SBM Mauritius Asset Managers Ltd

SBM Yield Fund

31 August 2019 | **NAV per share** | **MUR 10.68**

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

Fund Profile

Inception Date	Jun-06
Fund Size	MUR 170.7M
Issue / Redemption	10th, 20th 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%

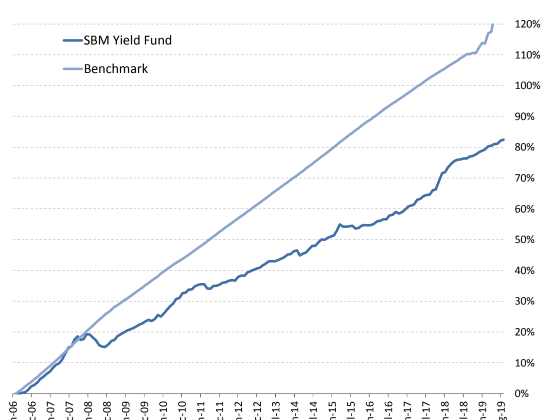
Fund Facts

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	11.4%
Government of Mauritius Bond 25/01/2028	9.1%
Government of Mauritius Bond 07/09/2038	7.2%
IBL Ltd Series 2 Notes 08/09/2022	6.6%
Government of Mauritius Bond 11/05/2038	6.5%
Government of Mauritius Bond 22/07/2036	5.6%
Government of Mauritius Bond 05/11/2023	5.2%
Government of Mauritius Bond 09/11/2033	4.6%
SBM Maharaja Bond Fund	3.8%
Government of Mauritius Bond 22/01/2033	3.8%
TOTAL	**63.8%**

Cumulative Performance



Risk Metrics

Volatility p.a.	1Y	3Y	5Y
SBM Yield Fund	0.58%	1.35%	1.41%
Benchmark	2.80%	1.65%	1.27%

Fund vs Benchmark	1Y	3Y	5Y
Tracking error	2.55%	2.06%	1.86%
Correlation	46.79%	4.45%	3.68%

Cumulative Return

	1M	3M	6M	YTD	1Y	3Y	5Y	Launch	Annualized
Fund	0.2%	0.8%	1.8%	2.3%	3.5%	15.5%	22.3%	82.5%	4.7%
Benchmark	1.0%	1.6%	6.1%	6.7%	7.8%	16.8%	28.7%	126.7%	6.4%

**All returns are calculated assuming dividends are reinvested.*

Financial Year Return

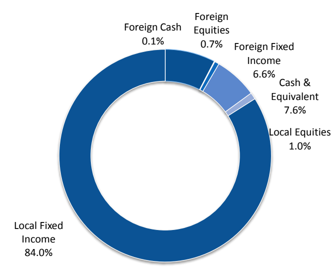
	2011	2012	2013	2014	2015	2016	2017	2018	2019
Fund	7.5%	1.8%	3.7%	3.4%	4.3%	1.4%	4.8%	7.3%	2.9%
Benchmark	6.0%	6.0%	5.6%	5.4%	5.3%	4.8%	4.3%	3.8%	6.7%

**Financial year as at June*

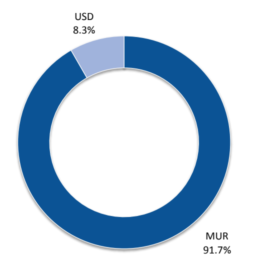
Distributions

	2011	2012	2013	2014	2015	2016	2017	2018	2019
Dividend per unit	0.44	0.41	0.41	0.15	0.30	0.32	0.33	0.33	0.25
Dividend Yield	4.2%	4.0%	4.0%	1.5%	2.9%	3.1%	3.2%	3.0%	2.3%

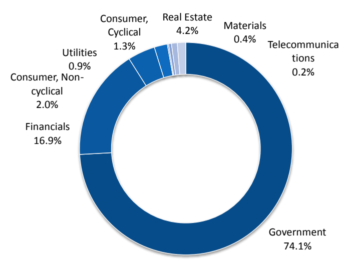
Asset Allocation



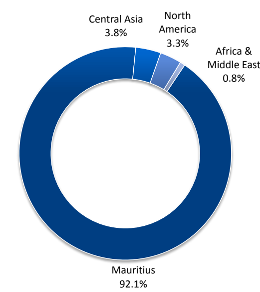
Currency Mix



Sector Allocation



Regional allocation



Market Commentary

The Net Asset Value (NAV) of the Fund stood at MUR 10.68 as at August 2019, registering a return of 0.2% over the month, while the benchmark yielded 1.0% in MUR terms over the same period.

There was no issuance of 92D GOM Treasury Bills, 182D GoM Treasury Bills and 10Y, 15Y and 20Y GOM Bonds on the primary market during the month. The GoM issued MUR 3.0Bn worth of 364D Treasury Bills at a weighted average yield of 3.26% during the month, yields on the 364D Treasury Bills fell from 3.34% to 3.32% by end of the month. Yields on 3Y GoM Notes fell by 12 basis points to reach 3.57% by end of the month for a net worth of MUR 1.5Bn while yield on 5Y GoM Bonds rose from 3.42% to 4.04% during the month.

On the fixed income front, the Barclays Global Aggregate Bond index and JP Morgan Aggregate Bond index posted respective USD returns of 2.0% and 2.4% during the month.

Government bond yields extended their sharp declines in August over escalating trade conflicts and global growth slowdown. US 10-year Treasury yield ended the month at 1.50%, lower than the 2-year Treasury yield for the first time since 2007 which led to increased recession worries.

Eurozone inflation remained subdued at 1.0% in August, below the European Central Bank (ECB)'s target, hence reinforcing expectations of an aggressive monetary easing in September. The decline in European bond yields deepened with the German 10-year yields falling further in the sub-zero territory, from -0.44% to -0.70% on the heightened expectations of an aggressive stimulus from the ECB. The German Government issued a zero coupon 30-year Bond with a negative yield of -0.11% in August for the very first time. 10-year UK Gilts shed 13 basis points, ending the month at -0.48%. Worries over UK's exit from the EU remained heightened as Prime Minister Boris Johnson maintained his stance on leaving the EU on the 31 October with or without a deal. 30-year UK yields fell below 1% for the first time on record as investors moved towards safe havens over growing fears of a global recession. Italian 10-year yields tumbled over 54 basis points, falling to 0.66%, reflecting a fall in the political risk premium on the country's debt as a new coalition government was formed.

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. Economic activity is likely to be negatively impacted by global uncertainties and the BoJ may further loosen its monetary policy stance to limit the spill-over effects of the global slowdown on Japan's economic recovery.

On the emerging market fixed income front, 10-year Indian yields rose from 6.37% to 6.57% during the month over expectations of additional government borrowing. China 10-year yields fell from 3.16% to 3.05% in August, joining a global rally of government debt as the nation's economy slowed and its trade dispute with the US worsened.

Investment options & Contact details

Lump Sum	Minimum MUR 1000	Telephone	202-1111 / 202-4642 / 202-4685
Monthly Savings Plan	Minimum MUR 500	Fax	210-3369
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	Level 12, Hennessy Tower	Website	nbfc.sbmgroup.mu/mam
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