

Super Fund

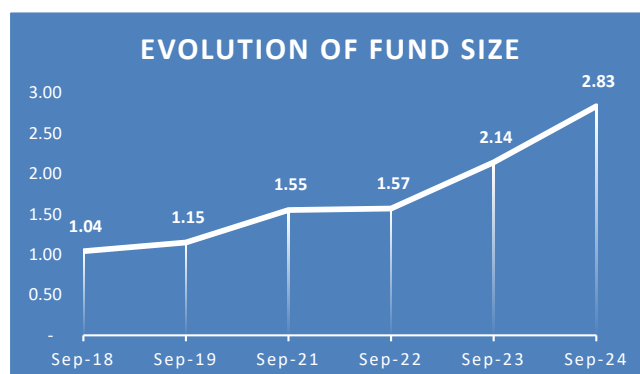
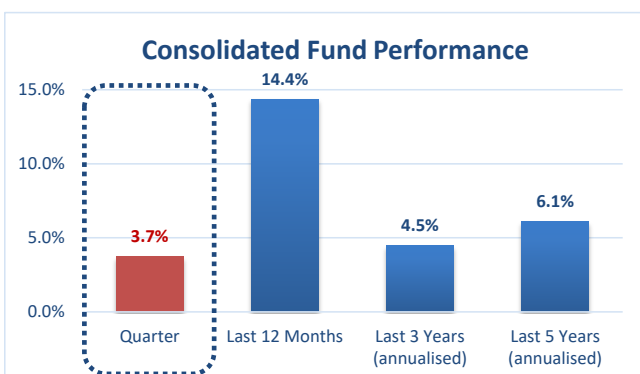
Investment Dashboard: Quarter ended

30 September 2024

Quarterly Market Commentary

- Despite significant volatility at the start of August, the third quarter of 2024 ended up being a strong one for global markets, across both equities and fixed income. The MSCI ACWI returned 3.9% (in MUR terms) while the Bloomberg Aggregate Total Return Index returned 4.3% (in MUR terms) over the same time period.
- This was driven by several central banks, including the US Federal Reserve and the European Central Bank, cutting interest rates. US economic data also proved to be more resilient than feared.
- The US Dollar depreciated by 2.5% during the quarter, amid the interest rate cut.
- The local total return index, SEMTRI gained 11.6% in Q3 2024, mainly attributed to the rally in MCB Group Ltd.
- On 20 September 2024, the Monetary Policy Committee of the Bank of Mauritius trimmed its Key Rate by 0.5% to 4.0%. Local yields fell during the quarter.

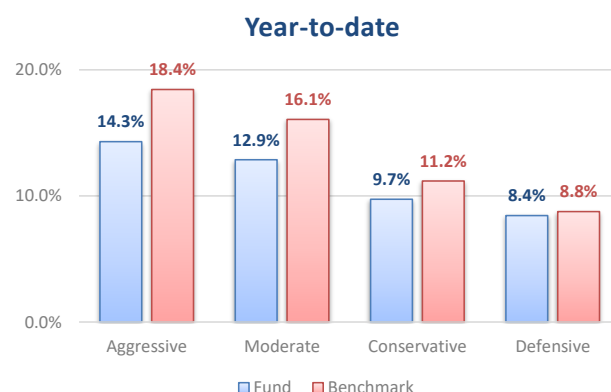
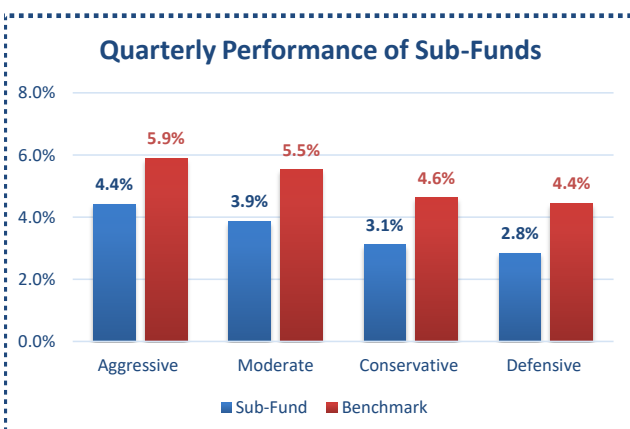
Performance & Fund Evolution



- The consolidated fund size grew from MUR 2.67bn to MUR 2.83bn during the quarter. Contributions amounting to MUR 58.1m were transferred to SICOM Management Ltd (SICOM) in late September. Swan Wealth and MCBIM also received new inflows amounting to MUR 5.2m and MUR 4.0m, respectively relating to the ongoing transfer of assets from Rehm Grinaker Pension Fund. The transfer during the quarter related to Local Equities and Local Fixed Income Instruments.

