

SBM Yield Fund

30 September 2020

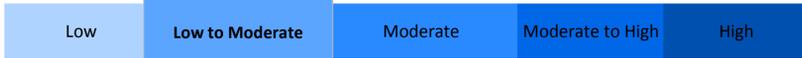
NAV per share

MUR 10.88

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 203.2M
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%

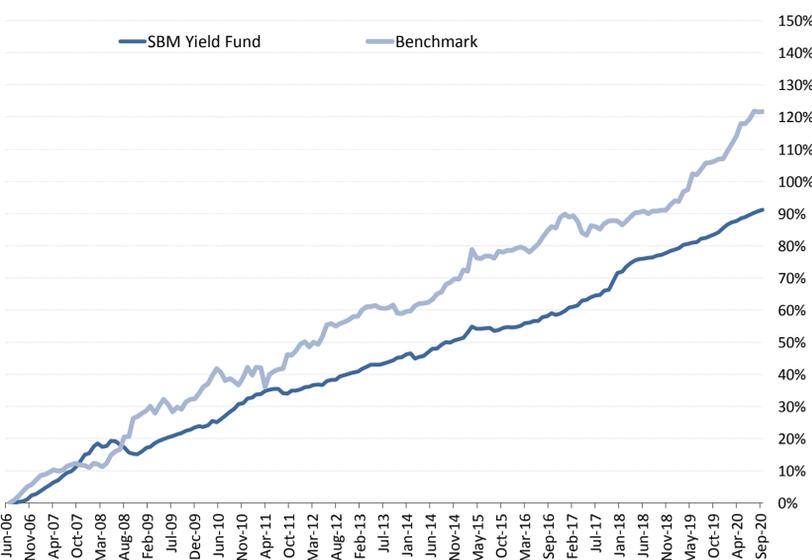
Fund Facts

Fund Manager	SBM Mauritius Asset Managers Ltd
Benchmark	60% GOM 3Y Notes + 40% Barclays Agg Bond Index
Fund Administrator	SBM Fund Services Ltd
Auditors	Deloitte
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	7.1%
Government of Mauritius Bond 11/05/2038	5.1%
IBL Ltd Series 2 Notes 08/09/2022	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 05/11/2023	4.0%
Government of Mauritius Bond 07/09/2038	3.9%
MAUTN 0.72% 12/06/2022	3.9%
Government of Mauritius Bond 09/11/2033	3.6%
TOTAL	50.7%

Cumulative Performance



Note: 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	0.57%	1.21%	1.16%
Benchmark	2.11%	2.04%	1.59%

Fund vs Benchmark	1Y	3Y	5Y
Tracking error	2.11%	2.33%	1.93%
Correlation	13.79%	3.70%	4.14%

Cumulative Return

	1M	3M	6M	YTD	1Y	3Y	5Y	Launch	Annualized
Fund	0.2%	0.9%	1.9%	3.0%	4.5%	15.2%	24.4%	91.2%	4.7%
Benchmark	0.0%	1.1%	3.5%	7.1%	7.7%	18.7%	24.4%	121.8%	5.7%

*All returns are calculated assuming dividends are reinvested.

Financial Year Return

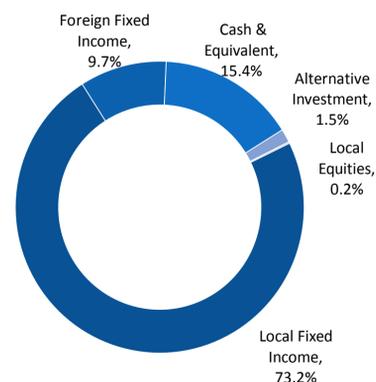
	2012	2013	2014	2015	2016	2017	2018	2019	2020
Fund	1.8%	3.7%	3.4%	4.3%	1.4%	4.8%	7.3%	2.9%	4.6%
Benchmark	10.2%	3.4%	1.6%	8.3%	2.1%	3.1%	2.5%	6.0%	8.5%

*Financial year as at June

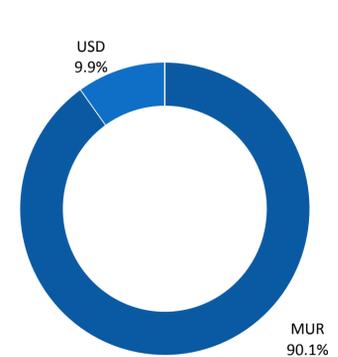
Distributions

	2012	2013	2014	2015	2016	2017	2018	2019	2020
Dividend per unit	0.41	0.41	0.15	0.30	0.32	0.33	0.33	0.25	0.31
Dividend Yield	4.0%	4.0%	1.5%	2.9%	3.1%	3.2%	3.0%	2.3%	2.9%

