

## 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	<b>Low to Moderate</b>	Moderate	Moderate to High	High
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### Fund Profile

Inception Date	Jun-06
Fund Size	MUR 202.9M
Issue / Redemption	10 <sup>th</sup> , 20 <sup>th</sup> 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%

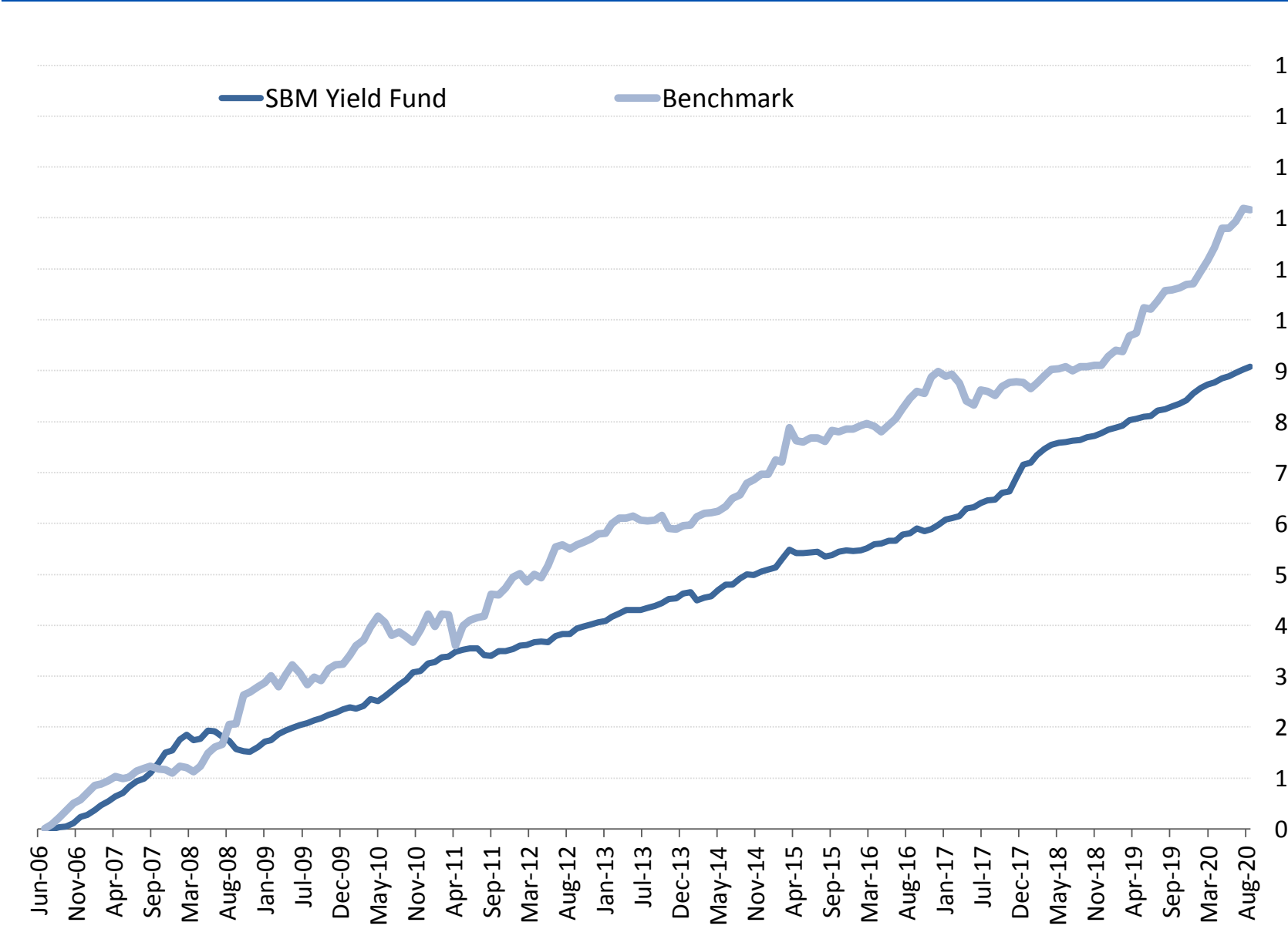
### Fund Facts

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	8.9%
Government of Mauritius Bond 25/01/2028	7.0%
IBL Ltd Series 2 Notes 08/09/2022	5.1%
Government of Mauritius Bond 11/05/2038	5.1%
iShares Core US Aggregate Bond ETF	4.6%
CIM Financial Services Ltd_CFSL 4% 31/07/2025	4.5%
Government of Mauritius Bond 07/09/2038	4.1%
Government of Mauritius Bond 05/11/2023	4.0%
Government of Mauritius Bond 09/11/2033	3.5%
SBM Maharaja Bond Fund	3.4%
<b>TOTAL</b>	<b>50.2%</b>

### Cumulative Performance



### Risk Adjusted Metrics

Volatility p.a.	1Y	3Y	5Y
SBM Yield Fund	0.56%	1.23%	1.16%
Benchmark	2.10%	2.02%	1.58%

