

Manager's report
SBM Perpetual Fund Ltd

SBM PERPETUAL FUND MANAGER'S REPORT FOR THE QUARTER ENDED 31 MARCH 2018

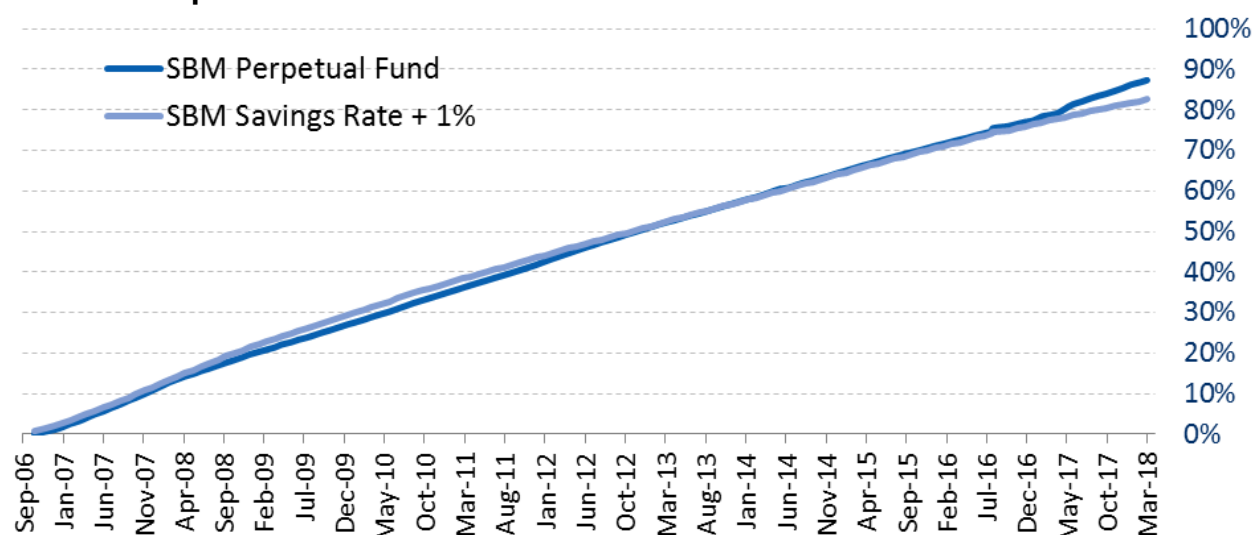
1. Performance

1.1 Performance review

The net assets of SBM Perpetual Fund Ltd grew from MUR 1,776.49Mn to MUR 2,293.94Mn over the quarter with Net Asset Value (NAV) per unit growing from MUR 186.20 to MUR 187.94. The Fund registered a return of 0.94% for the quarter ended 31 March 2018, outperforming its reference index (SBM Savings rate + 1%) which yielded 0.67%. As an indication, current weighted average deposits rate of commercial banks stood at 1.68% as at 28 February 2018.

The Fund has now cumulated 87.94% since its inception in 2006 against a benchmark return of 82.97%. The annualized return since inception was 5.64% as at March 2018 against 5.39% for SBM Savings rate + 1%.

Cumulative performance



Cumulative return

	1 M	3 M	1 Y	3 Y	5 Y	Inception	Annualized
SBM Perpetual Fund	0.32%	0.94%	4.88%	13.08%	23.40%	87.94%	5.64%
SBM Savings + 1%	0.22%	0.67%	2.91%	10.40%	20.03%	82.97%	5.39%

Yearly return (Financial Year)

