Factsheet June 2022

SBM Yield Fund

NAV per share **MUR 11.74**

SBM Mauritius Asset Managers Ltd

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%

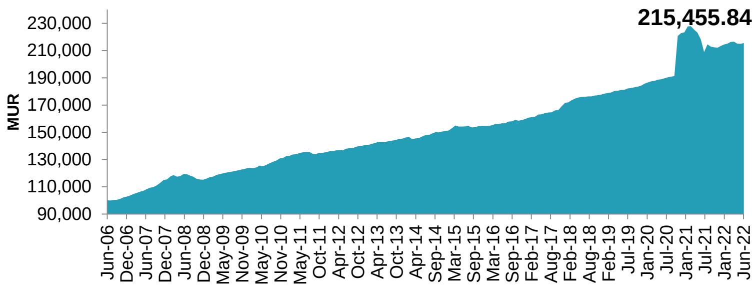
Inception date: 30 Jun 2006
Fund size: MUR 200.9Mn
Base currency: MUR
Minimum one-off investment: MUR 1,000
Monthly investment plan: MUR 500
Management fee: 0.85% p.a.
Entry fee: 0.50%
Exit fee: 0.50%

Performance

Period	1M	3M	YTD	1Y	3Y	5Y	Launch	Annualised	2022	2021	2020	2019	2018	2017
Fund	0.3%	-0.5%	0.5%	3.2%	18.9%	31.3%	115.5%	4.9%	3.2%	10.2%	4.6%	2.9%	7.3%	4.8%
Benchmark	0.9%	-2.0%	-3.0%	-2.6%	10.7%	20.1%	123.7%	5.2%	-2.6%	4.7%	8.5%	6.0%	2.5%	3.1%

Note: Fund performance is calculated on indicative NAV to NAV. The performance of the index is based on a blended benchmark comprising of 60% GOM 3Y Notes and 40% Bloomberg Barclays Global Aggregate Bond Index (MUR), and rebalanced monthly. 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



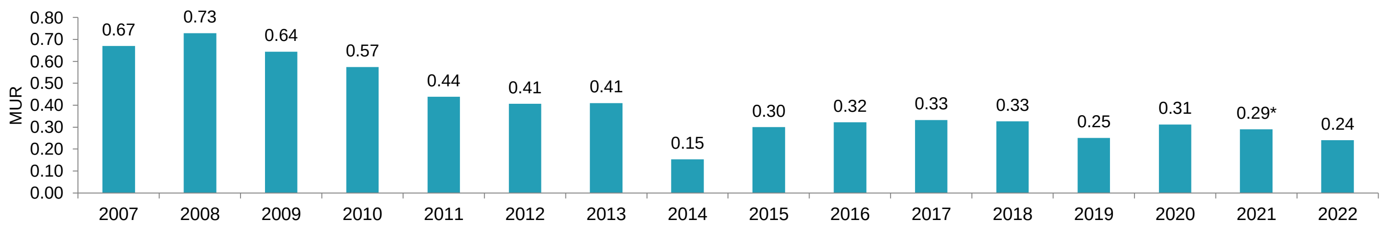
Fund statistics

Period	1Y	3Y	5Y	Launch
Correlation	0.49	-0.06	-0.05	-0.03
Regression alpha (%)	4.43	7.00	6.85	7.89
Beta	0.49	-0.20	-0.15	-0.09
Annualised volatility	3.1%	9.6%	7.5%	4.4%
Annualised tracking error	3.1%	10.1%	8.0%	4.7%

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

Average term to maturity (yrs)	5.51
Gross yield to maturity	4.23%
Duration (yrs)	4.30

Dividend per Share



Quarterly dividend distribution as from FY21

Asset allocation

Asset class	% Fund
Domestic Fixed Income	72.9%
International Fixed Income	9.3%
Domestic Equity	0.0%
Cash	17.8%
Total	**100.0%**

Top regions	% Fund
Mauritius	72.9%
North America	9.3%
Total	**82.2%**

Top currency	% Fund
Mauritian Rupee	89.6%
US Dollar	10.4%
Euro	0.0%
Total	**100.0%**

Asset allocation (continued)

Sector	% Fund
Government	39.5%
Financial	22.5%
Diversified	7.8%
Industrial	3.0%
Consumer, Non-cyclical	2.7%
Property	2.6%
Consumer, Cyclical	1.3%
Technology	1.2%
Communications	0.9%
Utilities	0.3%
Energy	0.2%
Basic Materials	0.2%
Others	0.0%
Total	**82.2%**

Top 10 Holdings	% Fund
Government of Mauritius Bond 25/01/28	8.8%
IBL Ltd Series 2 Notes 08/09/22	5.1%
CIM Financial Services Ltd Notes 31/07/25	4.7%
iShares Core US Aggregate Bond ETF	4.5%
Fidelity US Dollar Bond "A" (USD) Acc	3.9%
Government of Mauritius Bond 22/01/33	3.2%
Government of Mauritius Bond 24/06/42	3.0%
Government of Mauritius Bond 20/08/36	2.9%
Government of Mauritius Bond 15/01/36	2.8%
Inflation Indexed Bond 22/05/30	2.6%
Total	**41.5%**

Market comments

The Net Asset Value per unit (NAV) of the Fund rose from MUR 11.71 in May to MUR 11.74 in June, equivalent to a return of 0.3% compared to its benchmark return of 0.9%.

