Factsheet September 2021

SBM Yield Fund

NAV per share **MUR 11.81**

Investment objective

The Fund seeks to achieve its investment objective of long-term capital growth and regular income by investing in fixed income & fixed income-related instruments across different geographies, issuers, maturities and currencies. It may invest in bonds, term deposits, ETFs, preferred stocks, convertible bonds, structured products & mortgage backed securities, amongst others.

Fund facts

Investment Manager: SBM Mauritius Asset Managers Ltd
Fund Administrator: SBM Fund Services Ltd
Registry and Transfer Agent: SBM Fund Services Ltd
Custody: SBM Bank (Mauritius) Ltd
Auditor: Deloitte Mauritius
Benchmark: 60% GOM 3Y Notes + 40% Barclays Agg Bond Index*
Distribution: Quarterly subject to distributable income
Investor profile: Moderately Conservative

*Applicable as from Sep-2018. Previous Benchmark: Savings + 2%

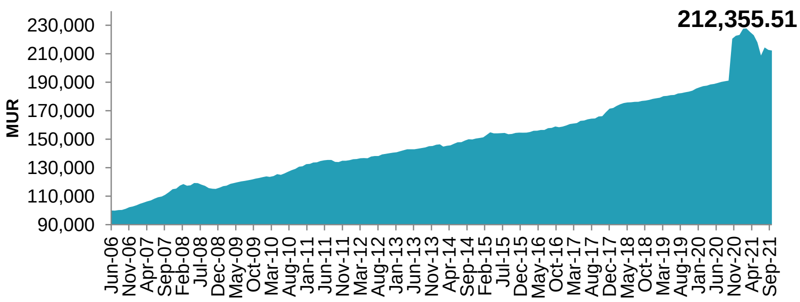
Inception date: 30 Jun 2006
Fund size: MUR 222.7Mn
Base currency: MUR
Minimum one-off investment: MUR 1,000
Monthly investment plan: MUR 500
Management fee: 0.85% p.a.
Entry fee: 0.50%
Exit fee: 0.50%

Performance

Period	1M	3M	YTD	1Y	3Y	5Y	Launch	Annualised	2021	2020	2019	2018	2017	2016
Fund	-0.2%	1.7%	-4.9%	11.1%	20.0%	33.6%	112.4%	5.1%	10.2%	4.6%	2.9%	7.3%	4.8%	1.4%
Benchmark	-0.5%	-0.2%	2.2%	3.3%	20.1%	23.2%	129.1%	5.6%	4.7%	8.5%	6.0%	2.5%	3.1%	2.1%

Note: Fund performance is calculated on indicative NAV to NAV. The performance of the index is based on 60% GOM 3Y Notes and 40% Bloomberg Barclays Global Aggregate Bond Index (MUR). Past performance is not indicative of future results. The benchmark return is computed in MUR terms. Annual returns are for the financial year of the Fund, that is, June.

Growth of MUR 100,000 since inception



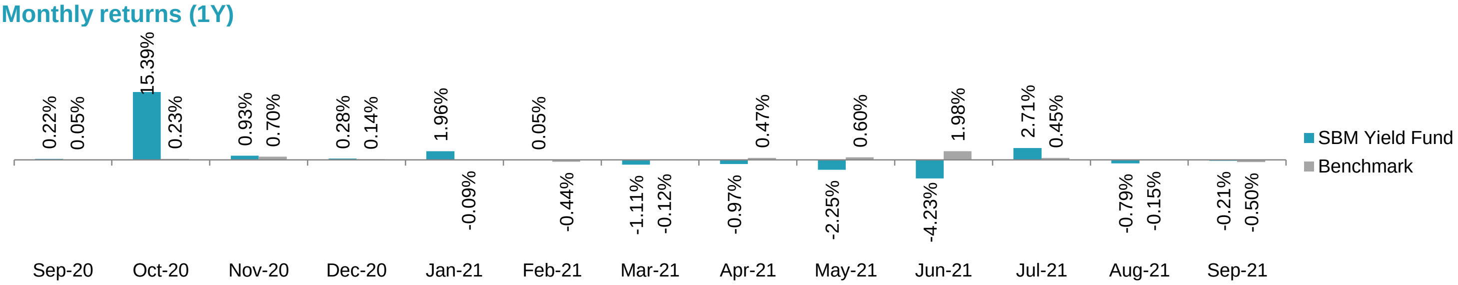
Fund statistics

Period	1Y	3Y	5Y	Launch
Correlation	-0.22	-0.13	-0.13	-0.09
Regression alpha (%)	18.39	10.17	8.96	7.38
Beta	-1.60	-0.52	-0.49	-0.34
Annualised volatility	17.0%	9.6%	7.4%	4.5%
Annualised tracking error	17.6%	10.2%	7.9%	4.8%

Relative metrics such as alpha, beta and tracking error are computed against the composite index.

