (25.00%), USD LIBID (10.00%)

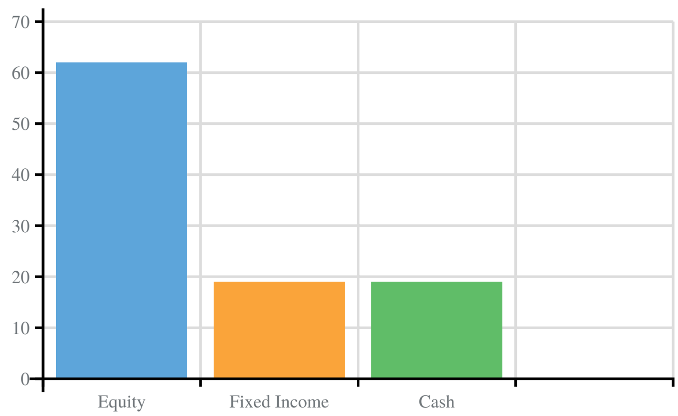
Issuer Exposure (%)

CIS	85.3
Manhattan Dollar Yield Fund	10.9
Standard Chartered Mauritius	3.8

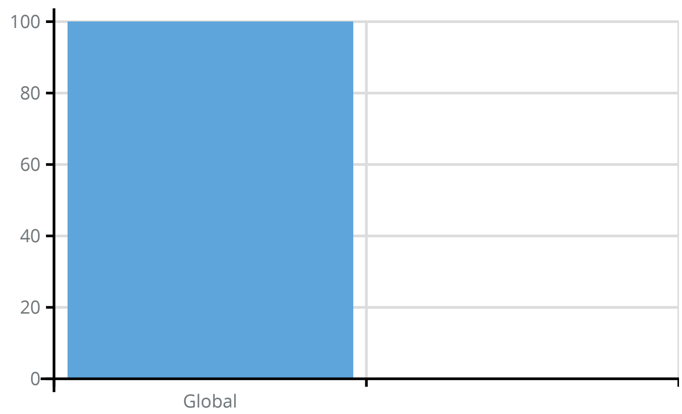
Sector Allocations (%)



Asset Class Breakdown (%)



Region Breakdown (%)



Portfolio Manager Commentary

Global equities fell by 2.8% in USD terms in August, following 4% rise in July. Despite the sector's rally late in the month Tech was the greatest contributor to the decline in global equities. Sectors with the largest falls were Basic Resources, Consumer Products and Banks. Energy was the only global sector to post a positive performance in August with a gain of 2%. Regionally, US outperformed, whilst Emerging Markets and Asia ex Japan lagged.

In the corporate space, the Q2 results season shows growth has switched from resource to consumer sectors as commodity prices have fallen. While US margins have fallen to non-recession lows, European margins have held up. Q3 Guidance for US stocks has been weak, with the negative number of pre-announcements for Q3 being 1.9x the amount of positive. Despite falling working capital needs, the quality of cashflow in US has been declining. With little headroom, US companies have been cutting their rate of share buybacks. In contrast, Japanese and European companies have maintained repurchases.

On the economic front, in the US, headline CPI and core CPI surprised to the downside with readings of 3.2% and 4.7%, respectively. The Fed is widely expected to Pause at the next meeting with an 89% probability priced in. Eurozone headline CPI was 5.3%, 0.2% higher than expectations. On the other hand, core CPI was at expectations of 5.3%. The ECB hiked 25bp.

In the commodity space, copper has become the newest 'critical material' according to the US Department of Energy, which reflects its importance to energy technology and the supply risk it faces Clean technologies are heavily reliant on copper, with the average Electrical Vehicle using 4 x as much copper as an ICE car The IEA estimates that clean energy copper demand is set to quadruple in a Net Zero scenario, with overall copper supply needing to increase by 40 by 2030 to accommodate this rise.

Looking ahead the FED's commitment to a higher-for-longer policy, coupled with indications of weakening consumer impulse, inverted yield curves, and concerns over credit risk mispricing, may potentially signal headwinds for markets. Additionally, corporates currently face challenges, with a downturn in top-line growth and potential margin pressures, posing further risks to overall economic performance. Global equities have seen double-digit gains year-to-date, but 12-month earnings remain flat, with a downward bias, resulting in forward P/Es above the long-term averages, particularly within the US. Support for P/Es from growth/inflation trade-off is now running out of road as falling inflation fades, resulting in downside risk to P/Es.

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