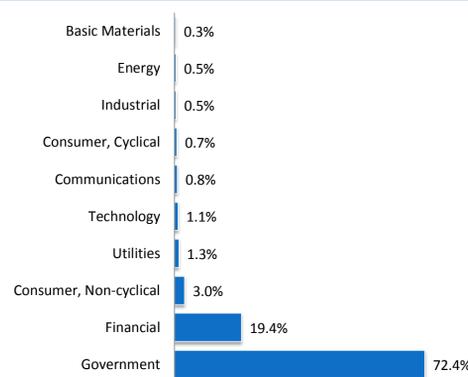
Asset Allocation



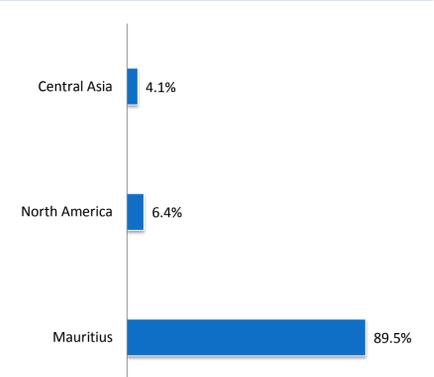
Currency Mix



Sector Allocation



Regional allocation



Market Commentary

The Net Asset Value (NAV) of the Fund fell from MUR 11.17 to MUR 10.88 in September, equivalent to a return of 0.2%, while the benchmark yielded 0.0%.

Yields on the primary market remained unchanged since there was no fresh issuance during the month. On the secondary market, yields on the 91D Treasury Bills rose by 6bps to 0.61%. The corresponding weighted average yields on 182D Treasury Bills and 364D Treasury Bills increased by 4bps and 12bps to 0.79% and 1.32%. 3Y GOM Notes yield moved from 1.79% to 1.81%, and 5Y GOM Bonds traded at 2.10% against 2.06% in August. Headline inflation stood at 1.8% in August 2020 compared to 1.0% in the preceding year. Excess liquidity, despite being on the downtrend, remained elevated at MUR 34.3Bn as at 24 September 2020. MUR cash holdings decreased from MUR 25.2Bn on 10 September 2020 to MUR 22.4Bn on 24 September 2020.

On the foreign fixed income front, the Barclays Global Aggregate Bond index fell by -0.4% – investors turned to safe-haven assets over the month as the spike in Covid-19 cases threatened the global economic recovery.

At its last Monetary Policy Committee (MPC) meeting in September, the Federal Reserve maintained the Fed Fund target range at 0.00%-0.25%. Chairman Jerome Powell pledged to keep interest rates near zero until 2023 and emphasised on the need for further fiscal stimulus in order to curb downside risks posed by the pandemic. US Treasuries were little changed during the month with the 10-year US Treasury yield marginally dropping by 2bps to 0.68%.

The European Central Bank (ECB) kept rates unchanged 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. The ECB also announced that net asset purchases under the EUR 1,350 billion PEPP will continue until at least June 2021 in view of offsetting the Covid-19 impact on the economy. Christine Lagarde hinted at a review in ECB's inflation target in order to adapt to current economic conditions. Yields of European bonds followed the global downtrend with yields on the 10-year German bonds shedding 13bps to trade at -0.52% at the end of the month. The 10-year Italian bond yields traded at 0.87%, 23bps lower than the preceding month's reading. In Spain, the 10-year bond yields dropped from 0.41% in August to 0.25% in September.

The Bank of England (BoE) kept its interest rate unchanged at 0.1% and also voted to keep the existing bond-purchase programme at GBP 745 billion. The 10-year UK Gilt yields traded at 0.23% in September, 8bps lower than the previous month's reading.

The Bank of Japan maintained its short-term interest rate unchanged at -0.1% at its September MPC meeting. The 10-year Japanese bond yields slightly declined from 0.05% to 0.02% during the month.

In emerging markets, the People's Bank of China (PBOC) maintained the loan prime rates steady with the 1-year and 5-year LPR at 3.85% and 4.65% respectively. The 10-year Chinese bond yields rose by 12bps to 3.15% in September. The Reserve Bank of India rescheduled its bi-monthly MPC meeting which was scheduled for the 29th September – policy repo rate under the liquidity adjustment facility (LAF) hence remained unchanged at 4.0%. The Bank Rate and the Cash Reserve Ratio (CRR) of net demand and time liabilities also remained unchanged at 4.25% and 3.0%, respectively. The 10-year Government of India bond yields fell by 11bps to 6.01%, during the month.

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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