

# SBM Yield Fund

31 July 2020

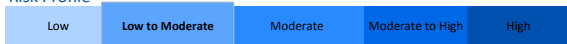
NAV per share

MUR 11.14

## 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 178.0M
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%

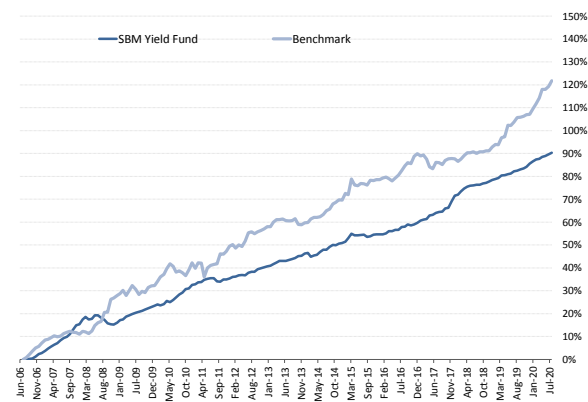
## Fund Facts

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	10.4%
Government of Mauritius Bond 25/01/2028	8.0%
IBL Ltd Series 2 Notes 08/09/2022	5.8%
Government of Mauritius Bond 11/05/2038	5.7%
iShares Core US Aggregate Bond ETF	5.3%
CIM Financial Services Ltd_CFSI 4% 31/07/2025	5.1%
Government of Mauritius Bond 07/09/2038	4.6%
Government of Mauritius Bond 05/11/2023	4.5%
Government of Mauritius Bond 09/11/2033	4.0%
SBM Maharaaja Bond Fund	3.9%
<b>TOTAL</b>	<b>57.3%</b>

## Cumulative Performance



Note: The benchmark was amended in Aug-2018 to reflect the new strategy of the Fund & all historical performances have been adjusted accordingly.

## Risk Adjusted Metrics

Volatility p.a.	1Y	3Y	5Y
SBM Yield Fund	0.58%	1.24%	1.24%
Benchmark	1.98%	2.00%	1.56%

Fund vs Benchmark	1Y	3Y	5Y
Tracking error	2.08%	2.34%	1.96%
Correlation	-3.71%	0.70%	3.36%

## Cumulative Return

	1M	3M	6M	YTD	1Y	3Y	5Y	Launch	Annualized
Fund	0.4%	1.0%	2.0%	2.5%	4.5%	15.7%	23.2%	90.3%	4.7%
Benchmark	1.2%	1.8%	5.9%	7.1%	8.9%	19.3%	25.5%	121.8%	5.8%

\*All returns are calculated assuming dividends are reinvested.

## Financial Year Return

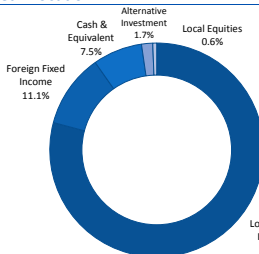
	2012	2013	2014	2015	2016	2017	2018	2019	2020
Fund	1.8%	3.7%	3.4%	4.3%	1.4%	4.8%	7.3%	2.9%	4.6%
Benchmark	10.2%	3.4%	1.6%	8.3%	2.1%	3.1%	2.5%	6.0%	8.5%

\*Financial year as at June

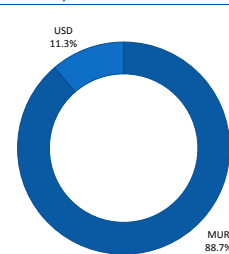
## Distributions

	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%

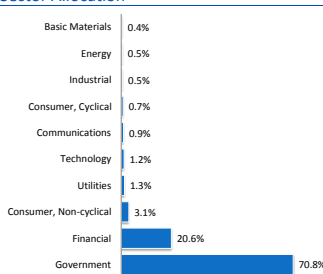
## Asset Allocation



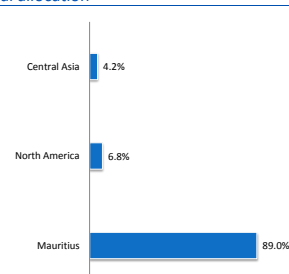
## Currency Mix



## Sector Allocation



## Regional allocation



## Market Commentary

The Net Asset Value (NAV) of the Fund grew from MUR 11.10 to MUR 11.14 in July, equivalent to a return of 0.4%, while the benchmark yielded 1.2%.

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%.

Headline inflation stood at 1.8% in July 2020 compared to 0.9% in the precedent year. Excess liquidity remained high in the economy, standing at MUR 61.2Bn as at 30 July 2020. MUR cash holdings however decreased from MUR 45.3Bn on 18 June 2020 to MUR 40.9Bn on 30 July 2020.

On the foreign fixed income front, the Barclays Global Aggregate Bond index advanced by 3.2% during the month. Fears of a second wave and heightening US-China tensions dented investor optimism, causing investors to move towards risk-averse instruments. Globally government bond yields ticked lower.

The US Federal Reserve (Fed) maintained the target range at 0.00% - 0.25%, judging the pace for economic recovery uncertain amid the surge in coronavirus cases. The Fed reiterated their pledge to maintain an aggressive monetary policy stance in view of supporting the economy. The 10-year US Treasury yield fell by 13bps to close at 0.53% in July.

The European Central Bank (ECB) kept rates unchanged, with interest rate in the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility standing at 0.00%, 0.25% and -0.50% respectively. EU leaders agreed on a EUR 1.8 trillion stimulus package consisting of a EUR 750 billion recovery plan and EUR 1.1 trillion 2021-2027 budget. Yields on 10-year German bonds declined marginally from -0.45% to -0.52% in July, while 10-year Italian bond traded at 1.01%, 25bps lower than the previous month.

In UK, no Monetary Policy Committee (MPC) meeting was held in July, as a result interest rate remained unchanged at 0.1%. The 10-year UK Gilt yields fell from 0.17% to 0.10% in July. While rates are projected to be maintained at 0.1%, further stimulus worth GBP 100Bn is forecasted.

At its last Monetary Policy Meeting held on 15 July 2020, the Bank of Japan (BoJ) maintained its short-term interest rate unchanged at -0.1%. It announced that the active purchase of exchange-traded funds (ETFs) and Japan real estate investment trusts (J-REITs) will be increased at annual paces with an upper limit of 12 million yen and 180 million yen respectively.

In emerging markets, the People's Bank of China (PBOC) kept its monetary policy on hold to maintain the 1-year and 5-year loan prime rate (LPR) at 3.85% and 4.65%, respectively. CNY 50 billion was injected by the PBOC via reverse repos at an interest rate of 2.2% during the month of July, in view of warranting banking liquidity. The yield on 10-year China bond increased by 13 bps to 2.98%. In India, no MPC meeting was held in July, hence policy repo rate remained unchanged at 4.0% under the liquidity adjustment facility (LAF) while repo rate under the marginal standing facility (MSF) and the Bank Rate of 4.25% and the cash reserve ratio (CRR) of 3.0% of net demand and time liabilities (NDTL) also remained unchanged. 10-year Indian government bonds traded at 5.84% in July, shedding 5 bps from its previous month's reading.

## Investment options & Contact details

Lump Sum	Minimum MUR 1000	Telephone	202-1111 / 202-3515 / 202-1260
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	Level 12, Hennessy Tower	Website	nbc.sbgroup.mu/mam
	Pope Hennessy Street, Port Louis		

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