

SBM Yield Fund

31 October 2019

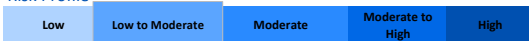
NAV per share

MUR 10.74

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



Fund Profile

Inception Date	Jun-06
Fund Size	MUR 165.3M
Issue / Redemption	10 th , 20 th 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%

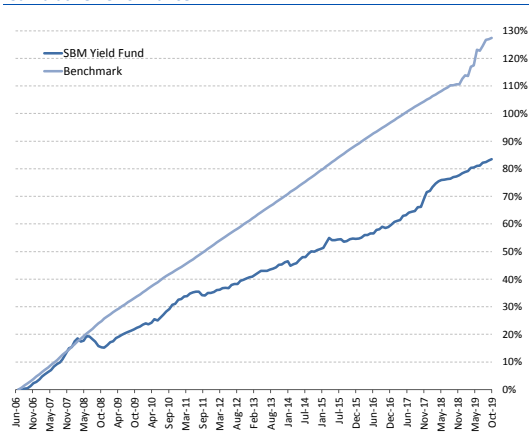
Fund Facts

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	10.9%
Government of Mauritius Bond 25/01/2028	8.6%
Government of Mauritius Bond 07/09/2038	6.6%
Government of Mauritius Bond 11/05/2038	6.2%
IBL Ltd Series 2 Notes 08/09/2022	6.1%
Government of Mauritius Bond 22/07/2036	5.4%
Government of Mauritius Bond 05/11/2023	4.9%
Government of Mauritius Bond 09/11/2033	4.3%
SBM Maharaja Bond Fund	3.7%
Government of Mauritius Bond 22/01/2033	3.6%
TOTAL	60.3%

Cumulative Performance



Risk Metrics

Volatility p.a.	1Y	3Y	5Y
SBM Yield Fund	0.56%	1.28%	1.39%
Benchmark	2.77%	1.66%	1.28%

Fund vs Benchmark	1Y	3Y	5Y
Tracking error	2.56%	2.11%	1.88%
Correlation	46.79%	4.45%	3.68%

Cumulative Return

	1M	3M	6M	YTD	1Y	3Y	5Y	Launch	Annualized
Fund	0.3%	0.7%	1.7%	2.9%	3.5%	15.8%	22.4%	83.5%	4.7%
Benchmark	0.2%	1.3%	4.5%	7.0%	8.0%	16.3%	28.0%	127.4%	6.4%

*All returns are calculated assuming dividends are reinvested.

Financial Year Return

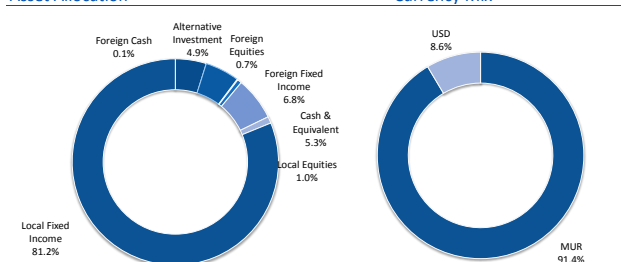
	2011	2012	2013	2014	2015	2016	2017	2018	2019
Fund	7.5%	1.8%	3.7%	3.4%	4.3%	1.4%	4.8%	7.3%	2.9%
Benchmark	6.0%	6.0%	5.6%	5.4%	5.3%	4.8%	4.3%	3.8%	6.7%

