28 February 2025

Aven Global Moderate Tracker

Fund Details

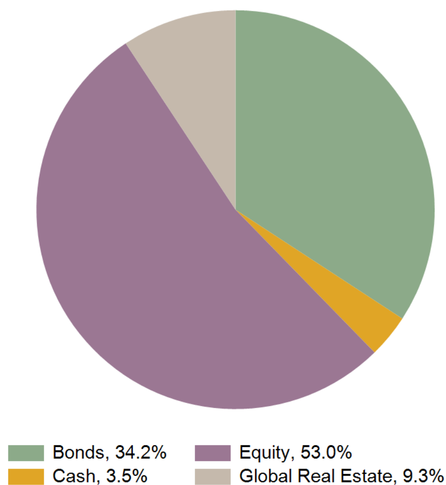
Currency	USD($)
Benchmark	US 3 Month LIBOR + 4%
Risk profile	Moderate
Investment period	5 years or longer
Launch date	01 December 2016

Fund Objectives

The objective of the portfolio is to provide capital growth by investing in a combination of equity (max 75%) and fixed interest assets over a full market cycle. This portfolio is suitable for investors who require a moderate level of capital growth over a 5-years or longer timeframe.

Holdings as at Month End	%
iShares Core Global Aggregate Bond UCITS ETF	34.57
iShares Core MSCI Emerging Markets IMI UCITS ETF	5.87
iShares Core MSCI World UCITS ETF	47.38
iShares Developed Real Estate Index	9.48
Schroder ISF US Dollar Liquidity	2.70

Global Asset Allocation



Bonds, 34.2% Equity, 53.0%
Cash, 3.5% Global Real Estate, 9.3%

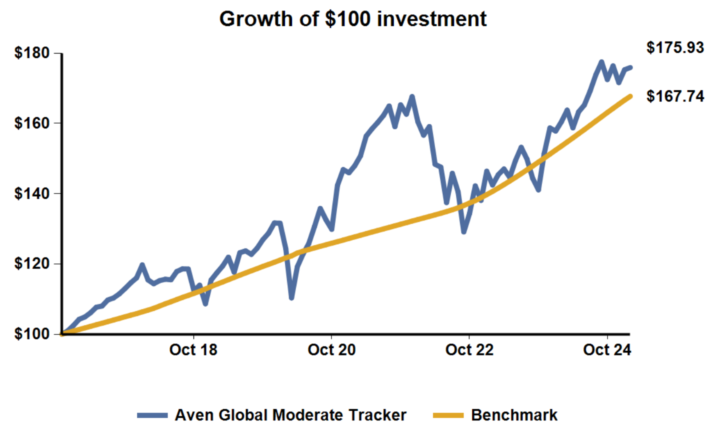
Investor Profile

This fund is suitable for investors looking for:

- Capital growth over the medium term
- Able to tolerate moderate volatility over the short term
- A minimum investment horizon of 5 years or longer

Cumulative performance since launch*

Growth of $100 investment



Aven Global Moderate Tracker Benchmark

Performance (%)	Fund*	Benchmark
1 Month	0.36	0.66
3 Months	-0.27	2.09
6 Months	1.18	4.39
YTD	2.50	1.36
1 Year	9.63	9.24
2 Years (annualised)	11.12	9.21
3 Years (annualised)	3.94	8.02
5 Years (annualised)	7.19	6.62
Since Launch (annualised)	7.09	6.47

Risk statistics (since launch)	Fund*	Benchmark
Returns (annualised)	7.09%	6.47%
Standard deviation (annualised)	11.80%	0.51%
% Positive months	66.67%	100.00%
Maximum drawdown	-22.98%	0.00%
Sharpe ratio	0.34	6.65

Fees (incl. VAT)	
Annual Wrap fee	0.17
Underlying Manager TER's	0.17

* The investor is liable for CGT on any transactions in the units of the underlying unit trusts within the wrap funds. Compulsory investments are not subject to CGT. Performance is calculated using net returns (after fees) of the underlying unit trusts, and quoted excluding wrap fund fees. Performance quoted is pre-tax. Fund performance numbers shown are for a notional portfolio and do not reflect the actual performance of the client invested in the wrap fund due to timing differences of investments or disinvestments of the client. Dual-listed wraps will reflect combined fund sizes and will reflect primary platform performance information. Benchmark returns for CPI are based on actual published returns and an estimated one month return for the month of the report date. ASISA Benchmark returns are the ASISA returns available as at the time of reporting.

