

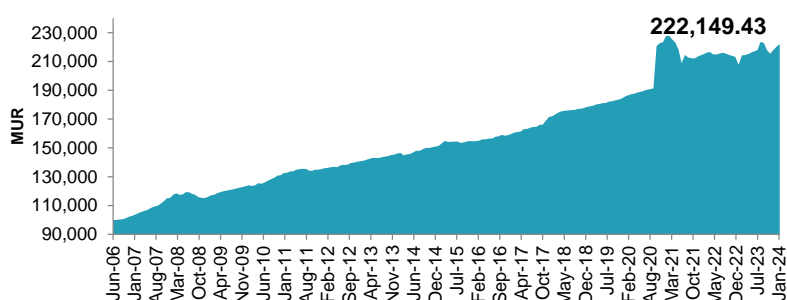
SBM Yield FundNAV per share **MUR 11.55****Investment objective**

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	0.9%	3.2%	0.9%	3.7%	-2.4%	24.2%	122.1%	4.6%	1.1%	3.2%	10.2%	4.6%	2.9%	7.3%
Benchmark	0.5%	4.7%	0.5%	2.9%	4.3%	20.4%	133.6%	4.9%	2.1%	-2.6%	4.7%	8.5%	6.0%	2.5%

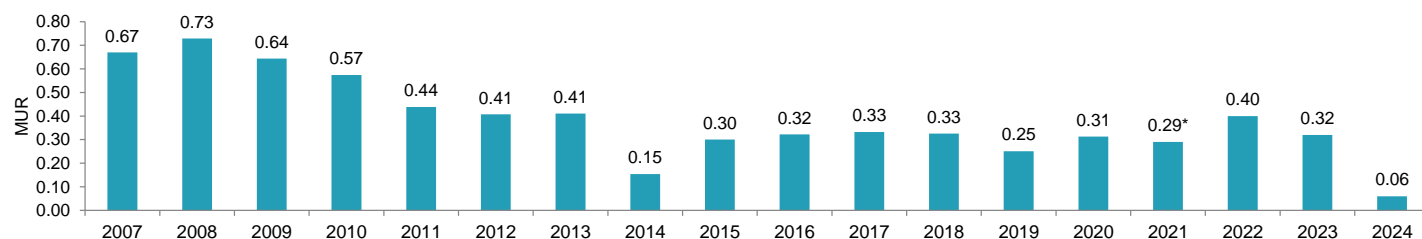
Note: Fund performance is calculated on indicative NAV to NAV. The performance of the index is based on a blended benchmark consisting of 60% GOM 3Y Notes and 40% Bloomberg Barclays Global Aggregate Bond Index (MUR), and rebalanced monthly. The benchmark return is computed in MUR terms. Annual returns 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	0.75	0.26	0.12	0.12
Regression alpha (%)	1.33	-1.26	3.76	4.90
Beta	0.82	0.31	0.27	0.27
Annualised volatility	4.2%	4.9%	7.9%	4.4%
Annualised tracking error	2.9%	5.5%	8.2%	4.6%

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

Average term to maturity (yrs)	8.61
Gross yield to maturity	4.64%
Duration (yrs)	6.31

Dividend per Share

*Quarterly dividend distribution as from FY21

Asset allocation

Asset class	% Fund	Top regions	% Fund	Top currency	% Fund
Domestic Fixed Income	59.4%	Mauritius	59.4%	Mauritian Rupee	57.2%
International Fixed Income	35.8%	North America	25.6%	US Dollar	42.7%
Cash	4.8%	Europe	5.2%	Euro	0.1%
Total	100.0%	Asia Pacific	3.1%	Total	100.0%
		Others	1.9%		
		Total	95.2%		

Asset allocation (continued)

Sector	% Fund	Top 10 Holdings	% Fund
Government	55.3%	iShares Core Global AGG Bond	10.8%
Financial	15.3%	Fidelity US Dollar Bond "A" (USD) Acc	9.5%
Investment	8.0%	iShares Core US Aggregate Bond ETF	5.3%
Industrial	5.0%	Vanguard Long-Term Bond ETF	4.9%
Others	2.9%	Government of Mauritius Bond 22/01/33	4.9%
Consumer, Non-cyclical	2.4%	Government of Mauritius Bond 24/06/42	4.8%
Technology	1.8%	Government of Mauritius Bond 20/08/36	4.6%
Communications	1.3%	Inflation Indexed Bond 22/05/30	4.3%
Consumer, Cyclical	1.1%	Government of Mauritius Bond 15/01/36	4.3%
Energy	0.8%	Gamma Civic Notes 18/06/31	4.0%
Utilities	0.8%	Total	57.4%
Basic Materials	0.3%		
Property	0.0%		
Total	95.2%		

Market comments

The Net Asset Value per unit (NAV) of the Fund rose from MUR 11.51 in December to MUR 11.55 in January, equivalent to a return of 0.9%, after declaring a dividend of MUR 0.06 per unit. As a comparison, the benchmark posted a return of 0.5%.

