

SBM Yield Fund

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 158.7M
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%

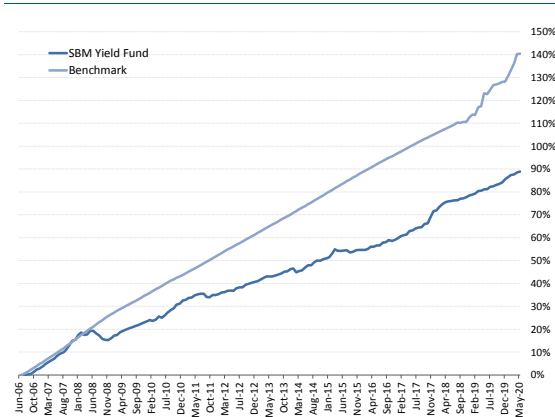
Fund Facts

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	11.5%
Government of Mauritius Bond 25/01/2028	9.2%
Government of Mauritius Bond 07/09/2038	7.0%
IBL Ltd Series 2 Notes 08/09/2022	6.5%
Government of Mauritius Bond 11/05/2038	6.4%
iShares Core US Aggregate Bond ETF	5.8%
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%
SBM Maharaja Bond Fund	4.1%
TOTAL	65.8%

Cumulative Performance



Risk Adjusted Metrics

Volatility p.a.	1Y	3Y	5Y
SBM Yield Fund	0.68%	1.25%	1.25%
Benchmark	2.08%	1.97%	1.53%

Fund vs Benchmark	1Y	3Y	5Y
Tracking error	2.10%	2.32%	1.94%
Correlation	13.84%	0.93%	3.26%

Investment options & Contact details

Lump Sum	Minimum MUR 1000	Telephone	202-1111 / 202-3515 / 202-1260
Monthly Savings Plan	Minimum MUR 500	Fax	210-3369
Address	SBM Mauritius Asset Managers Ltd	E-mail	sbm.assetm@sbmgroup.mu
	Level 12, Hennessy Tower	Website	nbfc.sbmgroup.mu/mam
	Pope Hennessy Street, Port Louis		

Disclaimer: The information contained in this e-mail message, report, communication, letter, publication, and any attachment thereto, is strictly for information purposes only and is confidential and may not be disclosed without our express permission. It does not constitute an offer, or a solicitation of an offer, to purchase or sell any investment or other specific product by SBM Mauritius Asset Managers Ltd ("SBM MAM"). Although all information and opinions stated in this document are based on sources deemed to be reliable and in good faith, no representation or warranty, expressed or implied, is made or should be construed as to its accuracy and completeness. All information and views stated therein may be changed without any notification. The reader will bear in mind that certain services and products are subject to legal limitations and cannot be proposed on an unrestricted basis. Investors are reminded that past performance is not an indication of future performance. The price, value or income of the investment can go up or down. You are advised to consult your professional advisor before taking any decision or making an investment. SBM MAM disclaims all liability as regards any direct or consequential loss arising from any use of this message or the information contained therein.

29 May 2020

NAV per share

MUR 11.06

Cumulative Return

	1M	3M	6M	YTD	1Y	3Y	5Y	Launch	Annualized
Fund	0.2%	0.8%	2.6%	1.8%	4.4%	15.7%	22.5%	88.9%	4.7%
Benchmark	0.0%	3.0%	5.3%	5.3%	7.7%	19.9%	31.2%	140.3%	6.5%

*All returns are calculated assuming dividends are reinvested.

Financial Year Return

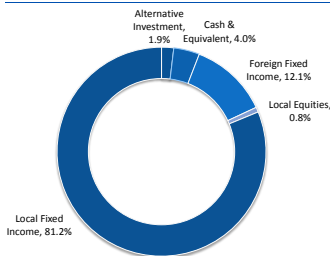
	2011	2012	2013	2014	2015	2016	2017	2018	2019
Fund	7.5%	1.8%	3.7%	3.4%	4.3%	1.4%	4.8%	7.3%	2.9%
Benchmark	6.0%	6.0%	5.6%	5.4%	5.3%	4.8%	4.3%	3.8%	6.7%

*Financial year as at June

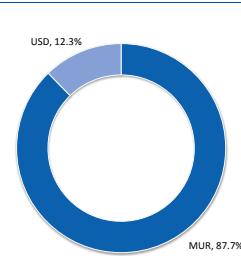
Distributions

	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%

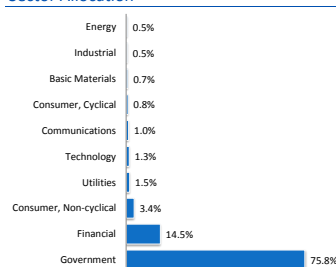
Asset Allocation



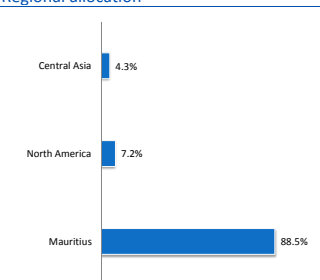
Currency Mix



Sector Allocation



Regional allocation



Market Commentary

The Net Asset Value (NAV) of the Fund stood at MUR 11.06 as at May 2020, registering a return of 0.2% over the month, while the benchmark yielded 0.0% in MUR terms.