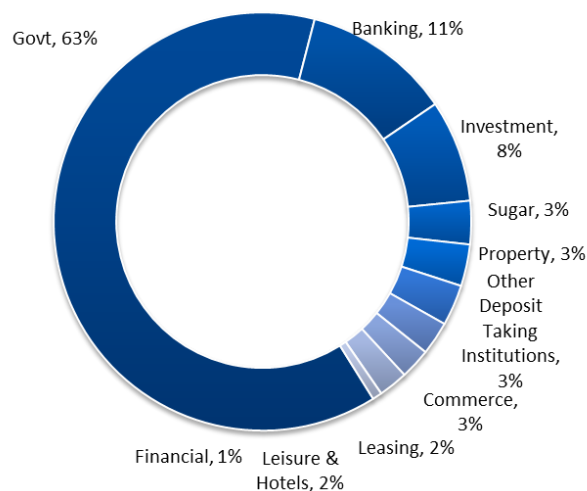
	2010	2011	2012	2013	2014	2015	2016	2017
SBM Perpetual Fund	6.15%	5.86%	5.80%	5.00%	4.41%	4.43%	3.77%	4.51%
SBM Savings + 1%	6.42%	5.36%	4.88%	4.48%	4.25%	4.21%	3.73%	3.20%

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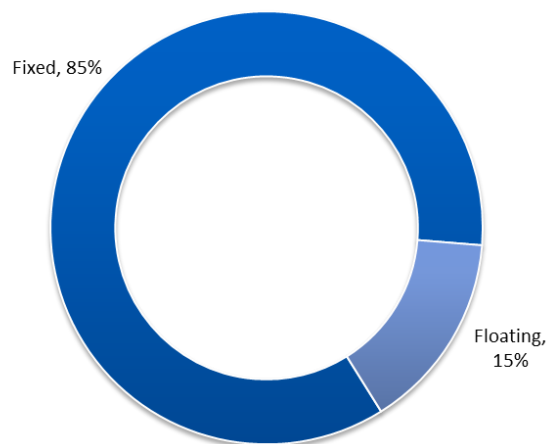
2. Breakdown

During the quarter, the Fund has diversified its exposure in corporate securities while increasing allocation in Government of Mauritius ("GoM") securities from 60.68% to 62.91% of the portfolio. The strategy was to invest in the short- and long-ends of the yield curve to enhance risk-adjusted return. While more investment in floating-rate instruments was desirable, appropriate securities were limited on the market which capped the Fund's exposure to those securities at 14.83% as at March 2018 against 16.50% as at December 2017.

Sector allocation

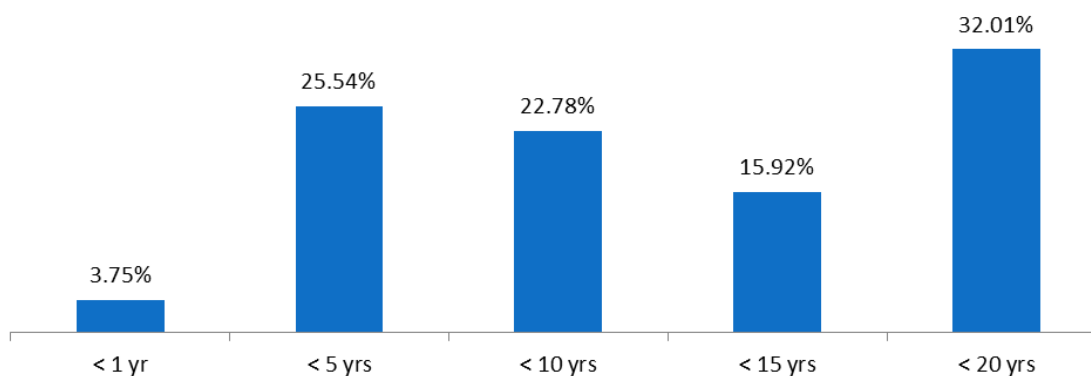


Fixed/Floating allocation



With the recent pick-up in local sovereign yields on the market, the maturity pattern of the Fund was revamped by increasing the allocation in medium-term securities through investment in 10Y GoM bonds. Amid low interest rates, term deposits have not been attractive and funds have been increasingly invested in quality corporate notes instead.