*Financial year as at June

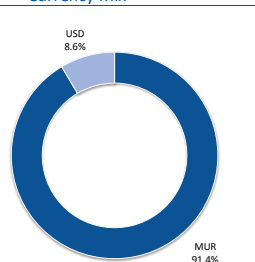
Distributions

	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%

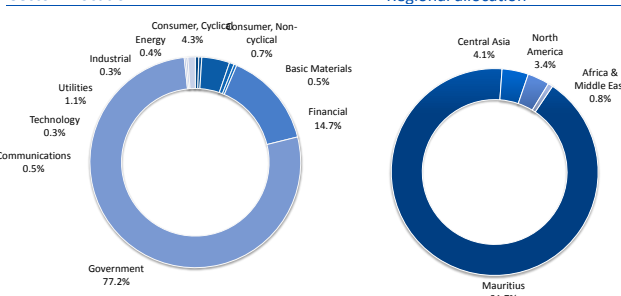
Asset Allocation



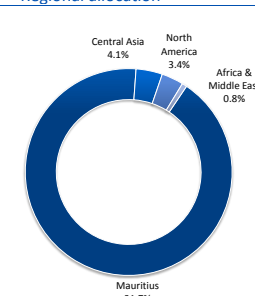
Currency Mix



Sector Allocation



Regional allocation



Market Commentary

The Net Asset Value (NAV) of the Fund stood at MUR 10.74 as at October 2019, registering a return of 0.3% over the month, while the benchmark yielded 0.2% in MUR terms over the same period.

There was no issuance of 91D Treasury Bills, 10Y, 15Y and 20Y GOM Bonds on the primary market during the month. The GoM issued MUR 1,800Mn worth of 364D Treasury Bills in three tranches of MUR 600Mn at weighted average yields of 2.63%, 2.72% and 2.91%, respectively. Yields on 182D Treasury Bills fell by 38 basis points to 2.60% during the month following a net issuance of MUR 600Mn. The GoM issued MUR 3,600Mn worth of 3Y GOM Notes in two tranches of MUR 1,800Mn at weighted average yields of 3.60% and 3.56%, respectively. 5Y GOM Bonds stood at 3.92%, shedding 12 basis points compared to previous month reading for a net issuance of MUR 1,600Mn.

GOM Treasury Bills traded at lower yields in October as compared to the previous month on the local fixed income market. 91D Treasury Bills traded at a weighted average yield of 2.39% against 2.41% in September. 182D Treasury Bills traded at a weighted average yield of 2.52% against 2.66% in the preceding month while 364D Treasury Bills traded at an average yield of 2.64% against 2.80%. 3Y GOM Notes traded at a weighted average yield of 3.56% while 5Y GOM Bonds traded at 3.92% compared to previous month readings of 3.22% and 3.89%, respectively. 15Y GOM Bonds witnessed the same trend, trading at an average of 4.99% against 4.98% in September.

On the foreign fixed income front, the Barclays Global Aggregate Bond Index registered a positive USD return of 0.7% in October. US 10-year Treasury yield remained stable at around 1.69% following the 25bps Fed rate cuts. The yield curve reverted to normal after the announcement by the Fed that it would start expanding its balance sheet by buying USD 60Bn of short-term Treasury bills each month in view of increasing liquidity in the economy.

Following its last monetary committee policy (MPC) meeting held in October, the European Central Bank (ECB) announced that the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 0.00%, 0.25% and -0.50% respectively. As discussed in the September MPC meeting, net purchases of EUR 20Bn on a monthly basis will restart as from 1 November, in view of reinforcing the accommodative impact of ECB's policy rates. Government bond yields across the euro area rose over support from an unexpected rise in German's industrial output, Brexit optimism and overall improved investor sentiment globally. German 10-year yields rose from -0.61% to -0.41% on reports that the EU and UK was close to a deal, thereby boosting investor appetite for riskier assets. The 10-year yields on UK Gilts added 14bps to its previous reading in September to reach 0.63% in October.

The Bank of Japan (BoJ) kept its monetary policy steady during its meeting in October by maintaining its short-term rate target at -0.1% and that of long-term yields at around 0%, but signalled that there might be a rate cut in the near future.

On the emerging market fixed income front, 10-year Indian yields shed 25 basis points, falling from 6.70% to 6.45% in October following a rate cut by the RBI during the month. China's 10-year yields rose from 3.14% to 3.28%.

Investment options & 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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Website	nbfc.sbmgroup.mu/mam

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