

SBM Yield Fund

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

Low	Low to Moderate	Moderate	Moderate to High	High
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Fund Profile

Inception Date	Jun-06
Fund Size	MUR 222.08M
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%

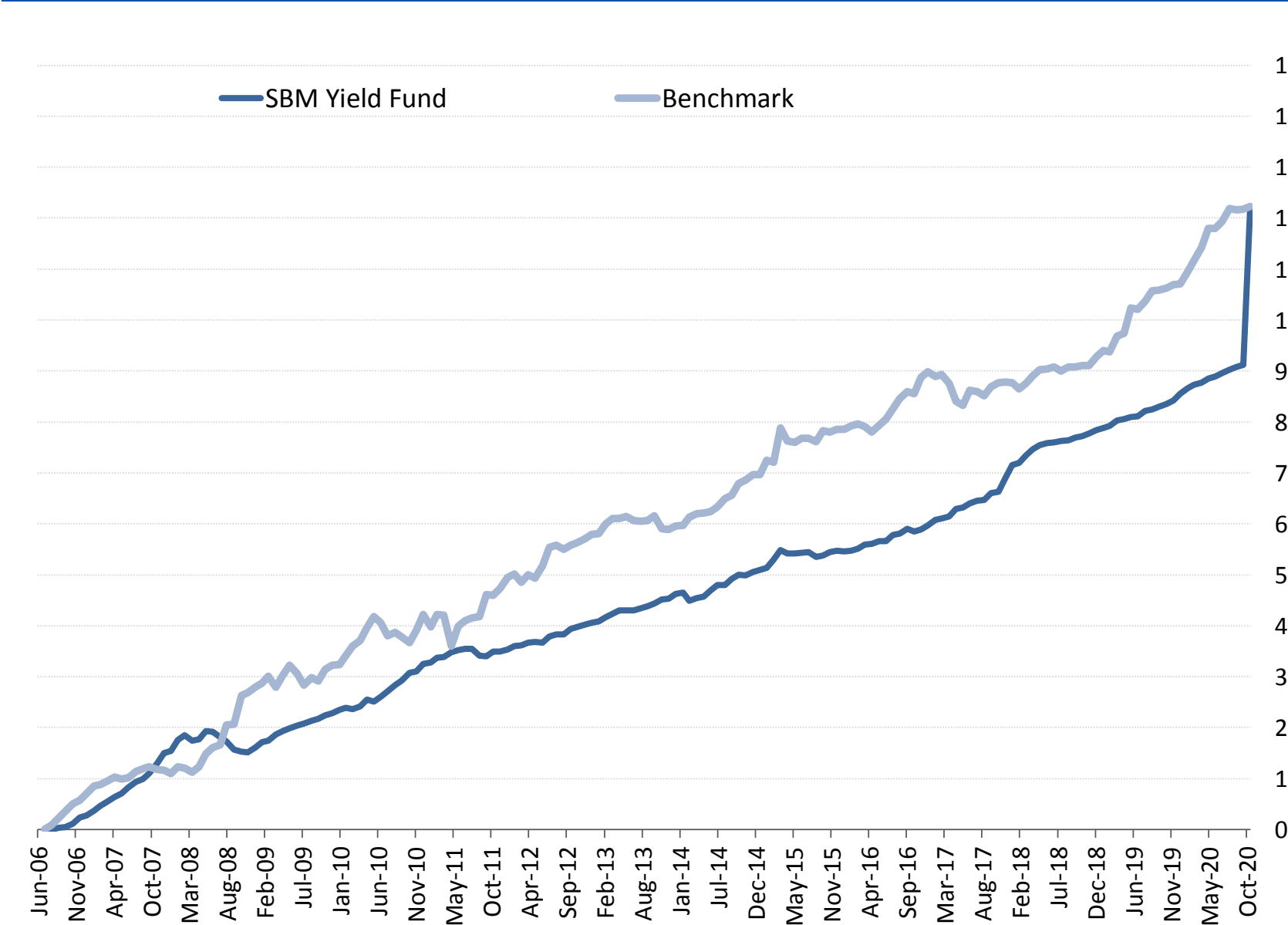
Fund Facts

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

Top 10 Holdings

	% Net Assets
Government of Mauritius Bond 08/02/2039	11.3%
Government of Mauritius Bond 25/01/2028	8.5%
Government of Mauritius Bond 07/09/2038	6.9%
Government of Mauritius Bond 11/05/2038	6.4%
MAUTN 0.72% 12/06/2022	5.8%
Government of Mauritius Bond 22/07/2036	5.0%
IBL Ltd Series 2 Notes 08/09/2022	4.6%
Government of Mauritius Bond 09/11/2033	4.3%
iShares Core US Aggregate Bond ETF	4.1%
CIM Financial Services Ltd_CFSL 4% 31/07/2025	4.1%
TOTAL	61.0%

Cumulative Performance



Risk Adjusted Metrics