Commentary

Market Review

The on-off nature of Trump's announced tariffs, particularly with respect to Canada and Mexico, has seen US imports surge ahead of the proposed increases, dragging economic growth lower in the first quarter of the year. Unsurprisingly, the Atlanta Fed's GDP Now indicator points to the US tracking growth of -2.4% in the first quarter of the year. While the drag on net exports will reverse over the coming quarters, future demand has also likely been brought forward, serving as a headwind for consumption expenditure as the year progresses. The big miss in personal expenditure and retail sales data highlights these potential risks, while housing activity has also slowed. In general, US data releases missed estimates with the Citi US Economic Surprise Index dipping into negative territory. In contrast, the developed markets index ex. the US has expanded into positive territory, suggesting a synchronised global slowdown is not the base case view.

The euro area economic data have come in stronger than expected, pushing the economic surprise index into positive territory. The manufacturing PMIs have risen and capex intentions have bounced off their lows, while the ZEW and Sentix sentiment surveys have also rebounded. Some of the improvement can be attributed to the decline in inflation, which has allowed real wage growth to turn positive again, while hopes of a ceasefire in the Russia-Ukraine war have also bolstered confidence. However, it is probable that the European economy is also benefiting from the front-running of imports in advance of US tariffs.

Market gains since Trump's election win have all been given back as uncertainty about the quantum and timing of tariff hikes weigh on business and consumer confidence. The sell-off has not, however, been broad-based with Eurozone and emerging market equities gaining ground in February at the expense of the US. Fund managers have been selling out of their long US positions to add to Eurozone stocks, rotating into bond-sensitive stocks (pharma, biotech, utilities, REITs) while cutting their long US tech positions. The tech sell-off was triggered by the launch of DeepSeek's new AI model, questioning the high valuations of US heavyweight tech stocks. However, given the high US weighting in the MSCI World Index, global equities declined by 0.7% in US dollars (-1.2% in rands) in February, while emerging markets gained 0.5% in US dollars (0% in rands) buoyed by a 13.1% rally in the Hang Seng Index.

Outlook

Following the sell-off in February, the forward price-to-earnings (PE) ratio for the MSCI World Index declined from 19.9x to 17.7x, with earnings growth of 7.7% and 11.8% expected over the coming two years. Although market multiples are still ahead of the mean, this is due to still high valuations on the Magnificent 7 stocks. The decline in the MSCI World's forward PE ratio was also accompanied by a decline in the S&P 500's multiple from 22.3x earnings to 19.5x, largely due to sharp upward revisions to forward earnings estimates. The catalysts in all likelihood include expectations of corporate tax cuts later in the year that will lift earnings. Consensus bottom-up earnings estimates for the S&P 500 show earnings growth of 9.4% this year and 12.9% the following year, suggesting no recession in the US despite all the uncertainties around tariffs and a global trade war. In contrast, the MSCI Emerging Markets Index's forward PE ratio was higher at 12.2x from 12.1x, largely due to downward revisions to expected earnings growth (-2.1%) over the coming year.

Chinese consumption and growth remain a key concern for global growth and open emerging markets such as ours. The quantum of stimulus packages in the near term, along with the extent to which China can weather the impact of a trade war with the US, will be key. In the euro area, activity has improved in the short term, but generally soft economic data remain a concern. Emerging economies continue to show resilience, and with the potential for easier monetary policy, growth could accelerate pending global trade speedbumps.

We therefore remain constructive to growth assets (such as equities). Similarly, while we retain a constructive approach to fixed income, we recognise that the risks and rewards for duration assets are finely balanced, and a measured outlook is warranted.