

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 stocks, convertible bonds, structured products and mortgage backed securities, amongst others.

Risk Profile

Low	Low to Moderate	Moderate	Moderate to High	High
-----	------------------------	----------	------------------	------

Fund Profile

Inception Date	Jun-06
Fund Size	MUR 229.32M
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%

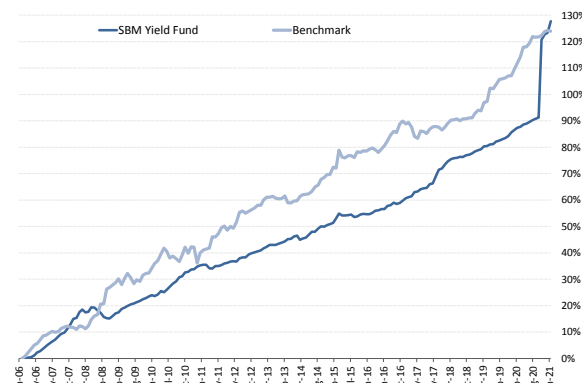
Fund Facts

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	11.4%
Government of Mauritius Bond 25/01/2028	8.6%
Government of Mauritius Bond 07/09/2038	7.0%
Government of Mauritius Bond 11/05/2038	6.4%
MAUTN 0.72% 12/06/2022	5.7%
Government of Mauritius Bond 22/07/2036	5.2%
IBL Ltd Series 2 Notes 08/09/2022	4.5%
Government of Mauritius Bond 09/11/2033	4.3%
CIM Financial Services Ltd_CFSL 4% 31/07/2025	4.0%
iShares Core US Aggregate Bond ETF	4.0%
TOTAL	61.1%

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	14.98%	8.74%	6.83%
Benchmark	2.10%	2.08%	1.62%

Fund vs Benchmark	1Y	3Y	5Y
Tracking error	15.53%	9.15%	7.13%
Correlation	-19.58%	-8.22%	-6.63%

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		

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.

31 January 2021

NAV per share

MUR 12.89

Cumulative Return

	1M	3M	6M	YTD	1Y	3Y	5Y	Launch	Annualized
Fund	2.0%	3.2%	19.7%	2.0%	22.1%	32.4%	47.2%	127.7%	5.8%
Benchmark	-0.1%	0.8%	1.0%	-0.1%	6.9%	20.1%	25.0%	124.0%	5.7%

*All returns are calculated assuming dividends are reinvested.

Financial Year Return

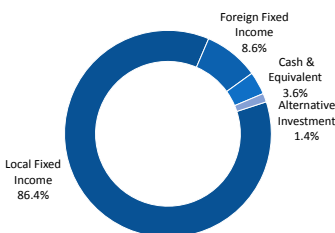
	2012	2013	2014	2015	2016	2017	2018	2019	2020
Fund	1.8%	3.7%	3.4%	4.3%	1.4%	4.8%	7.3%	2.9%	4.6%
Benchmark	10.2%	3.4%	1.6%	8.3%	2.1%	3.1%	2.5%	6.0%	8.5%

*Financial year as at June

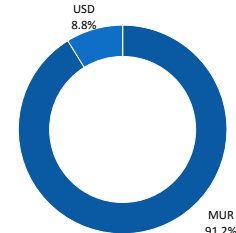
Distributions

	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%

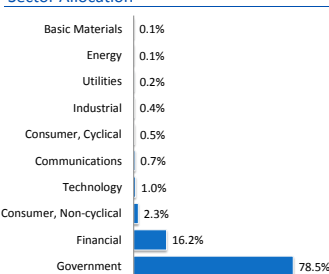
Asset Allocation



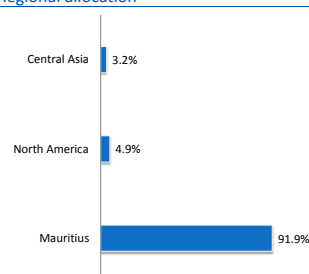
Currency Mix



Sector Allocation



Regional allocation



Market Commentary

The Net Asset Value per unit (NAV) of the Fund rose from MUR 12.64 in December to MUR 12.89 in January, equivalent to a return of 2.0%, while the benchmark yielded -0.1%.