In June, the yield on the 91D Treasury Bills remained unchanged at 0.63% since there was no fresh issuance. The BoM auctioned MUR 1.2Bn of 182D Treasury Bills in two tranches at weighted average yields of 1.09% and 1.08%. 364D Treasury Bills worth MUR 1.2Bn were issued at a weighted average yield of 1.28%, 20bps higher than the preceding month. Yields on the 3Y GOM Note and 5Y GOM Bond increased by 22bps and 12bps to 2.81% and 3.22%, respectively, following tender amounts of MUR 2.5Bn and MUR 2.2Bn. A 20Y Bond was auctioned for MUR 2.5Bn at a weighted average yield of 5.31%, 70bps above the previous issuance. There were no new issuances of 10Y and 15Y GOM Bonds during the month.

On the secondary market, yields were generally on the uptrend. The 91D Treasury Bills and 182D Treasury Bills both increased by 21bps to reach 0.87% and 1.07%, respectively, in June. 364D Treasury Bills traded at weighted average yields of 1.25%, 23bps above its previous reading. The corresponding yields on 3Y GOM Note and 5Y GOM Bond rose by 19bps and 14bps during the month to stand at 2.73% and 3.20%. The 10Y GOM Bond traded at 4.57% in June, 9bps higher than the earlier month. The 15Y GOM Bond yield rose by 14bps to 4.96% while the 20Y GOM Bond traded at a yield of 5.13% against 5.11% in the preceding month.

The Barclays Global Aggregate Bond index tumbled by 3.2% in June as market participants expected interest rates to surge further on account of persistent inflation. The US Federal Reserve (Fed) raised the target Fed Funds rate by 75 bps at its June meeting. The Committee will continue reducing its holdings of Treasury securities and agency debt and agency mortgage-backed securities with the cap set at USD 47.5Bn for July. The 10-year US Treasury yield increased by 17 bps from 2.84% in May to 3.01% in June as the Fed signaled that it will possibly hike interest rates above the neutral rate in an attempt to rein in inflation.

The Bank of England's Monetary Policy Committee (MPC), at its meeting held in June, voted by majority to increase the Bank Rate by 25 bps to 1.25%. UK CPI inflation surged to a 40-year high of 9.1% in May, underlining the severity of the country's cost of living crisis. According to the BoE's June 2022 projections, CPI inflation is expected to be over 9% during the next few months and to rise to slightly above 11% in October. The BoE expects real GDP to contract by 0.3% in 22Q2, below the May report projection of 0.1% growth. The 10-year UK Gilt yields increased by 13 bps to 2.23% in June as the BoE remained hawkish amid persistently high inflationary pressures.

The European Central Bank (ECB) kept the interest rate unchanged on the main refinancing operations, the marginal lending facility and the deposit facility at 0.00%, 0.25% and -0.50%, respectively. The Governing Council decided to end net asset purchases under its asset purchase programme (APP) as of 1 July 2022. On 15 June, the ECB held an ad-hoc meeting to address resurgent fragmentation risks and announced that it will come up with an anti-fragmentation tool to limit the surge in Italian borrowing costs. According to Eurostat's flash estimate, Eurozone inflation accelerated to a record high of 8.6% in June, primarily on account of higher food and energy prices. European bond yields were generally on the uptrend primarily on account of the ECB's hawkish shift. The corresponding yield on 10-year German and Spanish bonds increased by 21 bps and 20 bps to 1.34% and 2.42%, respectively. The yield on 10-year Italian bonds surged by 15 bps to 3.26% in June.

The Bank of Japan (BoJ), at its Monetary Policy Committee (MPC) meeting held in June, decided to maintain the short-term interest rate unchanged at -0.1%. The BoJ reiterated its accommodative stance by announcing unlimited bond purchases to defend its target on 10-year yields under its Yield Curve Control policy. The Japanese yen continued to depreciate further against the US dollar on account of policy divergences. The 10-year JGBs traded at 0.23% in June, 1 bp below the preceding month's reading and remained within the BOJ's target range of 0% +/- 25bps.

Among larger emerging economies, the People's Bank of China (PBoC) maintained the 1-year loan prime rate and the 5-year loan prime rate at 3.70% and 4.45%, respectively. China eased its Covid-19 restrictions as the daily new Covid-19 cases fell below 150 in June; supporting a rebound in economic activity. The yield on 10-year Chinese bonds surged to 2.82% by the end of June, 2 bps above the previous month's reading. The Reserve Bank of India (RBI) at its Monetary Policy Committee (MPC) meeting in June 2022 decided to increase the policy repo rate under the liquidity adjustment facility (LAF) by 50 bps to 4.90%. Consequently, the standing deposit facility (SDF) rate increased to 4.65% and the marginal standing facility (MSF) rate and the Bank Rate surged to 5.15%. Consumer price inflation declined to 7.04% in May from 7.79% in April. However, it remained above the RBI's upper tolerance limit of 6% for the 5th consecutive month. The 10-year Government of India bond yield increased by 3 bps to 7.45% in June, reflecting the RBI's hawkish stance.

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