Maturity pattern



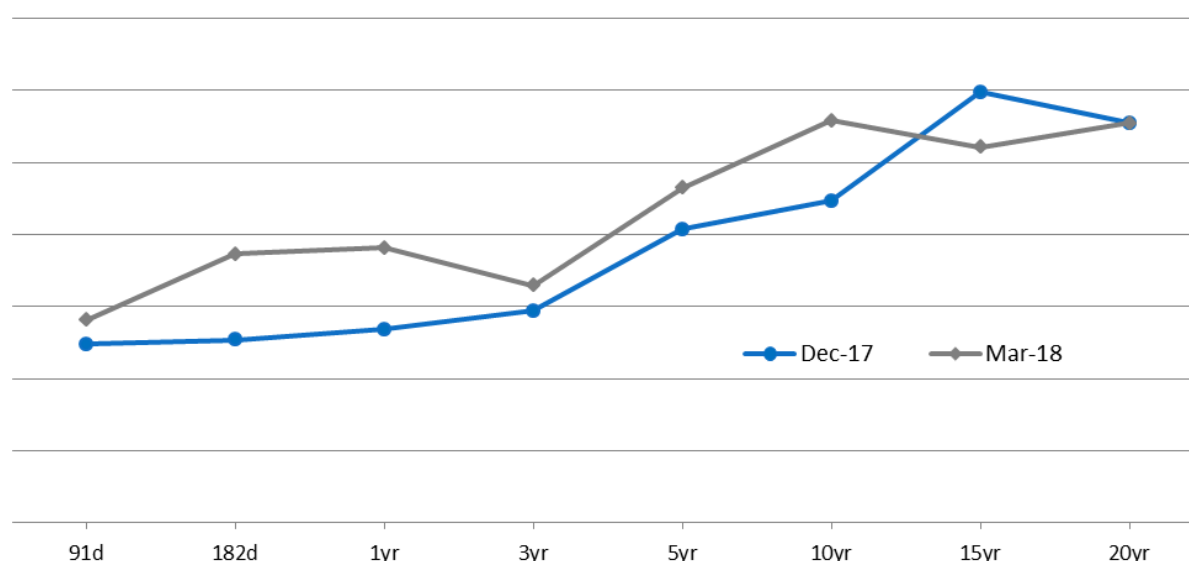
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3. Local fixed income market

The Bank of Mauritius maintained the Key Repo rate at 3.50% in February 2018 following a cut of 50 basis points in September 2017. The rate of 3.50% was maintained during the quarter as the Central Bank pursued an accommodative monetary policy in view to sustain growth momentum and to maintain macroeconomic stability.

The Central Bank continued with its open market operations in view to reduce the excess liquidity in the market and same was reflected with a rise in the short-term yields. Yields on T-Bills auction gained 0.33%, 1.19% and 1.14% on 91-Day, 182-Day and 364-Day, respectively, to stand at 2.81%, 3.73% and 3.82% as at March 2018. The weighted yield on a 10Y issued in March 2018 rose to 5.58% from 4.47% in its preceding issue. The sovereign yield curve shifted outwards as a result of an upturn in yields on short- and medium-term GoM instruments. There were no new issues of 20Y GoM during the quarter.

Sovereign yield curve



4. Outlook

The Bank of Mauritius issued the 3-year Bank of Mauritius Golden Jubilee Bond with effect as from 15 March 2018 at an interest of 4.25% p.a, payable on a quarterly basis. The issue will remain open for a period of three months and will close on 15 June 2018.

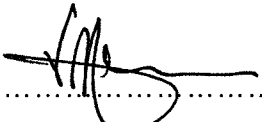
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Yields on the market are expected to stabilise in the near future and accordingly, the strategy of the Fund is to invest across the maturity pattern and mostly in floating-rate instruments while manage risk through investment in GoM securities.

SBM PERPETUAL FUND LTD
ABRIDGED UNAUDITED INTERIM FINANCIAL REPORT
STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2018

	31 March <u>2018</u> MUR'000	30 June <u>2017</u> MUR'000
Assets		
Cash and cash equivalents	260,709	42,771
Other receivables	4,949	75
Loans and receivables	1,865,322	1,528,099
Available-for-sale investments	194,334	48,187
Total Assets	<u>2,325,314</u>	<u>1,619,132</u>
Liabilities		
Other payables	4,267	2,827
Application for participating shares	23,072	1,391
Income tax liability	4,037	3,274
Total liabilities (excluding net assets attributable to holders of redeemable participating shares)	<u>31,376</u>	<u>7,492</u>
Net assets	<u>2,293,938</u>	<u>1,611,640</u>
Represented by:		
Management shares (MUR 100)	-	-
Net assets attributable to holders of redeemable participating shares	<u>2,293,938</u>	<u>1,611,640</u>
	<u>2,293,938</u>	<u>1,611,640</u>

