

MONTHLY MARKET BRIEF

31 Dec 2017

Local Review

SEM Top 5 Gainers

Company	31-Dec-17	30-Nov-17	% Δ
LUX Island Resorts Ltd	69.00	63.50	8.66%
Automatic Systems Ltd	72.00	67.25	7.06%
MCB Group Ltd	273.00	257.50	6.02%
Mauritian Eagle Insurance Co. Ltd	98.00	92.50	5.95%
Grit Real Estate Income Group Ltd	1.40	1.35	3.70%

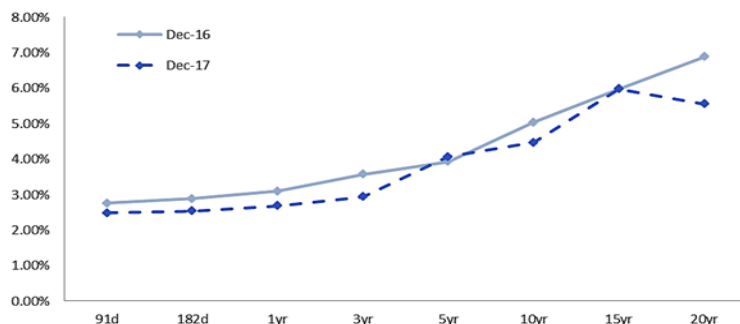
SEM Top 5 Losers

Company	31-Dec-17	30-Nov-17	% Δ
Lottotech Ltd	7.30	7.78	-6.17%
Terra Mauricia Ltd	27.95	29.50	-5.25%
ENL Commercial Ltd	12.80	13.50	-5.19%
Omnican Ltd	55.00	58.00	-5.17%
Gamma Civic Ltd	32.00	33.70	-5.04%

GOM Weighted Yield

	Current	Previous
91d	2.48%	2.36%
182d	2.54%	2.27%
364d	2.68%	2.14%
3yr	2.94%	2.75%
5yr	4.07%	3.41%
10yr	4.47%	4.89%
15yr	5.98%	6.29%
20yr	5.55%	6.54%

Sovereign Yield Curve



SBM Funds

	31-Dec-17	30-Nov-17	MOM Δ	Q2Q Δ	CY 17 Δ
MUR Funds					
SBM Yield Fund	171.72	169.21	↑ 1.5%	3.3%	7.4%
SBM Universal Fund	401.41	398.34	↑ 0.8%	0.6%	10.5%
SBM Perpetual Fund	186.20	185.38	↑ 0.4%	1.2%	5.0%
SBM Growth Fund	116.58	115.56	↑ 0.9%	0.6%	13.5%
USD Funds					
SBM Africa Value Fund	104.23	103.84	↑ 0.4%	3.2%	22.3%
SBM India Fund	216.00	209.78	↑ 3.0%	8.8%	39.7%
SBM Maharaja Bond Fund	108.72	107.76	↑ 0.9%	3.1%	7.5%

Local Markets

Market Highlights

Headline inflation rate for the twelve months ending December 2017 attained 3.7%, compared to 1.0% for the twelve months ending December 2016. For the period January-December 2017, tourist arrivals rose by 5.2% year-on-year relative to the previous period. Statistics Mauritius estimates a GDP growth of 3.9% for the year 2017 with main contributors being principally the financial and insurance activities, wholesale & retail trade, accommodation and food service activities, construction and manufacturing activities. Private sector investment is estimated to have grown by 6.2% in 2017, higher than the 6.1% growth in 2016. Public sector investment is estimated to have risen by 1.4% in 2017, after a contraction of 2.8% in 2016. For the year 2018, GDP at market prices is forecasted to grow by around 4.0%.

Local equity indices rose during the month with the SEMDEX and SEMTRI closing the month at 2,202.14 and 7,906.46, thereby posting 1.02% and 1.19% MoM, respectively. The top three gainers for the month were Lux Group Ltd, Automatic Systems Ltd and MCB Group Ltd with respective performances of 8.66%, 7.06% and 6.02%. The top three losers were Lottotech Ltd, Terra Mauricia Ltd and ENL Commercial Ltd with a corresponding performance of -6.17%, -5.25% and -5.19%.

