Factsheet September 2022

SBM Yield Fund

NAV per share **MUR 11.60**

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

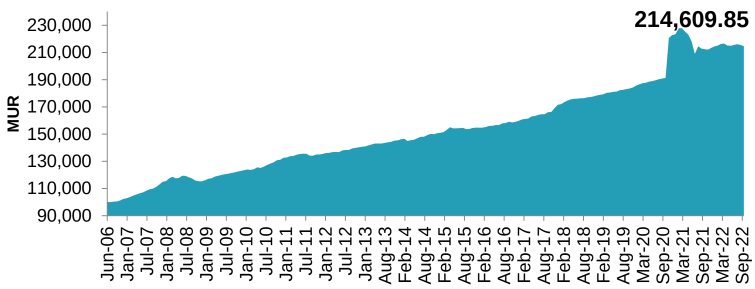
Inception date: 30 Jun 2006
Fund size: MUR 195.7Mn
Base currency: MUR
Minimum one-off investment: MUR 1,000
Monthly investment plan: MUR 500
Management fee: 0.85% p.a.
Entry fee: 0.50%
Exit fee: 0.50%

Performance

Period	1M	3M	YTD	1Y	3Y	5Y	Launch	Annualised	2022	2021	2020	2019	2018	2017
Fund	-0.4%	-0.4%	0.1%	1.1%	17.3%	29.3%	114.6%	4.8%	3.2%	10.2%	4.6%	2.9%	7.3%	4.8%
Benchmark	-2.2%	-3.5%	-6.4%	-5.8%	4.8%	15.5%	115.8%	4.8%	-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



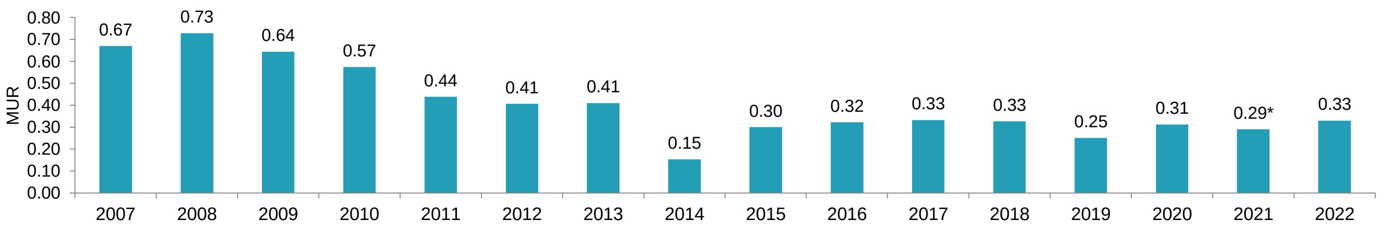
Fund statistics

Period	1Y	3Y	5Y	Launch
Correlation	0.82	-0.01	-0.01	0.00
Regression alpha (%)	2.82	5.78	5.91	6.96
Beta	0.30	-0.02	-0.02	0.01
Annualised volatility	1.4%	9.6%	7.5%	4.4%
Annualised tracking error	2.8%	10.2%	8.0%	4.7%

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

Average term to maturity (yrs)	6.01
Gross yield to maturity	4.55%
Duration (yrs)	4.67

Dividend per Share



**Quarterly dividend distribution as from FY21*

Asset allocation

Asset class	% Fund
Domestic Fixed Income	73.2%
International Fixed Income	13.5%
Domestic Equity	0.0%
Cash	13.3%
Total	**100.0%**

Top regions	% Fund
Mauritius	73.2%
North America	13.5%
Total	**86.7%**

Top currency	% Fund
Mauritian Rupee	85.2%
US Dollar	14.8%
Euro	0.0%
Total	**100.0%**

Asset allocation (continued)

Sector	% Fund
Government	43.9%
Financial	22.7%
Investment	3.7%
Consumer, Cyclical	3.0%
Industrial	2.9%
Property	2.6%
Diversified	2.6%
Consumer, Non-cyclical	2.3%
Others	1.1%
Technology	0.7%
Communications	0.6%
Energy	0.2%
Utilities	0.1%
Basic Materials	0.1%
Total	**86.7%**

Top 10 Holdings	% Fund
Government of Mauritius Bond 25/01/28	8.7%
CIM Financial Services Ltd Notes 31/07/25	4.8%
iShares Core US Aggregate Bond ETF	4.3%
Fidelity US Dollar Bond "A" (USD) Acc	3.7%
Government of Mauritius Bond 22/01/33	3.2%
Government of Mauritius Bond 24/06/42	3.1%
Government of Mauritius Bond 20/08/36	2.9%
Government of Mauritius Bond 15/01/36	2.8%
SBM MUR Note Class A2 Series Bond 28/06/28	2.7%
Inflation Indexed Bond 22/05/30	2.7%
Total	**38.9%**

Market comments

The Net Asset Value per unit (NAV) of the Fund fell from MUR 11.74 in August to MUR 11.60 in September, equivalent to a return of -0.4%, after declaring a dividend of MUR 0.09 per unit. As a comparison, the benchmark posted a return of -2.2%.

