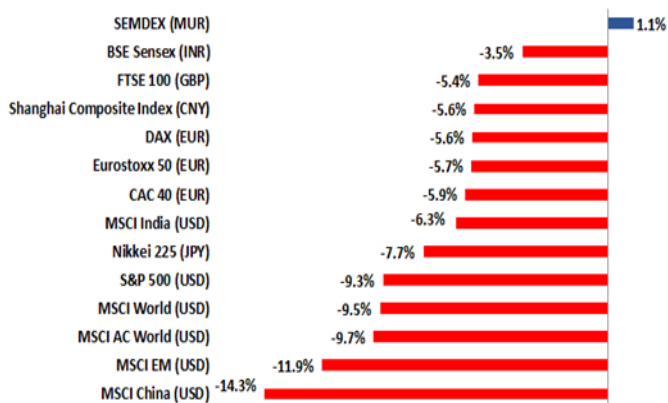


MARKET SUMMARY MONTH OF SEPTEMBER

Equities: Sept 22 performance (in Index currency)



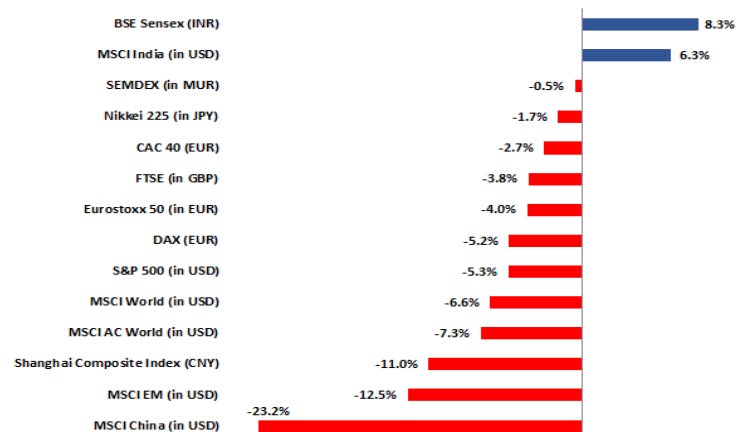
- September witnessed the continued fall in global equity markets as central banks maintained their hawkish stance to combat high inflation.
- In the US, the Fed announced its third consecutive 75bps rate hike, whilst in Europe the ECB raised interest rate by a historic 75bps.
- Europe continued to be impacted by energy supply worries, compounded by the shutting down of Nord Stream 1.
- The major event in the UK was the election of the new prime minister. The announcement of an unfunded fiscal package by the Chancellor was not well received by the markets leading to the GBP/USD exchange rate falling to historical lows, a sell-off in government bonds and the Bank of England stepping in to buy long-dated bonds.
- Chinese equity markets were weighed down by the slowdown in the economy.
- On the back of worries of softer demand, due to global recession fears, the fall in oil prices continued.
- The SEMDEX ended the month on a positive note. The BoM followed its foreign peers and raised rates by 75bps.

QUARTER 3 2022 UNDER REVIEW

- After a rebound in July, global equity markets plummeted as major central banks reiterated their commitment to fighting inflation by raising interest rates.
- Inflation rates continued to remain high across the world. In August, it was 8.3% vs market forecasts of 8.1% for the US, whilst in the UK it was at 9.9% vs market forecasts of 10.2%. In the eurozone, preliminary figures for September showed that it reached double-digits of 10% for the first time ever. In Mauritius, headline inflation stood at 9.4% in September 22 (LY: 3.2%).
- The US Fed, the ECB, the BoE and the BoM all raised rates aggressively over the quarter in an attempt to quash inflation. Investors were worried that this would lead to a global recession.
- The IMF revised its global growth figures down to 3.2% for year 2022 (compared to 6.1% in 2021) and 2.9% for 2023, citing inflation, slowdown in China and spill-over effects from the war in Ukraine as main catalysts for this change.

- China continued to provide stimulus measures such as reducing the reserve requirement ratio for banks and other measures targeting the real estate sector, but the zero-Covid policy (resulting in lockdowns) proved to be a drag on consumer sentiment and demand and led to negative market returns.
- The Indian equities markets posted positive returns over the quarter even though rate hikes impacted market sentiment by the end of the quarter.
- In the commodities market, oil had a difficult quarter and posted negative returns (WTI -24.8% and Brent -23.4%) as prospects of looming recession across the globe (and softer demand expected) weighed on prices. Gold suffered from the double effect of rising rates and the strength of the USD and posted negative returns of -7.9%.
- As interest rates rose, bond markets went down, and the Barclays Global Aggregate Bond Index fell by 6.9% over the quarter. In Mauritius, the latest 10Y GoM bond auction in August resulted in a weighted average yield of 4.79%.
- The Mauritian stock markets were boosted by improving data on tourist arrivals but Moody's downgrade of the country and foreign selling impacted on the quarter's figures.
- On the currency front, the EUR depreciated by 5.9% and broke below parity against the USD and the GBP depreciated by 7.9% against the USD to one of its lowest points. The MUR appreciated against the USD, EUR and GBP by 0.1%, 7.0% and 9.1% respectively.

