

Monthly Market Wrap

| June 2021

Equity index returns (% local currency)

Index	1M	3M	6M	YTD	1Y	3Y	5Y	5Y Std Dev
S&P 500	+2.2%	+8.2%	+14.4%	+14.4%	+38.6%	+58.1%	+104.8%	15.0%
MSCI World	+1.4%	+7.3%	+12.2%	+12.2%	+37.0%	+44.4%	+82.5%	14.7%
MSCI World Small Cap	+0.1%	+4.6%	+14.1%	+14.1%	+51.0%	+35.0%	+81.9%	18.4%
MSCI Europe	+1.6%	+5.4%	+13.6%	+13.6%	+25.1%	+17.2%	+34.4%	14.0%
MSCI EM	-0.1%	+4.4%	+6.5%	+6.5%	+38.1%	+28.5%	+64.8%	16.2%
MSCI AC Asia	-0.5%	+2.2%	+4.0%	+4.0%	+31.7%	+25.3%	+61.3%	13.6%
SEMDEX	+8.7%	+16.6%	+13.1%	+13.1%	+12.2%	-16.9%	+6.4%	15.3%
DEMEX	+7.7%	+23.4%	+33.0%	+33.0%	+37.5%	+18.6%	+46.7%	10.2%

Fixed income index returns (% local currency)

Index	1M	3M	6M	YTD	1Y	3Y	5Y	5Y Std Dev
Barclays Global Aggregate Bond	-0.9%	+1.3%	-3.2%	-3.2%	+2.6%	+13.2%	+12.3%	4.6%
Barclays US Aggregate Bond	+0.7%	+1.8%	-1.6%	-1.6%	-0.3%	+16.9%	+16.1%	3.3%
Barclays High Yield bond	+0.2%	+3.1%	+2.1%	+2.1%	+14.6%	+21.0%	+36.9%	8.7%
JP Morgan EMU IG Bond	+0.4%	-0.7%	-3.1%	-3.1%	-0.1%	+9.4%	+7.5%	3.8%
JP Morgan EM Bond	+0.9%	+4.5%	-1.0%	-1.0%	+7.5%	+22.6%	+26.4%	9.4%
FTSE Asian Broad Bond	+0.5%	+1.4%	-0.2%	-0.2%	+4.1%	+21.9%	+24.7%	4.5%

Commodity prices

Commodity	Current \$	1M
WTI Crude Oil / Bbl	73.47	+10.8%
Brent Crude Oil / Bbl	75.13	+8.4%
Natural Gas / mmBtu	3.65	+22.2%
Copper / oz	429.65	+8.1%
Silver / oz	26.13	-6.8%
Gold / oz	1,770.11	+7.2%

SEMDEX sector performance (%)

Index	Weight	1M
Financials	40.8%	+11.5%
Commerce	18.3%	+0.2%
Industry	8.9%	+4.6%
Investments	24.1%	+10.5%
Leisure & Hotels	6.4%	+18.1%
Property	0.4%	+3.0%
Sugar	0.6%	+25.2%
Transport	0.3%	0.0%
Foreign	0.2%	0.0%

Secondary market yields - GoM

Tenor	91D	182D	364D	3Y	5Y	10Y	15Y	20Y
Current	1.01%	1.22%	1.48%	2.54%	3.12%	4.34%	4.76%	5.14%
-1M	0.56%	0.80%	1.03%	1.57%	2.30%	2.98%	3.61%	4.08%

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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	62.10	62.10	64.60	70.40	127.30	120.00	5.4%	0.00%-0.25%	5.9%
Germany	65.10	64.40	57.50	52.80	101.00	96.00	2.3%	0.00%	5.9%
France	59.00	59.40	57.80	56.60	102.00	98.00	1.5%	0.00%	8.1%
UK	63.90	65.60	62.40	62.90	-9.00	-9.00	2.5%	0.10%	4.8%
Japan	52.40	53.00	48.00	46.50	37.60	34.30	0.2%	-0.10%	3.0%
China	51.30	52.00	50.30	55.10	NA	121.80	1.1%	4.35%	4.2%
India	48.10	50.80	41.20	46.40	NA	NA	6.3%	4.00%	9.2%

*based on latest available data

SBM Fund performance (% local currency)

