

SBM Yield Fund

30 June 2019

NAV per share

MUR 10.86

Fund Objective

The Fund seeks to achieve its investment objective by investing in fixed income and fixed income-related instruments across different geographies, issuers, maturities and currencies. It uses a combination of top-down and bottom-up approach in its investment selection process. It may invest in bonds, term deposits, ETFs, preferred stock, convertible bonds, structured products and mortgage backed securities, amongst others.

Risk Profile



Fund Profile

Inception Date	Jun-06
Fund Size	MUR 177.4 M
Issue / Redemption	10 th , 20 th and end of each month
Distribution	Yearly (each financial year end)
Management Fee	0.85% p.a
Entry Fee:	0.50%
Exit Fee:	0.50%

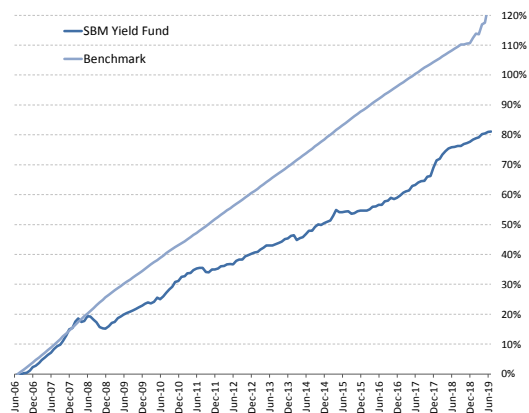
Fund Facts

Fund Manager	SBM Mauritius Asset Managers Ltd
Benchmark	60% GOM 3Y Notes + 40% Barclays Agg Bond Index
Fund Administrator	SBM Fund Services Ltd
Auditors	Ernst & Young
Custodian	SBM Bank (Mauritius) Ltd

Top 10 Holdings

	% Net Assets
Government of Mauritius Bond 08/02/2039	11.6%
Government of Mauritius Bond 25/01/2028	9.3%
Government of Mauritius Bond 07/09/2038	7.1%
IBL Ltd Series 2 Notes 08/09/2022	6.5%
Government of Mauritius Bond 11/05/2038	6.5%
Government of Mauritius Bond 22/07/2036	5.7%
Government of Mauritius Bond 05/11/2023	5.1%
Government of Mauritius Bond 09/11/2033	4.5%
Government of Mauritius Bond 22/01/2033	3.8%
SBM Maharaja Bond Fund	3.8%
TOTAL	63.9%

Cumulative Performance



Risk Metrics

Volatility p.a.	1Y	3Y	5Y
SBM Yield Fund	0.55%	1.37%	1.43%
Benchmark	2.79%	1.60%	1.24%

Fund vs Benchmark	1Y	3Y	5Y
Tracking error	2.50%	2.09%	1.86%
Correlation	50.00%	3.23%	2.73%

Investment options & Contact details

Lump Sum	Minimum MUR 1000
Monthly Savings Plan	Minimum MUR 500
Address	SBM Mauritius Asset Managers Ltd Level 12, Hennessy Tower Pope Hennessy Street, Port Louis

Cumulative Return

	1M	3M	6M	YTD	1Y	3Y	5Y	Launch	Annualized
Fund	0.1%	0.5%	1.6%	1.6%	2.9%	15.7%	22.5%	81.2%	4.7%
Benchmark	-0.1%	2.7%	4.8%	4.8%	6.7%	15.5%	27.6%	122.8%	6.4%

*All returns are calculated assuming dividends are reinvested.

Financial Year Return

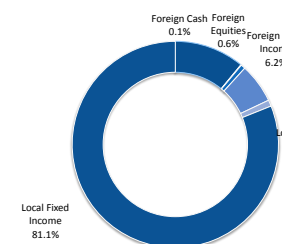
	2011	2012	2013	2014	2015	2016	2017	2018	2019
Fund	7.5%	1.8%	3.7%	3.4%	4.3%	1.4%	4.8%	7.3%	2.9%
Benchmark	6.0%	6.0%	5.6%	5.4%	5.3%	4.8%	4.3%	3.8%	6.7%