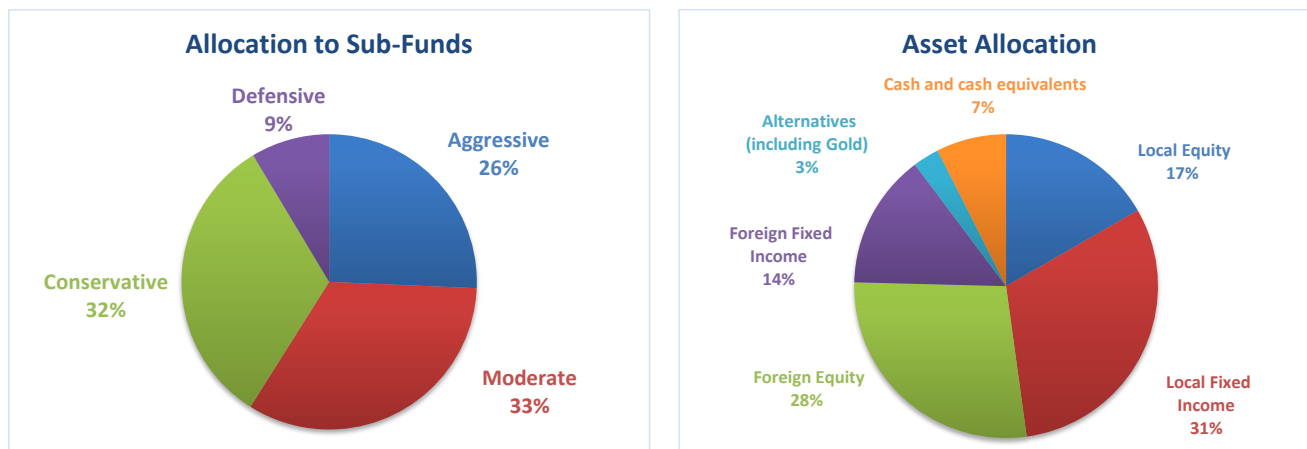
- The overall Fund gained 3.7% during the quarter, translating to a year-to-date return of 11.9%. The return over the past 12 months stood at 14.4%, compared to the year-on-year inflation of 3.1%. This means that the Consolidated Fund earned real returns of 11.3% over the same period.
- Over a longer time horizon (5-Year period), Super Fund returned +6.1% (annualised in MUR terms).

Note: Swan Wealth informed Aon on 29 August 2024 that MCB Custody had received the instruction for a transfer in of IBL Notes on 29th March 2024 from Rehm Grinaker Pension Fund. However, the contract notes for same were not received as at end-June 2024. Since there was interest due for this security in June, the transfers have settled in on 22nd July 2024 but with value date 26th June 2024. Aon has taken into account these transfers in this quarter.



- All four sub-funds posted positive returns during the quarter but underperformed their respective benchmarks. The underexposure to Foreign Equities was the main performance detractor during the quarter.
- Over the year-to-date, similar underperformance was noted for all the sub-funds. As highlighted in our previous quarterly reports, the persistent underexposure to Foreign Equities and overexposure to cash and equivalents dragged down the performance of the sub-portfolios. The shortage of foreign currency for investment purposes might have also contributed to this situation.

