

# SBM Yield Fund

31 March 2021

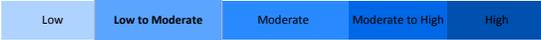
NAV per share

MUR 12.67

## 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 stocks, convertible bonds, structured products and mortgage backed securities, amongst others.

## Risk Profile



## Fund Profile

Inception Date	Jun-06
Fund Size	MUR 228.5M
Issue / Redemption	10 <sup>th</sup> , 20 <sup>th</sup> and end of each month
Distribution	Quarterly
Management Fee	0.85% p.a
Entry Fee:	0.50%
Exit Fee:	0.50%

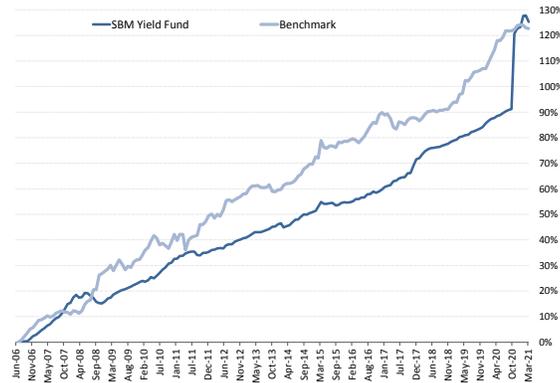
## Fund Facts

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	11.0%
Government of Mauritius Bond 25/01/2028	8.5%
Government of Mauritius Bond 07/09/2038	6.8%
Government of Mauritius Bond 11/05/2038	6.3%
MAUTN 12/06/2022	5.7%
Government of Mauritius Bond 22/07/2036	5.1%
IBL Ltd Series 2 Notes 08/09/2022	4.5%
Government of Mauritius Bond 09/11/2033	4.2%
iShares Core US Aggregate Bond ETF	4.0%
CIM Financial Services Ltd 31/07/2025	4.0%
<b>TOTAL</b>	<b>60.1%</b>

## Cumulative Performance



Note: Change in valuation of GOM securities from hold-to-collect to fair value under IFRS 9

## Risk Adjusted Metrics

Volatility p.a.	1Y	3Y	5Y
SBM Yield Fund	15.22%	8.82%	6.88%
Benchmark	2.25%	2.17%	1.69%

Fund vs Benchmark	1Y	3Y	5Y
Tracking error	15.42%	9.18%	7.15%
Correlation	-2.46%	-4.52%	-3.75%

## 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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## Cumulative Return

	1M	3M	6M	YTD	1Y	3Y	5Y	Launch	Annualized
Fund	-1.1%	0.9%	17.8%	0.9%	20.0%	29.0%	44.4%	125.3%	5.7%
Benchmark	-0.1%	-0.7%	0.4%	-0.7%	4.0%	17.8%	24.4%	122.7%	5.6%

\*All returns are calculated assuming dividends are reinvested.

## Financial Year Return

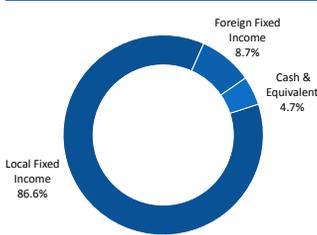
	2012	2013	2014	2015	2016	2017	2018	2019	2020
Fund	1.8%	3.7%	3.4%	4.3%	1.4%	4.8%	7.3%	2.9%	4.6%
Benchmark	10.2%	3.4%	1.6%	8.3%	2.1%	3.1%	2.5%	6.0%	8.5%

\*Financial year as at June

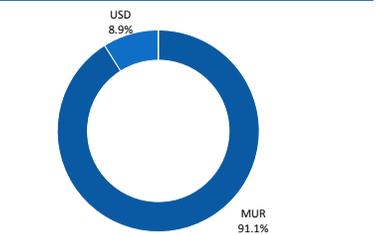
## Distributions

	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%

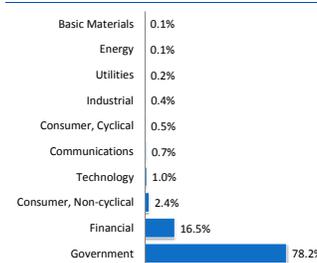
## Asset Allocation



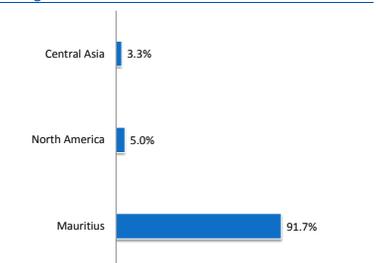
## Currency Mix



## Sector Allocation



## Regional allocation



## Market Commentary

The Net Asset Value per unit (NAV) of the Fund fell from MUR 12.90 in February to MUR 12.67 in March, equivalent to a return of -1.1% after paying a dividend of MUR 0.08 per unit. As a comparison, the composite index yielded a return of -0.1%.

