

# SBM Yield Fund

31 July 2019

NAV per share

MUR 10.67

## 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 170.6 M
Issue / Redemption	10 <sup>th</sup> , 20 <sup>th</sup> 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%

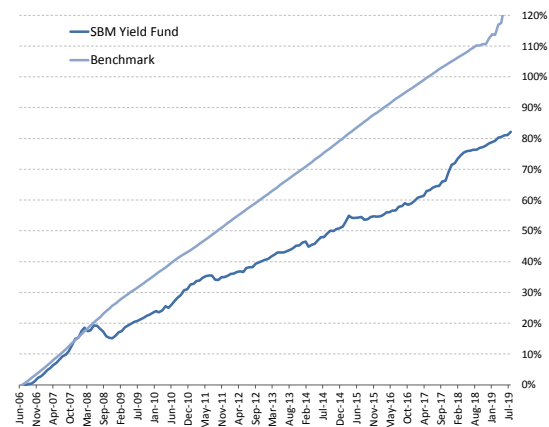
## Fund Facts

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	11.7%
Government of Mauritius Bond 25/01/2028	9.0%
Government of Mauritius Bond 07/09/2038	7.1%
IBL Ltd Series 2 Notes 08/09/2022	6.6%
Government of Mauritius Bond 11/05/2038	6.5%
Government of Mauritius Bond 22/07/2036	5.6%
Government of Mauritius Bond 05/11/2023	5.1%
Government of Mauritius Bond 09/11/2033	4.5%
SBM Maharaja Bond Fund	4.0%
Government of Mauritius Bond 22/01/2033	3.8%
<b>TOTAL</b>	<b>63.9%</b>

## Cumulative Performance



## Risk Metrics

Volatility p.a.	1Y	3Y	5Y
SBM Yield Fund	0.62%	1.36%	1.42%
Benchmark	2.79%	1.62%	1.25%

Fund vs Benchmark	1Y	3Y	5Y
Tracking error	2.56%	2.08%	1.86%
Correlation	46.70%	4.44%	3.67%

## 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	0.5%	0.9%	1.9%	2.1%	3.3%	15.4%	23.1%	82.2%	4.7%
Benchmark	0.8%	3.2%	5.0%	5.6%	7.2%	16.0%	28.0%	124.5%	6.4%

\*All returns are calculated assuming dividends are reinvested.

## Financial Year Return

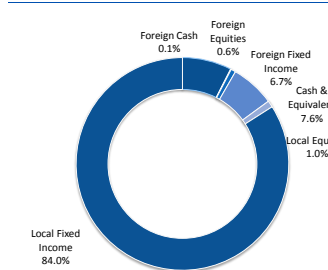
	2011	2012	2013	2014	2015	2016	2017	2018	2019
Fund	7.5%	1.8%	3.7%	3.4%	4.3%	1.4%	4.8%	7.3%	2.9%
Benchmark	6.0%	6.0%	5.6%	5.4%	5.3%	4.8%	4.3%	3.8%	6.7%

\*\*Financial year as at June

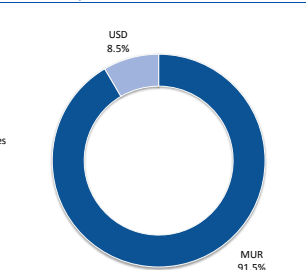
## Distributions

	2011	2012	2013	2014	2015	2016	2017	2018	2019
Dividend per unit	0.44	0.41	0.41	0.15	0.30	0.32	0.33	0.33	0.25
Dividend Yield	4.2%	4.0%	4.0%	1.5%	2.9%	3.1%	3.2%	3.0%	2.3%

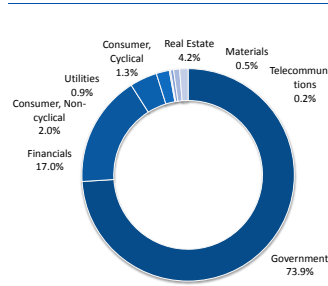
## Asset Allocation



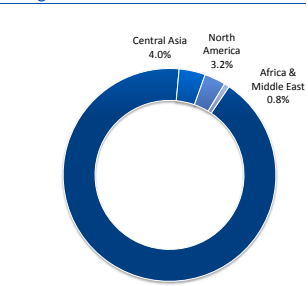
## Currency Mix



## Sector Allocation



## Regional allocation



## Fund Manager Commentary

The Net Asset Value (NAV) of the Fund stood at MUR 10.67 as at July 2019, registering a return of 0.5% over the month, while the benchmark yielded 0.8% in MUR terms over the same period.

