

## SBM Yield Fund

31 May 2019

NAV per share

MUR 10.85

## Fund Objective

The Fund seeks to achieve its investment objective by investing in fixed income and fixed income-related instruments across different geographies, issuers, maturities and currencies. It uses a combination of top-down and bottom-up approach in its investment selection process. It may invest in bonds, term deposits, ETFs, preferred stock, convertible bonds, structured products and mortgage backed securities, amongst others.

## Risk Profile

Low	Low to Moderate	Moderate	Moderate to High	High
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## Fund Profile

Inception Date	Jun-06
Fund Size	MUR 177.3 M
Issue / Redemption	10 <sup>th</sup> , 20 <sup>th</sup> and end of each month
Distribution	Yearly (each financial year end)
Management Fee	0.85% p.a
Entry Fee:	0.50%
Exit Fee:	0.50%

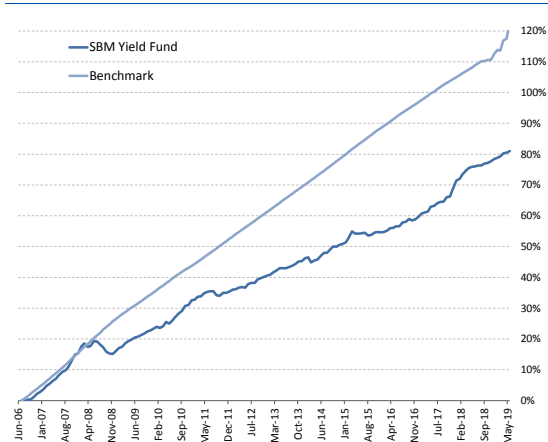
## Fund Facts

Fund Manager	SBM Mauritius Asset Managers Ltd
Benchmark	60% GOM 3Y Notes + 40% Barclays Agg Bond Index
Fund Administrator	SBM Fund Services Ltd
Auditors	Ernst & Young
Custodian	SBM Bank (Mauritius) Ltd

## Top 10 Holdings

	% Net Assets
Government of Mauritius Bond 08/02/2039	11.6%
Government of Mauritius Bond 25/01/2028	9.2%
Government of Mauritius Bond 07/09/2038	7.1%
IBL Ltd Series 2 Notes 08/09/2022	6.5%
Government of Mauritius Bond 11/05/2038	6.4%
Government of Mauritius Bond 22/07/2036	5.7%
Government of Mauritius Bond 05/11/2023	5.1%
Government of Mauritius Bond 09/11/2033	4.5%
Government of Mauritius Bond 22/01/2033	3.8%
SBM Maharaja Bond Fund	3.7%
<b>TOTAL</b>	<b>63.6%</b>

## Cumulative Performance



## Risk Metrics

Volatility p.a.	1Y	3Y	5Y
SBM Yield Fund	0.56%	1.38%	1.43%
Benchmark	2.71%	1.57%	1.21%

Fund vs Benchmark	1Y	3Y	5Y
Tracking error	1.29%	1.58%	1.57%
Correlation	46.45%	0.74%	1.25%

## Investment options &amp; Contact details

Lump Sum	Minimum MUR 1000
Monthly Savings Plan	Minimum MUR 500
Address	SBM Mauritius Asset Managers Ltd
	Level 12, Hennessy Tower
	Pope Hennessy Street, Port Louis

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## Cumulative Return

	1M	3M	6M	YTD	1Y	3Y	5Y	Launch	Annualized
Fund	0.3%	1.0%	1.9%	1.5%	2.9%	15.6%	23.2%	81.0%	4.7%
Benchmark	2.6%	4.4%	5.9%	5.0%	7.2%	16.1%	28.3%	123.1%	6.4%

\*All returns are calculated assuming dividends are reinvested.

## Financial Year Return

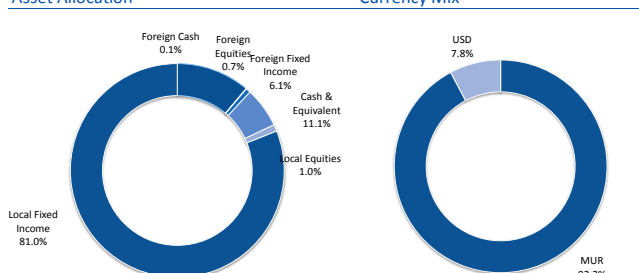
	2010	2011	2012	2013	2014	2015	2016	2017	2018
Fund	4.7%	7.5%	1.8%	3.7%	3.6%	4.3%	1.4%	4.8%	7.3%
Benchmark	6.7%	6.0%	6.0%	5.6%	5.4%	5.3%	4.8%	4.3%	3.8%

\*Financial year as at June

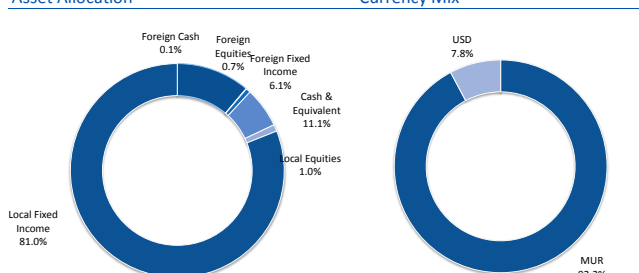
## Distributions

	2010	2011	2012	2013	2014	2015	2016	2017	2018
Dividend per unit	0.57	0.44	0.41	0.41	0.15	0.30	0.32	0.33	0.33
Dividend Yield	5.5%	4.2%	4.0%	4.0%	1.5%	2.9%	3.1%	3.2%	3.0%

