

SBM Yield Fund

31 May 2021

NAV per share

MUR 12.19

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 230.0M
Issue / Redemption	10 th , 20 th and end of each month
Distribution	Quarterly
Management Fee	0.85% p.a
Entry Fee:	0.50%
Exit Fee:	0.50%

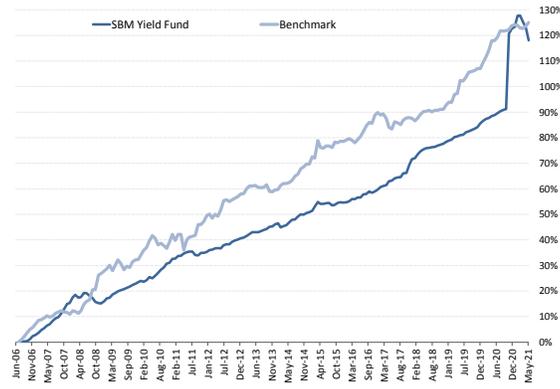
Fund Facts

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 08/02/39	9.9%
Government of Mauritius Bond 25/01/28	8.2%
Government of Mauritius Bond 07/09/38	6.2%
Government of Mauritius Bond 12/06/22	5.7%
Government of Mauritius Bond 11/05/38	5.6%
Government of Mauritius Bond 22/07/36	4.7%
IBL Ltd Series 2 Notes 08/09/22	4.5%
iShares Core US Aggregate Bond ETF	4.0%
CIM Financial Services Ltd Notes 31/07/25	4.0%
Government of Mauritius Bond 09/11/33	3.9%
TOTAL	56.7%

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	15.82%	9.04%	7.03%
Benchmark	1.55%	2.17%	1.69%

Fund vs Benchmark	1Y	3Y	5Y
Tracking error	15.97%	9.40%	7.31%
Correlation	-5.15%	-5.19%	-4.72%

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@sbmgroumu
	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	-2.3%	-4.3%	-2.1%	-2.4%	15.5%	24.0%	39.3%	118.1%	5.4%
Benchmark	0.6%	1.0%	0.6%	0.4%	3.2%	18.2%	25.5%	125.1%	5.6%

*All returns are calculated assuming dividends are reinvested.

Financial Year Return

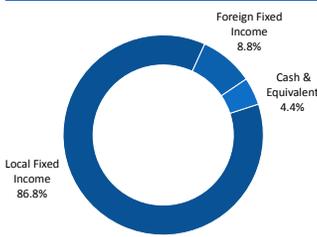
	2012	2013	2014	2015	2016	2017	2018	2019	2020
Fund	1.8%	3.7%	3.4%	4.3%	1.4%	4.8%	7.3%	2.9%	4.6%
Benchmark	10.2%	3.4%	1.6%	8.3%	2.1%	3.1%	2.5%	6.0%	8.5%

*Financial year as at June

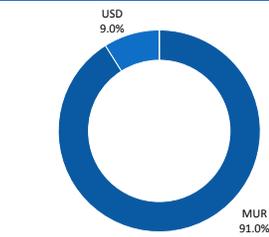
Distributions

	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%

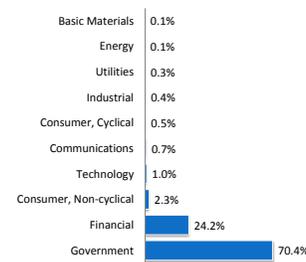
Asset Allocation



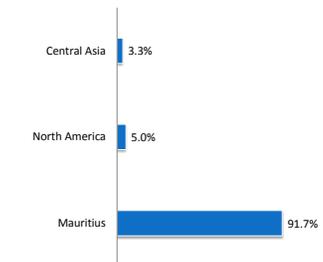
Currency Mix



Sector Allocation



Regional allocation



Market Commentary

The Net Asset Value per unit (NAV) of the Fund fell from MUR 12.47 in April to MUR 12.19 in May, equivalent to a return of -2.3% compared to its benchmark which yielded 0.6%.

