**30 September 2024** **Aven Global Moderate Tracker**

## Fund Details

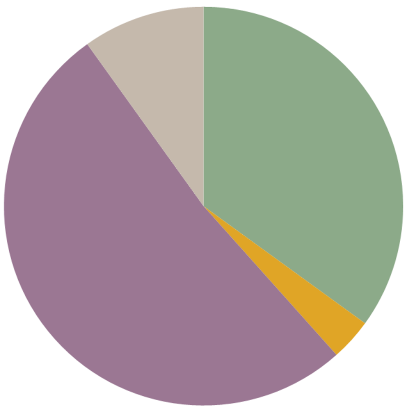
| | |
|---|---|
| **Currency** | USD($) |
| **Benchmark** | US 3 Month LIBOR + 4% |
| **Risk profile** | Moderate |
| **Investment period** | 5 years or longer |
| **Launch date** | 01 December 2016 |

## 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 | 35.48 |
| iShares Core MSCI Emerging Markets IMI UCITS ETF | 6.12 |
| iShares Core MSCI World UCITS ETF | 45.42 |
| iShares Developed Real Estate Index | 9.92 |
| Schroder ISF US Dollar Liquidity | 3.05 |
| WIP | 0.00 |

## Global Asset Allocation

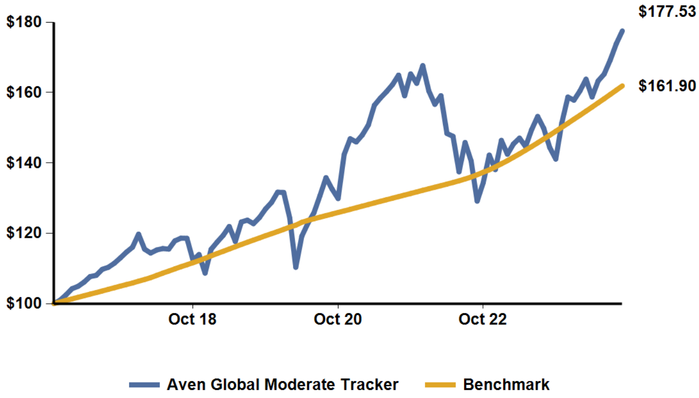



## Investor Profile

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*




| Performance (%) | Fund* | Benchmark |
|---|---|---|
| 1 Month | 2.10 | 0.75 |
| 3 Months | 7.42 | 2.30 |
| 6 Months | 8.38 | 4.63 |
| YTD | 11.84 | 7.02 |
| 1 Year | 22.97 | 9.47 |
| 2 Years (annualised) | 17.25 | 8.85 |
| 3 Years (annualised) | 3.72 | 7.35 |
| 5 Years (annualised) | 7.36 | 6.41 |
| Since Launch (annualised) | 7.60 | 6.34 |

| Risk statistics (since launch) | Fund* | Benchmark |
|---|---|---|
| Returns (annualised) | 7.60% | 6.34% |
| Standard deviation (annualised) | 11.97% | 0.50% |
| % Positive months | 67.02% | 100.00% |
| Maximum drawdown | -22.98% | 0.00% |
| Sharpe ratio | 0.32 | 5.07 |

| Fees (incl. VAT) | |
|---|---|
| Annual Wrap fee | 0.40 |
| 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.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## Commentary

### Market Review

September has historically been a challenging month for global equity markets. September 2024 managed to counter the trend, however, with notable performances in several regions. The synchronised easing of monetary policy in the US and China provided a robust tailwind for investors, despite divergent trends in Europe and the UK.

Ultimately, it proved to be a transformative month for US markets, as the US Federal Reserve (Fed) embarked on its first interest rate cut since March 2020. This decision not only underscored a shift in monetary policy but also propelled US equities to record levels, with the S&P 500 delivering an impressive 2.2% return for the month. Although US markets faced an initial decline due to disappointing technology stocks and jobs data, the Fed's decision signalled confidence in inflation returning to target. The Consumer Price Index (CPI) declined to 2.5% year-on-year in August, down from 2.9% in July. The unemployment rate slightly decreased to 4.2%, and total non-farm payroll employment increased by 142 000 in August.

Across the Atlantic, European equities experienced a slight decline in euro terms, yet managed positive returns of 0.4% in US dollar terms. This resilience stemmed from dovish policy shifts by the European Central Bank (ECB), which implemented its second rate cut of the year amid weak manufacturing data. The Eurozone composite PMI fell to 48.9, indicating contraction, while the services sector showed slight growth.

Emerging markets, in stark contrast, witnessed significant gains, with a return of 6.7%. The People's Bank of China introduced extensive stimulus measures, including rate cuts and equity purchase funding, bolstering investor sentiment. Chinese markets soared, with the Hang Seng and CSI 300 indices gaining 17.5% and 21%, respectively, reflecting renewed confidence in economic recovery.

Taking stock of broader asset class and sector returns, the Bloomberg Global Aggregate Index returned 1.7% amid an easing interest rate environment. From a sectoral perspective, consumer discretionary stocks emerged as the standout performers, delivering returns of 7.5%. Conversely, energy stocks underperformed, reflecting a decline of 3% and discounting the economic growth concerns for China - this despite the monetary stimulus measures announced during the month. Growth stocks continued to outperform value stocks globally, yielding 2.6% compared to 2.2% for value.

### Outlook

Looking ahead, while fears of a US recession may have receded, GDP growth is expected to continue slowing. We anticipate the easing interest rate cycle will continue and should provide support for equity returns in the short term. While inflation has been trending towards central banks' respective targets, recent labour market data suggest there may yet be risk of cutting interest rates too aggressively, with a no-landing scenario still very much on the table.

Equities should find support from falling yields, with defensive and quality stocks positioned well in a slowing growth environment. Chinese consumption and growth remain a key concern for global growth, while investment in the region continues to weigh on activity. In the euro area, activity has improved but softening economic data (i.e. manufacturing orders and PMI's) and back-to-back recessions in Germany provide source for significant concern. Emerging economies continue to show resilience, and with the potential for easier monetary policy, growth could accelerate further in regions such as Brazil, India, and Southeast Asia's major economies.

We therefore remain cautiously optimistic about a soft landing, and as a result constructive to growth assets (such as equities and property). 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.

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