Fund vs Benchmark	1Y	3Y	5Y
Tracking error	2.12%	2.36%	1.93%
Correlation	9.75%	1.14%	3.61%

### 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		

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31 August 2020

NAV per share

**MUR 11.17**

### Cumulative Return

	1M	3M	6M	YTD	1Y	3Y	5Y	Launch	Annualized
Fund	0.3%	1.0%	1.8%	2.8%	4.6%	15.9%	24.2%	90.8%	4.7%
Benchmark	-0.1%	1.7%	4.7%	7.1%	7.8%	19.7%	25.9%	121.7%	5.8%

*\*All returns are calculated assuming dividends are reinvested.*

### Financial Year Return

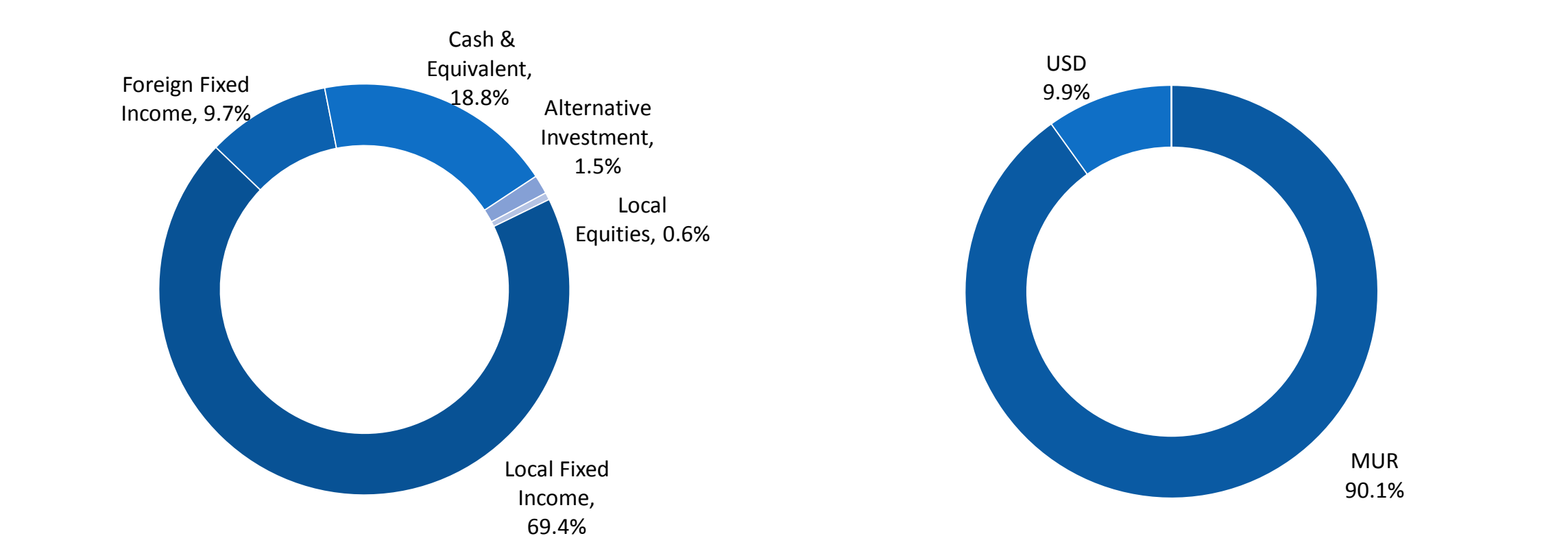
	2012	2013	2014	2015	2016	2017	2018	2019	2020
Fund	1.8%	3.7%	3.4%	4.3%	1.4%	4.8%	7.3%	2.9%	4.6%
Benchmark	10.2%	3.4%	1.6%	8.3%	2.1%	3.1%	2.5%	6.0%	8.5%