Yields on the domestic bond market were on the uptrend during the month. The GOM issued MUR 1,000Mn of the 91D Treasury Bills and the average weighted yield increased by 18bps to 0.63%. The yield on 182D Treasury Bills rose by 41bps to 0.89% following a net issuance of MUR 2,000Mn while that of the 364D Treasury Bills increased from 0.74% to 1.05% following an auction of MUR 1,000Mn. A 3Y GOM Note for MUR 2,200Mn was issued at an average weighted yield of 1.41%, equivalent to a rise of 16bps from the previous issuance. Following the auction of MUR 2,500Mn of 5Y GOM Bond, the yield surged by 53bps to 2.26%. The yield on 20Y GOM Bond significantly increased by 133bps following an issuance of MUR 2,500Mn on 26 May. There were no new issuances of 10Y and 15Y GOM Bonds during the month.

On the secondary market, the corresponding yields on 91D Treasury Bills, 182D Treasury Bills and 364D Treasury Bills rose by 11bps, 24bps and 31bps to reach 0.56%, 0.80% and 1.03%, respectively. The 3Y GOM Note traded at 1.57% during the month, 28bps higher than the previous month while the 5Y GOM Bond traded at a weighted average yield of 2.30% against 1.82% in the preceding month. The 10Y GOM Bond yields inched up by 52bps to trade at 2.98% while the 15Y GOM Bond yields rose to 3.61% compared to 3.02% in April. The 20Y GOM Bond traded at a weighted average yield of 4.08% against 3.10% in the previous month.

The headline inflation rate was 1.8% in May 2021 against a reading of 1.7% in the preceding year. Excess liquidity stood at MUR 56.08bn as at 20 May 2021 with MUR cash holdings decreasing from MUR 25.48bn on 22 April 2021 to MUR 20.38bn on 20 May 2021.

The Barclays Global Aggregate Bond Index advanced 0.9% in May as bond markets shrugged off inflation concerns and the yield on 10-year US Treasuries retreated by 3 bps from 1.63% in April to 1.59% in May. Fed officials reiterated that they were expecting a transitory rather than lasting price pressures from the economic rebound, despite the latest Fed minutes flagging the possibility that Fed officials were cautiously optimistic regarding the recovery of the US economy and would scale back in bond purchases at some point.

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 ECB accelerated its asset purchases under the pandemic emergency purchase programme (PEPP) given the perceived tightening in monetary conditions. Bond yields were generally on the uptrend mainly on account of rising economic optimism. The corresponding yield on 10-year German and Italian bonds surged by 2 bps and 1 bp to -0.19% and 0.91%. Spanish bond yields declined by 2 bps from 0.48% to 0.46% in May.

The Bank of England (BoE) made no changes to policy settings, keeping its policy rate at 0.1% and holding the total size of its asset purchase programme steady at GBP 895B. The BoE announced that it would reduce the weekly pace of its bond-buying to GBP 3.4B a week between May and August, from the current pace of GBP 4.4B. The 10-year UK Gilt yields tumbled by 5 bps to 0.80% in May.

In Japan, no Monetary Policy Committee (MPC) meeting was held during the month. The Bank of Japan (BoJ) left the short-term interest rate unchanged at -0.1%. 10-year Japanese bond traded at 0.09% in May, 1 bp below the preceding month's reading, remaining well within the BOJ's target range of 0% +/- 25bps under its Yield Curve Control policy.

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 3.18% to 3.07% in May, mainly on account of a crackdown on commodity speculation which dissipated inflation worries. In India, no Monetary Policy Committee (MPC) meeting was held during the month. The repo rate was left unchanged at 4.0% under the liquidity adjustment facility (LAF). On 20 May 2021, the RBI conducted its second open market bond purchase operation of INR 350bn under Government Securities Acquisition Programme. The RBI's special open market operation combined with signs that the current Covid-19 wave is easing curtailed upward pressures on Indian bond yields. As a result, 10-year Government of India bond yields fell marginally by 1 bps to 6.02% in May.