

## 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 224.56M
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%

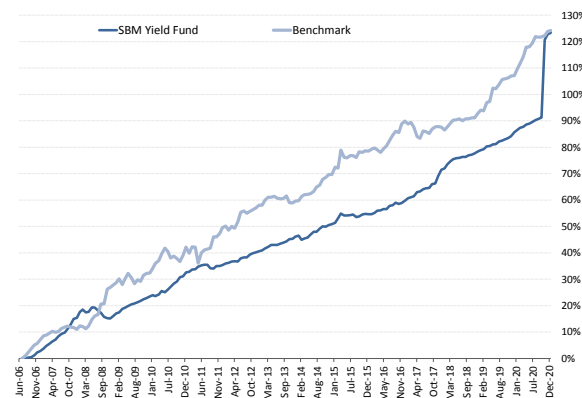
### Fund Facts

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

### Top 10 Holdings

	% Net Assets
Government of Mauritius Bond 08/02/2039	10.9%
Government of Mauritius Bond 25/01/2028	9.0%
Government of Mauritius Bond 07/09/2038	6.7%
Government of Mauritius Bond 11/05/2038	6.2%
MAUTN 0.72% 12/06/2022	5.8%
Government of Mauritius Bond 22/07/2036	5.3%
IBL Ltd Series 2 Notes 08/09/2022	4.6%
Government of Mauritius Bond 09/11/2033	4.3%
CIM Financial Services Ltd_CFSL 4% 31/07/2025	4.2%
iShares Core US Aggregate Bond ETF	4.1%
<b>TOTAL</b>	<b>61.1%</b>

### Cumulative Performance



Note: Change in valuation of GOM securities from hold-to-collect to fair value under IFRS 9

### Risk Adjusted Metrics

Volatility p.a.	1Y	3Y	5Y
SBM Yield Fund	15.03%	8.72%	6.81%
Benchmark	2.05%	2.05%	1.61%

Fund vs Benchmark	1Y	3Y	5Y
Tracking error	15.60%	9.09%	7.08%
Correlation	-21.65%	-6.78%	-5.33%

### 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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31 December 2020

NAV per share

MUR 12.64

### Cumulative Return

	1M	3M	6M	YTD	1Y	3Y	5Y	Launch	Annualized
Fund	0.3%	16.8%	17.8%	20.3%	20.3%	30.2%	44.4%	123.3%	5.7%
Benchmark	0.1%	1.1%	2.2%	8.3%	8.3%	19.5%	25.6%	124.2%	5.7%

\*All returns are calculated assuming dividends are reinvested.

### Financial Year Return

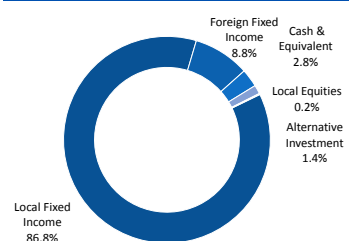
	2012	2013	2014	2015	2016	2017	2018	2019	2020
Fund	1.8%	3.7%	3.4%	4.3%	1.4%	4.8%	7.3%	2.9%	4.6%
Benchmark	10.2%	3.4%	1.6%	8.3%	2.1%	3.1%	2.5%	6.0%	8.5%

\*Financial year as at June

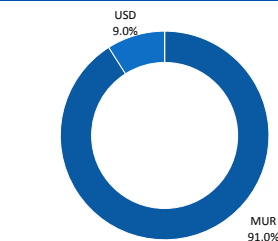
### Distributions

	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%

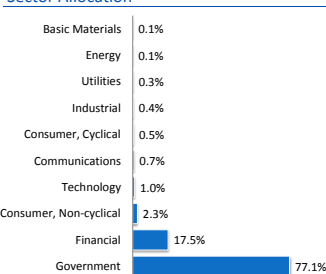
### Asset Allocation



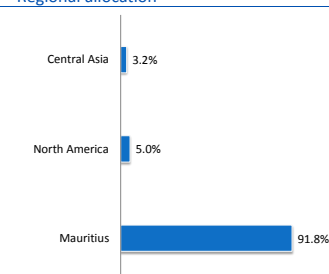
### Currency Mix



### Sector Allocation



### Regional allocation



### Market Commentary

The Net Asset Value per unit (NAV) of the Fund rose from MUR 12.61 to MUR 12.64 in December registering return of 0.3%, while the benchmark yielded 0.1%.