Average term to maturity (yrs)	9.30
Gross yield to maturity	3.71%
Duration (yrs)	6.83

Monthly returns (1Y)



Asset allocation

Asset class	% Fund
Domestic Fixed Income	90.4%
International Fixed Income	8.6%
Cash	1.0%
Total	**100.0%**

Top regions	% Fund
Mauritius	90.4%
North America	5.2%
Central Asia	3.4%
Total	**99.0%**

Top currency	% Fund
Mauritian Rupee	90.3%
US Dollar	9.7%
Euro	0.0%
Total	**100.0%**

Asset allocation (continued)

Sector	% Fund
Government	62.0%
Financial	21.9%
Diversified	6.8%
Industrial	2.7%
Consumer, Non-cyclical	2.4%
Technology	1.0%
Consumer, Cyclical	1.0%
Communications	0.7%
Utilities	0.3%
Energy	0.1%
Basic Materials	0.1%
Total	**99.0%**

Top 10 Holdings	% Fund
Government of Mauritius Bond 08/02/39	9.3%
Government of Mauritius Bond 25/01/28	8.0%
Government of Mauritius Bond 12/06/22	5.8%
Government of Mauritius Bond 07/09/38	5.8%
Government of Mauritius Bond 11/05/38	5.4%
IBL Ltd Series 2 Notes 08/09/22	4.6%
Government of Mauritius Bond 22/07/36	4.4%
iShares Core US Aggregate Bond ETF	4.3%
CIM Financial Services Ltd Notes 31/07/25	4.1%
Government of Mauritius Bond 09/11/33	3.6%
Total	**55.3%**

Market comments

The Net Asset Value per unit (NAV) of the Fund fell from MUR 11.89 in August to MUR 11.81 in September, equivalent to a return of -0.2% compared to its benchmark which yielded -0.5%.

In September, yield on the 91D Treasury Bills remained unchanged at 0.84% since there was no issuance. 182D Treasury Bills worth MUR 1.5Bn were issued at a weighted average yield of 0.89%, equivalent to a decline of 3bps from the preceding issuance. The GOM also MUR 1.0Bn of 364D Treasury Bills in two tranches at weighted average yields of 1.00% and 0.93%. The yield on 3Y GOM Note increased from 1.97% to 2.38% following a net tender amount of MUR 4.5Bn while a 5Y GOM Bond for MUR 2.2Bn traded at an average weighted yield of 2.87%, 21bps higher than the previous issuance. For longer-term bonds, 20Y GOM Bond yield rose from 4.31% to 4.96% following a tender amount of MUR 2.5Bn. There were no new issuances of the 10Y and 15Y GOM Bonds during the month.

On the secondary market, the corresponding yields on 91D Treasury Bills, 182D Treasury Bills fell by 6bps and 2bps to reach 0.57% and 0.77%, respectively, while the 364 Treasury Bills yields remained unchanged at 0.96%. The 3Y GOM Note traded at 2.39% in September, 21bps higher than the previous month while the 5Y GOM Bond traded at a weighted average yield of 2.87% against 2.73% in the preceding month. The 10Y GOM Bond yields rose by 63bps to 4.36% in September and the 20Y GOM Bond traded at a weighted average yield of 4.81% against 4.74% in the previous month. The 15Y GOM Bond yields remained unchanged at 4.54%.

The Barclays Global Aggregate Bond index tumbled by -1.8% in September following a series of hawkish central bank announcements amid higher inflation expectations. The US Federal Reserve (Fed) left the target Fed Funds rate unchanged at 0%-0.25% and maintained the monthly bond purchase of USD 120 billion. The September Federal Open Markets Committee (FOMC) meeting signalled towards a formal taper announcement at the November meeting, with the programme ending in mid-2022. The dot plot shows that the Fed now forecasts more rate hikes in the future than it did in June driven by higher inflation forecasts-above the 2% target for the next three years. The Fed’s hawkish stance drove the 10-year US Treasury yield higher by 18 bps from 1.31% in August to 1.49% in September.

The Bank of England’s Monetary Policy Committee (MPC), at its meeting ending on 22 September 2021, voted unanimously to maintain the Bank Rate at 0.1% and keep the stock of sterling non-financial investment-grade corporate bond purchases unchanged at GBP 20 billion. The BoE raised the prospect of hiking interest rates before the end of this year to contain inflationary pressures, with CPI inflation forecasted slightly above 4% in Q4:2021, owing primarily to higher energy prices. The 10-year UK Gilt yields surged by 31 bps to 1.02% in September, reflecting higher inflation expectations and the BoE’s more hawkish commentary.

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. Eurozone inflation accelerated to 3.4% in September, reaching a 13-year high. The Governing Council decided to moderately lower pace of net asset purchases under the pandemic emergency purchase programme (PEPP) than in the previous two quarters. European bond yields were generally on the uptrend due to the ECB’s hawkish pivot. The corresponding yield on 10-year German and Italian bonds surged by 18 bps and 15 bps to -0.20% and 0.86%. Spanish bond yields increased by 12 bps from 0.34% in August to 0.46% in September.

The Bank of Japan (BoJ), at its Monetary Policy Committee (MPC) meeting held on 22 September 2021, decided to maintain the short-term interest rate unchanged at -0.1% and reiterated that it would purchase Japanese government bonds (JGBs) without an upper limit. 10-year JGBs traded at 0.07% in September, 5 bps above the preceding month’s reading; remaining well within the BOJ’s target range of 0% +/- 25bps under its Yield Curve Control policy.

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. Despite stiffened economic headwinds, the PBoC indicated that the current liquidity condition and the level of interest rates are likely to be maintained. As a result, the yield on 10-year Chinese bonds surged from 2.85% to 2.88% in September. In India, no Monetary Policy Committee (MPC) meeting was held during the month. The Reserve Bank of India (RBI) maintained its repo rate unchanged at 4.0% under the liquidity adjustment facility (LAF). The RBI announced a simultaneous purchase and sale of government securities under the G-sec acquisition programme (G-SAP 2.0) for a total amount of INR 150 billion each on 23 September 2021. 10-year Government of India bond yields remained unchanged at 6.22% in September.

Contact

SBM Mauritius Asset Managers Ltd

Level 12, Hennessy Tower

Pope Hennessy Street

Port Louis

Tel: (+230) 202 11 11 | 202 12 60 | 202 35 15

Fax: (+230) 210 33 69

E-mail: sbm.assetm@sbmgroup.mu

For price updates on this fund, please see: https://nbfc.sbmgroup.mu/asset-management