

SBM Yield FundNAV per share **MUR 11.99****Investment objective**

The Fund seeks to achieve its investment objective of long-term capital growth and regular income by investing in fixed income & fixed income-related instruments across different geographies, issuers, maturities and currencies. It may invest in bonds, term deposits, ETFs, preferred stocks, convertible bonds, structured products & mortgage backed securities, amongst others.

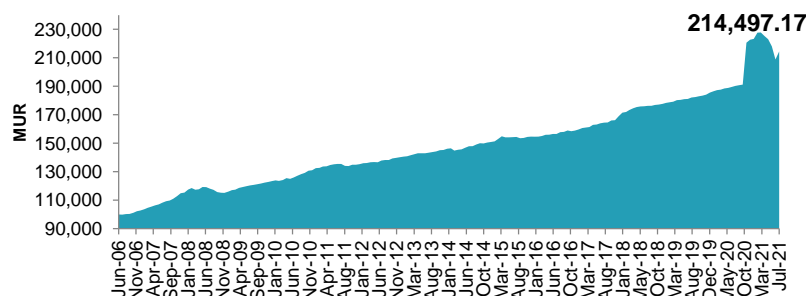
Fund facts**Investment Manager:** SBM Mauritius Asset Managers Ltd**Fund Administrator:** SBM Fund Services Ltd**Registry and Transfer Agent:** SBM Fund Services Ltd**Custody:** SBM Bank (Mauritius) Ltd**Auditor:** Deloitte Mauritius**Benchmark:** 60% GOM 3Y Notes + 40% Barclays Agg Bond Index***Distribution:** Quarterly subject to distributable income**Investor profile:** Moderately Conservative

*Applicable as from Sep-2018. Previous Benchmark: Savings + 2%

Inception date: 30 Jun 2006**Fund size:** MUR 225.7Mn**Base currency:** MUR**Minimum one-off investment:** MUR 1,000**Monthly investment plan:** MUR 500**Management fee:** 0.85% p.a.**Entry fee:** 0.50%**Exit fee:** 0.50%**Performance**

Period	1M	3M	YTD	1Y	3Y	5Y	Launch	Annualised	2021	2020	2019	2018	2017	2016
Fund	2.7%	-3.9%	-4.0%	12.7%	21.7%	35.9%	114.5%	5.2%	10.2%	4.6%	2.9%	7.3%	4.8%	1.4%
Benchmark	0.4%	3.1%	2.9%	3.9%	21.3%	26.3%	130.6%	5.7%	4.7%	8.5%	6.0%	2.5%	3.1%	2.1%

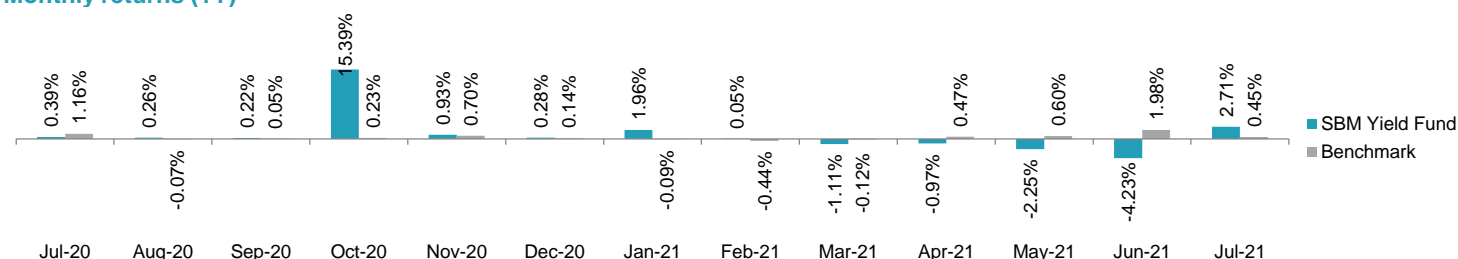
Note: Fund performance is calculated on indicative NAV to NAV. The performance of the index is based on 60% GOM 3Y Notes and 40% Bloomberg Barclays Global Aggregate Bond Index (MUR). Past performance is not indicative of future results. The benchmark return is computed in MUR terms. Annual returns are for the financial year of the Fund, that is, June.

Growth of MUR 100,000 since inception**Fund statistics**

Period	1Y	3Y	5Y	Launch
Correlation	-27.5%	-16.1%	-15.2%	-11.2%
Regression alpha	23.9%	11.8%	10.2%	8.2%
Beta	-2.16	-0.66	-0.62	-0.45
Annualised volatility	16.8%	9.5%	7.4%	4.5%
Annualised tracking error	17.5%	10.2%	7.9%	4.8%

Relative metrics such as alpha, beta and tracking error are computed against the composite index.

