

Investment objective

The Fund seeks to achieve its investment objective of long-term capital growth and regular income by investing in fixed income and 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 and 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

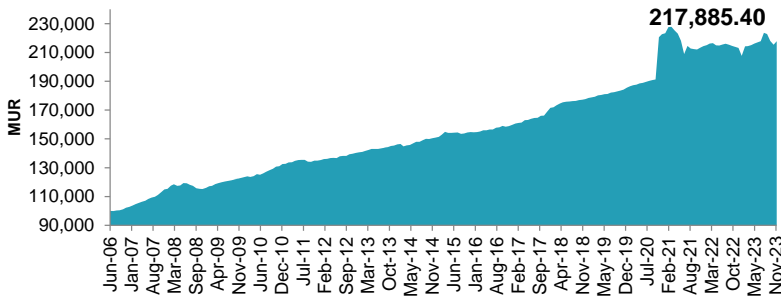
Inception date: 30 Jun 2006
Fund size: MUR 124.8Mn
Base currency: MUR
Minimum one-off investment: MUR 1,000
Monthly investment plan: MUR 500
Management fee: 0.85% p.a.
Entry fee: 0.50%
Exit fee: 0.50%

Performance

Period	1M	3M	YTD	1Y	3Y	5Y	Launch	Annualised	2023	2022	2021	2020	2019	2018
Fund	1.2%	-2.2%	4.9%	2.2%	-2.2%	22.6%	117.9%	4.6%	1.1%	3.2%	10.2%	4.6%	2.9%	7.3%
Benchmark	2.1%	-0.2%	3.6%	4.0%	1.8%	19.3%	128.0%	4.8%	2.1%	-2.6%	4.7%	8.5%	6.0%	2.5%

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

Growth of MUR 100,000 since inception



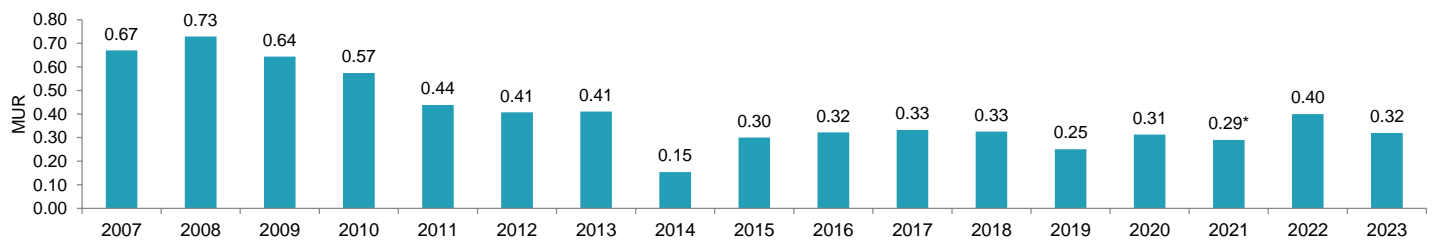
Fund statistics

Period	1Y	3Y	5Y	Launch
Correlation	0.72	0.22	0.12	0.12
Regression alpha (%)	-1.50	-0.89	3.54	4.83
Beta	0.92	0.27	0.26	0.26
Annualised volatility	5.8%	4.9%	7.9%	4.5%
Annualised tracking error	4.1%	5.6%	8.2%	4.7%

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

Average term to maturity (yrs)	8.56
Gross yield to maturity	4.75%
Duration (yrs)	6.27

Dividend per Share



*Quarterly dividend distribution as from FY21

Asset allocation

Asset class	% Fund	Top regions	% Fund	Top currency	% Fund
Domestic Fixed Income	60.0%	Mauritius	60.0%	Mauritian Rupee	59.4%
International Fixed Income	33.9%	North America	24.5%	US Dollar	40.5%
Cash	6.1%	Europe	5.2%	Euro	0.1%
Total	100.0%	Asia Pacific	3.1%	Total	100.0%
		Others	1.1%		
		Total	93.9%		

Asset allocation (continued)

Sector	% Fund
Government	54.9%
Financial	15.3%
Investment	8.0%
Industrial	4.9%
Others	2.5%
Consumer, Non-cyclical	2.2%
Technology	1.7%
Communications	1.3%
Consumer, Cyclical	1.2%
Utilities	0.8%
Energy	0.8%
Basic Materials	0.3%
Property	0.0%
Diversified	0.0%
Total	93.9%

Top 10 Holdings	% Fund
iShares Core Global AGG Bond	10.4%
Fidelity US Dollar Bond "A" (USD) Acc	9.0%
iShares Core US Aggregate Bond ETF	5.1%
Government of Mauritius Bond 22/01/33	5.0%
Government of Mauritius Bond 24/06/42	5.0%
Government of Mauritius Bond 20/08/36	4.7%
Vanguard Long-Term Bond ETF	4.6%
Government of Mauritius Bond 15/01/36	4.4%
Inflation Indexed Bond 22/05/30	4.3%
Gamma Civic Notes 18/06/31	4.1%
Total	56.6%

Market comments

The Net Asset Value per unit (NAV) of the Fund rose from MUR 11.25 in October to MUR 11.39 in November, equivalent to a return of 1.2% and the benchmark posted a return of 2.1%.

