

Monthly Market Wrap

I December 2024

Equity index returns (% local currency)

Index	1M	3M	6M	YTD	1Y	3Y	5Y	5Y Std Dev
S&P 500	-2.5%	+2.1%	+7.7%	+23.3%	+23.3%	+23.4%	+82.0%	18.2%
MSCI World	-2.7%	-0.4%	+5.6%	+17.0%	+17.0%	+14.7%	+57.2%	17.9%
MSCI World Small Cap	-6.1%	-2.9%	+5.8%	+6.4%	+6.4%	-3.2%	+26.6%	22.0%
MSCI Europe	-0.5%	-3.0%	-1.1%	+5.8%	+5.8%	+5.1%	+21.7%	15.5%
MSCI EM	-0.3%	-8.1%	-1.0%	+5.1%	+5.1%	-12.7%	-3.5%	18.4%
MSCI AC Asia	-1.0%	-6.9%	+0.6%	+7.2%	+7.2%	-5.9%	+6.4%	16.7%
SEMDEX	+1.0%	+2.6%	+14.0%	+17.9%	+17.9%	+14.6%	+10.4%	17.0%
DEMEX	+0.0%	+1.4%	-2.4%	-11.7%	-11.7%	-22.8%	+0.5%	11.7%

Fixed income index returns (% local currency)

Index	1M	3M	6M	YTD	1Y	3Y	5Y	5Y Std Dev
Barclays Global Aggregate Bond	-2.1%	-5.1%	+1.5%	-1.7%	-1.7%	-13.0%	-9.4%	7.8%
Barclays US Aggregate Bond	-1.6%	-3.1%	+2.0%	+1.3%	+1.3%	-7.1%	-1.6%	6.4%
Barclays High Yield bond	-0.6%	-0.4%	+5.8%	+9.2%	+9.2%	+8.7%	+17.5%	10.8%
JP Morgan EMU IG Bond	-1.4%	-0.2%	+3.7%	+1.8%	+1.8%	-10.6%	-9.4%	6.5%
JP Morgan EM Bond	-1.6%	-2.3%	+4.0%	+6.2%	+6.2%	-3.9%	-0.5%	12.2%
FTSE Asian Broad Bond	-1.0%	-1.8%	+3.0%	+4.8%	+4.8%	-0.8%	+3.9%	6.8%

Commodity prices

Commodity	Current \$	1M
WTI Crude Oil / Bbl	71.72	+5.5%
Brent Crude Oil / Bbl	74.64	+2.3%
Natural Gas / mmBtu	3.63	+8.0%
Copper / oz	402.65	-1.3%
Silver / oz	28.90	-5.6%
Gold / oz	2,624.50	-0.7%

SEMDEX sector performance (%)

Index	Weight	1M
Financials	46.5%	+1.7%
Commerce	12.0%	+2.1%
Industry	5.2%	+0.2%
Investments	20.4%	+0.9%
Leisure & Hotels	9.0%	-0.9%
Property	3.2%	-2.8%
ICT	3.1%	-5.2%
Sugar	0.4%	+6.5%
Foreign	0.1%	0.0%

Secondary market yields - GoM

Tenor	91D	182D	364D	3Y	5Y	10Y	15Y	20Y
Current	3.30%	3.54%	3.91%	4.35%	4.68%	5.09%	5.30%	5.42%
-1M	3.20%	3.38%	3.65%	4.05%	4.45%	4.66%	5.08%	5.21%

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Selected economic data*

Index	Manufacturing PMI		Service PMI		Consumer confidence		CPI YoY	Policy rate	Unemployment
	Current	-1M	Current	-1M	Current	-1M	Current	Current	Current
US	49.4	49.7	56.8	56.1	104.7	112.8	2.9%	4.25% - 4.5%	4.1%
Germany	42.5	43.0	51.2	49.3	90.0	89.0	2.6%	3.2%	6.1%
France	41.9	43.1	49.3	46.9	89.0	90.0	1.3%	3.2%	7.4%
UK	47.0	48.0	51.1	50.8	-17.0	-18.0	2.5%	4.8%	4.4%
Japan	49.6	49.0	50.9	50.5	35.4	35.4	3.6%	0.5%	2.5%
China	50.5	51.5	52.2	51.5	NA	86.2	0.1%	4.4%	4.0%
India	56.4	56.5	59.3	58.4	NA	NA	5.2%	6.5%	7.7%

*based on latest available data

SBM Fund performance (% local currency)

Fund	Currency	Strategy	NAV	1M	3M	1Y	5Y Std Dev
SBM Perpetual Fund	MUR	Local fixed income	243.89	+0.3%	+1.0%	+3.8%	0.3%
SBM Yield Fund	MUR	Global fixed income	11.52	-0.3%	-0.4%	+2.2%	8.0%
SBM Universal Fund	MUR	Multi-asset	36.68	+0.3%	+2.1%	+15.9%	8.5%
SBM Growth Fund	MUR	Global equities	17.42	+0.2%	+1.9%	+21.9%	14.1%
SBM India Opportunities Fund (Class B)	USD	Indian equities	100.18	-1.9%	-7.3%		

Commentary

The SEMDEX maintained its uptrend to close the year at 2,403.13 points while the DEMEX remained stagnant at 236.06 points, equivalent to respective returns of +0.9% and 0.0%. The main leaders, that is, companies which contributed to the positive performances of the SEMDEX were MCBG, CIM and IBL while the main laggards were EMTL, RIVO and MSE. The top three price gainers were CIM (+18.3%), UDL (+6.9%) and MTMD (+6.5%) while the main detractors were MCBG (-17.0%), RIVO (-11.3%) and BLL (-6.8%). The price-earnings ratio and dividend yield of the SEMDEX stood at 6.80x and 4.22%, respectively as at 31 December against corresponding figures of 6.71x and 4.25% as at 30 November. Foreigners turned net buyers during the month following foreign inflows to the tune of MUR 480k (vs. net seller of MUR 87.6M), driven mainly by MCBG, ALTG and PAD.