Volatility p.a.	1Y	3Y	5Y
SBM Yield Fund	15.67%	9.11%	7.10%
Benchmark	2.10%	2.04%	1.60%

Fund vs Benchmark	1Y	3Y	5Y
Tracking error	16.23%	9.49%	7.37%
Correlation	-20.26%	-7.86%	-5.59%

Investment options & Contact details

Lump Sum	Minimum MUR 1000	Telephone	202-1111 / 202-3515 / 202-1260
Monthly Savings Plan	Minimum MUR 500	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		

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30 October 2020

NAV per share

MUR 12.56

Cumulative Return

	1M	3M	6M	YTD	1Y	3Y	5Y	Launch	Annualized
Fund	16.0%	16.6%	17.7%	19.5%	20.9%	33.5%	43.6%	121.9%	5.7%
Benchmark	0.2%	0.2%	2.0%	7.4%	7.8%	18.4%	24.8%	122.3%	5.7%

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

Financial Year Return

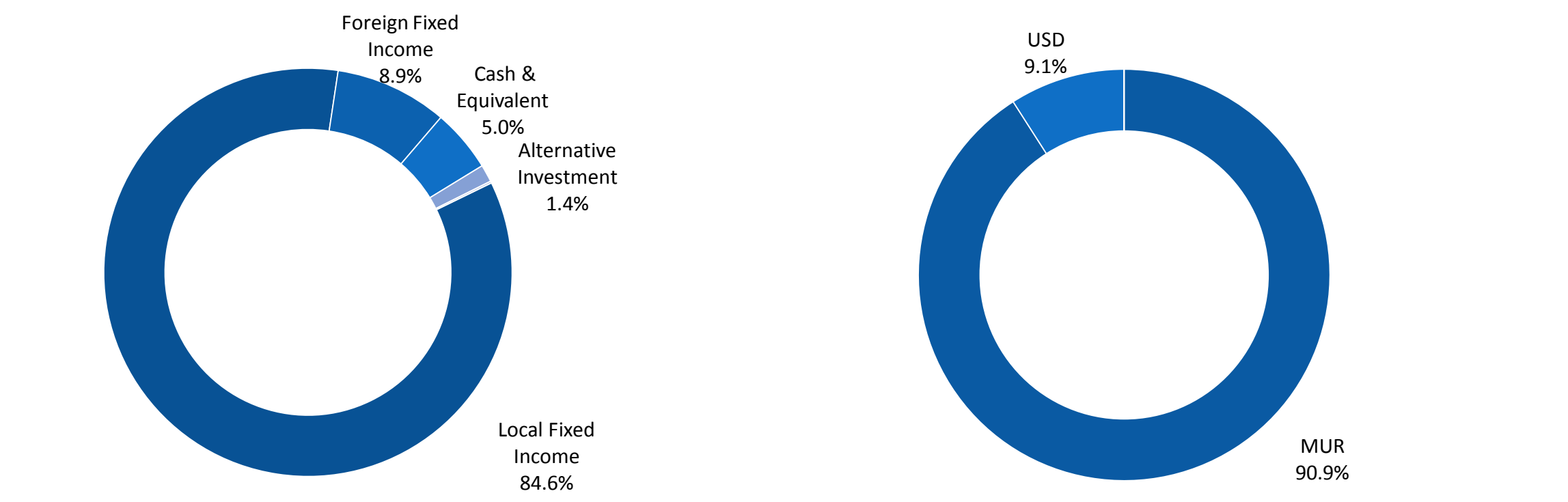
	2012	2013	2014	2015	2016	2017	2018	2019	2020
Fund	1.8%	3.7%	3.4%	4.3%	1.4%	4.8%	7.3%	2.9%	4.6%
Benchmark	10.2%	3.4%	1.6%	8.3%	2.1%	3.1%	2.5%	6.0%	8.5%