Equities: Q3 22 performance (in Index currency)



INVESTMENT THEME:

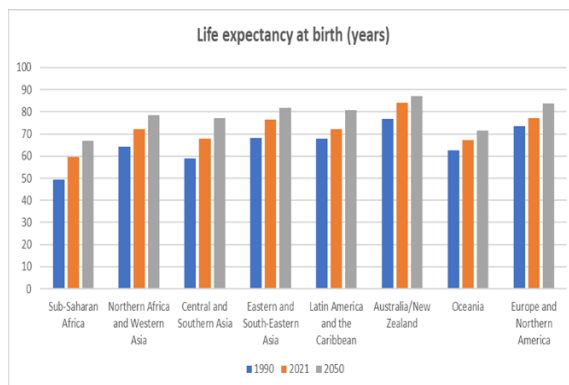
Ageing Population

- According to the UN, the global population is expected to grow from 8bn in 2022 to 8.5bn in 2030, to 9.7bn in 2050 and to 10.4bn in 2100 respectively.
- The world's two most populous regions in 2022 are the Eastern and South-Eastern Asia (29.5% of the world's population) and Central and Southern Asia (26.1% of the world's population). China and India (with more than 1.4bn people each) together account for about 64.3% of the population in these regions.

- The world is also experiencing a major demographic shift with a marked rise in the percentage of older people in the world's population.
- Factors such as a longer life, accompanied by a fall in the fertility rates, have led to an increase in the percentage of people aged 60 and older around the world.

1. Life Expectancy

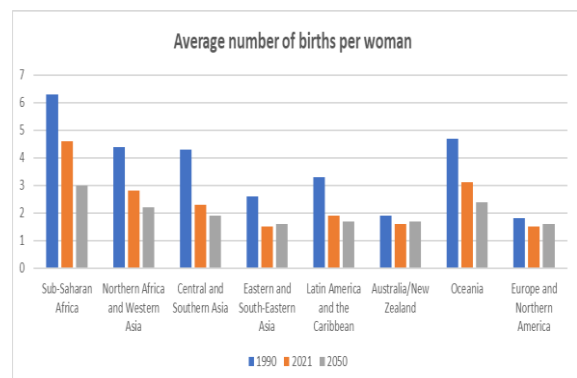
- Life expectancy has risen globally from approximately 63.8 years in 1990 to 71.0 years in 2021. By 2050, the average life expectancy is projected to reach 77.2 years.
- Scientific progress and innovation have led to great improvements in extending and improving life.
- A decline in mortality from non-communicable diseases including diabetes, cancer, chronic respiratory problems, cardiovascular issues and other age-related chronic conditions are expected to contribute to the extension of the life span.



- The World Health Organization (WHO) forecasts that by 2030, 1 in 6 persons in the world will be 60 years or above and the global number of adults aged 60-and-over will increase from 1bn in 2020 to 1.4bn 2030 (40% increase). By 2050, this figure will reach 2.1bn (110% increase).
- The most significant growth will occur within the 80 years+ group which is expected to triple between 2020 and 2050 to reach 426m. The ageing population phenomenon started in high-income economies and low- and middle-income economies are now experiencing the same issue. The latter will represent two-thirds of the world's population over 60 years by 2050.

2. Fertility

- The rapid growth of the percentage represented by the global older population also results from a decline in the fertility level.
- The average global fertility rate has declined from approximately 3.3 births per woman in 1990 to 2.3 in 2021 and is projected to reach 2.1 in 2050.
- Several factors account for the global decline in the fertility rate including the increase in women's education, greater participation in the workforce, a lower child mortality rate and the increased cost of raising a child.
- The percentage decrease in the fertility levels from 1990 to 2021 was the most important in Central and Southern Asia (-46.5%), Latin America and the Caribbean (-42.4%) and Eastern and South-Eastern Asia (-42.3%). It is estimated that from 2021 to 2050, fertility levels will decline the most in Northern Africa and Western Asia (-21.4%) and Central and Southern Asia (-17.4%).



- Global ageing population will pose numerous economic challenges to governments through increased spending on healthcare, pension and other social benefits programs but this major demographic trend is creating new investment opportunities for investors.

12th October 2022

Source: WHO, United Nations, World Economic Forum, SEMDEX, Bloomberg, Statistics Mauritius, MCB, BoM.

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