During the month, the BOM issued MUR 1,000Mn of the 91D Treasury Bills and the average weighted yield declined by 2bps to 0.21%. 182D Treasury Bills traded at a weighted average yield of 0.26% against 0.77% the preceding month following a net issuance of MUR 2,000Mn while yields on the 364D Treasury Bills fell from 0.44% to 0.39% over the month. The yield on 3Y GOM Note increased by 14bps to 0.93% following the issue of MUR 1,800Mn. A 5Y GOM Bond for MUR 2,000Mn was issued in January and the average weighted yield increased by 2bps to 1.26%. Yields on the 15Y GOM Bond tumbled by 193bps to 1.86% following an issuance of MUR 2,000Mn. There was no new issuance of the 10Y and 20Y GOM Bonds.

On the secondary market, yields on 91D Treasury Bills remained flat at 0.17% while yields on the 182D Treasury Bills increased by 2bps in January to 0.24%. 364D Treasury Bills traded at a weighted average yield of 0.33%, comparable to the previous month's reading. The yield on the 3Y GOM Note declined marginally from 1.22% to 1.16% and the 5Y GOM Bond yields decreased to 1.32% against 1.43% in December. Yields on 10Y GOM Bond increased by 19bps to 2.04% in January while the corresponding weighted average yields on the 15Y and 20Y GOM Bonds fell from 2.63% to 2.39% and 2.69% to 2.45%.

The headline inflation rate was 2.5% in January 2021 against a reading of 0.6% in the preceding year. Excess liquidity stood at MUR 83.78n as at 28 January 2021 with MUR cash holdings decreasing from MUR 48.68n on 31 December 2020 to MUR 38.18n on 28 January 2021.

The Barclays Global Aggregate Bond index tumbled by 15 bps in January following the Democratic party's victory at the Georgia run-off election, announcement of a USD 1.9 trillion US fiscal stimulus package and the global rollout of vaccinations. The Federal Reserve (Fed) kept the Fed Fund rate unchanged at 0.00%-0.25% during the meeting held in January. Higher inflation expectations, reflected in higher breakeven inflation rates alongside improved prospects for additional fiscal stimulus, drove 10-year US Treasury yield higher by 15 bps to 1.07% in January.

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 Governing Council will continue its purchases under the pandemic emergency purchase programme (PEPP), with a total envelope of EUR 1,850 billion, until at least the end of March 2022. Bond yields were generally on the uptrend with the 10-year Italian bond yield surging 10 bps, from 0.54% to 0.64% in January. Yields on 10-year Spanish and German bonds both surged by 5 bps to 0.10% and -0.52%, respectively.

In the UK, no MPC meeting was held during the month and the Bank Rate remained unchanged at 0.1%. With the waning prospects of an increase in the pace of quantitative easing and negative interest rates, the 10-year UK Gilt yields soared by 13 bps to 0.33% in January.

The Bank of Japan (BoJ) held short-term interest rate unchanged at -0.1% in January. The BoJ reduced the purchase of bonds having residual maturity of less than one year by JPY 50 billion to JPY 100 billion. As a result, 10-year Japanese bond traded at 0.05% in January compared to 0.02% in the preceding month.

Among larger emerging economies, the People's Bank of China (PBoC) maintained the 1-year and 5-year loan prime rates at 3.85% and 4.65%, respectively. To further discourage leveraging in the financial system and address concerns about asset bubbles, the PBOC drained a net CNY 150 billion (USD 23 billion) of funds on 28 January using open-market operations. Consequently, 10-year Chinese bond yields increased from 3.14% to 3.18% in January. In India, no MPC meeting was held during the month; the repo rate was unchanged at 4.0% under the liquidity adjustment facility (LAF). The repo rate under marginal standing facility (MSF) and the Bank Rate of 4.25% and the cash reserve ratio (CRR) of 3.0% also remained unchanged. In an attempt to mop up excess liquidity and consequently to haul depressed overnight market rates, the RBI conducted an INR 2 trillion reverse repo transaction. The 10-year Government of India bond yields increased from 5.87% in December 2020 to 5.91% in January 2021 as investors remained on the sidelines ahead of the Union Budget announcement.