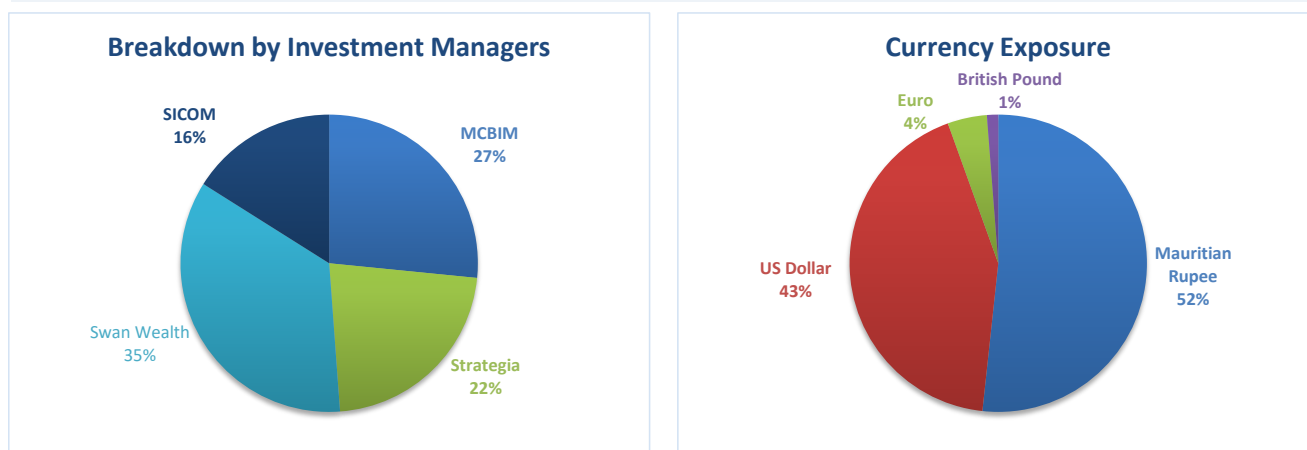
Portfolio Breakdown



- In terms of allocation to sub-funds, there was no material change, compared to last quarter.

Note:

As at end-September, Strategia and SICOM were invested in mixed funds (All Weather Fund and Franklin Income Fund respectively). These investments have been split between Foreign Equity and Foreign Fixed Income based on the latest asset allocation available as at end-September.



Consolidated Portfolio - Performance by Investment Manager

	Strategia	Swan Wealth	MCBIM	SICOM
Quarter	4.1%	2.8%	4.5%	3.9%
Year-to-Date	11.8%	12.7%	11.2%	10.6%
Last 12 Months	14.5%	15.8%	13.4%	11.8%
Last 3 Years (annualised)	4.6%	5.1%	-	-
Last 5-Years (annualised)	5.7%	7.8%	-	-

Note:

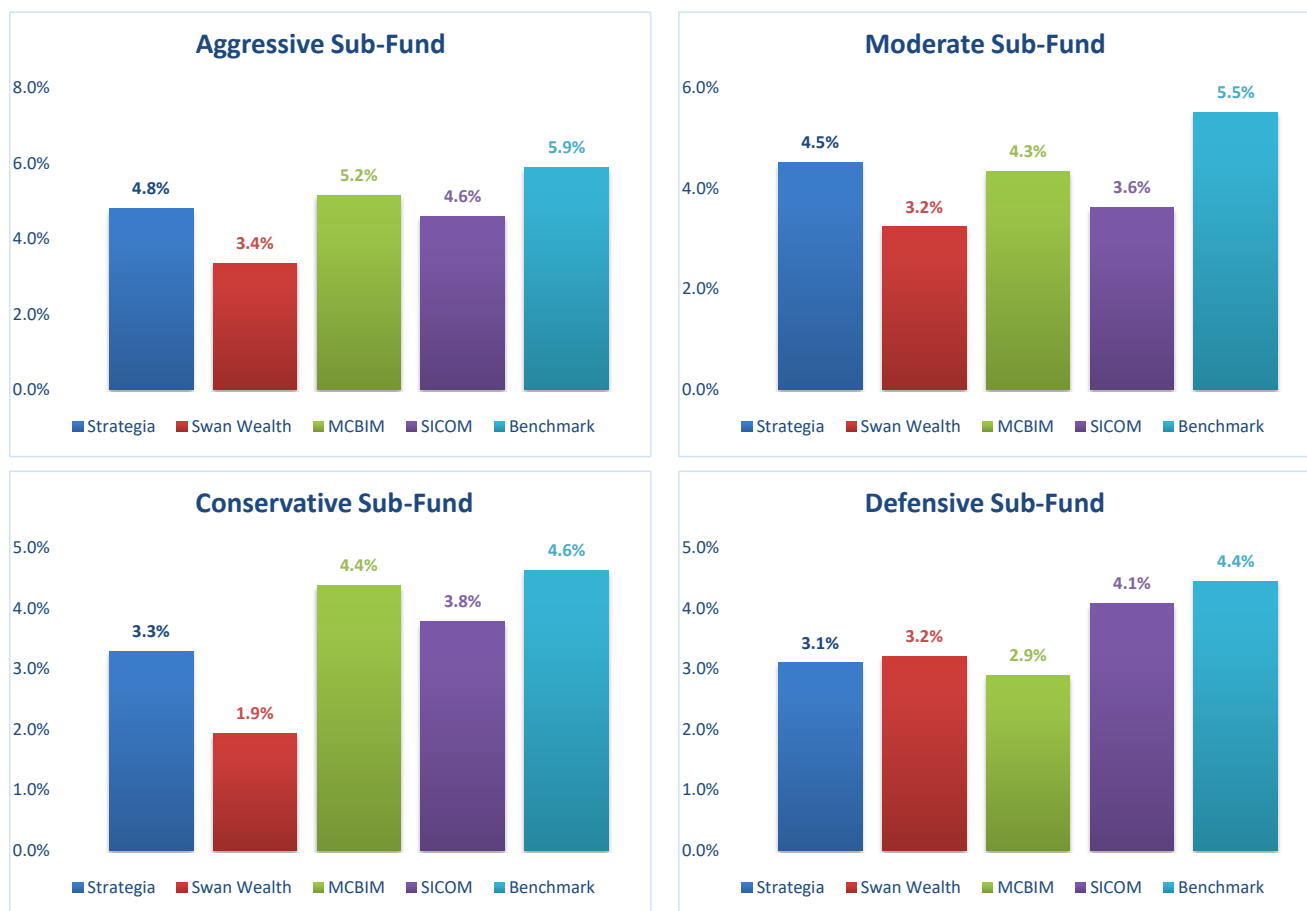
(1) Full monitoring for MCBIM begun in Q3 2022, upon the completion of transfer of assets.

(2) SICOM was appointed as the fourth investment manager during September 2023. SICOM was given until end-June 2024 to rebalance its portfolio before a full assessment is made.

- During the quarter, MCBIM returned +4.5%, followed by Strategia (+4.1%) and SICOM (+3.9%).
- Swan Wealth returned +2.8%, underperforming the other investment managers.
- On a year-to-date basis, Swan Wealth however remained the better-performing investment manager, followed by Strategia.

→ As at end-September, MCBIM continued to hold on several investments inherited from Strategia (Invesco DB Commodity Index Tracking Fund ETF, Saxa Gres Bond, Republic of Rwanda Bond) at the time of its appointment in December 2021. In their previous quarterly presentation, MCBIM mentioned that they are still gradually rebalancing the portfolio, as and when an opportunity arises. **We recommend that the Investment Sub-committee closely monitors the rebalancing exercise of MCBIM, especially that one of the instruments is an exchange traded fund. ETFs are usually very liquid.**

Sub-Funds - Quarterly Performance by Investment Manager



Note: Strategia valued certain of its holdings at the latest trade prices available which have not been updated by MCB Custody. Aon believes that it is reasonable to price instruments at their recent market value and therefore, has used Strategia's figures to compute performance.

- All 4 investment managers achieved mixed results in the different sub-funds.
- MCBIM outperformed the other investment managers for the Aggressive and Conservative sub-funds while registering the lowest return in the Defensive sub-fund. For the moderate sub-fund, it returned in line with Strategia.
- Swan Wealth recorded the lowest performance in all the sub-funds as compared to the other investment managers except for the Defensive sub-fund whereby it returned in line with Strategia.
- SICOM outperformed the other investment managers in its Defensive sub-fund while still underperforming the benchmark.

Cash Holdings

The IPS prescribes that "Should the Fund hold excess cash (higher than 2% of their total portfolio at a point in time), the Investment Managers will be expected to invest the surplus cash in short term Mauritian Treasury Bills and/or deposits, so long that yields are higher than the interest rate paid by the Custodian."