*Financial year as at June

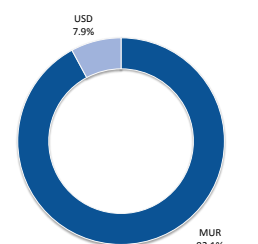
Distributions

	2010	2011	2012	2013	2014	2015	2016	2017	2018
Dividend per unit	0.57	0.44	0.41	0.41	0.15	0.30	0.32	0.33	0.33
Dividend Yield	5.5%	4.2%	4.0%	4.0%	1.5%	2.9%	3.1%	3.2%	3.0%

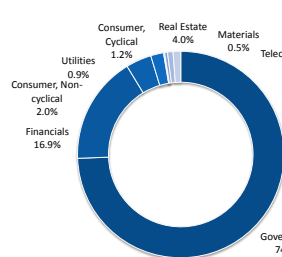
Asset Allocation



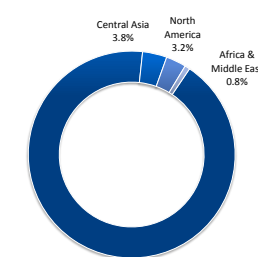
Currency Mix



Sector Allocation



Regional allocation



Fund Manager Commentary

The Net Asset Value (NAV) of the Fund stood at MUR 10.86 as at June 2019, registering a return of 0.1% over the month, while the benchmark yielded -0.1% in MUR terms over the same period.

The weighted average yield on the 91-day, 182-day and 364-day Government of Mauritius Treasury Bills remained unchanged at 3.45%, 2.98% and 2.64% respectively. Similarly, yield on the 3-year GoM Notes was unchanged at 3.69% during the month. The yield on 5-year GoM Notes declined from 4.47% to 3.42% and the yield on the 10-year GoM Bonds shed 107 basis points to 4.35%. There was no issuance of 15-year and 20-year GoM Bonds.

On the fixed income front, the Barclays Global Aggregate Bond index and JP Morgan Aggregate Bond index posted respective USD returns of 2.2% and 2.0% during the month.

US 10-year Treasury yield slipped to 2.00% during the month, shedding 57 basis points from May's reading, as Treasury prices rallied after the Federal Reserve (Fed) signalled a more dovish outlook. At the end of the two-day FOMC meeting in June, Fed Chairman, Mr Powell, indicated that there may be rate cuts ahead. The Fed Chairman highlighted that in light of increased uncertainties and muted inflationary pressures, incoming economic data will be closely monitored and appropriate actions will be taken to sustain the expansion.

During its last monetary committee policy (MPC) meeting held in June, the European Central Bank (ECB) maintained rates, with interest rate on the main refinancing operations, the marginal lending facility and the deposit facility standing at 0.00%, 0.25% and -0.40% respectively. Core inflation in the Eurozone remained subdued at 1.2% in June, well below the headline ECB target of 2%. Key ECB interest rates are set to remain at their present levels at least through the first half of 2020 to ensure the continued sustained convergence of inflation to levels that are below, but close to, 2% over the medium term. ECB President Mario Draghi hinted at further monetary policy easing if inflation outlook fails to improve.

European bond yields slid further during the month of June reflecting the growing dovishness of the ECB and on account of the uncertain Eurozone economic outlook - German 10-year yields remained in the sub-zero territory, as yields fell from -0.202% to -0.327% after comments from the ECB buoyed expectations for monetary policy easing, with the aim of boosting inflation in the Eurozone. 10-year UK Gilts yields also fell from 0.886% to 0.833% following the Bank of England's decision to hold interest rates steady amid the possibility of a no-deal Brexit still looming over the UK. Italian 10-year yields dropped to 2.102% from its preceding reading of 2.67%.

The Bank of Japan (BoJ) maintained its short-term rate target at -0.1% and that of long-term yields at around 0% at its last meeting held in June. It is expected that the BoJ will maintain the current extremely low levels of rates for an extended period of time, at least through around spring 2020. Governor Kuroda announced that the BoJ is ready to adjust its policy if necessary in view of sustaining economic momentum to achieve the 2% inflation target.

On the emerging market fixed income front, 10-year Indian yields fell from 7.03% to 6.88%, bond prices advanced during the month after the Reserve Bank of India reduced the policy repo rate by 25 basis points to 5.75 and on the announcement that the US Federal Reserve may cut interest rate cuts in the near future. China 10-year yields also fell from 3.30% to 3.24% in June amid uncertainty over US-China trade negotiations.

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