

SBM Maharaja Bond Fund

31 July 2019

NAV per share

USD 108.93

Fund Objective

SBM Maharaja Bond Fund is an accumulation fund that invests in Indian debt and debt-related securities. The objective of the Fund is to achieve long-term capital growth by investing in a portfolio of quality issuers across different sectors in India.

Risk Profile



Fund Profile

Inception Date	May-16
Multi-Class Vehicle Fund	SBM Maharaja Fund
Currency	USD
Fund Size	USD 12.9M
ISIN	MU0566S00002
Dealing Frequency	The first business day of the week
Management Fee	0.5% p.a
Performance Fee	10% (net of management fees of the appreciation of each of the client portfolio over the High Water Mark, subject to a Hurdle Rate of 4% p.a)
Entry fee	0.50%
Exit fee	3% up to Yr 1 2% up to Yr 2 1% up to Yr 3 Nil after Yr 3

Fund Facts

Fund Administrator	SBM Fund Services Ltd
Registrar & Transfer Agency	SBM Fund Services Ltd
Custodian	IL&FS Securities Services Ltd
Auditors	Ernst & Young
Banker	SBM Bank (Mauritius) Ltd
Investment Advisor	Kotak Mahindra (International) Limited

Top 10 Holdings

	% Net Assets
M&M Financial Services Ltd 06/06/2026	7.1%
Shriram Transport Finance Company Ltd 16/05/2020	7.1%
Haryana 8.14% 27/03/2028	6.4%
Reliance Utilities & Power Ltd 08/02/2024	6.3%
Andhra Bank Perpetual 05/08/2021	6.1%
National Highway Authority of India 18/03/2022	6.1%
Nuvoco Vistas Corp 14/09/2020	6.0%
TATA Steel Limited 01/10/2026	5.9%
U.P Power Corporation Ltd 15/02/2027	5.8%
Reliance Ports & Terminal Ltd 28/10/2026	5.8%
TOTAL	62.6%

Portfolio Composition

	% Net Assets
SOV	35.9%
AAA	26.4%
AA	16.1%
AA+	8.7%
AA-	4.4%
Cash	3.1%
A+	2.2%
BBB	3.2%
TOTAL	100.0%

Key Metrics

Average Maturity	4.9 yrs
Macaulay Duration	3.6 yrs
Modified Duration	3.4 yrs
Annualised Volatility (1 Yr)	10.7%
Annualised Volatility (3 Yr)	7.2%

Investment options & Contact details

Lump Sum	Minimum USD 10,000
Address	SBM Mauritius Asset Managers Ltd Level 12, Hennessy Tower Pope Hennessy Street, Port Louis

Cumulative Return

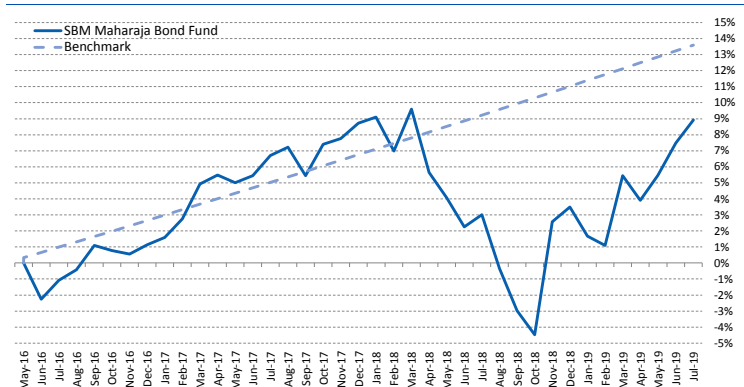
	1 M	3 M	6M	YTD	1 Y	3Y	Inception	Annualized
Fund	1.3%	4.8%	7.1%	5.2%	5.7%	10.1%	8.9%	2.7%
Benchmark	0.3%	1.0%	2.0%	2.3%	4.0%	12.5%	13.6%	4.0%

Financial Year Return

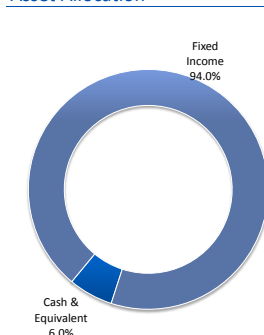
	2016*	2017	2018	2019
Fund	-2.3%	7.9%	-3.0%	5.1%
Benchmark	0.7%	4.0%	4.0%	4.0%

*From Inception to June 16

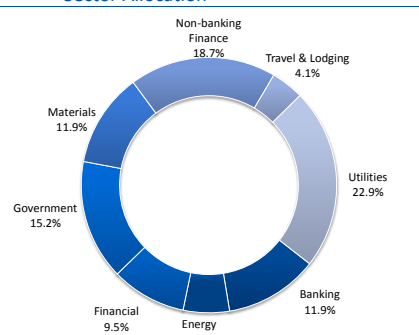
Cumulative Performance



Asset Allocation



Sector Allocation



Fund Manager Commentary

The Fund's NAV per share stood at USD 108.93 as at July 2019, posting a performance of 1.3% against a benchmark return of 0.3%. As a general indication of debt market movements, the CRISIL Composite Index which tracks the performance of government securities and AAA/AA rated corporate bonds, recorded a USD return of 2.3% in USD terms during the month.

With global yields, growth and inflation remaining low, the Reserve Bank of India's (RBI) reduced the policy repo rate under the liquidity adjustment facility (LAF) to a 9-year low of 5.75% at its Monetary Policy Committee (MPC) held in June 2019. The reverse repo rate under the liquidity adjustment facility (LAF) was adjusted to 5.50% and the marginal standing facility (MSF) rate and the Bank Rate at 6.00%. The Reserve Ratios consisting of Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR) remained unchanged at 4.00% and 19.00% respectively.

The Consumer Price Index (CPI) decelerated from 3.18% in June to 3.15% during the month due to moderation in food prices and a dip in fuel prices, remaining below the RBI's target range of 2.0%-6.0%.

Investor concerns about slowing growth and expectations for an easing in monetary policy has sent bond yields tumbling during the month, with the 10Y yield falling to its lowest on July 16 (6.33%), since December 2016. However, foreign portfolio investors (FPIs) shifted from equity to debt market in July, with net inflows amounting to USD 1.3Bn following the announcement of higher tax incidence on FPIs in the Budget. Sovereign bonds rallied after the government trimmed budget deficit target for the fiscal year 2019-20 from 3.4% to 3.3%, and shifting part of its market borrowing overseas. Yields on 10Y Government bond of India ended the month at 6.37%, shedding 51 basis points from 6.88% in June 2019.

Liquidity in the system was in large surplus in June-July 2019 due to return of currency to the banking system, drawdown of excess cash reserve ratio balances by banks, open market operation purchase auctions and RBI's foreign exchange market operations. The RBI absorbed liquidity of INR 1.3 trillion in July on a daily net average basis under the liquidity adjustment facility (LAF).

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