HR Mauritius Global Managed Fund

30 September 2021

African Alliance
Asset Management

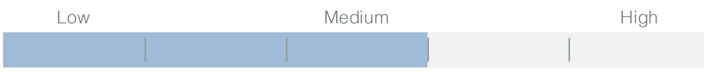
General Fund Information

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)	1.24
Assets Under Management (AUM)	16,695,260

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 (%)

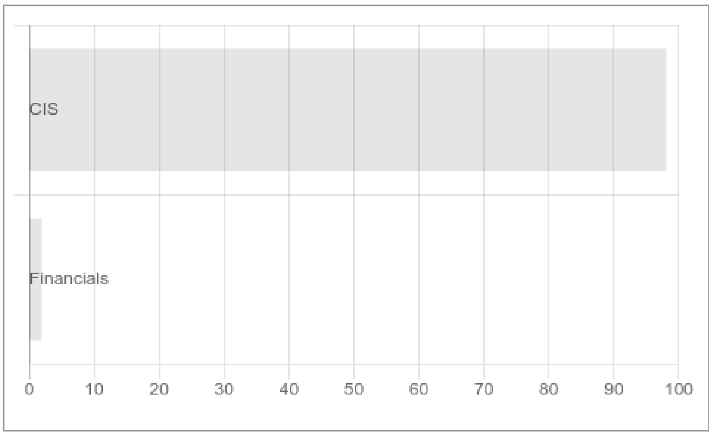
	1 Month	3 Months	6 Months	1 Year	2 Years*	3 Years*	5 Years*
Fund	-2.94	-0.79	3.45	15.30	12.92	8.52	6.40
Benchmark**	-3.26	-0.30	4.94	17.20	13.09	9.90	9.51
Value Add	0.32	-0.50	-1.49	-1.90	-0.16	-1.38	-3.11

*Annualised **MSCI World TR (65%), Citi WGBI (25%), USD LIBID (10%)

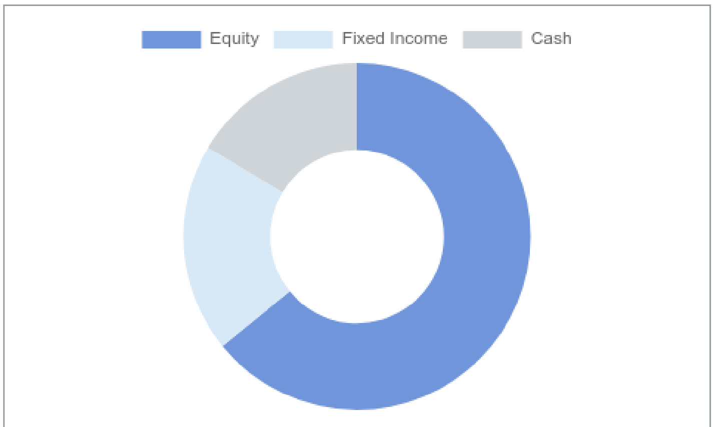
Issuer Exposure (%)

HR Mauritius Global Equity Multi Strategy Fund	66.9
HR Mauritius Global Fixed Income Fund	19.4
AA Mauritius Manhattan Dollar Yield Fund	11.8
Standard Chartered Mauritius	1.9

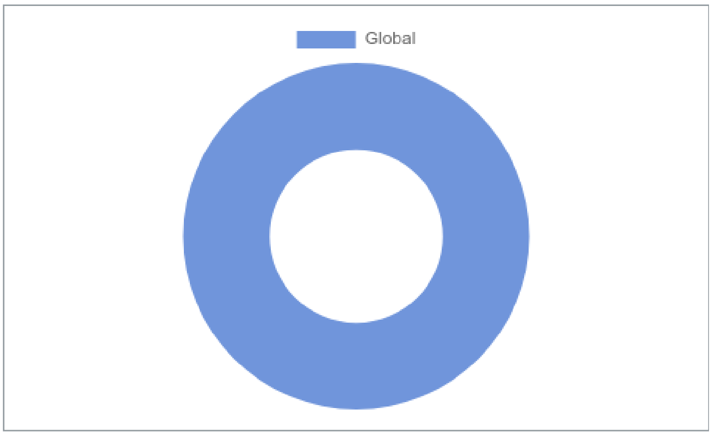
Sector Allocations (%)



Asset Class Breakdown (%)



Region Breakdown (%)



Portfolio Manager Commentary

Global equity markets retreated during September with the MSCI World Net Total Return Index dropping -4.15% in USD, dampening the year to date gain to +13.04%. Investor sentiment has been dented by a renewed rise in US Treasury yields, seemingly on Fed taper talk, its latest dot plot and rising inflationary expectations. The latter has been primarily driven by the recent pick-up in energy prices which has pushed the Bloomberg Commodity Index to its highest level in three years. Natural gas prices, which have been on an uptrend for most of the year, have accelerated further in recent weeks. In Europe, natural gas prices are currently more than 6x end 2019 levels, in Asia 5x. In the US prices are also up, but 'only' 2.5x and from a much lower level. Several factors combined to produce this situation, including weather, low renewable supply, outages and, in Europe, Russia being unable or unwilling to increase supply. Rising real yields have also weighed on gold. However, gold may yet find favour with investors looking to hedge a correction in risk assets.

On the economic front, the Eurozone (EZ) composite PMI fell from 59.0 to 56.1 in September, compared to economists' expectations of a moderation to 58.5. Both manufacturing and service sector momentum were markedly less than expected and lower than the prior month. In the service sector, there were falls in new business, outstanding business and business expectations. Meanwhile, the manufacturing sector experienced sharp falls in new orders and new export orders components. Although the data is disappointing and shows fading momentum, for the time being activity continues to expand.

In the political arena, the SPD won the German federal election with a share of 25.7% in secondary votes (206 seats in parliament), whereas the CDU/CSU only reached a combined 24.1% (196 seats in parliament). While this result was basically in-line with prior polls, the somewhat smaller than anticipated gap between the two Grand Coalition parties means there will be a protracted process before we find out who will be the next Chancellor of Germany. As coalition talks will be held not by single persons but by parties, the question is which party will provide their chancellor candidates with the greatest leeway in any bargaining process.

Our outlook remains unchanged from the start of the year, we remain modestly overweight equities. We are concerned that higher wages, higher energy prices, and higher transportation costs will weigh on earnings for the remainder of this year which tempers our bullishness. A further tipping point of higher real yields, a greater stretch in valuations and an eventual change in the second derivative of fiscal policy and liquidity will ultimately be reached, but unless the Fed loses control of the back end of the curve, this now appears unlikely before 2022.