SBM Universal Fund

31 July 2020

NAV per Share **MUR 26.53**

Fund Objective

SBM Universal Fund is an open-ended fund constituted as a Trust under the SBM Unit Trust. It is duly authorised under the Securities Act 2005 and regulated by the Financial Services Commission. The fund invests in equities and fixed income instruments in the domestic and international market whilst keeping a balanced-risk strategy. The overall objective of the fund is to provide regular income and maximise returns on a long term basis for the benefit of the unit-holders.

Risk Profile

Low	Low to Moderate	**Moderate**	Moderate to High	High

Fund Profile

Inception Date	Jun-02
Currency	MUR
Fund Size	MUR 358.6M
Issue / Redemption	Daily
Distribution	Yearly
Management Fee	1.0% p.a
Entry Fee	1.0%
Exit Fee	1.0%

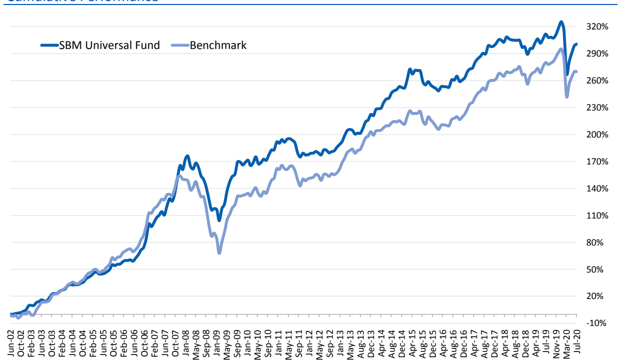
Fund Facts

Fund Manager	SBM Mauritius Asset Managers Ltd
Benchmark	30% SEMDEX + 40% 1 yr Govt of Mauritius Bill + 30% MSCI World (MUR)
Fund Administrator	SBM Fund Services Ltd
Auditors	Ernst & Young
Custodian	SBM Bank (Mauritius) Ltd

Top 10 Holdings

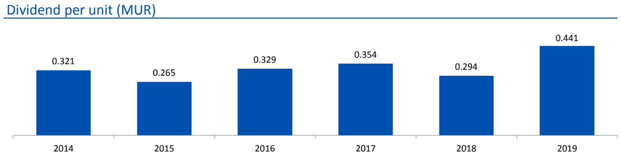
	% Net Assets
MCB Group Limited	9.5%
iShares MSCI World ETF	9.2%
MHC - Fixed Deposit	7.1%
SIT Bond	5.6%
Vanguard S&P 500 ETF	5.4%
MSS Global Advantage "A" Acc	4.4%
CIM Financial Services Ltd_CFSL 4% 31/07/2025	4.2%
MSS US Advantage "A" ACC	4.1%
SBM MUR Note 5.75% Class A2 Series Bond	3.5%
SBM Holdings Ltd	3.0%
TOTAL	**56.0%**

Cumulative Performance



**Cumulative performance assumes that dividends are reinvested*

Dividend per unit (MUR)



Risk Adjusted Metrics

Volatility p.a.	1Y	3Y	5Y
Fund	13.7%	8.3%	6.9%
Benchmark	13.1%	8.2%	7.0%

Fund vs Benchmark	1Y	3Y	5Y
Tracking Error p.a.	1.8%	1.8%	1.8%
Correlation	99.2%	97.6%	96.8%
Beta	1.04	1.00	0.97
Regression Alpha	0.1%	-0.1%	-0.1%

Cumulative Return

	1M	3M	6M	YTD	1Y	3Y	5Y	Inception	Annualized
Fund	0.4%	5.1%	-5.9%	-4.4%	-2.7%	2.6%	8.1%	300.7%	8.0%
Benchmark	0.0%	3.9%	-6.3%	-5.6%	-2.7%	5.1%	13.6%	269.9%	7.5%

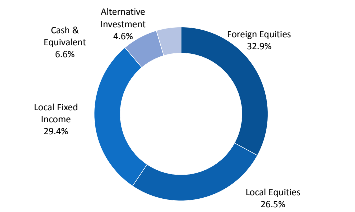
**All returns are calculated assuming dividends are reinvested.*

Financial Year Return

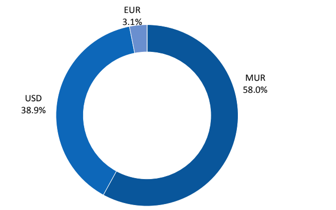
	2012	2013	2014	2015	2016	2017	2018	2019	2020
Fund	-3.7%	6.3%	13.0%	9.3%	-5.0%	9.7%	4.7%	0.3%	-1.8%
Benchmark	-3.6%	9.4%	10.9%	4.5%	-4.3%	12.4%	6.1%	1.7%	-1.5%

**Financial year as at June*

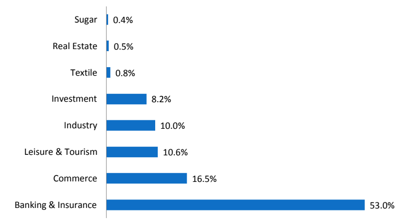
Asset Allocation



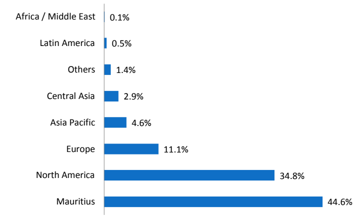
Currency Allocation



Sector Allocation (Local Equities)



Country Allocation (Equities)



Market Commentary

The Net Asset Value (NAV) of the Fund increased from MUR 26.41 to MUR 26.53 in July, equivalent to a positive performance of 0.4%, while the composite benchmark recorded a flat performance.