Fund	Currency	Strategy	NAV	1M	3M	YTD	5Y Std Dev
SBM Perpetual Fund	MUR	Local fixed income	212.58	+0.3%	+0.9%	+1.7%	0.4%
SBM Universal Fund	MUR	Multi-asset	31.03	+5.6%	+9.8%	+11.5%	7.7%
SBM Yield Fund	MUR	Global fixed income	11.67	-4.2%	-7.3%	-6.5%	7.4%
SBM Growth Fund	MUR	Global equities	13.51	+8.2%	+14.9%	+16.5%	12.2%
SBM India Fund	USD	Indian equities	131.62	+0.4%	+8.9%	+14.3%	28.8%

Commentary

Local equity indices posted strong performances during the month, with the SEMDEX and DEMEX closing at 1,863.22 and 284.38 points, equivalent to respective returns of 8.7% and 7.7%. The main leaders, that is, companies which contributed to the positive performance of the SEMDEX were MCBG, SBMH and MEDINE while on the downside the main laggards were NIT, MUAL and ASL. The top three price gainers were NMH (+40.2%), SUN (+39.6%) and MTMD (+25.2%) and the top three price losers were ASL (-4.8%), NIT (-4.5%) and UDL (-1.6%). The price-earnings ratio and dividend yield of the SEMDEX stood at 12.92x and 2.11%, respectively, as at 30 June against corresponding figures of 12.03x and 2.20% as at 31 May. Net foreign disinvestments of MUR 225.3Mn were driven by the sell-offs in MCBG, PBL and AFREXIM.

International equities continued its positive monthly streak for the fifth consecutive month as successful vaccination rollouts and pent-up consumer demand fueled economic recoveries across major economies - MSCI World index posted a return of 1.4% MoM.

The S&P500 index advanced by 2.2% as the new US infrastructure bill stoked economic optimism. Despite strong labour and housing data, concerns about high valuations and the spread of the highly infectious Covid-19 strain spurred caution among investors. The IHS Markit Purchasing Managers' Index (PMI) remained unchanged at 62.1 in June. Although remaining strong, expansions in output and new orders eased from May's historic high.

Eurostoxx 50 index added 0.6% in June as the spread of the delta variant and the persistent concerns on rising inflation capped gains. The CAC 40 and DAX indices registered respective returns of 0.9% and 0.7% during the month while the FTSE MIB index shed -0.3%. Growth in the manufacturing sector hit a new record high in June as demand surged with further easing of Covid-19 restrictions – PMI edged up from 63.1 in May to 63.4 in June. In the UK, the FTSE 100 index posted only 0.2%. Despite the robust growth in output, new orders and employment, PMI fell to 63.9 in June against a previous month's reading of 65.6.

Japanese equities continued to lag its global peers with the Nikkei 225 registering a return of -0.2% MoM with the slow vaccination campaign in Japan weighing on investor sentiment. The manufacturing sector growth continued to ease in June amid softer expansions in production and new orders; PMI fell from 53.0 in May to 52.4 in June. The ongoing supply chain disruptions translated into sharp rises in prices.

Emerging equities underperformed developed markets with the MSCI Emerging index posting a return of -0.1% in June. In China, the CSI 300 registered -2.0% MoM in local currency and -3.3% in USD terms as Sino-Western tensions and concerns over policy tightening weighed on investor sentiment. Chinese manufacturing sector grew at a modest pace with PMI falling to 51.3 in June against 52.0 in May as the recent uptick in Covid-19 cases and supply chain disruptions weighed on output. In India, the BSE Sensex gained 1.0% MoM. Growth in manufacturing activity slowed in June with PMI falling back into contraction territory – PMI slid to 48.1 in June (May 2021: 50.8). The intensification of the Covid-19 crisis in India and demand weakness adversely impacted output levels.

At fixed income level, the Barclays Global Aggregate Bond index posted a return of -0.9% over the month. Inflation expectations eased in June following the Fed's hawkish tilt, leading to the flattening of the Treasury yield curve. With inflation and economic growth accelerating, Fed officials re-affirmed that they would raise rates in 2023 and might move up the timeframe for tapering the asset purchase program. The Fed fund target range remained unchanged at 0.00%-0.25%.

Regarding commodities, the S&P GSCI index advanced by 4.3% MoM, supported by the rally in oil prices. Brent and WTI oil prices advanced by 8.4% and 10.8%, respectively, nearing a three-year high amid signs of stronger demand and tighter supply. Precious metals headed for their biggest monthly drops as the US dollar strengthened - Gold and Silver posted -7.1% and -6.8%, respectively.

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