Corporate Announcements

Ciel Group Ltd - The Group will proceed with the private placement of up to Rs1.3bn worth of secured notes to refinance its recently completed investments including CTL's buyout and the subscription to SUN right's issue.

Gamma Civic Ltd - The Group completed the sale of the HSBC Centre Office Building in Ebene for approximately Rs634M through its wholly owned subsidiary Burford Development Limited.

MCBG Notes - The SEM's LEC has approved the listing of up to Rs2bn worth of Floating Rate Senior Unsecured MCBG Notes by way of an offer for subscription. The notes will start trading on January 23rd where at least 10 Notes will be made available for trading at Rs1000. The minimum subscription amount is Rs50,000 and the interest rate equals the repo rate which stands at 3.50% and interest payments will be made on a quarterly basis.

SBM Holdings Ltd - Mr. Andrew Bainbridge, a British citizen naturalized in Seychelles, has been appointed as the SBMH's new Group CEO.

Alteo Ltd - At its Special shareholder meeting, the proposed scheme of arrangement was approved such that Alteo Ltd would become Alteo Agri Ltd, the adoption of a new constitution which includes reserved matters, approval to raise up to Rs5bn through bonds and the corresponding inscription of a new first ranking fixed and floating charges.

Dividend Announcements

Company	Market	Dividend Type	Per share	Ex- Date	Payment Date
Ciel Textile Ltd	DEM	Interim	Rs 1.25	27-Dec-17	12-Jan-18
Alteo Ltd	Official	Interim	Rs 0.35	29-Dec-17	16-Jan-18
Ascencia Ltd	DEM	Interim	Rs 0.30	4-Jan-18	29-Jan-18
Omnican Ltd	Official	Final	Rs 2.00	7-Mar-18	27-Mar-18
Ciel Ltd	Official	Interim	Rs 0.07	5-Jan-18	19-Jan-18
Constance Hotel	DEM	Final	Rs 0.25	10-Jan-18	6-Feb-18
Medine	DEM	Interim	Rs 1.20	8-Jan-18	15-Feb-18
PAD	Official	Interim	Rs 1.00	11-Jan-18	15-Feb-18

Foreign Review

Equity

	31-Dec-17	30-Nov-17	MOM Δ	Q2Q Δ	CY 17 Δ
MSCI World	2,103.45	2,077.36	↑ 1.3%	5.1%	20.1%
MSCI EM	1,158.45	1,120.79	↑ 3.4%	7.1%	34.3%
S&P 500	2,673.61	2,647.58	↑ 1.0%	6.1%	19.4%
FTSE 100	7,687.77	7,326.67	↑ 4.9%	4.3%	7.6%
CAC 40	5,312.56	5,372.79	↓ -1.1%	-0.3%	9.3%
DAX	12,917.64	13,023.98	↓ -0.8%	0.7%	12.5%
BSE 500	15,002.73	14,493.58	↑ 3.5%	10.2%	35.9%
CSI 300	4,030.86	4,006.10	↑ 0.6%	5.1%	21.8%
Dow Jones	24,719.22	24,272.35	↑ 1.8%	10.3%	25.1%
NIKKEI 225	22,764.94	22,724.96	↑ 0.2%	11.8%	19.1%

Bond

	31-Dec-17	30-Nov-17	MOM Δ	Q2Q Δ	CY 17 Δ
Barclays Global Aggregate Index	484.73	483.06	↑ 0.3%	1.1%	7.4%
Barclays US Agg Total Return Value Unhedged	2,046.37	2,037.02	↑ 0.5%	0.4%	3.5%
Barclays Global High Yield Index	1,309.84	1,303.81	↑ 0.5%	0.9%	10.4%
JP Morgan Agg. Bond Index1	569.95	568.13	↑ 0.3%	1.0%	7.0%

Commodity

	31-Dec-17	30-Nov-17	MOM Δ	Q2Q Δ	CY 17 Δ
Gold	1,302.80	1,275.01	↑ 2.2%	1.8%	13.5%
Silver	16.94	16.44	↑ 3.0%	1.7%	6.3%
Brent Crude Oil	66.87	63.57	↑ 5.2%	16.2%	17.7%
WTI Crude	60.42	57.40	↑ 5.3%	16.9%	12.5%

