

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 194.2Mn

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%

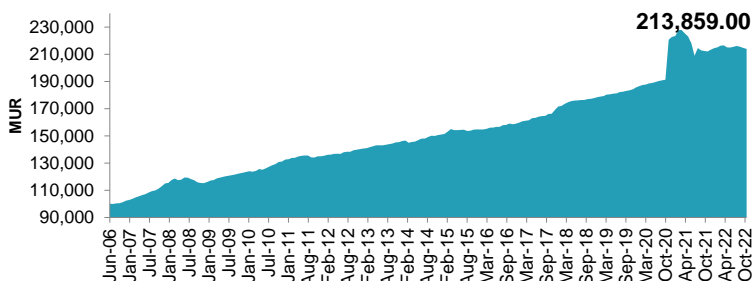
Exit fee: 0.50%

Performance

Period	1M	3M	YTD	1Y	3Y	5Y	Launch	Annualised	2022	2021	2020	2019	2018	2017
Fund	-0.3%	-1.0%	-0.3%	0.9%	16.6%	28.7%	113.9%	4.8%	3.2%	10.2%	4.6%	2.9%	7.3%	4.8%
Benchmark	-0.4%	-4.2%	-6.8%	-6.4%	4.2%	14.5%	114.9%	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



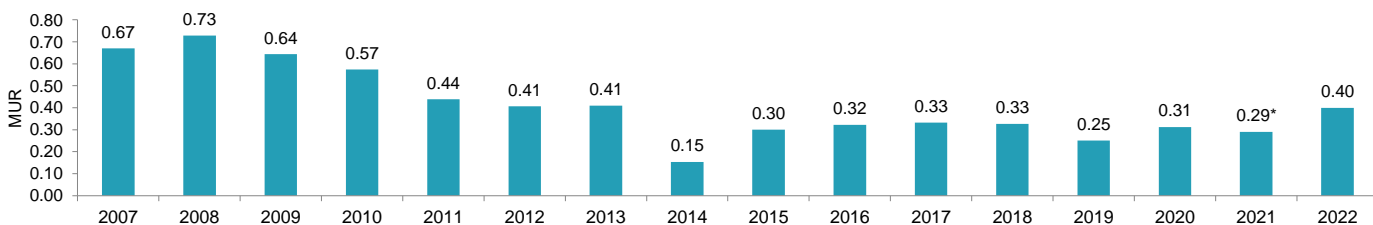
Fund statistics

Period	1Y	3Y	5Y	Launch
Correlation	0.83	0.00	0.00	0.01
Regression alpha (%)	2.93	5.52	5.74	6.78
Beta	0.32	0.00	0.00	0.03
Annualised volatility	1.5%	9.6%	7.5%	4.4%
Annualised tracking error	2.7%	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)	6.08
Gross yield to maturity	4.73%
Duration (yrs)	4.63

Dividend per Share



*Quarterly dividend distribution as from FY21

Asset allocation

Asset class	% Fund	Top regions	% Fund	Top currency	% Fund
Domestic Fixed Income	73.7%	Mauritius	73.7%	Mauritian Rupee	85.4%
International Fixed Income	13.3%	North America	11.0%	US Dollar	14.6%
Domestic Equity	0.0%	Europe	1.4%	Euro	0.0%
Cash	13.0%	Asia Pacific	0.7%	Total	100.0%
Total	100.0%	Others	0.1%		
		Total	87.0%		

Asset allocation (continued)

Sector	% Fund	Top 10 Holdings	% Fund
Government	44.1%	Government of Mauritius Bond 25/01/28	8.8%
Financial	22.8%	CIM Financial Services Ltd Notes 31/07/25	4.8%
Investment	3.7%	iShares Core US Aggregate Bond ETF	4.2%
Industrial	2.9%	Fidelity US Dollar Bond "A" (USD) Acc	3.6%
Consumer, Cyclical	2.9%	Government of Mauritius Bond 22/01/33	3.2%
Property	2.6%	Government of Mauritius Bond 24/06/42	3.2%
Diversified	2.6%	Government of Mauritius Bond 20/08/36	2.9%
Consumer, Non-cyclical	2.3%	Government of Mauritius Bond 15/01/36	2.8%
Others	1.1%	SBM MUR Note Class A2 Series Bond 28/06/28	2.8%
Technology	0.6%	Inflation Indexed Bond 22/05/30	2.7%
Communications	0.5%	Total	39.0%
Energy	0.3%		
Utilities	0.2%		
Basic Materials	0.1%		
Total	87.0%		

Market comments

The Net Asset Value per unit (NAV) of the Fund fell from MUR 11.60 in September to MUR 11.49 in October, equivalent to a return of -0.3%, after declaring a dividend of MUR 0.07 per unit. As a comparison, the benchmark posted a return of -0.4%.

