



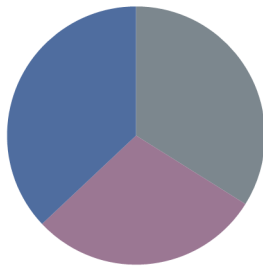
## Fund Details

Currency	USD(\$)
Risk profile	Cautious
Investment period	3 years or longer
Launch date	01 July 2022

## Fund Objectives

The investment objective of the Fund is to provide consistent levels of capital growth through a lower levels of exposure to global equity markets over a market cycle. This Fund is suitable for investors who require low capital growth over a 3-year or longer timeframe. The Fund may have an equity exposure of less than 50%, depending on the investment manager's investment strategy for a Cautious portfolio at the time.

## Global Asset Allocation



■ Bonds, 33.9% ■ Cash, 29.1% ■ Equity, 37.0%

## Holdings as at Month End

	%
iShares Core Global Aggregate Bond UCITS ETF	35.00
iShares Core MSCI World UCITS ETF	36.00
Schroder ISF US Dollar Liquidity	29.00

## Key Information

%

## Benchmark

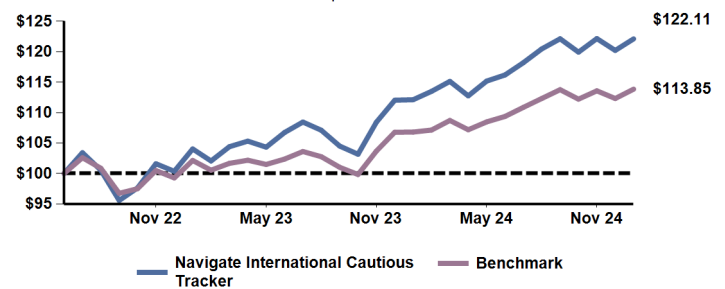
EAA OE USD Cautious Allocation	100.00
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## Fees (incl. VAT)

Annual Wrap fee	0.17
Underlying Manager TER's	0.19

## Cumulative performance since launch\*

## Growth of \$100 investment



## Performance (%)

Fund\*

Benchmark

1 Month	1.58	1.37
3 Months	1.82	1.46
6 Months	3.31	2.70
YTD	1.58	1.37
1 Year	8.92	6.60
2 Years (annualised)	8.34	5.58
Since Launch (annualised)	8.04	5.15

## Risk statistics (since launch)

Fund\*

Benchmark

Returns (annualised)	8.04%	5.15%
Standard deviation (annualised)	7.87%	6.12%
% Positive months	62.96%	64.52%
Maximum drawdown	-15.68%	-5.70%
Sharpe ratio	0.06	0.43

\* 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

Equities rallied at the start of the year, even though uncertainty about US President Donald Trump's tariffs and economic policies dominated market sentiment. Better than expected fourth-quarter reported earnings offset fears of inflationary tariffs and supply chain disruptions from a potential trade war. While returns from technology AI heavyweights were negatively affected by Chinese AI start-up DeepSeek, stocks like Nvidia had recouped most of their losses. Despite the risk of a re-acceleration in inflation, global bonds yielded positive returns as yields eased slightly. Softer bond yields helped the global listed property sector to bounce back in January after a 6.9% sell-off the month before.

After his inauguration Trump wasted no time in signing executive orders and fulfilling his promises to raise tariffs. Substantial uncertainty remains around the timing and implementation of future tariffs, as Trump's decision to postpone 25% tariffs on Mexico and Canada for 30 days (to 4 March) illustrates. The countries agreed to reinforce their country's borders with the US to clamp down on migration and the flow of the deadly drug fentanyl, potentially staying the introduction of universal tariffs on all imports. Instead, Trump announced a 25% tariff on aluminium and steel imports to the US, effective from 4 March. Reciprocal tariffs (which will also include VAT on products) and tariffs on cars (EU), semi-conductors (EU) and pharmaceuticals (EU) will probably be next. China's 10% tariffs came into effect on 5 February 2025. China retaliated by announcing it would impose levies of 15% on US coal and liquefied natural gas and 10% on crude oil, farm equipment and some cars. If recently-announced tariffs are ultimately carried out, this will raise the effective US tariff rate from 2.5% to nearly 10%, its highest level since 1946.

The MSCI World Index gained 3.5% in US dollars (2.4% in rands), while emerging markets gained 1.8% in US dollars (0.7% in rands). Slightly softer bond yields helped the global listed property sector to bounce back in January, after a 6.9% sell-off the month before. The FTSE/EPRA Nareit Developed Market Property Index returned 1.8% in US dollars (0.7% in rands) as the sector rerated on a price-to-book basis. The price-to-book ratio increased from 1.39x to 1.42x, slightly below the historical mean of 1.46x. The yield on the Bloomberg Capital Aggregate Global Bond Index ticked lower to 3.66% from 3.68% the month before. The index returned 0.6% in US dollars. Inflation-linked bonds (ILBs) outperformed their nominal counterparts, yielding 1% in US dollars as yields on the Bloomberg Capital Global Government ILB Index eased to 1.66% from 1.77%. Emerging market bonds fared slightly better, gaining 1.1% in US dollars as spreads came in from 220 basis points to 208 basis points. Global corporate bonds were pedestrian, with the Bloomberg Capital Global Corporate Bond Index yielding 0.6% in US dollars as yields eased from 4.76% to 4.71%.

### Tactical Asset Allocation and Fund Selection

Relative to the strategic asset allocation of the portfolio, the Navigate International Cautious Tracker portfolio was positioned slightly overweight to Developed Market (DM) equities and underweight to bonds and cash.

Our DM equity tracker (MSCI World Index) outperformed the global equity benchmark by 0.17%.

Our bond tracker performed slightly ahead of the Bloomberg Global Aggregate Bond Index by 0.01%, while our cash allocation underperformed by 0.07%.

Overall, relative to the Fund's strategic asset allocation, tactical asset allocation contributed positively to relative returns, while equity tracker returns were slightly ahead of benchmark performance. The net result was outperformance relative to our strategic asset allocation benchmark of 0.08%, and underperformance of 0.21% versus the portfolio's benchmark, the EAA Fund USD Cautious Allocation peer group.

### Positioning and Outlook

Consensus on MSCI World earnings growth is about 7.8% this year and 11.2% the following year, while emerging market earnings are expected to grow by 13.4% this year and 13.2% the following year. In view of the expected strong earnings growth, an overweight position is retained in global equities. The current business cycle can hardly be described as normal, but a rise in bond yields could be the catalyst that triggers an equity market derating, given already stretched valuations. Due to the uncertainty about Trump's policies, a neutral weighting is retained in global bonds as a hedge against a bad economic outcome/recession later in the year. In the case of ILBs, a neutral weighting is retained as a hedge against a negative inflation outcome and a higher neutral rate of interest. If inflation re-accelerates, the inflation carry is expected to underpin returns from this asset class. In the second half of the year, however, ILBs are underweighted as real yields are expected to normalise back to their mean.

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 remains 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.

