

## SBM Yield Fund

30 April 2021

NAV per share

MUR 12.47

### 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 225.7M
Issue / Redemption	10 <sup>th</sup> , 20 <sup>th</sup> and end of each month
Distribution	Quarterly
Management Fee	0.85% p.a
Entry Fee:	0.50%
Exit Fee:	0.50%

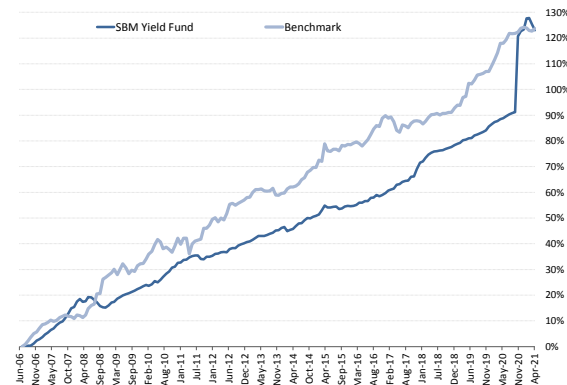
### Fund Facts

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 08/02/39	11.0%
Government of Mauritius Bond 25/01/28	8.5%
Government of Mauritius Bond 07/09/38	6.8%
Government of Mauritius Bond 11/05/38	6.3%
Government of Mauritius Bond 12/06/22	5.8%
Government of Mauritius Bond 22/07/36	5.0%
IBL Ltd Series 2 Notes 08/09/22	4.6%
Government of Mauritius Bond 09/11/33	4.1%
iShares Core US Aggregate Bond ETF	4.0%
CIM Financial Services Ltd Notes 31/07/25	4.0%
<b>TOTAL</b>	<b>60.1%</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	15.41%	8.88%	6.92%
Benchmark	1.52%	2.17%	1.69%

Fund vs Benchmark	1Y	3Y	5Y
Tracking error	15.45%	9.23%	7.18%
Correlation	1.86%	-4.53%	-3.90%

### Cumulative Return

	1M	3M	6M	YTD	1Y	3Y	5Y	Launch	Annualized
Fund	-1.0%	-2.0%	1.1%	-0.1%	18.3%	27.1%	43.0%	123.1%	5.6%
Benchmark	0.5%	-0.1%	0.7%	-0.2%	2.7%	17.6%	25.7%	123.7%	5.6%

\*All returns are calculated assuming dividends are reinvested.

### Financial Year Return

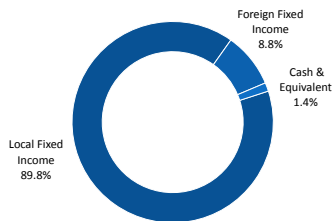
	2012	2013	2014	2015	2016	2017	2018	2019	2020
Fund	1.8%	3.7%	3.4%	4.3%	1.4%	4.8%	7.3%	2.9%	4.6%
Benchmark	10.2%	3.4%	1.6%	8.3%	2.1%	3.1%	2.5%	6.0%	8.5%

\*Financial year as at June

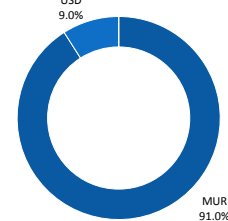
### Distributions

	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%

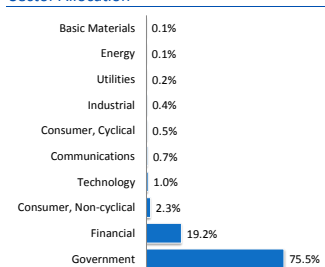
### Asset Allocation



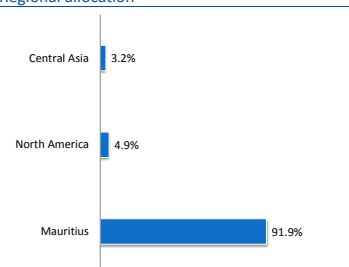
### Currency Mix



### Sector Allocation



### Regional allocation



### Market Commentary

The Net Asset Value per unit (NAV) of the Fund fell from MUR 12.67 in March to MUR 12.47 in April, equivalent to a return of -1.0% after paying a dividend of MUR 0.08 per unit. As a comparison, its benchmark yielded 0.5%. Yields on the domestic bond market were on the uptrend during the month.