In September, the yield on the 91D Treasury Bills remained unchanged at 0.63% since there was no fresh issuance. The yield on the 182D Treasury Bills surged by 58bp to 1.70% following a net tender amount of MUR 2.0Bn. The BoM auctioned MUR 1.1Bn of 364D Treasury Bills in two tranches both at weighted average yields of 1.28%. The yield on the 3Y GOM Note increased by 29bps to 3.21% following an issuance of MUR 3.3Bn while the 5Y GOM Bond's yield rose by 7bps to reach 3.53% in September post an issuance of MUR 1.6Bn. There were no new issuances of 10Y and 15Y GOM Bonds during the month. 20Y GOM Bond worth MUR2.5Bn was issued at weighted average yields of 5.24%, 7bps lower than the earlier month.

On the secondary market, yields were generally on the uptrend. The yields on the 91D Treasury and 182D Treasury Bills rose by 7bps and 6bps to 0.97% and 1.15%, respectively, in September. Yields on the 364D Treasury Bills inched up by 3bps to 1.28%. The 3Y GOM Bond yield rose by 2bps to 2.93% while the 5Y GOM Note traded at 3.49%, 6bps higher than the previous month. The corresponding yields on 10Y GOM Bond and 15Y GOM Bond marginally rose by 3bps and 1bp to stand at 4.68% and 5.00%, respectively. The yield on the 20Y GOM Bond remained flat at 5.20% in September.

The Barclays Global Aggregate Bond index tumbled by 5.1% in September as central bank officials reiterated that bringing inflation back down to their targets remains their overarching priority. The US Federal Reserve (Fed) raised the target Fed Funds rate by 75bps for the third consecutive time to the 3.00%-3.25% range. The new dot plot shows median forecast Fed funds rate is at 4.4% by the end of 2022, 4.6% in 2023, and 3.9% in 2024. The Federal Open Market Committee (FOMC) continued reducing its holdings of Treasury securities, agency debt, and agency mortgage-backed securities, with the cap set at USD 95Bn for September. The 10-year US Treasury yield increased by 64bps from 3.19% in August to 3.83% in September, fuelled by the Fed's hawkish stance amid surging core inflation and a strong labour market.

The Bank of England's Monetary Policy Committee (MPC), at its meeting ending on 22 September 2022, voted by majority to increase the Bank Rate by 50bps to 2.25%. UK CPI inflation declined to 9.9% in August from 10.1% in July, whilst core inflation increased by 0.1 percentage point to 5.6%. On 23 September, the new UK government announced a substantial unfunded fiscal package which caused a major rout in markets, with the pound sterling falling to a record low and the 30-year gilt yield surging above 5.1%, putting pension funds at the risk of insolvency. In response, the BoE announced that it will carry out temporary purchases of long-term UK government bonds, and Chancellor Kwasi Kwarteng announced that the government will not be proceeding with the abolition of the 45% tax rate. The 10-year UK Gilt yields surged by 129bps to 4.09% in September as the UK's credit outlook worsened.

The European Central Bank (ECB) decided to raise key ECB interest rates by 75bps at its September meeting. Accordingly, the interest rate on the main refinancing operations, the interest rates on the marginal lending facility and the deposit facility increased to 1.25%, 1.50% and 0.75%, respectively. According to Eurostat's flash estimate, Eurozone inflation accelerated to a record high of 10.0% in August, primarily on account of higher energy prices (40.8% YoY). The ECB has significantly raised its inflation projections to an average of 8.1% in 2022, 5.5% in 2023 and 2.3% in 2024. European bond yields were generally on the uptrend, driven primarily by market expectations that the ECB will be forced into more aggressive hikes amid the exacerbating inflation dynamics. The corresponding yield on 10-year German and Spanish bonds increased by 57bps and 55bps to 2.11% and 3.29%, respectively. The yield on 10-year Italian bonds surged by 63bps to 4.52% in September.

The Bank of Japan (BoJ), at its Monetary Policy Committee (MPC) meeting ending on 22 September 2022, decided to maintain the short-term interest rate unchanged at -0.1%. The BoJ confirmed that it would maintain its ultra-loose monetary policy. The Japanese authorities intervened in the currency markets to strengthen the yen for the first time since the late 1990s.10-year JGBs traded at 0.24% in September, 2bps above the preceding month's reading, remaining 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 3.65% and 4.30%, respectively. Inflation remains benign, with CPI and producer price index (PPI) inflation readings falling to 2.5% and 2.3%. The yield on 10-year Chinese bonds surged by 11bps to 2.75%. In India, the Reserve Bank of India (RBI), at its Monetary Policy Committee (MPC) meeting ending on 30th September 2022, decided to increase the policy repo rate under the liquidity adjustment facility (LAF) by 50 bps to 5.90%. Consequently, the standing deposit facility (SDF) rate increased to 4.65% while the marginal standing facility (MSF) rate and the Bank Rate surged to 6.15%. Consumer price inflation rose to 7.00% in August from 6.71% in July, mainly on account of an acceleration in food prices due to a record heatwave. As a result, inflation ended its three-month downtrend and remained above the RBI's upper tolerance limit of 6%. 10-year Government of India bond yields increased by 21bps to 7.40% in September, mainly on account of the RBI's hawkish stance amid persistent inflationary pressures.

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