AA Mauritius Manhattan Dollar Yield Fund

31 May 2023

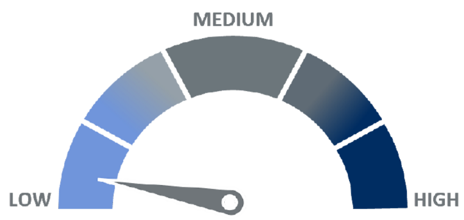
General Fund Information

Fund Structure	CIS
Region	Mauritius
Currency	USD
Asset Class	Money Market
Portfolio Manager	Randhir Mannick
Headline Fee	0.15%
TER (includes Headline Fee)	0.00%
Initial Fee	-
Distribution Frequency	Monthly
Launch Date	March 30, 2019
Financial Year End	December
Minimum Lump Sum Investment	100000
Risk Rating	Low
Net Asset Value (NAV)	1.00
Assets Under Management (AUM)	7,903,754.00

Fund Objective

The investment objective of the Fund is to maximise current income to the extent consistent with the preservation of capital and the maintenance of liquidity by investing in a diversified portfolio of high quality interest bearing securities with a term of less than 24 months. The Fund aims to provide dollar yields in excess of bank deposits or call accounts.

Risk Rating



Gross Performance (%)

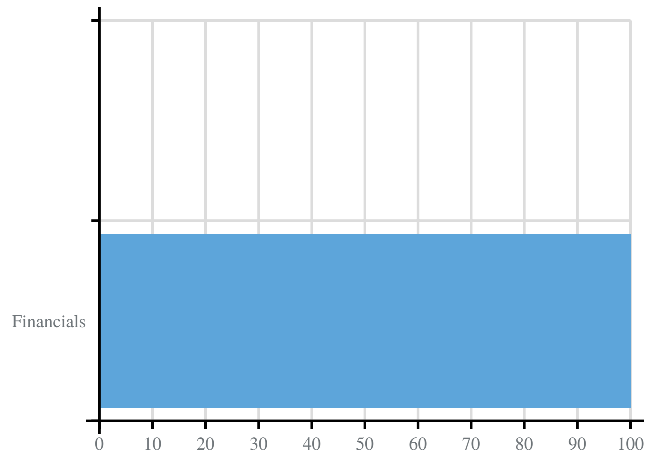
	1 Month	3 Months	6 Months	1 Year	2 Years*	3 Years*	5 Years*
Fund	0.41	1.19	2.07	3.04	2.01	1.90	0
Benchmark**	0.43	1.22	2.30	3.51	1.78	1.17	0
Value Add	-0.02	-0.03	-0.23	-0.47	0.23	0.73	0.00

*Annualised **LIBID 1.00 Week

Issuer Exposure (%)

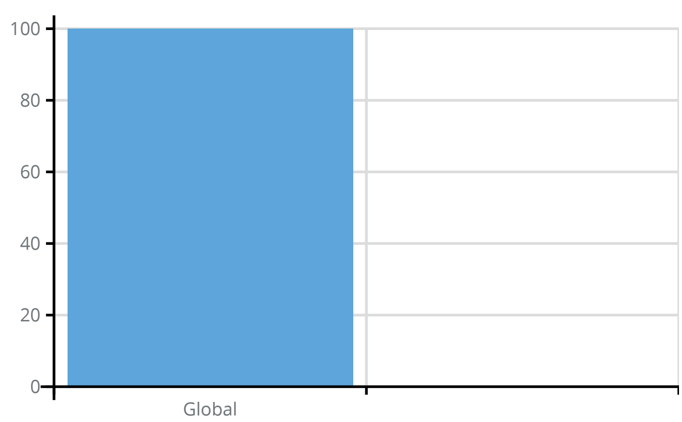
Nedbank	35.0
First Rand Bank	33.6
Nedbank South Africa	12.7
Absa	7.9
Investec MU	4.1
FirstRand Bank Limited	3.5
RMB	1.8
Rand Merchant Bank	1.3
Standard Chartered Mauritius	0.3

Sector Allocations (%)



Asset Class Breakdown (%)

Region Breakdown (%)



Portfolio Manager Commentary

Global equity markets pulled back during May with the MSCI World TR retreating 1.00% in USD, dampening the year-to-date return to 9.48% in USD. Investor confidence has been softened by the ongoing narrative surrounding the renegotiation of the US 'debt ceiling', narrow equity market leadership, sticky inflation, the inverted-yield curve that has historically indicated an impending recession, tighter banking lending standards, and the dampened reopening from China. On a positive note, according to FactSet, S&P 500 companies recorded their best performance relative to expectations for Q1 2023 since Q4 2021. Both the number of companies reporting positive EPS surprises and the magnitude of these earnings surprises are above the ten-year averages. The weak breadth dynamics continue to get outsized attention with the lowest number of S&P 500 stocks beating the market since March 2020. Bespoke Investment Group have pointed out that the three-month performance spread of S&P 500 and S&P 500 Equal-weight is the widest it has been since December 1999. Further factors favouring the bullish stance are the disinflation traction, housing market prices have stabilised, easing in regional bank pressure and the introduction of Artificial Intelligence as potential mechanism to contain costs in companies.

On the economic front, the overall global economy appears to have gathered more momentum in May, as the real GDP annualised growth is more than likely at approximately 4%. The apparent turnaround from late last year, when the global economy flirted with a technical recession, has been impressive. Some of the obvious reasons are, China's reopening (albeit dampened) and lower energy prices across the globe have been supportive. Supply chain disruptions have eased back to almost pre-COVID levels, which can be seen in the surge in global automotive sales. Other aspects are less observable, for example, the US composite index price picked up to its highest level in a year, despite problems across the mid-sized regional banks and tightened credit conditions. Indicators also show that household savings are on the decline, which theoretically should mean a pull-back in the stock market as households liquidate positions to raise funds. However, Eurozone PMI's have diverged slightly from the global trend, having shown weaker readings in May relative to April. Services activity softened marginally (55.9 vs56.2), whereas the manufacturing sector experienced a more notable deterioration to 44.6 – having only been weaker during a recession. The main takeaway from the Eurozone is that the economy still hasn't slowed significantly, and prices continue to rise too quickly for the ECB to end the monetary tightening cycle. Across in Asia, the Japanese PMI's were particularly strong in May. The PMI composite index rose to it's second highest level on record, only being bettered in October 2013, and to a level that's consistent with the economy growing at an annualised rate of 5%. Sluggishness of global manufacturing makes this particularly remarkable, with the services index hitting a record level.

Looking ahead market sentiment in the short term will continue to be driven by the Central Bank policy, inflationary pressures / recession risks, and geopolitical events (Russia/Ukraine, China/Taiwan & Turkey/Greece). On a positive note, we believe that upside inflation surprises are continuing to unwind. The US remains our favoured region within our global Equity portfolio. As we move further into 2023, the focus will likely switch from the impact of higher rates on long duration stocks to the cyclical earnings risk. At this point the US could benefit as, in aggregate, the US equity market has less cyclicality. We remain cautious on Europe because tight monetary and credit conditions could put profits under pressure and European earnings have historically been more sensitive to downswings.

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