

SBM Yield Fund

30 June 2020

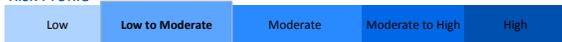
NAV per share

MUR 11.10

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 179.0M
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%

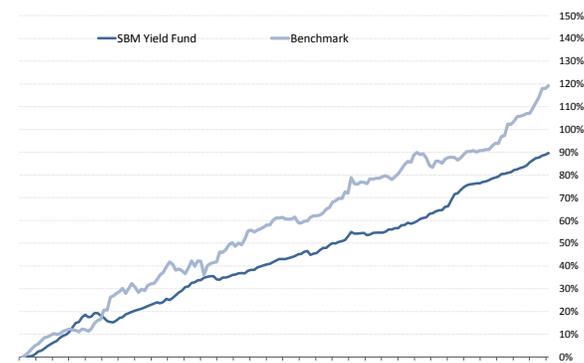
Fund Facts

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	10.3%
Government of Mauritius Bond 25/01/2028	8.2%
Government of Mauritius Bond 07/09/2038	6.3%
IBL Ltd Series 2 Notes 08/09/2022	5.8%
Government of Mauritius Bond 11/05/2038	5.7%
iShares Core US Aggregate Bond ETF	5.2%
Government of Mauritius Bond 22/07/2036	5.0%
Government of Mauritius Bond 05/11/2023	4.5%
Government of Mauritius Bond 09/11/2033	4.0%
SBM Maharaaja Bond Fund	3.7%
TOTAL	58.7%

Cumulative Performance



The benchmark was amended in Aug-2018 to reflect the new strategy of the Fund & all historical performances have been adjusted accordingly.

Risk Adjusted Metrics

Volatility p.a.	1Y	3Y	5Y
SBM Yield Fund	0.61%	1.25%	1.24%
Benchmark	1.92%	1.96%	1.53%

Fund vs Benchmark	1Y	3Y	5Y
Tracking error	2.03%	2.31%	1.94%
Correlation	-3.26%	1.13%	3.19%

Cumulative Return

	1M	3M	6M	YTD	1Y	3Y	5Y	Launch	Annualized
Fund	0.4%	1.0%	2.1%	2.1%	4.6%	15.6%	22.8%	89.6%	4.7%
Benchmark	0.6%	2.4%	5.9%	5.9%	8.5%	17.8%	24.0%	119.3%	5.8%

*All returns are calculated assuming dividends are reinvested.

Financial Year Return

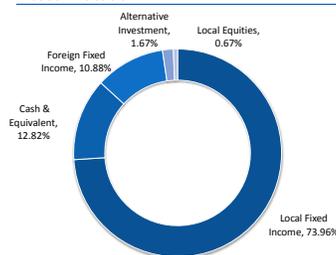
	2012	2013	2014	2015	2016	2017	2018	2019	2020
Fund	1.8%	3.7%	3.4%	4.3%	1.4%	4.8%	7.3%	2.9%	4.6%
Benchmark	10.2%	3.4%	1.6%	8.3%	2.1%	3.1%	2.5%	6.0%	8.5%

*Financial year as at June

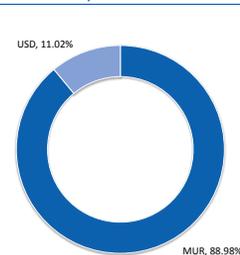
Distributions

	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%

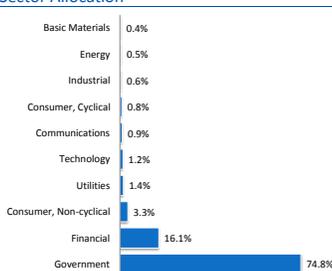
Asset Allocation



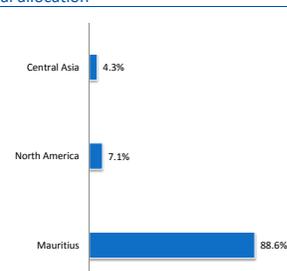
Currency Mix



Sector Allocation



Regional allocation



Market Commentary

The Net Asset Value (NAV) of the Fund grew from MUR 11.06 to MUR 11.10 in June, equivalent to a return of 0.4%, while the benchmark yielded 0.6%.