International equities ended in negative territory on the back of mixed economic data and weakness amongst select mega-cap companies. The Fed's interest rate projections for 2025 further dampened investor sentiment. The MSCI World index registered -2.7% MoM.

The S&P 500 index ended the month in red with the index retreating by 2.5% as concerns about the President-elect Donald Trump's protectionist policies and the possibility of fewer interest rate cuts by the Fed weighed on investor sentiment. 3 out of the 11 major industry groups recorded positive returns, led by Communication Services, Consumer Discretionary and Information Technology. Growth stocks outperformed their value counterparts, registering 0.6% vs -7.0% MoM. The S&P Global US Purchasing Managers' Index (PMI) fell from 49.7 in November to 49.4 in December as sharper reductions in new orders led to output falling at its fastest pace in 18 months. Firms reported an environment of subdued sales, notably in terms of new export orders.

Eurostoxx 50 index registered 1.9% MoM. The CAC 40 and FTSE MIB indices recorded respective performances of 2.0% and 2.3%, while the DAX 30 index added 1.4%. The eurozone manufacturing sector ended 2024 in contraction territory with PMI falling to a 3-month low of 45.1 in December (November 2024: 45.2), posting its thirtieth successive sub-50 reading. Germany, France and Italy, the three largest eurozone economies, remained stuck in industrial recession following accelerated contractions in new orders and output. In the UK, the FTSE 100 index retreated by 1.4% MoM. The UK manufacturing sector experienced a sharp downturn at the close of 2024, with December marking an accelerated decline in output, new orders, and employment; the headline index fell to a 11-month low of 47.0 in December against a previous month's reading of 48.0. Lower production volumes were primarily driven by subdued domestic market sentiment, customer destocking, and reduced demand from Europe.

The Nikkei 225 index rallied by 4.4% MoM, outperforming its global peers. Operating conditions improved at the end of 2024, with the headline index indicating near stabilisation amid softer declines in both production and new order inflows. PMI rose from 49.0 in November to 49.6 in December. New order volumes edged closer to stabilisation with the rate of decline easing to its mildest in 6 months, while new export demand remained subdued, reflecting weak demand from key markets, particularly mainland China and the US. Cost burdens rose to the highest since August 2024 driven by higher raw material and labour costs, with the weakness of the yen further exacerbating price pressures.

Emerging markets equities outperformed developed markets after the MSCI Emerging Markets index recorded -0.3% in December. The CSI 300 index registered 0.5% MoM in local currency and -0.3% in USD. Chinese manufacturing activity further expanded in the final month of 2024, although the increases in new orders and production moderated as overall sales were weighed down by declining export orders; PMI edged down to 50.5 in December from 51.5 in November. In India, the BSE Sensex shed 2.1% MoM. The manufacturing sector concluded a strong 2024 on a softer note as the expansion in new orders slowed to its weakest pace in 2024 - PMI dropped to a 12-month low of 56.4 in December (November 2024: 56.5) but remained well above its long-run average of 54.1.

At the fixed income level, the Barclays Aggregate Bond index recorded -2.1% in December as the Federal Reserve (Fed) signalled a more modest easing cycle amid the continued resilience of the US economy. At the Federal Open Market Committee (FOMC) meeting held in December, the Fed lowered the target Fed Funds rate by 25bps to the 4.25%-4.50% range. The dot plot shows that the median voting member at the Fed is expecting only two 25bps cuts in 2025, down from the four projected in September. The 10-year US Treasury yield increased by 40bps to 4.57% in December as the Fed suggested a slower pace of rate cuts in 2025 than previously anticipated. At its December meeting, the European Central Bank (ECB) lowered the three key ECB interest rates by 25bps. Accordingly, the interest rates on the deposit facility, the main refinancing operations and the marginal lending facility decreased to 3.00%, 3.15% and 3.40%, respectively.

On the commodity side, the S&P GSCI index surged by 3.3% amid a rise in oil prices. Brent and WTI prices rose by 2.3% and 5.5%, respectively amid hopes of further economic stimulus in China. The price of natural gas rallied by 8.0% during the month on account of the looming end of the Ukraine-Russian gas transit agreement and expectations for a colder weather in the US and Europe. Within industrial metals, the price of copper remained on the downtrend, falling by 1.3%, while silver shed 5.6% MoM. The price of gold declined by 0.7% during the month on account of the Fed rate outlook and a stronger US dollar.

Hotline: 202 1111 | E: sbm.assetm@sbmgroup.mu | W: nbcf.sbmgroup.mu/mam