**Financial year as at June*

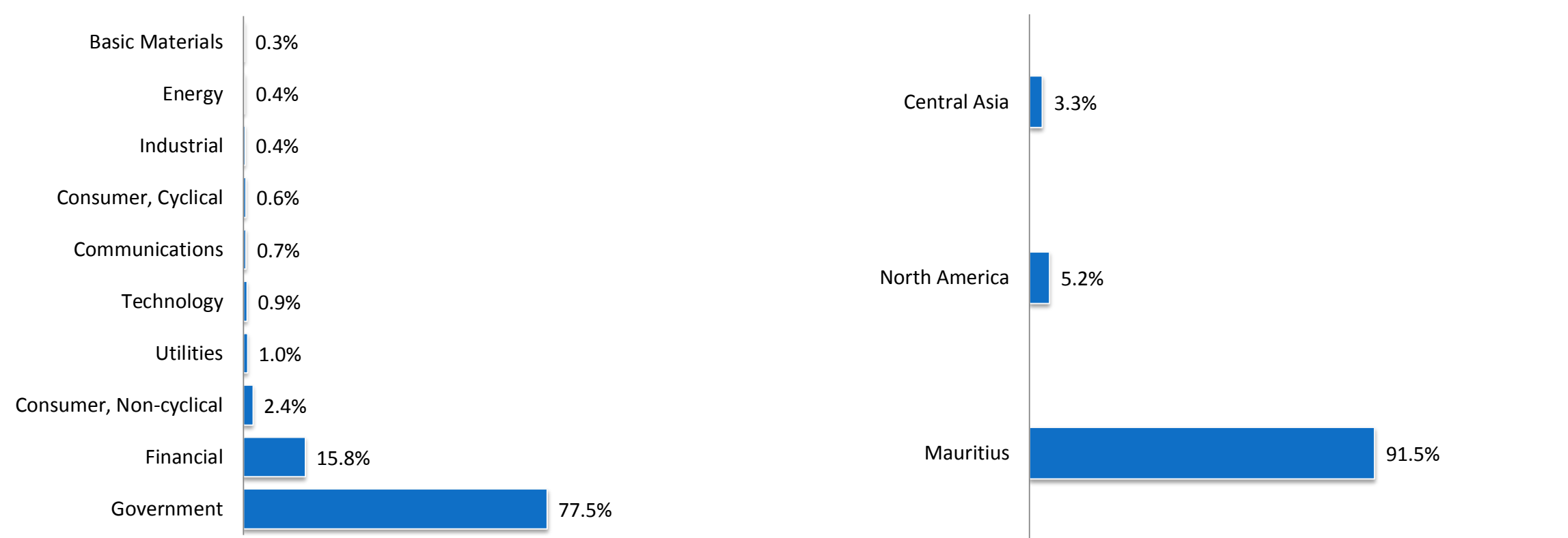
Distributions

	2012	2013	2014	2015	2016	2017	2018	2019	2020
Dividend per unit	0.41	0.41	0.15	0.30	0.32	0.33	0.33	0.25	0.31
Dividend Yield	4.0%	4.0%	1.5%	2.9%	3.1%	3.2%	3.0%	2.3%	2.9%

Asset Allocation



Sector Allocation



Market Commentary

The Net Asset Value per unit (NAV) of the Fund rose from MUR 10.88 to MUR 12.56 in October, equivalent to a return of 16.0%, while the benchmark yielded 0.2%. The fund performance was driven by the change in valuation of GoM securities from hold-to-collect to fair value under IFRS 9 during the month.