Approved by the Board of Directors and authorised for issue on **07 May 2018**



DIRECTOR



DIRECTOR

SBM PERPETUAL FUND LTD**ABRIDGED UNAUDITED INTERIM FINANCIAL REPORT****STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME****FOR THE NINE MONTHS ENDED 31 MARCH 2018**

	Unaudited Quarter ended 31 March 2018 MUR'000	Unaudited Quarter ended 31 March 2017 MUR'000	Unaudited 9 months ended 31 March 2018 MUR'000	Unaudited 9 months ended 31 March 2017 MUR'000
Income				
Interest Income	26,311	21,929	74,661	60,653
Gain on disposal of investment	1,955	1,963	6,665	1,963
	28,266	23,892	81,326	62,616
Expenses				
Management Fees	(3,574)	(2,841)	(9,868)	(7,958)
Audit Fees	(23)	(25)	(69)	(75)
Custodian Fees	(289)	(219)	(855)	(598)
Administrator Fees	(715)	(568)	(1,974)	(1,592)
Registry Fees	(357)	(284)	(987)	(796)
Director fees	(113)	(147)	(401)	(413)
General Expenses	(33)	(1,000)	(337)	(1,682)
Administrative expenses	(5,104)	(5,084)	(14,491)	(13,114)
Profit before taxation	23,162	18,808	66,835	49,502
Tax Expense	(3,719)	(3,429)	(9,952)	(9,942)
Profit for the quarter/period	19,443	15,379	56,883	39,560
Other comprehensive loss				
Net movement in fair value of investment	(1,593)	-	(1,266)	-
Other comprehensive loss for the quarter/period	(1,593)	-	(1,266)	-
Changes in net assets attributable to holders of redeemable participating shares	17,850	15,379	55,617	39,560

SBM PERPETUAL FUND LTD
ABRIDGED UNAUDITED INTERIM FINANCIAL REPORT
STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF
REDEEMABLE PARTICIPATING SHARES
FOR THE NINE MONTHS ENDED 31 MARCH 2018

	Net assets attributable to holders of redeemable participating shares MUR'000
At 01 July 2016	1,176,919
New issue of redeemable participating shares	356,326
Redemption of redeemable participating shares	(35,182)
Changes in net assets attributable to holders of redeemable participating shares from transaction in shares	321,144
Changes in net assets attributable to holders of redeemable participating shares from operations	39,560
At 31 March 2017	1,537,623
At 01 July 2016	1,176,919
New issue of redeemable participating shares	432,524
Redemption of redeemable participating shares	(62,426)
Changes in net assets attributable to holders of redeemable participating shares from transaction in shares	370,098
Changes in net assets attributable to holders of redeemable participating shares from operations	64,623
At 30 June 2017	1,611,640
At 01 July 2017	1,611,640
New issue of redeemable participating shares	800,928
Redemption of redeemable participating shares	(174,247)
Changes in net assets attributable to holders of redeemable participating shares from transaction in shares	626,681
Changes in net assets attributable to holders of redeemable participating shares from operations	55,617
At 31 March 2018	2,293,938

SBM PERPETUAL FUND LTD
ABRIDGED UNAUDITED INTERIM FINANCIAL REPORT
STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS ENDED 31 MARCH 2018

	<u>Unaudited</u> 9 months ended 31 March 2018 MUR'000	<u>Audited</u> Year ended 30 June 2017 MUR'000	<u>Unaudited</u> 9 months ended 31 March 2017 MUR'000
Net cash generated from operating activities	55,545	111,251	89,881
Net cash used in investing activities	(485,969)	(511,198)	(387,860)
Net cash generated from financing activities	648,362	346,457	297,131
Net increase/(decrease) in cash and cash equivalents	217,938	(53,490)	(848)
Cash and cash equivalents at start of period/year	42,771	96,261	96,261
Cash and cash equivalents at end of period/year	260,709	42,771	95,413

SBM PERPETUAL FUND LTD
ABRIDGED UNAUDITED INTERIM FINANCIAL REPORT
NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED 31 MARCH 2018

The condensed interim financial statements are unaudited and have been prepared using the same accounting policies as those adopted in the financial statements for the year ended 30 June 2017 and comply with IAS 34 - Interim Financial Reporting.

