

SBM Yield Fund

31 March 2020

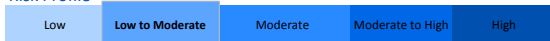
NAV per share

MUR 10.99

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 166.8M
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%

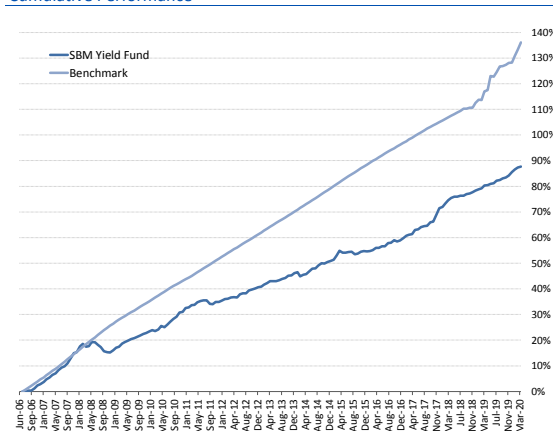
Fund Facts

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	10.8%
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	5.3%
Government of Mauritius Bond 05/11/2023	4.9%
iShares Core US Aggregate Bond ETF	4.7%
Government of Mauritius Bond 09/11/2033	4.3%
SBM Maharaja Bond Fund	3.9%
TOTAL	61.4%

Cumulative Performance



Risk Adjusted Metrics

Volatility p.a.	1Y	3Y	5Y
SBM Yield Fund	0.70%	1.29%	1.30%
Benchmark	2.60%	1.81%	1.41%

Fund vs Benchmark	1Y	3Y	5Y
Tracking error	2.71%	2.24%	1.90%
Correlation	-2.18%	-1.42%	1.50%

Cumulative Return

	1M	3M	6M	YTD	1Y	3Y	5Y	Launch	Annualized
Fund	0.2%	1.1%	2.6%	1.1%	4.1%	16.3%	21.2%	87.7%	4.7%
Benchmark	1.2%	3.5%	4.1%	3.5%	8.8%	18.7%	30.0%	136.1%	6.4%

*All returns are calculated assuming dividends are reinvested.

Financial Year Return

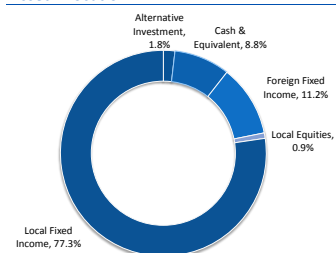
	2011	2012	2013	2014	2015	2016	2017	2018	2019
Fund	7.5%	1.8%	3.7%	3.4%	4.3%	1.4%	4.8%	7.3%	2.9%
Benchmark	6.0%	6.0%	5.6%	5.4%	5.3%	4.8%	4.3%	3.8%	6.7%

*Financial year as at June

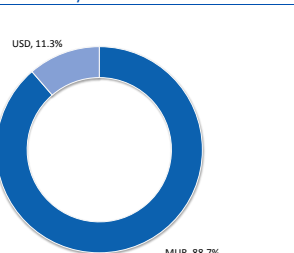
Distributions

	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%

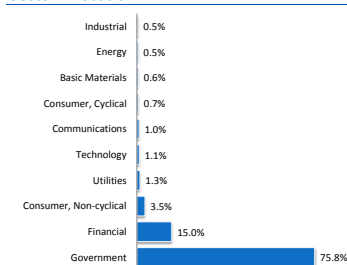
Asset Allocation



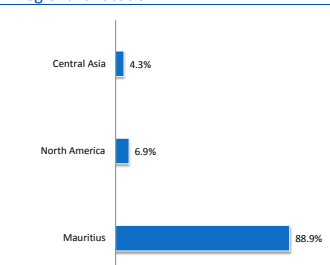
Currency Mix



Sector Allocation



Regional allocation



Market Commentary

The Net Asset Value (NAV) of the Fund stood at MUR 10.99 as at March 2020, registering a return of 0.2% over the month, while the benchmark yielded 1.2% in MUR terms.

On the domestic market, government bond yields maintained their decline on primary markets following the threat of the COVID19 pandemic on economic activity. The 91D Treasury Bills yield fell from 2.93% to 0.91% following a net issuance of MUR 1,000Mn. Yields on 182D Treasury Bills shed 135 basis points to reach 0.85% at the end of March while that on 364D Treasury Bills fell from 2.29% to 1.38% following a net issuance of MUR 700Mn. A re-opening of the 3Y GOM Notes for a nominal amount of MUR 1,700Mn resulted in a drop of 121 basis points in yields which reached 1.94%. For longer term securities, yields on 15Y GOM Bonds witnessed a decline from 5.02% to 3.79% for a net issuance of MUR 1,500Mn whereas there was no new issuance of 10Y and 20Y securities.

On the secondary market, yields on 91D Treasury Bills declined by 109 basis points to trade at a weighted average yield of 1.07% against 2.16% in February. The 182D Treasury Bills yield fell from 2.28% to 1.24% while that of the 364D Treasury Bills shed 95 basis points to trade at a weighted average yield of 1.56%. 3Y GOM Notes yield followed the downtrend with yields falling from 3.19% in February to 2.45% while the 5Y GOM Bonds traded at 3.02% against a previous reading of 3.59%. The yield on 10Y GOM Bonds declined by 63 basis points to reach 3.65% while that on 15Y GOM Bonds traded at a yield of 4.19%, 71 basis points lower than its previous month reading. The 20Y GOM Bonds yield witnessed the same market downtrend with a drop from 5.32% to 4.26%.

On the foreign fixed income front, the Barclays Global Aggregate Bond Index returned -2.2% in US dollars in March amid growing concern over the coronavirus epidemic and its potential impact on global economic activity and corporate earnings. Globally, central banks cut interest rates and implemented important measures to stimulate their respective economies. As risk aversion and recession fears grew, Treasury yields ticked lower amid a rise in demand for fixed income securities.

At its second emergency meeting held on March 15, the US Federal Reserve (Fed) slashed its benchmark rate by 100 basis points, bringing the target range for the federal funds rate to 0.00% to 0.25%, a move last observed during the global financial crisis of 2008. The Fed intervened by announcing an injection of up to USD 1.5 trillion into the financial system as the expected economic fallout from the coronavirus pandemic seems more and more serious. The Fed also announced the re-launch of its Quantitative Easing program which would include the purchase of USD 500 billion of Treasury and USD 200 billion agency-backed mortgage securities over the next few months.

In England, the Central Bank cut its interest rates by 15 basis points to a historic low of 0.1% and increased its quantitative stimulus program in view of mitigating the pandemic hit to UK's economy. The Monetary Policy Committee held an additional special meeting on March 19, unanimously voting to increase the Bank of England's holdings of British government bonds and non-financial corporate bonds by GBP 200 billion, taking its total asset purchase plan to GBP 645 billion.

At its last monetary policy meeting, the European Central Bank (ECB) kept rates unchanged, with interest rates on major refinancing operations, the marginal lending facility and the deposit facility respectively at 0.00%, 0.25% and -0.50%. However, the central bank announced measures to support bank loans and widened its asset purchase program by EUR 120 billion. The ECB further announced a EUR 750 billion "Pandemic Emergency Purchase Program (PEPP)", with purchases to be conducted until the end of 2020.

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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