During the month, there was no fresh issuance of Treasury securities on the primary market. On the secondary market, yields on 91D Treasury Bills and 182D Treasury Bills decreased by 11 bps and 8 bps in October to 0.50% and 0.71%, respectively. Yields on 364D Treasury Bills shed 22 bps to reach 1.10%. 3Y GOM Notes and 5Y GOM Bonds yields remained unchanged at 1.81% and 2.10%, respectively. In contrast, 10Y GOM Bonds traded at 2.76% against 2.55% in September. The corresponding weighted average yields on the 15Y GOM Bonds and 20Y GOM Bonds increased by 3bps to 2.86% and 2.94%.

Headline inflation stood at 2.1% in October 2020 compared to 0.7% in the preceding year. Excess liquidity remained high in the economy, standing at MUR 50.4Bn as at 22 October 2020 with MUR cash holdings increasing from MUR 33.3Bn on 8 October 2020 to MUR 35.4Bn on 22 October 2020.

Internationally, the Barclays Global Aggregate Bond index gained 0.1%. Investors turned to safe-haven assets following the spike in global Covid-19 cases. The Federal Reserve (Fed) left the Fed Fund target range unchanged at 0.00%-0.25% at its last committee held in mid-September. Fed officials also expressed their concerns over the fact that the absence of further fiscal stimulus would threaten the economic recovery. US Treasuries rose during the month with the 10-year US Treasury yield trading at 0.87%, 19 bps higher than the September reading.

The European Central Bank (ECB) kept rates unchanged with the interest rate on 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. Following the surge in Covid-19 cases and new containment measures, the ECB suggested additional stimulus in December 2020. The ECB will continue its purchases under the EUR 1,350 billion pandemic emergency purchase programme (PEPP) with the view of cushioning the economy against the impact of the pandemic. 10-year German bonds further fell by 11 bps during the month to reach -0.63%. The 10-year Italian bond yields dropped from 0.87% in September to 0.76% in October. The 10-year Spanish bond yields also followed the downward trend and traded at 0.13%, 12 bps lower than the preceding month's reading.

In UK, the interest rate remained unchanged at 0.1% as no Monetary Policy Meeting was held during the month. During its latest MPC meeting, the Bank of England (BoE) voted to continue with the existing programme of UK government bond at GBP 745 billion. The 10-year UK Gilt yields traded at 0.26% in October, 3 bps higher than the preceding month's reading.

During its MPC meeting in October, the Bank of Japan (BoJ) maintained its monetary policy -0.1%. The BoJ also downgraded its FY20 economic growth to -5.5%, lower than its July 2020 estimate of -4.7%. The 10-year Japanese bond yields grew from 0.02% in September to 0.04% in October.

In emerging markets, the People's Bank of China (PBOC) kept the loan prime rates unchanged with the 1-year and 5-year LPR at 3.85% and 4.65% respectively. The 10-year Chinese bond yields marginally rose to 3.19% in October against 3.15% in September. Following the MPC meeting held during the month, the RBI kept the repo rate unchanged at 4.0% under the liquidity adjustment facility (LAF). Accordingly, the repo rate under marginal standing facility (MSF) and the Bank Rate of 4.25% and the cash reserve ratio (CRR) of net demand and time liabilities (NDTL) of 3.0% were also maintained. The 10-year Government of India bond yields fell by 13 bps to 5.88%, during the month.