

Monthly Market Wrap

| January 2021

Equity index returns (% in local currency)

Index	1M	3M	6M	YTD	1Y	3Y	5Y	5Y Std Dev
S&P 500	-1.1%	+13.6%	+13.5%	-1.1%	+15.2%	+31.5%	+91.4%	15.1%
MSCI World	-1.1%	+16.1%	+15.5%	-1.1%	+13.6%	+20.3%	+70.4%	15.0%
MSCI World Small Cap	+2.0%	+26.2%	+30.0%	+2.0%	+20.1%	+18.7%	+78.8%	18.8%
MSCI Europe	-0.8%	+15.5%	+10.9%	-0.8%	-4.9%	-1.8%	+13.6%	14.1%
MSCI EM	+3.0%	+20.5%	+23.2%	+3.0%	+25.2%	+6.0%	+79.1%	17.3%
MSCI AC Asia	+2.0%	+18.7%	+23.8%	+2.0%	+23.0%	+10.8%	+67.9%	14.1%
SEMDEX	-0.6%	+11.5%	+2.9%	-0.6%	-26.0%	-27.4%	-11.1%	14.7%
DEMEX	+6.5%	+16.4%	+10.3%	+6.5%	-3.7%	-2.9%	+14.1%	8.1%

Fixed income index returns (% local currency)

Index	1M	3M	6M	YTD	1Y	3Y	5Y	5Y Std Dev
Barclays Global Aggregate Bond	-0.9%	+2.3%	+1.9%	-0.9%	+6.9%	+12.9%	+24.2%	4.7%
Barclays US Aggregate Bond	-0.7%	+0.4%	-0.9%	-0.7%	+4.7%	+17.4%	+21.7%	3.2%
Barclays High Yield bond	-0.2%	+7.4%	+7.2%	-0.2%	+6.7%	+14.0%	+47.8%	9.0%
JP Morgan EMU IG Bond	-0.7%	-0.4%	+1.3%	-0.7%	+2.0%	+13.2%	+14.3%	3.9%
JP Morgan EM Bond	-1.4%	+4.7%	+3.0%	-1.4%	+2.7%	+15.0%	+39.8%	9.5%
FTSE Asian Broad Bond	-0.1%	+2.2%	+1.7%	-0.1%	+5.3%	+19.6%	+31.8%	4.6%

Commodity prices

Commodity	Current \$	1M
WTI Crude Oil / Bbl	52.20	+7.6%
Brent Crude Oil / Bbl	55.88	+7.9%
Natural Gas / mmBtu	2.56	+0.9%
Copper / oz	355.60	+1.1%
Silver / oz	26.99	+2.2%
Gold / oz	1,847.65	+2.7%

SEMDEX sector performance (%)

Index	Weight	1M
Financials	39.8%	-0.5%
Commerce	20.6%	-0.5%
Industry	9.3%	+2.9%
Investments	22.6%	-1.7%
Leisure & Hotels	6.2%	+3.6%
Property	0.3%	+2.0%
Sugar	0.6%	+9.3%
Transport	0.4%	0.0%
Foreign	0.2%	0.0%

Secondary market yields - GoM

Tenor	91D	182D	364D	3Y	5Y	10Y	15Y	20Y
Current	0.17%	0.24%	0.33%	1.16%	1.32%	2.04%	2.39%	2.45%
-1M	0.17%	0.21%	0.33%	1.22%	1.43%	1.85%	2.63%	2.69%

Disclaimer: The information contained in this document does not constitute an offer, or a solicitation of an offer, to purchase or sell any investment or other specific product by SBM NBFC Holdings Ltd and/or its subsidiary SBM Mauritius Asset Managers Ltd. Although all information 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 and reliability. Past performance is not necessarily a guide to future performance or returns. The price, value or income of the investment can go up or down. Rates of exchange may cause the value of investments to fluctuate. Investors may not get back the amount they invest. Readers are advised to consult their professional advisor/s before taking any decision or making an investment. SBM NBFC Holdings Ltd and/or its subsidiary SBM Mauritius Asset Managers Ltd disclaims all liability as regards any direct or consequential loss arising from any use of this message or the information contained therein.

Selected economic data

Index	Manufacturing PMI		Service PMI		Consumer confidence		CPI YoY	Policy rate	Unemployment
	Current	-1M	Current	-1M	Current	-1M	Current	Current	Current
US	59.20	57.10	58.30	54.80	89.30	87.10	1.4%	0.00%-0.25%	6.3%
Germany	57.10	58.30	46.70	47.00	82.00	84.00	1.0%	0.00%	6.1%
France	51.60	51.10	47.30	49.10	92.00	95.00	0.6%	0.00%	8.0%
UK	54.10	57.50	39.50	49.40	-28.00	-26.00	0.7%	0.10%	5.0%
Japan	49.80	50.00	46.10	47.70	30.10	33.70	-0.6%	-0.10%	2.9%
China	51.50	53.00	52.00	56.30	NA	122.10	-0.3%	4.35%	4.2%
India	57.70	56.40	52.80	52.30	NA	NA	4.1%	4.00%	6.5%