As at end-September 2024 (in MUR mln)	Strategia	Swan Wealth	MCBIM	SICOM	Consolidated
Cash held in Custodian Account	13.6	34.2	17.2	83.2	148.2
% of Total Portfolio	2%	3%	2%	18%	5%

- Overall Cash holdings stood at 5% as at 30 September 2024 (similar as at end-June).
- We note that Swan Wealth continued to hold more than 2% of its cash and equivalents at bank (in the custodian bank account which currently earns no interest) for all the sub-funds. **We recommend that the Investment Subcommittee (ISC) requests Swan Wealth to strictly comply with the above cash limit.**
- MCBIM also held around 2% of its portfolio as surplus cash at bank, in line with the IPS. It was however not compliant in its Aggressive and Defensive sub-funds.
- Strategia was above the cash limit for its Conservative and Defensive sub-funds. Aon will monitor this exposure in the coming quarter.
- As mentioned above, SICOM is still in process of gradually deploying the cash. SICOM consolidated its portfolios across all the asset classes during the quarter. On 26 September 2024, SICOM received a contribution of MUR 58mln in its Defensive portfolio, thereby explaining the large cash balance as at the end of the quarter.

Compliance to Investment Policy Statement (IPS)

- As at end-September, MCBIM was underweight to Local Fixed Income and overweight to Cash and Equivalents in its Defensive portfolio.
- The IPS was further updated in May 2024, whereby benchmarks were updated. The changes have been reflected in this quarterly monitoring report. **Note that there was no change in investment strategy.**

Asset Class	Investment Policy Statement			
	Aggressive	Moderate	Conservative	Defensive
Local Equities	25%	20%	10%	7.5%
Foreign Equities	45%	35%	20%	7.5%
Alternative investments	5%	5%	0%	0%
Local Fixed Income	15%	30%	50%	65%
Foreign Fixed Income	10%	10%	15%	15%
Cash and Equivalents	0%	0%	5%	5%

A variance of +/-10% is permitted for equities and fixed income asset classes (both local and foreign). A variance of +/-5% is permitted for alternative investments for Aggressive and Moderate sub-funds and +5% for Conservative and Defensive sub-funds. For cash and equivalents, a permitted variance of +5% is allowed for the Aggressive and Moderate sub-funds and +/-5% for the Conservative and Defensive sub-funds.

	Swan Wealth			
Asset Class	Aggressive	Moderate	Conservative	Defensive
Local Equities	21%	18%	9%	5%
Foreign Equities	44%	35%	20%	8%
Alternative investments	4%	4%	0%	2%
Local Fixed Income	12%	26%	45%	57%
Foreign Fixed Income	17%	13%	17%	23%
Cash and Equivalents	2%	4%	10%	5%

	Strategia			
Asset Class	Aggressive	Moderate	Conservative	Defensive
Local Equities	26%	21%	11%	9%
Foreign Equities	39%	29%	19%	10%
Alternative investments	5%	4%	2%	0%
Local Fixed Income	14%	29%	41%	59%
Foreign Fixed Income	16%	16%	21%	17%
Cash and Equivalents	0%	1%	6%	5%

	MCBIM			
Asset Class	Aggressive	Moderate	Conservative	Defensive
Local Equities	29%	20%	13%	9%
Foreign Equities	38%	34%	12%	5%
Alternative investments	5%	4%	3%	3%
Local Fixed Income	11%	26%	53%	51%
Foreign Fixed Income	13%	12%	13%	16%
Cash and Equivalents	4%	4%	7%	15%

	SICOM			
Asset Class	Aggressive	Moderate	Conservative	Defensive
Local Equities	25%	19%	10%	3%
Foreign Equities	43%	27%	20%	4%
Alternative investments	2%	2%	0%	0%
Local Fixed Income	15%	27%	51%	29%
Foreign Fixed Income	9%	5%	13%	6%
Cash and Equivalents	5%	20%	5%	59%

Underweight

Overweight

Disclaimer:

Aon Solutions Ltd (Aon) has computed performance figures using official statements provided by MCB Custody and certain security prices provided by the investment managers which are deemed to be relatively accurate. Note that fees have not been accrued. Aon cannot be held responsible for any discrepancies in the figures provided by the Custodian/investment managers. Past performance is not a guide to the future.