Government bond yields mostly increased on the primary market during the month. A 182D Treasury Bills was issued at 0.54% on 12 June for a net issuance of MUR 3,000Mn and the yield rose to 0.90% post a further issuance of MUR 3,000Mn on 19 June. The yield on the 364D Treasury Bills witnessed an increase following an issuance of MUR 3,000 on 5 June at a weighted yield of 0.60%. MUR 3,500Mn worth of 364D Treasury Bills was issued on 17 June at weighted yield of 0.91% which further rose to 1.04% after an issue of MUR 3,500Mn on 26 June. 2Y GoM notes were issued on 10 June at an average yield of 0.72% which rose to 1.54% post another issuance of MUR 3,000Mn on 24 June. Following the issuance of MUR 3,500Mn of 5Y GoM bonds, the yield dropped from 1.85% to 1.35%. There was no fresh issue of 10Y, 15Y and 20Y bonds during the month.

On the secondary market, yields on the 91D Treasury Bills increased by 57 basis points in June to trade at a weighted average yield of 0.74%. Yields on 182D Treasury Bills and 364D Treasury Bills increased by 61 and 69 basis points respectively to reach 0.86% and 1.06%. 3Y GOM Notes yield increased from 1.28% to 1.56%, and 5Y GOM Bonds traded at 1.89% against 1.84% in May. In contrast, the yield on 10Y GOM Bonds declined marginally to 2.48%, against previous month's reading of 2.56%. The yield on 15Y GOM bonds saw an upward trend from 2.77% to 2.81% and 20Y GOM Bonds followed the same trend by trading at 3.05% against 2.86%.

The Consumer Price Index (CPI) stood at 105.2 on June 2020 compared to the previous month reading of 107.3. Excess liquidity remained high in the economy, standing at MUR 61.98bn as at 18 April 2020 with MUR cash holdings increasing from 39.18bn on 21 May 2020 to MUR 45.38bn on 18 June 2020.

On the foreign fixed income front, the Barclays Global Aggregate Bond Index registered a return of 0.9% in USD terms during the month. With most major central banks facing the zero lower bound, key policy rates were mostly kept unchanged whilst asset purchase programmes continued providing liquidity to the financial system. In the US, the Federal Open Market Committee, during its meeting on 10 June 2020, decided to maintain the target range for the federal funds rate to 0.00% to 0.25% and is expected to maintain the target range until the economy has recovered from the coronavirus-induced downturn. The US 10-year Treasury yield remained unchanged at 0.65% in June.

On 4 June 2020, the Governing Council of the European Central Bank (ECB) decided to keep 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 increased the envelope for the pandemic emergency purchase programme (PEPP) by EUR 600 billion to a total of EUR 1,350 billion while continuing its asset purchase programme at a monthly pace of EUR 20 billion. The 10-year German bond yields declined from -0.44% to -0.49% in June, whilst the 10-year Italian bond yields fell by 21 bps to 1.32% in June. The 10-year Spanish bond traded at a yield of 0.44%, 7 bps lower than the May reading.

The Bank of England's Monetary Policy Committee (MPC) maintained the interest rate at 0.1%. The Committee raised the target stock of purchased UK government bonds by an additional GBP 100 billion in view of meeting the medium term inflation target of 2%. The 10-year UK Gilt yields ended the month 2 bps higher at 0.17%.

On 16 June 2020, the Bank of Japan (BoJ), as part of its Yield Curve Control (YCC) policy tool, left the short-term interest rate unchanged at -0.1%. The Bank stated 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 2.5 bps to reach 0.035% in June.

In emerging markets, the Monetary Policy Committee of the People's Bank of China (PBoC) maintained the 1-year loan prime rate (LPR) at 3.85% and the 5-year LPR at 4.65%. To ensure adequate liquidity in the financial system, PBoC launched a CNY 200 billion 1-year medium term lending facility (MLF). The 10-year China bond yields increased by 11 bps to 2.82% in June. The RBI maintained its policy repo rate at 4.0% under the liquidity adjustment facility (LAF) as per its last Monetary Policy Committee (MPC) meeting held on 22 May. The repo rate under the marginal standing facility (MSF) and the Bank Rate of 4.25% and the cash reserve ratio (CRR) of 3.0% of net demand and time liabilities (NDTL) were also maintained. The yield on 10Y Indian government bonds declined by 12 bps from 6.01% in May to 5.89% in June 2020.

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
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	Pope Hennessy Street, Port Louis	Website	nbfc.sbmgroup.mu/mam

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