SBM Fund performance (% local currency)

Fund	Currency	Strategy	NAV	1M	3M	YTD	5Y Std Dev
SBM Perpetual Fund	MUR	Local fixed income	209.72	+0.3%	+1.0%	+0.3%	0.4%
SBM Universal Fund	MUR	Multi-asset	27.91	+0.3%	+7.9%	+0.3%	7.3%
SBM Yield Fund	MUR	Global fixed income	12.89	+2.0%	+3.2%	+2.0%	6.8%
SBM Growth Fund	MUR	Global equities	11.64	+0.4%	+11.8%	+0.4%	11.7%*
SBM India Fund	USD	Indian equities	113.97	-1.0%	+18.3%	-1.0%	29.8%

*since inception in Feb 16

Commentary

Local equity indices registered mixed performances in January with the SEMDEX and DEMEX closing at 1,638.00 points and 227.66 points, respectively, equivalent to monthly performances of -0.6% and +6.5%. The main leading movers, that is, companies which contributed to the positive performance of the SEMDEX were GAMMA, UDL and CIM while, on the downside, the main lagging movers were MCBG, ROGERS and MEDINE. The top three gainers in terms of price returns were UDL (+32.7%), OMNICANE (+9.3%) and GAMMA (+8.5%) whereas the top three losers were BMH (-14.2%), MOROIL (-12.6%) and MEDINE (-9.5%). The corresponding price-earnings ratio and dividend yield for the SEMDEX stood at 11.75x and 2.21% as at 31 January 2021 against respective readings of 11.66x and 2.30% as at 31 December 2020. Net foreign disinvestments increased to MUR 208.6M in January compared to MUR 115.3M in December, mainly driven by the sell-offs in MCBG, PBL and Terra.

Global equities lost momentum in January with sell-offs accentuating by month end after markets became increasingly concerned about valuation levels and potential bubble build-up by retail investors. The MSCI World index registered a return of -1.1% MoM.

Despite starting the month strongly and navigating in record territory, the S&P500 index posted a monthly return of -1.1% amid higher volatility driven by short squeezes. US Purchasing Managers' Index (PMI) rose to 59.2 in January from a reading of 57.1 in December following strong demand from both domestic and export markets. Latest data, however, suggested that economic growth moderated at an annualised rate of 4.0% in Q4 2020 against 33.4% in Q3 2020.

Euro Stoxx 50 registered a return of -2.0% in January after slow vaccine deployment and renewed lockdowns weighed on sentiments. The CAC 40 and DAX indices fell by -2.7% and -2.1%, respectively while the FTSE MIB index posted -3.0%. The manufacturing sector continued to expand albeit at a weaker pace with PMI edging down to 54.8 in January against 55.2 in December. In the UK, the FTSE 100 lost -0.8% MoM following the reintroduction of lockdown measures. PMI fell to a 3-month low of 54.1 in January (Dec-20: 57.5) as temporary supply-chain disruptions impacted on output.

The Nikkei 225 added 0.8% following economic optimism and expectations of improved earnings. Japan's manufacturing activity fell back into contraction as the rising number of Covid-19 cases adversely impacted on operating conditions and led to a fall in output – PMI fell from the neutral 50.0 threshold in December to 49.8 in January.

During the month, emerging equities outperformed developed markets with the MSCI Emerging Markets index adding 3.0% MoM. The strong performance was driven by China after the CSI 300 posted 2.7% in local currency and 4.3% in USD. The Chinese manufacturing sector grew at a modest pace with PMI falling to 51.5 against 53.0 in December following weaker demand conditions. In India, the BSE Sensex posted -3.1% MoM ahead of budget and amid border tensions with China. PMI edged up to 57.7 against 56.4 previously after faster expansions in output and new orders.

At fixed income level, the Barclays Global Aggregate Bond index registered -0.9% MoM, reflecting a shift in risk sentiment towards month end. The Fed maintained its target range for federal funds rate at 0.00%-0.25% and reaffirmed that it would continue to increase its holdings of Treasury securities by at least USD 80Bn per month and of mortgage securities by at least USD 40Bn per month. The ECB kept the interest rate on the main refinancing operations, the marginal lending facility and the deposit facility unchanged at 0.00%, 0.25% and -0.50%, respectively.

Regarding commodities, the S&P GSCI index registered USD gains of 4.9% MoM as crude oil prices and silver surged. Brent and WTI oil prices added 7.9% and 7.6% amid expectations of stronger demand and higher stimulus. Precious metals posted mixed performances with Gold and Silver registering corresponding returns of -2.7% and 2.2% MoM.

Hotline: 202 1111 | E: sbm.assetm@sbmgroup.mu | W: nbfc.sbmgroup.mu/mam