Average term to maturity (yrs)	9.39
Gross yield to maturity	3.45%
Duration (yrs)	6.94

Monthly returns (1Y)**Asset allocation**

Asset class	% Fund	Top regions	% Fund	Top currency	% Fund
Domestic Fixed Income	84.4%	Mauritius	84.4%	Mauritian Rupee	90.3%
International Fixed Income	8.5%	North America	5.2%	US Dollar	9.7%
Cash	7.1%	Central Asia	3.3%	Euro	0.0%
Total	100.0%	Total	92.9%	Total	100.0%

Asset allocation (continued)

Sector	% Fund	Top 10 Holdings	% Fund
Government	56.8%	Government of Mauritius Bond 08/02/39	9.8%
Financial	21.6%	Government of Mauritius Bond 25/01/28	7.9%
Diversified	6.8%	Government of Mauritius Bond 07/09/38	5.9%
Industrial	2.6%	Government of Mauritius Bond 12/06/22	5.8%
Consumer, Non-cyclical	2.3%	Government of Mauritius Bond 11/05/38	5.5%
Technology	1.0%	IBL Ltd Series 2 Notes 08/09/22	4.6%
Communications	0.7%	Government of Mauritius Bond 22/07/36	4.4%
Consumer, Cyclical	0.5%	iShares Core US Aggregate Bond ETF	4.3%
Utilities	0.3%	CIM Financial Services Ltd Notes 31/07/25	4.1%
Energy	0.1%	Government of Mauritius Bond 09/11/33	3.7%
Basic Materials	0.1%		
Total	92.9%	Total	56.0%

Market comments

The Net Asset Value per unit (NAV) of the Fund increased from MUR 11.67 in June to MUR 11.99 in July, equivalent to a return of 2.7% compared to its benchmark which yielded 0.4%.

In July, the GOM auctioned 91D Treasury Bills to the tune of MUR 1.0Bn and the average weighed yield tumbled by 29bps to 0.84%. 182D Treasury Bills worth MUR 1.0Bn were issued at a weighted average yield of 0.77%, equivalent to a decline of 44bps from the preceding issuance. The GOM also issued MUR 1.5Bn of 364D Treasury Bills in two tranches at weighted average yields of 1.02% and 0.85%. The yield on 3Y GOM Note increased from 1.95% to 2.02% following a net tender amount of MUR 5.0Bn while the yield on the 5Y GOM Bond remained unchanged at 3.20%. There was no new issuances of the 10Y, 15Y and 20Y GOM Bonds during the month.

On the secondary market, the corresponding yields on 91D Treasury Bills, 182D Treasury Bills and 364D Treasury Bills fell by 45bps, 52bps and 65bps to reach 0.56%, 0.70% and 0.83%, respectively. The 3Y GOM Note traded at 2.09% in July, 44bps lower than the previous month while the 5Y GOM Bond traded at a weighted average yield of 2.76% against 3.12% in the preceding month. The 10Y GOM Bond yields fell by 48bps to 3.86% in July. The 20Y GOM Bond traded at a weighted average yield of 4.34% against 5.14% in the previous month.

The Barclays Global Aggregate Bond index registered 1.3% in July as investors headed into safe haven of government bonds due to the rapid spread of the more contagious Delta variant of the Covid-19 disease. In the US, The Fed left the target Fed Funds rate unchanged at 0-0.25% and maintained the pace of its monthly bond purchases at USD 120Bn. Concerns over the Delta variant and slowing growth momentum dented investor sentiment during the month. Consequently, the yield on 10-year US Treasuries tumbled by 25 bps from 1.47% in June to 1.22% in July.

In the UK, no Monetary Policy Committee (MPC) meeting was held during the month. The Bank Rate was maintained at 0.1% and the stock of sterling non-financial investment-grade corporate bond purchases was left unchanged at GBP 20 billion. 10-year UK Gilt yields fell by 15 bps to 0.57% in July.

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 adjusted its inflation aim to a symmetric inflation target of 2% over the medium term compared to its previous target of below, but close to 2%. Bond yields were generally on the downtrend mainly on account of the dovish comments from the ECB and fears around the spread of the Delta variant. The corresponding yields on 10-year German and Italian bonds decreased by 25 bps and 20 bps to -0.46% and 0.62%. The yield on 10-year Spanish bonds declined by 14 bps to 0.27%.

The Bank of Japan (BoJ), at its MPC meeting held on 16 July, decided to leave the short-term interest rate unchanged at -0.1%. 10-year Japanese bond traded at 0.02% in July, 4 bps below the preceding month's reading; remaining well within the BOJ's target range of 0% +/- 25bps under its Yield Curve Control policy. The fall in Japanese bond yields is primarily attributed to concerns over economic slowdown following a resurgence of Covid-19 infections.

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 PBoC reduced the required reserve ratio by 0.5 percentage points to support the real economy. Following the expanding regulatory crackdowns and concerns on slowing GDP growth, the yield on 10-year Chinese bonds tumbled from 3.09% to 2.86% in July. In India, the Reserve Bank of India (RBI) at its Monetary Policy Committee (MPC) meeting held on 4 June, unanimously voted in favour of maintaining its accommodative stance. The repo rate remained unchanged at 4.0% under the liquidity adjustment facility (LAF). Retail inflation cooled to a 3-month low of 5.59% in July from 6.26% in June on account of moderation in food prices and easing of supply chain disruptions. Rising global crude oil prices fueled worries about higher imported inflation resulting in the 10-year Government of India bond yields surging by 15 bps to 6.20% in July.

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