The GOM issued MUR 800Mn of the 91D Treasury Bills and the average weighted yield increased by 32bps to 0.45%. Yields on 182D Treasury Bills rose by 17bps to 0.48% following the issue of MUR 600Mn while yields on the 364D Treasury Bills surged from 0.43% to 0.74% following a net issuance of MUR 2,200Mn. Following the auction of MUR 1,800Mn of 3Y GOM Note, the yield marginally increased by 9bps to 1.25%. A 5Y GOM Bond for MUR 2,000Mn was issued at an average weighted yield of 1.73%, equivalent to a rise of 11bps from the previous issuance. Yields on the 15Y GOM Bond significantly increased by 171bps to reach 3.57% following an issue of MUR 3,000Mn. There were no new issuances of 10Y and 20Y GOM Bonds over the month.

On the secondary market, the corresponding yields on 91D Treasury Bills, 182D Treasury Bills and 364D Treasury Bills rose by 25bps, 24bps and 27bps to reach 0.45%, 0.56% and 0.71%, respectively. The 3Y GOM Note traded at a weighted average yield of 1.29% against a reading of 1.20% in the preceding month while the 5Y GOM Bond traded at 1.82%, 20 bps higher than the previous month. 10Y GOM Bond traded more or less flat at 2.46%. The secondary market yield on 15Y GOM Bond yields inched up by 12bps to 3.02% while 20Y GOM Bond traded at a weighted average yield of 3.10% against 3.09% in the previous month.

Excess liquidity stood at MUR 55.68n as at 22 April 2021 with MUR cash holdings decreasing from MUR 32.08n on 25 March 2021 to MUR 25.48n on 22 April 2021.

The Barclays Global Aggregate Bond Index advanced 1.3% in April as bonds markets shrugged off inflation concerns. During the Monetary Policy Committee (MPC) meeting held in April, the Federal Reserve (Fed) upgraded its view of the US economic recovery, while the Fed Fund rate was kept unchanged at 0.00%-0.25%. The Fed viewed signs of inflation as transitory and investors started anticipating the Fed tapering its bond buying sooner than previously expected. Consequently, the yield on 10-year US Treasuries retreated by 11 bps from 1.74% in March to 1.63% in April.

The Bank of England maintained the Bank Rate at 0.1% and left the pace of its asset purchases unchanged. The 10-year UK Gilt yields declined marginally by 1 bp to 0.84% in April. The Debt Management Office tapered its bond sale plans by GBP 43.48 for the fiscal year 2021-22 after the budget deficit undershot official forecasts.

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 expects to conduct its asset purchases under the pandemic emergency purchase programme (PEPP) at a significantly higher pace than during the first months of this year. Bond yields were generally on the uptrend mainly on account of Europe's vaccine catch-up, rising economic optimism and delays in ratification of the EU's Recovery Fund. The corresponding yield on 10-year Spanish and German bonds surged by 14 bps and 9 bps to 0.48% and -0.20%. Italian bond yields increased from 0.67% to 0.90% in April, underperforming their peers on concerns about rising domestic debt and uncertainty about the timing of Italy's Recovery Plan.

The Bank of Japan (BoJ), at its Monetary Policy Committee (MPC) meeting held on 27 April 2021, decided to leave the short-term interest rate unchanged at -0.1%. 10-year Japanese bond traded at 0.10% in April unchanged from the preceding month's reading; remaining well within the BOJ's target range of 0% +/- 25bps under its Yield Curve Control policy. Heightened uncertainty over the country's economic outlook in light of the third Covid-19 state of emergency is expected to increase demand for Japanese bonds.

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. The yield on 10-year Chinese bonds fell from 3.19% to 3.16% in April, primarily attributed to a slowdown in debt issuance by municipal authorities. In India, the Reserve Bank of India's Monetary Policy Committee (MPC), at its meeting held on 7 April, decided to leave the repo rate 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 net demand and time liabilities (NDTL) of 3.0% also remained unchanged. The spike in Covid-19 cases which led investors to expect that the RBI would maintain its dovish stance for a longer time. As a result, 10-year Government of India bond yields fell by 14 bps to 6.03% in April. Investor sentiment was improved following the RBI's announcement that it would be conducting a special open market operation involving simultaneous buying and selling of government securities for an aggregate amount of INR 100 billion each, on 6 May.

### 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.