

SBM Yield Fund

31 December 2019

NAV per share

MUR 10.87

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 164.6M
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%

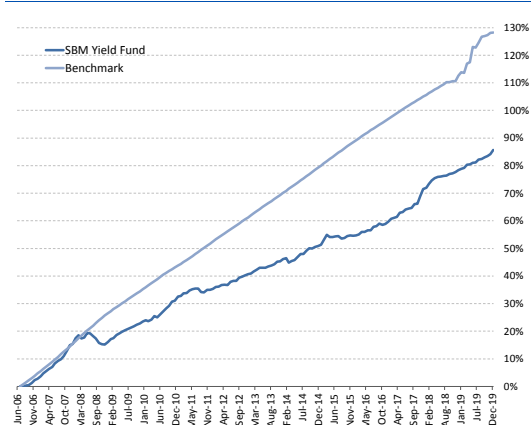
Fund Facts

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	11.1%
Government of Mauritius Bond 25/01/2028	8.9%
Government of Mauritius Bond 07/09/2038	6.8%
IBL Ltd Series 2 Notes 08/09/2022	6.3%
Government of Mauritius Bond 11/05/2038	6.2%
Government of Mauritius Bond 22/07/2036	5.5%
Government of Mauritius Bond 05/11/2023	4.9%
Government of Mauritius Bond 09/11/2033	4.3%
SBM Maharaja Bond Fund	3.8%
Government of Mauritius Bond 22/01/2033	3.7%
TOTAL	61.6%

Cumulative Performance



Risk Adjusted Metrics

Volatility p.a.	1Y	3Y	5Y
SBM Yield Fund	0.73%	1.30%	1.40%
Benchmark	2.75%	1.67%	1.29%

Fund vs Benchmark	1Y	3Y	5Y
Tracking error	2.51%	2.07%	1.86%
Correlation	15.07%	0.52%	2.78%

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

Cumulative Return

	1M	3M	6M	YTD	1Y	3Y	5Y	Launch	Annualized
Fund	0.8%	1.4%	2.5%	4.1%	4.1%	16.2%	23.0%	85.6%	4.7%
Benchmark	0.1%	0.6%	2.4%	7.4%	7.4%	15.9%	27.3%	128.2%	6.3%

*All returns are calculated assuming dividends are reinvested.

Financial Year Return

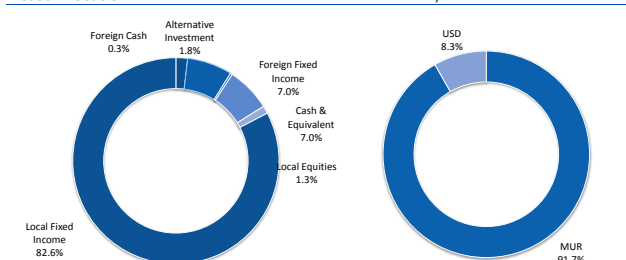
	2011	2012	2013	2014	2015	2016	2017	2018	2019
Fund	7.5%	1.8%	3.7%	3.4%	4.3%	1.4%	4.8%	7.3%	2.9%
Benchmark	6.0%	6.0%	5.6%	5.4%	5.3%	4.8%	4.3%	3.8%	6.7%

*Financial year as at June

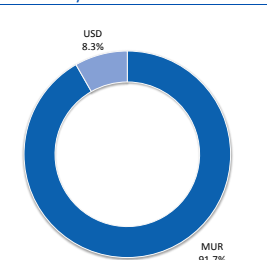
Distributions

	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%

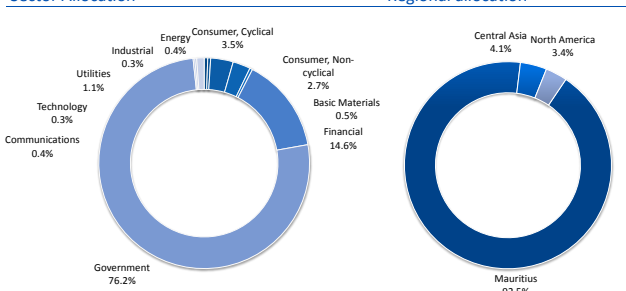
Asset Allocation



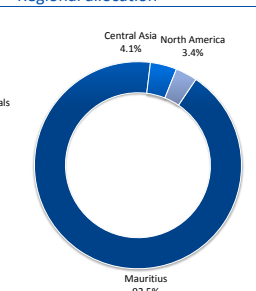
Currency Mix



Sector Allocation



Regional allocation



Market Commentary

The Net Asset Value (NAV) of the Fund stood at MUR 10.87 as at December 2019, registering a return of 0.8% over the month, while the benchmark yielded 0.1% in MUR terms.

There was no issuance of 91D and 364D Treasury Bills, 3Y GOM Notes and 5Y, 10Y, 15Y and 20Y GOM Bonds on the primary market during the month. Yields on 182D Treasury Bills rose by 53 basis points to 3.03% during the month following a net issuance of MUR 900Mn.

On the secondary market, GoM Treasury Bills generally traded at lower yields compared to November. 91D Treasury Bills traded at a weighted average yield of 2.17% against 2.62%. The yield on 182D Treasury Bills fell from 2.63% to 2.24% while that on 364D Treasury Bills decreased from 2.88% to 2.54%. 3Y GOM Notes traded at a weighted average yield of 3.39% compared to previous month's reading of 3.57% and 5Y GOM Bonds traded at 3.85% compared to 3.97% in November. 15Y GOM Bonds witnessed the same trend, trading at an average of 4.92% against 5.02% in November.

On the foreign fixed income front, the Barclays Global Aggregate Bond Index registered USD return of 0.6% in December with bond yields ticking higher on account of robust risk sentiment. Optimism over the U.S.-China trade deal and declining political uncertainty in UK led to a sell-off in the bond market, causing government bond yields to rise during the month.

The U.S. 10-year Treasury yield rose by 14 basis points to 1.92% as investors grew more optimistic on the U.S. economy. Following the last FOMC meeting held on 10-11 December, the Federal Reserve (Fed) maintained the target range at 1.50%-1.75%, judging the current monetary policy stance as appropriate in view of sustaining the economic activity expansion and the 2% inflation objective.

The European Central Bank (ECB) kept rates unchanged, with interest rate on the main refinancing operations, the marginal lending facility and the deposit facility standing at 0.00%, 0.25% and -0.50% respectively, following new President Christine Lagarde's first monetary policy meeting. The ECB also confirmed that net asset purchases at a monthly rate of EUR 20 Billion had started in November and will continue as long as necessary in order to reinforce the accommodative monetary policy stance. In Europe, bond yields were on the rise with the German and French 10-year yields rising by 17.5 and 16.7 basis points respectively. 10-year UK Gilt yields closed at 0.82%, up by 12.5 basis points amid the general elections victory of the Conservative Party and Brexit optimism. The 10-year Italian yields rose from 1.23% to 1.41% as data showed improvement in business and consumer sentiment in December.

The Bank of Japan (BoJ) maintained its short-term interest rate at -0.1% and that of long-term yields at around 0% at its meeting held in December despite signs of a slowdown in economic activity following the October consumption tax hike. BoJ Governor Kuroda reiterated that the BoJ could further lower the short-term interest as a policy tool.

In emerging markets, local currency bonds fared well on account of emerging markets currencies appreciating against the dollar. 10-year Indian yields rose by 8 basis points to 6.56% following a 0.5% appreciation of the Indian rupee against the US dollar while China 10-year yields fell from 3.18% to 3.14%.

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