Local equity indices registered negative performances during the month with the SEMDEX and DEMEX closing at 1,592.60 points and 206.33 points as at July 2020, equivalent to -4.2% and -0.3%, respectively.

The main leading movers, that is, companies which contributed to the positive performance of the SEMDEX were MUA, MEDINE and VIVO while on the downside, the main lagging movers were MCBG, SBMH and CIEL. The top three gainers in terms of price returns were MOROIL (+9.3%), MUA (+5.8%) and POLICY (+3.1%) and the top three losers were CIEL (-13.8%), MDIT (-12.5%) and ENL (-11.1%). The price-earnings ratio and dividend yield for SEMDEX stood at 12.15x and 4.09% respectively, against corresponding figures of 12.22x and 4.00% in June 2020. Net foreign outflows further increased to MUR 393.1M during July 2020, compared to MUR 205.8M in June 2020, driven by sell-off in MCBG and PBL.

Yields on the primary market remained unchanged since there was no fresh issuance during the month. On the secondary market, yields on the 91D Treasury Bills fell by 44 bps in July to trade at a weighted average yield of 0.30%. Yields on 182D Treasury Bills and 364D Treasury Bills declined by 49 and 55 bps respectively to reach 0.37% and 0.51%. 3Y GOM Notes yield increased from 1.56% to 1.74%, and 5Y GOM Bonds traded at 2.05% against 1.89% in June. The yield on 10Y GOM Bonds surged marginally to 2.52%, against previous month's reading of 2.48%. The yield on 15Y GoM Bonds saw a downward trend from 2.81% to 2.78% whilst 20Y GoM Bonds traded 6 basis points higher at 3.11% against 3.05%.

Global equities ended the month in positive territory as activity started to normalise in major countries, despite the slowdown in easing lockdowns in certain states in the U.S. and localized lockdowns in Europe and other countries due to the surge in coronavirus cases again. The MSCI World index gained 4.7% MoM in USD terms.

The S&P500 index gained 5.5% in July despite the slowdown in the re-opening of certain states from Covid-19 cases resurgence. President Trump's tweet on delaying the November general elections weighed on sentiment at the end of the month. Recently released data indicated the sharpest quarterly contraction with GDP plunging by -32.9% in Q2 2020. Manufacturing activity however improved in July to a 6-month high with a PMI reading of 51.3 against 49.8 in the previous month. US fiscal package is set to expire soon and unless the Congress agrees on fresh stimulus or the extension of current measures, the US is likely to head towards a fiscal cliff.

The Eurostoxx 50 posted negative EUR returns of -1.8% as rising fears of a second coronavirus wave and disappointing economic data weighed on sentiment. The DAX index recorded a flat performance while CAC 40 and FTSE MIB shed -3.1% and -1.5% respectively. According to preliminary data, the Eurozone contracted by -12.1% in Q2 2020, the lowest reading recorded since 1998. Strong growth in activity was reported with manufacturing PMI rising from 47.4 to 54.0, hitting a 23-month high. With lockdowns being lifted, demand picked up as new order inflows rose considerably. In UK, the FTSE 100 registered GBP returns of -4.4%. Manufacturing activity rebounded following rises in order volumes and output growth – PMI edged up from 50.1 in June to 53.6.

In Japan, equity markets closed in negative territory with Nikkei 225 shedding -2.6% in JPY terms as disappointing earnings of major Japanese firms dampened investor sentiment. The manufacturing sector showed signs of improvement as production and new orders fell at much slower rates compared to previous months. Despite being in contraction zone, PMI rose to 45.2 in July against a preceding reading of 40.1. Amid rising concerns over the economic impact of a second wave, the Japanese yen appreciated against the greenback.

Emerging markets outperformed developed markets in July with the MSCI Emerging Markets index registering USD gains of 8.4%. The Shanghai Composite index led gains regionally, posting returns of 10.9% in CNY terms. Chinese manufacturing activity continued to improve despite subdued foreign demand – manufacturing PMI stood at 52.8 in July, rising from 51.2 in June. In India, the BSE Sensex continued its positive streak, advancing by 7.7% in INR terms. Contraction in production along with subdued demand dampened manufacturing activity during the month as the PMI fell from 47.2 in June to 46.0 in July.

Investment options & Contact details

Lump Sum	Minimum amount of MUR 500	Telephone	202-1111 / 202-3515 / 202-1260
Regular Savings Plan	MUR 200	Fax	210-3369
Address	SBM Mauritius Asset Managers Ltd	E-mail	sbm.assetm@sbmgroup.mu
	Level 12, Hennessy Tower	Website	nbfc.sbmgroup.mu/mam
	Pope Hennessy Street, Port Louis		