In October, the yield on the 91D Treasury Bills remained unchanged at 0.63% since there was no fresh issuance. The BoM auctioned MUR 1.0Bn of 182D Treasury Bills in two tranches at weighted average yields of 1.93% and 1.88%, respectively. The yield on the 364D Treasury Bills increased by 72bps to 2.00% following an issuance of MUR 1.0Bn. There were no new issuances of medium and longer-term bonds during the month.

On the secondary market, yields were generally on the uptrend. The corresponding yield on the 91D Treasury and 182D Treasury Bills rose by 55bps and 52bps to 1.52% and 1.67% in October, while the yield on the 364D Treasury Bills surged by 57bps to 1.85%. The 3Y GoM Note yield rose by 15bps to 3.09% and the 5Y GOM Note traded at 3.59%, 10bps higher than the previous month. The corresponding yields on 10Y GOM Bond and 15Y GOM Bond advanced by 2bps and 11bps to stand at 4.70% and 5.10%, respectively. The yield on the 20Y GOM Bond increased marginally by 1bp to 5.21%.

The Barclays Global Aggregate Bond index tumbled by 0.7% in October as major central banks remained hawkish in their attempt to clamp down on inflation. The US Federal Reserve (Fed) is expected to raise the target Fed Funds rate by 75 bps for the fourth consecutive time to the 3.75%-4.0% range at its November meeting. 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 October. The 10-year US Treasury yield increased by 22 bps to 4.05% in October amid high core inflation readings and a strong labour market.

In the UK, no Monetary Policy Committee (MPC) meeting was held during the month. The Bank of England (BoE) maintained the Bank Rate at 2.25% following the 50 bps hike at its latest MPC meeting in September. UK CPI inflation rose from 9.9% in August to 10.1% in September, underlining the severity of the country's cost of living crisis. Former finance minister Rishi Sunak was appointed as the new prime minister and new finance minister Jeremy Hunt reversed nearly all the measures from the mini-budget. The 10-year UK Gilt yields tumbled by 58 bps to 3.52% in October as market expectations for the BoE's rate hikes and political uncertainty subsided.

The European Central Bank (ECB) decided to raise key ECB interest rates by 75 bps at its October meeting. Accordingly, the interest rate on the main refinancing operations, the interest rates on the marginal lending facility and the deposit facility increased to 2.00%, 2.25% and 1.50%, respectively. According to Eurostat's flash estimate, Eurozone inflation accelerated to a record high of 10.7% in August, primarily on account of higher energy prices (41.9% YoY). The ECB has significantly revised its inflation projections up to an average of 8.1% in 2022, 5.5% in 2023 and 2.3% in 2024. Germany's Chancellor Olaf Scholz is expected to support the joint issuance of European Union debt to tackle the energy crisis. Consequently, the yield on 10-year German bonds surged by 3 bps to 2.14%. Conversely, the corresponding yields on 10-year Italian and Spanish bonds fell by 22 bps and 6 bps to 4.30% and 3.23%.

The Bank of Japan (BoJ), at its Monetary Policy Committee (MPC) meeting ending on 27 October 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 continued intervening in the foreign exchange markets to support the yen. 10-year JGBs traded at 0.25% in October, 1 bp above the preceding month's reading, touching the BoJ's 0.25% cap under its yield curve control.

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. Headline consumer price inflation and producer price inflation remained subdued at 2.8% and 0.9%, respectively. The yield on 10-year Chinese bonds declined by 10 bps to 2.65%. In India, no Monetary Policy Committee (MPC) meeting was held during the month. The policy repo rate under the liquidity adjustment facility (LAF) stood at 5.90%. Retail inflation sharply eased to 6.77% in October from 7.41% in the earlier month, primarily on account of moderation in prices of food, oil and metal products. 10-year Government of India bond yields increased by 5 bps to 7.45% in October, mainly on account of the RBI's hawkish stance amid persistent inflationary pressures.

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