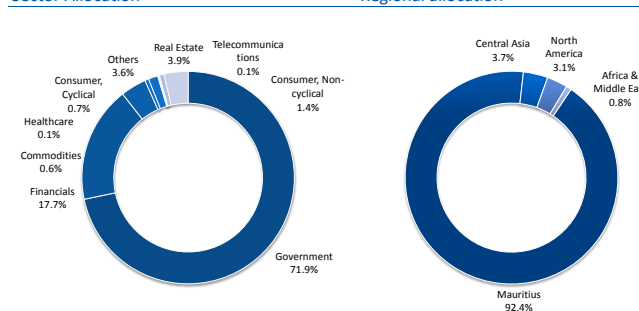
## Asset Allocation



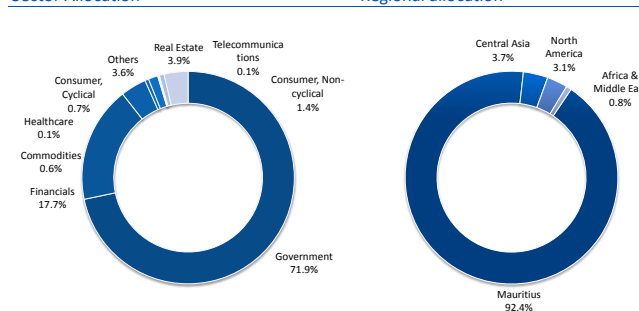
## Currency Mix



## Sector Allocation



## Regional allocation



## Fund Manager Commentary

The Net Asset Value (NAV) of the Fund stood at MUR 10.85 as at May 2019, registering a return of 0.3% over the month, while the benchmark yielded 2.6% in MUR terms over the same period.

During the month, the weighted average yield from the primary issue of 182-day Government of Mauritius Treasury Bills fell from 3.35% to 2.98% and the 364-day Government of Mauritius Treasury Bills from 3.52% to 2.64%. Similarly, the yield on the 3-year GoM Bond fell from 3.93% to 3.69% and the 5-year GoM Bond from 4.48% to 4.47%. There was no issue of 91-day Treasury Bill, 10-year and 15-year and 20-year GoM bonds.

In foreign markets, the Barclays Global Aggregate index and JP Morgan Aggregate Bond index posted respective USD returns of 1.4% and 1.5% during the month. US 10-year Treasury yield fell by 39 basis points to 2.12%, as Treasury prices rose amid US falling inflation expectations and concerns over the escalating US – China trade tensions impeding on global growth. Following its last FOMC meeting, the federal fund rates were maintained at 2.25%-2.50% and policymakers concluded that current inflation shortfall is of transitory nature. Recent comments from the Vice chairman of the Federal Reserve (Fed), Mr Clarida, however suggested that the Fed would be willing to cut rates if economic data worsens. The Fed is considering new tools to boost inflation expectations as worries grow on the effectiveness of its current toolkit to counter a future recession.

During its last monetary committee policy (MPC) meeting held in April, the European Central Bank (ECB) maintained rates, with interest rate on the main refinancing operations, the marginal lending facility and the deposit facility standing at 0.00%, 0.25% and -0.40% respectively. ECB faces mounting pressures as core inflation and headline inflation drops to 0.8% and 1.2% respectively in May, indicating a weaker-than-expected inflation rate.

European bond yields slid during the month of May with geopolitical tensions being the driver of the latest bond rally in Europe – German 10-year yields fell to sub-zero levels, dragging yields to a 20-month low of -0.202%, shedding as much as 21 bps. Yields fell following President Trump's tweet on his intention to impose new tariffs on Mexico. 10-year UK Gilts yields also fell to its lowest level since 2017 to 0.886% from its previous reading of 1.19% in April. Gilts prices rose on the prospect that the Bank of England might make a move to cut interest rates. As sentiment weakened, the UK yield curve was pushed to its flattest since the 2008 financial crisis. Italian 10-year yields slightly rose from 2.56% to 2.67% over the growing concerns on the Italian government's spending plans.

Similar to the ECB, the Bank of Japan (BoJ) maintained its short-term rate target at -0.1% and that of long-term yields at around 0% at its last meeting held in April. It is expected that the BoJ will maintain the current extremely low levels of rates for an extended period of time, at least through around spring 2020. Governor Kuroda announced that the BoJ is ready to adjust its policy if necessary in view of sustaining economic momentum to achieve the 2% inflation target.

On the emerging market fixed income front, 10-year Indian yields were at their 13-month lows, shedding 38bps to 7.03% during the month on expectations of a further reduction in the key policy rate by the RBI after Narendra Modi's BJP party returned to power with a bigger majority. Expectations over RBI's plan to enhance system liquidity by infusing up to INR 15,000Cr in June also helped lift bond prices, hence driving yields lower. China 10-year yields also fell from 3.43% to 3.30% in May.

Telephone	202-1111 / 202-1701 / 202-1448
Fax	210-3369
E-mail	sbm.assetm@sbmgroup.mu
Website	nbfc.sbmgroup.mu/mam