On the primary market, the yield on 91D Treasury Bills surged by 67bps to 3.92% post a net issuance of MUR 3B. The corresponding yields on 182D Treasury Bills and 364D Treasury Bills increased by 44bps and 48bps to reach 4.00% and 4.18%, respectively. A 3Y GoM Note worth MUR 2.45B was issued at a weighted yield of 4.46%, 42bps above the preceding rate. There were no fresh auctions of 5Y, 7Y, 10Y, 15Y and 20Y GoM Bonds during the month. Yields on the secondary market generally trended upwards during the month. The 91D Treasury Bills traded at a yield of 3.73%, 44bps above the earlier month's reading. The 182D and 364D Treasury Bills traded higher by 41bps and 43bps, respectively, to 3.88% and 4.07%. The corresponding yields on the 3Y GoM Note and 5Y GoM Bond rose by 36bps and 39bps to reach 4.31% and 4.48%. The 10Y GoM Bond traded at 4.70%, 17bps higher, while the yield on 15Y GoM Bond reached 4.96%, up by 12bps. The 20Y GoM Bond traded at a yield of 5.26% against 5.09% in October.

The Barclays Global Aggregate Bond index registered 5.0% in November, reflecting a decline in inflation across major developed economies and market expectations that central banks have reached the peak of their tightening cycles. The US Federal Reserve (Fed) decided to maintain the target Fed Funds rate at the 5.25%-5.50% range at its November meeting. Fed Chairman Jerome Powell emphasised that it is premature to speculate on interest rate cuts. 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 November. The 10-year US Treasury yield declined by 60bps to 4.33% in November as falling inflation contributed to growing optimism about interest rate cuts by the Fed next year.

The Bank of England's Monetary Policy Committee (MPC), at its meeting ending on 1 November 2023, voted by a majority of 6-3 to maintain the Bank Rate at 5.25%. According to the latest MPC projections, CPI inflation is expected to return to the 2% target by Q2 2025. The BoE agreed to reduce the stock of UK government bond purchases held for monetary policy purposes by GBP 100 billion over the 12 months ending September 2024. UK CPI inflation fell by 2.1 percentage points to 4.6% in October, while core inflation fell by 0.4 percentage points to 5.7%. The 10-year UK Gilt yields tumbled by 34 bps to 4.18% in November as inflation surprised to the downside.

The European Central Bank (ECB) maintained key ECB interest rates since no monetary policy meeting was held during the month. Accordingly, the interest rate on the main refinancing operations, the interest rates on the marginal lending facility and the deposit facility stood at 4.50%, 4.75% and 4.00%, respectively. The Governing Council considers that interest rates are at levels that, maintained for a sufficiently long duration, will help bring inflation to its 2% medium-term target. According to Eurostat, the Eurozone's annual inflation is expected to decline by 0.5 percentage points to 2.4% in November 2023. European bond yields generally trended lower following lower-than-expected inflation readings. The corresponding yields on 10-year German and Spanish bonds declined by 36bps and 41bps to 2.45% and 3.47%. The yield on 10-year Italian bonds fell by 50bps to 4.23% in November.

The Bank of Japan (BoJ) maintained the short-term interest rate unchanged at -0.1%. At its October meeting, the BoJ decided to allow yields on 10-year Japanese government bonds (JGBs) to surge above 1%, a step towards unwinding the central bank's seven-year yield curve control. The inflation rate in Japan increased by 0.3 percentage points to 3.3% in October and remained well above the BoJ's 2% target. 10-year JGBs traded at 0.67% in November, 28bps below the preceding month's reading, tracking the fall in US Treasury yields.

Among larger emerging economies, the People's Bank of China (PBoC) maintained the 1-year and 5-year loan prime rates at 3.45% and 4.20%, respectively. The PBoC has more space to cut banks' reserve requirement ratio (RRR) than to cut interest rates with interest rates and loan prime rates at low levels. The yield on 10-year Chinese government bonds remained unchanged at 2.69% in November. 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 6.50%. The standing deposit facility (SDF) rate stood at 6.25% while the marginal standing facility (MSF) rate and the Bank Rate stood at 6.75%. 10-year Government of India bond yields decreased from 7.36% to 7.28% in November amid the fall in US Treasury yields and oil prices.

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Important notes

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