

MONTHLY MARKET BRIEF

28 Feb 2018

Local Review

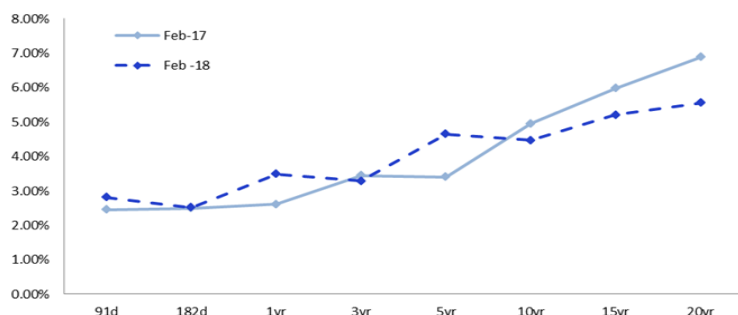
SEM Top 5 Gainers

SEM Top 5 Losers

Company	28-Feb-18	30-Jan-18	% Δ	Company	28-Feb-18	30-Jan-18	% Δ
United Docks	102.00	86.50	17.9%	Plastic Industry (Mauritius) Ltd	56.00	59.50	-5.9%
ENL Commercial	14.95	13.40	11.6%	NMH Ltd (Pref Shares)	12.50	13.05	-4.2%
UBP	137.50	125.00	10.0%	Mauritian Eagle Insurance	95.00	97.50	-2.6%
IBL	52.00	47.65	9.1%	SBMH	7.60	7.80	-2.6%
Gamma	37.50	35.25	6.4%	CIM Finance	10.10	10.35	-2.4%

GOM Weighted Yield		Current	Previous
91d	↑	2.81%	2.39%
182d	↑ 0.2	3.81%	2.52%
364d	↑	3.49%	2.74%
3yr	↑ 0	3.29%	3.26%
5yr	↑	4.65%	4.07%
10yr	↓ 0	4.47%	4.89%
15yr	↓	5.21%	5.98%
20yr	↓ 0	5.55%	6.54%

Sovereign Yield Curve



SBM Funds

	28-Feb-18	31-Jan-18	MOM Δ	Q2Q Δ	YTD Δ
MUR Funds					
SBM Yield Fund	10.71	10.62	↑ 0.8%	2.6%	1.1%
SBM Universal Fund	27.54	27.59	↓ -0.1%	1.7%	0.9%
SBM Perpetual Fund	187.34	186.78	↑ 0.3%	1.1%	0.6%
SBM Growth Fund	11.75	11.79	↓ -0.3%	1.7%	0.8%
USD Funds					
SBM Africa Value Fund	109.21	109.23	↔ 0.0%	5.2%	4.8%
SBM India Fund	203.69	214.87	↓ -5.2%	-2.9%	-5.7%
SBM Maharaja Bond Fund	106.99	109.10	↓ -1.9%	-0.7%	-1.6%

Local Markets

Market Highlights

Headline inflation spiked to 4.5% over the month from 4.0% in January 2018, while the y-o-y inflation rose to 7.0% in February 2018. Tourist arrivals for Feb 2018 rose by 10% to 115,600 as compared to 105,049 in Feb 2017.

On the macroeconomic front, following the MPC meeting held in February 2018, the members decided to maintain the Key Repo rate at 3.50% p.a. in order to support growth momentum.

Local equity indices ended the month on the upside with the SEMDEX and DEMEX closing at 2,292.27 points and 235.92 points, thereby posting 1.62% and 0.66% MoM, respectively. The top three gainers for the month were United Docks, ENL Commercial and UBP with respective performances of 17.92%, 11.57% and 10.00%. The top three losers were Plastic Industry, NMH Ltd (Pref) and Mauritian Eagle Insurance with a corresponding performance of -5.88%, -4.21% and -2.56%.

Corporate Announcements

Grit Real Estate Income Group Limited – The Board of Grit passed a resolution on 18 December 2017, authorising the repurchase of up to 1,750,000 shares in the Company (“**Buyback shares**”) representing 0.84% of the total issued shares of Grit as at the last practicable date, being 31 January 2018 (“**Buyback**”). The buyback will be as from 6 March 2018 till 17 June 2018.

Ciel Limited - The board of directors of CIEL Limited informed its shareholders and the public that, under its Multicurrency Note Programme, it has successfully raised MUR 1,270,000,000 of secured notes by way of a private placement.