During the month, there was no fresh issuance of 91D Treasury Bills. The primary market yield on 182D Treasury Bills rose by 7bps to 0.31% following an issuance of MUR 1,200Mn while yield on the 364D Treasury Bills increased from 0.33% to 0.43% subsequent to the issue of MUR 1,200Mn. The auction of MUR 1,800Mn of 3Y GOM Note resulted in the weighted average yield increasing by 22bps to 1.16%. MUR 2,000Mn of 5Y GOM Note was issued at a weighted average yield of 1.62%. Yields on the 10Y GOM Bond increased by 106bps to reach 2.41% following an issue of MUR 2,000Mn. There were no new auctions for 15Y and 20Y GOM Bonds.

Yields on the secondary market front were generally on the rise during March 2021. The corresponding yields on 91D Treasury Bills, 182D Treasury Bills and 364D Treasury Bills increased by 4 bps, 6 bps and 7 bps to reach 0.20%, 0.32% and 0.44%, respectively. 3Y GOM Note traded at a weighted average yield of 1.20% against the previous month's reading of 0.90%. The 5Y GOM Bond yields rose to 1.62% compared to 1.40% in February and the 10Y GOM Bond yields surged to 2.44% from 1.99% in the preceding month. Longer term bonds yields rose considerably with 15Y and 20Y GOM Bond trading at weighted average yields of 2.89% and 3.09%, respectively, 40bps and 53bps higher than in February.

The headline inflation rate was 2.2% in March 2021 against a reading of 1.2% in the preceding year. Excess liquidity stood at MUR 65.48n as at 25 March 2021 with MUR cash holdings decreasing from MUR 36.18n on 25 February 2021 to MUR 32.08n on 25 March 2021.

The Barclays Global Aggregate Bond index tumbled by -1.9% in March, reflecting the improvement in global economic outlook and higher inflation expectations. During the Monetary Policy Committee (MPC) meeting held in March, the Federal Reserve (Fed) raised its 2021 growth and inflation projections to 6.5% and 2.4%, while the Fed Fund rate was kept unchanged at 0.00%-0.25%. The passage of the USD 1.9 trillion US fiscal stimulus package, the Fed's dovish stance and faster than expected vaccine rollout drove 10-year US Treasury yield higher by 34 bps from 1.40% in February to 1.74% in March.

The Bank of England's Monetary Policy Committee (MPC), at its meeting held on 17 March 2021, voted unanimously to leave the Bank Rate unchanged at 0.1% and maintained the pace of its asset purchases. The 10-year UK Gilt yields surged by 3 bps to 0.85% in March, reflecting the stronger economic outlook as the rates of Covid infections and hospitalisations have declined significantly across Britain.

The European Central Bank (ECB) kept the interest rate unchanged on the main refinancing operations and the marginal lending facility and the deposit facility at 0.00%, 0.25% and -0.50%, respectively. The Governing Council expects to conduct its asset purchases under the pandemic emergency purchase programme (PEPP) at a significantly higher pace than during the first months of this year. Consequently, bond yields were generally on the downturn with the yield on 10-year Italian bond falling from 0.76% to 0.57% in March. The corresponding yield on 10-year Spanish and German bonds tumbled by 8 bps and 3 bps to 0.34% and -0.29%.

The Bank of Japan (BoJ), at its Monetary Policy Committee (MPC) meeting held on 19 March 2021, decided to leave the short-term interest rate unchanged at -0.1%. Under its Yield Curve Control policy, the Committee has decided to allow 10-year Japanese government bond yield to move up or down by 25 bps from 0%, wider than the previous 20 bps. 10-year Japanese bond traded at 0.10% in March compared to 0.16% in the preceding month.

Among larger emerging economies, the People's Bank of China (PBoC) maintained the 1-year and 5-year loan prime rates at 3.85% and 4.65%, respectively. The yield on 10-year Chinese bonds fell from 3.28% to 3.19% in March, reflecting rising concerns about risks of asset bubbles and the country's debt burden. In India, no MPC meeting was held during the month; the repo rate was unchanged at 4.0% under the liquidity adjustment facility (LAF). The repo rate under marginal standing facility (MSF), the Bank Rate of 4.25% and the cash reserve ratio (CRR) of net demand and time liabilities (NDTL) of 3.0% also remained unchanged. On 25 March, the RBI conducted another open market operation (OMO) involving the simultaneous purchase and sale of Government of India securities INR 100 billion each. Following the rise in the number of Covid-19 cases and the RBI's open market operations, 10-year Government of India bond yields fell by 6 bps to 6.17% in March.