1	OTHER RECEIVABLES	Mar-18 MUR'000	Jun-17 MUR'000
	Prepayments	19	75
	Deposits matured but not yet received	4,930	-
		<u>4,949</u>	<u>75</u>
2	LOANS AND RECEIVABLES		
	The movements in deposits with financial institutions may be summarised as follows :	Mar-18 MUR'000	Jun-17 MUR'000
	Balance brought forward	1,528,099	1,052,339
	Additions	674,676	1,107,914
	Disposals/Maturity	(329,900)	(588,244)
	Interest accrual for the period/year	70,021	81,331
	Interest received	(77,574)	(125,241)
	Balance carried forward	<u>1,865,322</u>	<u>1,528,099</u>
3	HELD-TO-MATURITY FINANCIAL ASSETS		
	<u>Investment in gilt-edged securities</u>		
	The movement in investment securities may be summarised as follows :	Mar-18 MUR'000	Jun-17 MUR'000
	Balance brought forward	-	55,923
	Disposals/Maturity	-	-
	Interest accrual for the period/year	-	923
	Interest received	-	-
	Reclassified to available-for-sale investments	-	(56,846)
	Balance carried forward	<u>-</u>	<u>-</u>
4	AVAILABLE-FOR-SALE INVESTMENTS		
	The movement may be summarised as follows :	Mar-18 MUR'000	Jun-17 MUR'000
	Balance brought forward	48,187	56,846
	Additions	150,723	-
	Disposals/Maturity	(2,864)	(8,471)
	Interest accrual for the period/year	4,640	2,760
	Interest received	(5,086)	(2,948)
	Net movement in fair value of investments	(1,266)	-
	Balance carried forward	<u>194,334</u>	<u>48,187</u>
5	OTHER PAYABLES	Mar-18 MUR'000	Jun-17 MUR'000
	Provision for audit fees	69	92
	Management fee payable	1,155	1,010
	Administrator fee payable	257	256
	Custodian fee payable	402	199
	Other creditors	2,384	1,270
		<u>4,267</u>	<u>2,827</u>

SBM PERPETUAL FUND - NET ASSET VALUE			
	31-Mar-18	30-Jun-17	30-Jun-16
	<u>MUR'000</u>	<u>MUR'000</u>	<u>MUR'000</u>
Net assets value at start of period/year	1,611,640	1,176,919	879,534
Total revenue	81,326	95,387	58,989
Total expenses	(25,709)	(30,764)	(20,103)
Total increase from operations	55,617	64,623	38,886
Subscription received	800,928	432,524	461,740
Redemption paid	(174,247)	(62,426)	(203,241)
Net movement in participating shares	626,681	370,098	258,499
Net Asset value at end of period/year	<u>2,293,938</u>	<u>1,611,640</u>	<u>1,176,919</u>

SBM PERPETUAL FUND - RATIOS & SUPPLEMENTARY DATA			
	31-Mar-18	30-Jun-17	30-Jun-16
Net Assets (MUR'000)	2,293,938	1,611,640	1,176,919
Number of shares outstanding	12,205,553	8,851,490	6,755,148
Management expense ratio	0.75%	0.75%	0.75%
Total expense ratio	0.99% *	1.20%	1.17%
Portfolio turnover rate	17.38%	42.80%	21.67%

* The figures have been annualised

SBM PERPETUAL FUND - SUMMARY OF PORTFOLIO INVESTMENTS

	31 March 2018 <u>MUR'000</u>
Available-for-sale investments	194,334
Loan and Receivables	1,865,322
Total domestic securities	<u><u>2,059,656</u></u>

SBM PERPETUAL FUND - STATEMENT OF INVESTMENT PORTFOLIO

	31 March 2018 <u>MUR'000</u>
Gilt-Edged Securities	194,334
Government bonds	1,295,424
Other bonds	316,168
Deposits with Financial Institutions	253,730
	<u><u>2,059,656</u></u>