Forex

Forex/MUR	31-Dec-17	30-Nov-17	MOM Δ	Q2Q Δ	CY 17 Δ
USD	33.57	33.62	↓ -0.1%	-1.0%	-6.7%
EUR	40.57	40.09	↑ 1.2%	1.4%	7.1%
GBP	45.66	45.54	↑ 0.3%	0.7%	2.8%
ZAR	2.73	2.46	↑ 11.2%	9.3%	4.1%
JPY	0.30	0.30	↑ 0.2%	-0.3%	-2.5%

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Global Markets

Global Highlights

Over the month, global equity markets posted a good performance with the MSCI ACWI gaining 1.50%. Emerging markets performed better than developed markets with the MSCI EM adding 3.36% and the MSCI World contributing 1.26%.

US

The US stock market continued its rally in the last month of the year with the S&P 500 posting a return of 0.98%, mainly driven by President Trump's end-of-year tax-cutting package and robust corporate earnings, especially in the technology sector. The Federal Open Market Committee (FOMC), held in December, raised the Fed Fund rate by 0.25% to reach 1.25% - 1.50%. The US Federal Reserve (Fed) continues to tighten its monetary policy on account of positive macroeconomic data with 3.2% annualised GDP growth in the third quarter of the year. Unemployment rate remains at a low level of 4% (lowest since year 2000) and wages increased as well. The Fed reviewed its growth forecast for the year 2018 from 2.1% to 2.5%.

EU

The Euro stock market fell during the month with the Eurostoxx posting -1.85% as a result of profit booking, a strong Euro and lingering political instability in Germany and Spain. Nevertheless, the Euro area continues its recovery with a GDP growth of 0.6% in the third quarter of the year, low unemployment rate and Eurozone composite Purchasing Managers Index (PMI) rising to an 82-month high. The European Central Bank (ECB) is expected to maintain its accommodative monetary policy and to continue its quantitative Easing program until end of year 2018.

UK

The FTSE 100 closed the year at an all-time peak of 7,697.62 while posting a gain of 4.93% during the month of December. Growing optimism about the Chinese economy, a surge in mining stocks (as commodity prices rose against weaker dollar) and a deal on the Irish border & citizens' rights in December boosted the UK stock performances. On macroeconomic front, the Bank of England (BoE) raised interest rate to 0.5% for the first time over the last decade in order to curb the inflation rate (3.1% in November) which is persistently above the target rate of 2.0%. The next MPC meeting is scheduled for February 2018 whereby modest increase in the interest rate is expected.

Japan

The Topix ended the month at 1.42%. Investor sentiment was supported by the recent solid quarterly earnings season and a supportive global macroeconomic backdrop. The Bank of Japan Tankan Survey (December) showed the large manufacturers' business confidence index achieving its highest level since December 2006. However, core inflation remains low at 0.9%.

Asia Pacific

The Shanghai Composite Index posted -0.30% for the month. Gains were modest at the end of a very strong year despite economic data for November largely meeting expectations. Industrial production and fixed asset investment both saw a small pick-up in growth, as did exports growth. The Nifty 50 index rose by 2.97%. Prime Minister Modi's party won state elections in Gujarat - his home state - but by a tighter margin than had been expected, strengthening expectations that there will be increased government stimulus in rural states ahead of national elections in 2019.

Forex

During the month, the dollar fell by 0.99% versus other major currencies due to market expectations of a slower pace of interest rate rise by the Fed amid a tepid U.S. inflation picture. The dollar's upside was also capped as many of the world's major central banks such as the Bank of England and European Central Bank are moving toward normalizing their own monetary policies. The EUR gained 0.85% versus the dollar as European economies strengthened and expectations grew that the ECB will wind down monetary stimulus. The GBP lost 0.09% relative to the USD while the JPY depreciated by 0.14% versus the greenback.

Commodities

The Bloomberg commodities index gained 2.88% during the month. Oil and industrial metal prices continued to rally, particularly copper, supporting outperformance in the oil, gas and mining sectors. Year-to-date, the red metal has rallied over 30%, buoyed by demand in China and strengthening global economic growth. Brent crude oil surpassed USD 65 in the second half of the month and gained 5.19% in December. Natural gas, on the other hand, lost 2.38%. Precious metals appreciated with gold and silver gaining 2.18% and 3.04% respectively.

Note: All index performances are in their respective local currencies

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