HR Mauritius Global Managed Fund

31 March 2024

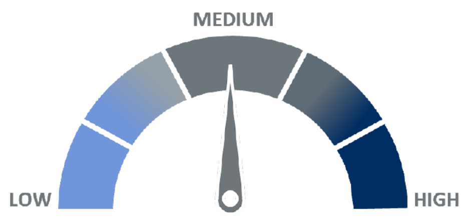
General Fund Information

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)	1.30
Assets Under Management (AUM)	14,477,295.00

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	2.28	5.49	14.99	15.91	5.33	3.66	7.01
Benchmark**	2.24	5.23	15.32	16.00	4.07	4.22	7.55
Value Add	0.04	0.26	-0.33	-0.09	1.26	-0.56	-0.54

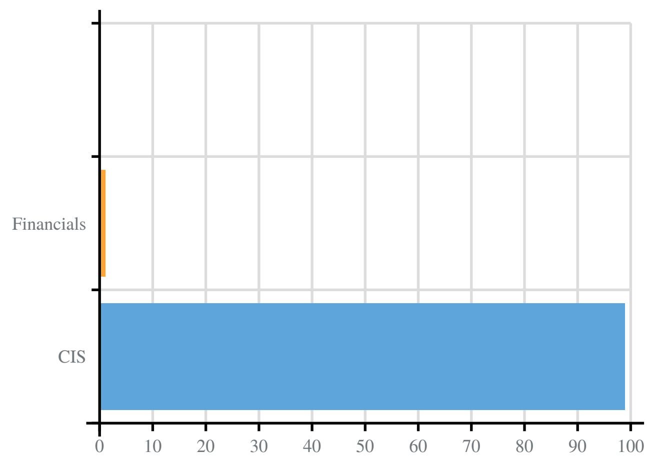
*Annualised

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

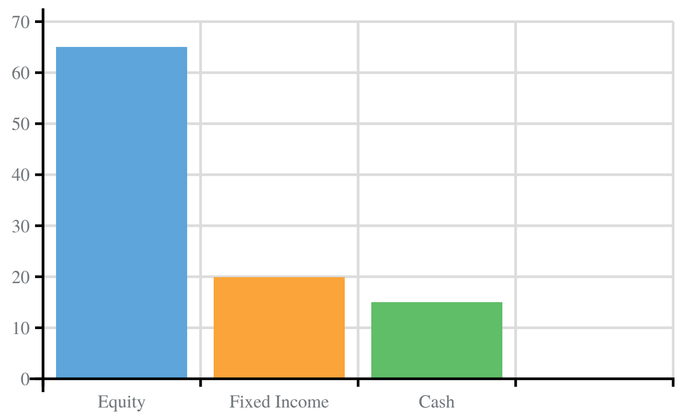
Issuer Exposure (%)

CIS	89.4
Manhattan Dollar Yield Fund	9.4
Standard Chartered Mauritius	1.1

Sector Allocations (%)



Asset Class Breakdown (%)



Region Breakdown (%)

Zero length axis (min >= max)

Portfolio Manager Commentary

Global equity markets gained further ground during March with the MSCI World TR adding 3.21% in USD, leading to a year-to-date return of 8.88% in USD. Investor sentiment remains buoyed by the continued growth potential of big tech's artificial intelligence (AI) and the hope for a soft landing, or even no landing at all, for the US economy. However, a cause for concern lurks beneath the surface – the extreme concentration of the US equity market. The top 10% of stocks now account for a staggering 74% of total market capitalization, a level nearing historical highs. This concentration raises a crucial question: how will it play out in the face of future market movements? History offers mixed signals. Bear markets, such as those following the Nifty Fifty and TMT bubbles, witnessed a decline in market concentration as overvalued stocks faltered. But there are also counter-examples. The post-depression era, 1957, and the period following the 2008 financial crisis all saw rising concentration alongside bull markets. This suggests that economic factors, more than concentration itself, might be the driving force behind market direction.

On the economic front, the March US manufacturing ISM (Institute for Supply Management) index climbed to 50.3, exceeding expectations of 48.5 and marking the first time it has surpassed 50 since September 2022. This indicates that the drag from higher interest rates might be waning and financial conditions are easing. However, with supply chain disruptions largely resolved, the favourable balance between economic growth and inflation witnessed in the latter half of 2023 is unlikely to persist. Inflation, particularly in the US, could prove to be more persistent than anticipated. While we still expect central banks to cut rates from mid-2024, their actions will likely be more measured. China's economic outlook presents a contrasting picture. The initial months of 2024 saw a decent start for its broader economy, fuelled by a rebound in global manufacturing. However, the housing market remains a point of concern. New home sales in the first two months plunged 25% year-on-year, and early indicators suggest March may have been even worse. If a turnaround isn't achieved soon, more property developers could face financial distress. This scenario is particularly worrisome considering the lack of major stimulus plans announced at the National People's Congress last month.

Geopolitics also injects an element of risk. A potential war between Israel and Iran poses a significant threat to oil markets, potentially triggering a price surge. This scenario could reignite inflationary pressures reminiscent of the 1970s and completely derail any possibility of interest rate cuts by the Federal Reserve this year.

As we move forward, the immediate focus will be on whether equity markets can maintain their current momentum. Navigating the current market landscape requires a nuanced approach. While AI and a potential economic soft landing offer reasons for optimism, the extreme market concentration and potential geopolitical disruptions necessitate caution. The upcoming earnings season and the Fed's monetary policy decisions will be crucial factors to watch in the coming months.