*\*Financial year as at June*

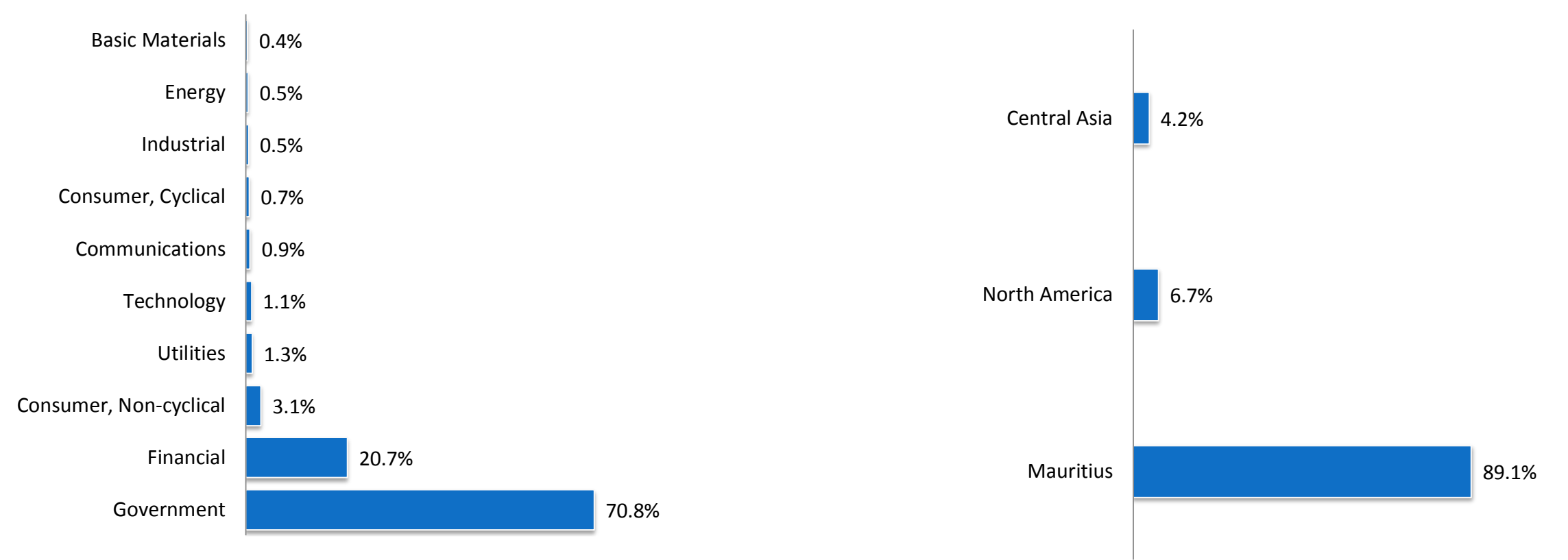
### Distributions

	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



### Sector Allocation



### Market Commentary

The Net Asset Value (NAV) of the Fund grew from MUR 11.14 to MUR 11.17 in August, equivalent to a return of 0.3%, while the benchmark yielded -0.1%.

Yields on the primary market remained unchanged since there was no fresh issuance during the month. On the secondary market, 91D Treasury Bills traded at a weighted average yield of 0.56%, representing an increase of 25 bps over the month. The corresponding yield on 182D Treasury Bills and 364D Treasury Bills increased by 39bps and 69 bps to reach 0.75% and 1.20%. 3Y GOM Notes yield increased from 1.74% to 1.79% and 5Y GOM Bonds traded at 2.06% against 2.05% in July. 10Y GOM Bonds trade marginally higher at 2.57% against 2.52% in the preceding month. 20Y GoM Bonds traded 26 basis points lower at 2.86% against 3.11%.

Headline inflation stood at 1.8% in July 2020 compared to 1.0% in the precedent year. Excess liquidity has remained elevated in the economy, standing at MUR 46.5Bn as at 27 August 2020. MUR cash holdings decreased from MUR 38.6Bn on 13 August 2020 to MUR 29.0Bn on 27 August 2020.

On the foreign fixed income front, the Barclays Global Aggregate Bond index trimmed -0.2% during the month driven by a boost in investor sentiment towards risky assets. Globally, government bond yields rose while the US dollar continued to weaken with the DXY index shedding -1.3% in August.

At the Jackson Hole Symposium, the Federal Reserve announced that it would allow inflation to exceed its target of 2% in the coming years and that rates are likely to remain low for years. US Treasuries were generally on the downtrend during the month following optimism on economic recovery – the 10-year US Treasury yield rose by 18bps to 0.70% in August.

The European Central Bank did not hold any monetary policy committee meeting in August, hence rates were maintained with the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility standing at 0.00%, 0.25% and -0.50%, respectively. European bonds followed the global upward trend with yields on the 10-year German bonds rising from -0.52% to -0.40%. The 10-year Italian bond yields traded at 1.09%, 8bps higher than July’s reading while the 10-year Spanish bond yields ticked higher by 7bps to 0.41%.

At its last Monetary Policy Committee (MPC) meeting held on 4 August 2020, the Bank of England kept its interest rate unchanged at 0.1% with its bond-purchase programme target maintained at GBP 745 billion. The Central Bank’s Governor, Andrew Bailey, however stated that the BOE is willing to use negative interest rates. The 10-year UK Gilt yields traded at 0.31% in August, 21bps higher than the previous month reading.

In Japan, the short-term interest rate remained unchanged at -0.1% as no Monetary Policy Meeting was held in August. The 10-year Japanese bond yields slightly rose to 0.05%, representing an increase of 3 bps on July’s reading.

In emerging markets, the People’s Bank of China (PBOC) left the loan prime rates steady for fourth consecutive month with the 1-year and 5-year LPR at 3.85% and 4.65% respectively. The yield on the 10-year China bond marginally increased by 5bps to 3.02%. Following its MPC meeting held on 6 August 2020, the Reserve Bank of India maintained its policy repo rate at 4.0% under the liquidity adjustment facility (LAF). The Bank Rate and the Cash Reserve Ratio (CRR) of net demand and time liabilities were also kept on hold at 4.25% and 3.0%, respectively. The 10-year Indian government bonds traded at 6.12% in August, 28bps higher than its previous month’s reading.