SBM Holdings Ltd – After having obtained regulatory approvals, Mr. Andrew Bainbridge has been appointed as Group CEO of SBMH on 27 January 2018.

IBL Ltd – IBL Ltd, together with other partners of Abax Holding Ltd (“The Company”), signed an agreement with Orthus Limited for the purpose of selling to the entire share capital of the Company.

Lux Island Resorts Ltd (LIR) - On 12th February 2018, LIR has been notified of the firm intention of IBL Ltd to make an unconditional offer to acquire all the voting shares of LIR representing 69,543,494 ordinary shares and 50.72% of the share capital of LIR (the ‘Minority Shares’) at a price of Rs 71.50 per share.

Dale Capital Group Limited - the company shall issue on Friday, 2 March 2018, 5 305264 new shares at an issue price of MUR 1.90 per share, as consideration for the acquisition of the remaining 30% shareholding in Linked to Africa Management Services Limited (“**LAMS**”). Dale Capital shall eventually hold 100% of the issued share capital of LAMS.

Dividend Announcements

Company	Market	Dividend Type	Per share	Ex- Date	Payment Date
Mauritian Eagle Insurance	DEM	Interim	MUR 1.10	23-Feb-18	02-Apr-18
Attitude Property Ltd	DEM	Interim	MUR 0.33	27-Feb-18	30-Mar-18
Grit Real Estate Income Group	Official	Cash	US\$ 0.0607	28-Feb-18	29-Mar-18
MCB India Sovereign Bond ETF	Official	Final	US\$ 0.30	14-Mar-18	28-Mar-18
Omnican Ltd	Official	Final	MUR 2.00	07-Mar-18	27-Mar-18
Innodis Ltd	Official	Interim	MUR 0.85	14-Feb-18	09-Mar-18
Mauritius Development Investment Trust Ltd	Official	Interim	MUR 0.11	05-Feb-18	27-Mar-18

Foreign Review

Equity

	28-Feb-18	31-Jan-18	MOM Δ	Q2Q Δ	YTD
MSCI World	2,117.99	2,213.24	↓ -4.3%	2.0%	0.7%
MSCI EM	1,195.19	1,254.59	↓ -4.7%	6.6%	3.2%
S&P 500	2,713.83	2,823.81	↓ -3.9%	2.5%	1.5%
FTSE 100	7,231.91	7,533.55	↓ -4.0%	-1.3%	-5.9%
CAC 40	5,320.49	5,481.93	↓ -2.9%	-1.0%	0.1%
DAX	12,435.85	13,189.48	↓ -5.7%	-4.5%	-3.7%
BSE 500	14,670.49	15,347.19	↓ -4.4%	1.2%	-2.2%
CSI 300	4,023.64	4,275.90	↓ -5.9%	0.4%	-0.2%
Dow Jones	25,029.20	26,149.39	↓ -4.3%	3.1%	1.3%
NIKKEI 225	22,068.24	23,098.29	↓ -4.5%	-2.9%	-3.1%

Bond

	28-Feb-18	31-Jan-18	MOM Δ	Q2Q Δ	YTD
Barclays Global Aggregate Index	486.16	490.51	↓ -0.9%	0.6%	0.3%
Barclays US Agg Total Return Value Unhedged	2,003.63	2,022.80	↓ -0.9%	-1.6%	-2.1%
Barclays Global High Yield Index	1,307.02	1,325.49	↓ -1.4%	0.2%	-0.2%
JP Morgan Agg. Bond Index1	568.58	574.12	↓ -1.0%	0.1%	-0.2%

Commodity

	28-Feb-18	31-Jan-18	MOM Δ	Q2Q Δ	YTD
Gold	1,318.31	1,345.14	↓ -2.0%	3.4%	1.2%
Silver	16.42	17.35	↓ -5.4%	-0.1%	-3.1%
Brent Crude Oil	65.78	69.05	↓ -4.7%	3.5%	-1.6%
WTI Crude	61.64	64.73	↓ -4.8%	7.4%	2.0%

Forex

Forex/MUR	28-Feb-18	31-Jan-18	MOM Δ	Q2Q Δ	YTD
USD	33.11	32.64	↑ 1.4%	-1.5%	-1.4%
EUR	40.31	40.30	↔ 0.0%	0.5%	-0.7%
GBP	45.48	46.07	↓ -1.3%	-0.1%	-0.4%
ZAR	2.80	2.74	↑ 2.2%	14.1%	2.6%
JPY	0.31	0.30	↑ 4.2%	3.5%	3.3%

Note: All index performances are in their respective local currencies

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Global Markets

Global Highlights

Global equities registered negative returns during February with the abrupt return of volatility at the beginning of the month. Volatility – as measured by the VIX Index – increased to levels last seen in 2015. The MSCI World ended the month -4.30% lower, the MSCI ACWI was down by -4.36% and the MSCI EM fell by -4.73%.