During the month, the BOM issued MUR 800Mn of 91D Treasury Bills on the primary market and the yield fell by 15 basis points (bps) to 0.23%. Yields on 182D Treasury Bills remained unchanged since there was no fresh issuance. MUR 1,600Mn of 364D Treasury Bills were issued in two tranches at weighted average yields of 0.44% and 0.41%. The yield on 3Y GOM Note declined by 69 bps to 0.79% following the issue of MUR 2,000Mn. A 5Y GOM Bond for MUR 2,000Mn was issued and the average weighted yield decreased by 24 bps to 1.24%. Following the issuance of MUR 2,000Mn of a 10Y GOM Bond, the average weighted yield declined by 290 bps to 1.35%. There was no new issuance of 15Y and 20Y GOM Bonds.

On the secondary market, yields on 91D and 182D Treasury Bills decreased by 18 bps and 35 bps in December to 0.17% and 0.21%, respectively. 364D Treasury Bills traded at a weighted average yield of 0.33% against 0.73% in the previous month. The yield on the 3Y GOM Notes fell from 1.59% to 1.22% and 5Y GOM Bond yield decreased to 1.43% against 2.22% in November. Yields on 10Y GOM Bonds tumbled by 86 bps to 1.85% in December. Similarly, the corresponding weighted average yields on the 15Y and 20Y GOM Bonds decreased from 2.88% and 3.03% to 2.63% and 2.69%.

The Barclays Global Aggregate Bond index fell by 0.1% in December following COVID-19 vaccine progress, US relief stimulus package and optimism regarding the Brexit deal. The Federal Reserve (Fed) kept the Fed Fund rate unchanged at 0.00%-0.25% during the meeting held in December. Participants deemed it appropriate to maintain the current pace and composition of asset purchases until substantial progress is noted. The 10-year US Treasury yield rose by 7 bps to 0.91% in December.

The European Central Bank (ECB) kept the interest rate unchanged on the main refinancing operations and the marginal lending facility and the deposit facility at 0.00%, 0.25% and -0.50%, respectively. The bank announced a modification in the terms and conditions of its third Targeted Longer-term Refinancing Operations (TLTRO-III) programme - the special interest rate that banks lend is extended to June 2022, three more operations are added during 2021, and borrowing allowance is increased to 55% of eligible loans. The ECB also announced that it would raise its pandemic emergency purchase programme (PEPP) by another EUR 500bn to a total of EUR 1,850bn. Bond yields were generally on the downtrend with the 10-year Italian bond yield moving 0.63% to 0.54% in December while the 10-year Spanish bond yield declined by 4 bps to reach 0.04%. 10-year German bonds traded flat at -0.57%.

The Bank of England (BOE) maintained its Bank Rate at 0.1%, judging its accommodative monetary policy stance appropriate. The Committee unanimously voted in favour of commencing the previously announced increase in UK government bonds purchase of GBP 150bn. 10-year UK Gilt yields finished the month 11 bps lower at 0.20% despite the announcement of a free-trade agreement.

Following its MPC meeting held on 18 December, the Bank of Japan (BoJ) left short-term interest rate unchanged at -0.1%. The bank will extend its financial relief programme up to end of September 2021 and purchase additional Japanese government bonds of USD 195 billion with a view to capping the 10-year Japanese bond yield at around 0.00%. The 10-year Japanese bond traded at 0.02% in December compared to 0.03% in the preceding month.

Among larger emerging economies, the People's Bank of China (PBoC) maintained the loan prime rates with the 1-year and 5-year LPR at 3.85% and 4.65%, respectively. The 10-year Chinese bond yields fell from 3.27% in November to 3.15% in December. India, the RBI unanimously decided to keep the repo rate unchanged at 4.0% under the liquidity adjustment facility (LAF) in December. 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 Indian Government bond yields fell from 5.91% to 5.87% after the RBI did not accept any bid for 10-year bond at the weekly auction. After conducting two Open Market Operations (OMOs) of State Development Loans (SDLs) during the two previous months, the RBI decided to carry out its third OMO in December with the view to enhancing liquidity in the economy.