On the primary market, the yield on the 91D Treasury Bills remained unchanged at 3.89% since there was no new issuance. The BoM auctioned MUR 1.0Bn of 182D Treasury Bills in two tranches at corresponding weighted average yields of 3.56% and 3.58%. The yield on 364D Treasury Bills decreased by 35bps to 3.74% following a net issuance of MUR 1.15Bn. A 7Y GoM Note worth MUR 2.2Bn was issued at a weighted yield of 4.73%, 2bps below the previous rate. Following an auction of MUR 2.3Bn, the 15Y GoM Bond traded at a yield of 5.20%, up by 74bps. There was no fresh issue for the 3Y GoM Note, 5Y, 10Y and 20Y GoM Bonds during the month. Yields on the secondary market generally trended downwards during the month. The 91D Treasury Bills traded at a yield of 3.29%, 33bps below the preceding month's reading. The corresponding yields on the 182D and 364D Treasury Bills fell by 38bps and 32bps to reach 3.50% and 3.69%. The 3Y GoM Note traded at 4.30%, 36bps lower than its previous month's reading, while the yield on the 5Y GoM Bond reached 4.58%, down by 16bps. The yields on 10Y and 15Y GoM Bonds declined by 7bps and 12bps to reach 4.86% and 5.16%, respectively. The 20Y GoM Bond traded at a yield of 5.39% against 5.67% in December.

The Barclays Global Aggregate Bond index registered -1.4% in January, reflecting strong economic growth data alongside pushback from some central bankers on the market's dovish interest rate outlook amid the significant easing financial conditions since late last year. The dot plot shows that the median voting member at the US Federal Reserve (Fed) now expects three 25bps cuts 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 January. The 10-year US Treasury yield increased by 3bps to 3.91% in January as economic data continued surprising to the upside.

In the UK, no Monetary Policy Committee (MPC) meeting was held during the month. The Bank Rate stood at 5.25% after the pause at the September 2023 meeting. According to the latest MPC projections, CPI inflation is expected to return to the 2% target by Q4 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 increased by 0.1 percentage points to 4.0% in December, while core inflation remained unchanged at 5.1%. The 10-year UK Gilt yields increased by 26bps to 3.79% in January as core inflation remained sticky.

The European Central Bank (ECB) decided to keep the key ECB interest rates unchanged at its January meeting, reiterating its commitment to remain data dependent. 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. ECB President Christine Lagarde noted that risks to growth are to the downside and underlying inflation is declining. According to Eurostat, the Eurozone's annual inflation is expected to decrease by 0.1 percentage point to 2.8% in January 2024. European bond yields generally trended higher as the ECB pushed back on the current market expectations of near-term rate cuts. The corresponding yield on 10-year German and Spanish bonds surged by 14bps and 10bps to 2.17% and 3.09%, respectively. The yield on 10-year Italian bonds increased by 3bps to 3.73% in January.

The Bank of Japan (BoJ) decided to maintain the short-term interest rate unchanged at -0.1%. According to BoJ Governor Kazuo Ueda, signs of sustained inflation in terms of higher services inflation and wages are increasing the BoJ's conviction that conditions for exiting its ultra-loose monetary policy are aligning. The inflation rate in Japan decreased by 0.2 percentage points to 2.6% in December and remained well above the BoJ's 2% target. 10-year JGBs traded at 0.73% in January, 12bps above the preceding month's reading.

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 announced that it would cut the reserve requirement ratio (RRR) by 50bps in February 2024 to revive economic growth amid weak sentiment. The yield on 10-year Chinese government bonds fell by 13bps to 2.43% in January as the PBoC turned dovish. 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 remained at 6.25%, and the marginal standing facility (MSF) rate and the Bank Rate stood at 6.75%. 10-year Government of India bond yields decreased from 7.17% to 7.14% in January amid the fall in core inflation.

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