US

US stocks plunged by -3.89% during the month. Investors anticipated the Fed to increase its pace to interest rate hikes following the release of the Labour Department monthly job reports revealing higher-than-expected wage growth as well as an increase in Consumer Price Index in January which added to the inflation concern. As a result, the US Treasuries were under pressure and the 10-year yield reached 2.86% by end of the month causing equity markets to tumble. The market correction was even pronounced after the US Administration announced plans to impose a 25% tariff on steel imports and 10% on aluminium.

EU

European stocks ended the month in negative territory returning -4.72%. The sell-off during the month was mainly prompted by rising inflation expectations and interest rates in US. Politics in the Eurozone were in highlights during the month with the imminent election in Italy whereby a centre-right coalition is expected to obtain the most votes, according to recent polls, but possibly without reaching a majority. In Germany, a new great coalition was announced with the Social Democratic Party which is expected to be supportive of further European integration. On a macroeconomic front, the Eurozone inflation was at 1.2% in February - below the ECB target of 2% - while the PMI for the region was 57.5 dropping from the prior month's figure of 58.8. GDP growth was confirmed at 0.6% q-o-q in last quarter of 2017. The European Commission raised the Eurozone growth forecast to 2.3% in 2018 and 2.0% in 2019.

UK

The FTSE 100 mirrored the global equity performance by posting a return of -4.00% during the month. In the MPC meeting held in February, the members voted unanimously to maintain the bank rate at 0.5% p.a while the UK inflation was at 3.0% in the latest readings. In contrast with the ECB and BoJ communications, the BoE sent a more hawkish signal and warned that it may need to raise rates at faster and greater extent. The market is now anticipating an interest hike of 25 basis points in May. The forecast for UK GDP growth was raised in 2018 from 1.7% to 1.8%, against the backdrop of stronger growth in the rest of the world.

Japan

The Nikkei 225 ended the month with a return of -4.46% led by the rapid spike in market volatility. Economic data released in February were positive but generally weaker than expected with an annualised quarterly growth of 0.5%. Meanwhile, in a widely expected move, BoJ Governor Haruhiko Kuroda was reappointed to a second five-year term, hence ensuring a stable policy environment. While addressing the Parliament in February the BoJ Governor reaffirmed the need for 'powerful monetary easing' whereby market is expecting that the BoJ will keep its 0% yield target for ten-year government bonds in place in the near term.

Asia Pacific

The Shanghai Composite index lost -6.36% amid increased volatility in February. However, economic indicators were broadly stable with the Caixin manufacturing PMI unchanged at 51.5 in January while industrial production growth ticked up to 6.2% year-on-year (YoY) in December. In common with other major markets, the Indian equity market suffered from a setback in February with the S&P BSE 500 returning at -4.41%. The stock market experienced a sell-off in the beginning of the month following Government proposal, during its Union budget, to re-introduce long-term capital gain tax (LTGT) on equities and equities-linked securities such as mutual funds. Sentiments were further dented as banking firms dipped after a public-sector bank unearthed fraud of around \$1.8 billion at one of its branches in Mumbai.

Forex

The U.S. dollar strengthened against major currencies during the month amid rising confidence in Fed policy tightening prospects on the back of the hawkish speech of Mr. Powell. The Japanese Yen gained 2.30% versus the Dollar partly due to speculation that the Bank of Japan may start to normalise monetary policy later this year and uncertainty about the protectionist trade policies touted by President Trump. The GBP and EUR lost respectively 3.15% and 1.80% relative to USD.

Commodities

Commodity markets had a disappointing month with Brent crude oil falling towards US\$65 a barrel. Natural gas and precious metals also retreated as the US dollar gained ground against a basket of emerging market currencies. In contrast, the agriculture component registered a positive return, with wheat in particular performing well.

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