There was no issuance of 92D GOM Treasury Bills, 3Y GOM Treasury Notes and 5Y, 10Y and 20Y GOM Bonds on the primary market during the month. The weighted average yield on 182D GoM Treasury Bills remained unchanged at 2.98% following the issuance of Treasury Bills at weighted average yields of 3.22% and 2.98%, each at nominal amounts of MUR 0.7Bn. Yields on the 364D Treasury Bills rose by 70 basis points to reach 3.34% by end of the month for a net worth of MUR 0.7Bn. The BoM issued MUR 1.5Bn worth of 15-year GoM Bonds at a weighted average yield of 5.02% during the month, shedding 96 basis points compared to prior month reading.

On the fixed income front, the Barclays Global Aggregate Bond index and JP Morgan Aggregate Bond index posted respective USD returns of -0.28% and -0.16% during the month.

US 10-year Treasury yield ended the month unchanged at 2.01%, following the Federal Reserve (Fed) rate cut by 25 bps to a target range of 2.00%-2.25%. Fed Chairman, Mr Powell, highlighted that the rate cut was more of an insurance policy against any slowdown and represented a "mid-cycle adjustment to policy" rather than the beginning of a long series of rate cuts.

During its last monetary committee policy (MPC) meeting held in July, 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. Though the ECB kept its monetary policy settings unchanged, it hinted a rate cut in September and further monetary easing.

Bond yields slid further with German 10-year yields remaining in the sub-zero territory - falling from -0.33% to -0.44% after weak economic data. Manufacturing PMI fell into contraction region to 49.5 in July from a preceding reading of 50.0, adding to the bleak outlook of the Eurozone. 10-year UK Gilts fell to its lowest level since the 2016 Brexit vote, from 0.83% to 0.61%, amid mounting expectations of a rate cut this year and as the new UK Prime Minister hardened its stance over a "no-deal" Brexit. Italian 10-year yields tumbled over by 56 bps, falling to 1.54% in July.

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 meeting held in July despite heightened downside risks to economic growth and inflation outlook. Economic activity is likely to be negatively impacted by global uncertainties and the BoJ may further loosen its monetary policy stance to limit the spill-over effects of global slowdown on Japan's economic recovery.

On the emerging market fixed income front, 10-year Indian yields fell from 6.88% to 6.37% on uncertainties over the overseas sovereign bond issuance and over prospects of a rate cut from the Reserve Bank of India given the current low inflationary environment. China 10-year yields fell from 3.24% to 3.16% amid the escalating trade tensions.

Telephone	202-1111 / 202-1701 / 202-1448
Fax	210-3369
E-mail	sbm.assetm@sbmgroup.mu
Website	nbfc.sbmgroup.mu/mam

**Disclaimer:** The information contained in this e-mail message, report, communication, letter, publication, and any attachment thereto, is strictly for information purposes only and is confidential and may not be disclosed without our express permission. It does not constitute an offer, or a solicitation of an offer, to purchase or sell any investment or other specific product by SBM Mauritius Asset Managers Ltd ("SBM MAM"). Although all information and opinions stated in this document are based on sources deemed to be reliable and in good faith, no representation or warranty, expressed or implied, is made or should be construed as to its accuracy and completeness. All information and views stated therein may be changed without any notification. The reader will bear in mind that certain services and products are subject to legal limitations and cannot be proposed on an unrestricted basis. Investors are reminded that past performance is not an indication of future performance. The price, value or income of the investment can go up or down. You are advised to consult your professional advisor before taking any decision or making an investment. SBM MAM disclaims all liability as regards any direct or consequential loss arising from any use of this message or the information contained therein.