Government bond yields on the primary market were unchanged as the BoM issued only 1 T-Bill during the month. An amount of MUR 3,000Mn of 182D Treasury was issued on 29 May and the yield declined from 0.50% to 0.19%, representing a drop of 31 basis points. Primary yields on 91D, 119D and 364D Treasury bills remained constant at 0.91%, 0.27% and 0.74%, respectively, while 3Y GOM Notes yield remained at 1.94% and 5Y GOM Bonds yield at 1.85%. For longer term bonds, the corresponding yield on 10Y, 15Y and 20Y bonds were at 4.25%, 3.79% and 3.17%.

On the secondary market, yields on 91D Treasury Bills declined by 5 basis points to trade at a weighted average of 0.17% against 0.22% in April. The 182D Treasury Bills yield decreased from 0.30% to 0.25% while that of the 364D Treasury Bills fell from 0.43% to 0.37%. The yields on 3Y and 5Y GOM Notes were fairly stable at 1.28% and 1.84%, respectively. 10Y GOM Bond yield declined to 2.56%, against the previous month's reading of 2.61%. 15Y GOM Bond yield declined by 10 basis points to reach 2.77% and 20Y GOM Bonds dropped from 2.94% to 2.86%.

The Consumer Price Index (CPI) stood at 107.3 on May 2020 compared to the previous month reading of 108.8. Headline inflation for the 12 months ending May 2020 rose to 1.7% against a reading of 1.0% in May 2019. Excess liquidity stood at MUR 55.78n as at 21 May with MUR cash holdings increasing from 24.18n on 23 April to MUR 39.18n on 21 May.

On the foreign fixed income front, the Barclays Global Aggregate Bond Index registered a return of 0.4% in USD terms during the month with fixed income markets across the globe pricing a major economic downturn in 2020. With most major central banks facing the zero lower bound, monetary stimulus in the form of large-scale bond purchases is gaining impetus.

In the US, no Monetary Policy Committee meeting was held during May 2020. Consequently, the Federal Reserve (Fed) maintained the target range for the federal funds rate to 0.00% to 0.25%, at par with April's level. The US 10-year Treasury yield remained unchanged at 0.64% in May.

On 6 May 2020, the Bank of England's Monetary Policy Committee (MPC) voted unanimously to maintain Bank Rate at 0.1%. In addition, the Committee decided to proceed with the programme of £200 billion of UK government bond and sterling non-financial investment-grade corporate bond purchases. The 10-year UK Gilt yields finished the month 5 basis points lower at 0.18%.

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%. The ECB proceeded with the first round of its 'pandemic emergency longer-term refinancing operations' plan, or PELTRO, whereby loans with 16-month maturity and amounting to EUR 851 million were allotted to small euro-area banks subject to an interest rate 0.25% below the ECB's main refinancing rate. The 10-year Germany bond yields rose from -0.59% to -0.45% in May, whilst the 10-year Italian bond yields fell by 28 bps to 1.48% in May. The 10-year Spanish bond traded at a yield of 0.56%, 16 bps lower than the April reading.

On 22 May 2020, the Bank of Japan (BoJ), as part of its Yield Curve Control (YCC) policy tool, left its short-term interest rate unchanged at -0.1%. The Bank asserts that it will purchase a necessary amount of Japanese government bonds (JGBs) without setting an upper limit to achieve its 0% target level for 10-year JGB yields. The 10-year JGB yields experienced a slight increase of 5 bps to reach 0.01% in May.

In emerging markets, the People's Bank of China (PBOC) announced, on 15 May, a reduction by 50 bps in its reserve requirement ratio for a select group of smaller banks with the view to channel liquidity to smaller businesses in the wake of the coronavirus pandemic. As at 31 May 2020, the PBOC maintained its 1-year loan prime rate (PLR) at 3.85% and the 5-year PLR at 4.65%. The 10-year China bond yields declined from 3.17% in December to 2.71% in May. The RBI reduced the policy repo rate under the liquidity adjustment facility (LAF) by 40 bps to 4.0%. As at 31 May, the marginal standing facility (MSF) rate and the Bank Rate stand reduced to 4.25% from 4.65% whilst the Cash Reserve Ratio (CRR) is maintained at 3.0% of Net Demand and Time Liabilities (NDTL). 10-year Indian bond yields fell by 55 bps over the first 5 months of 2020 to trade at 6.01% in May.