

SBM Yield FundNAV per share **MUR 11.89****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.

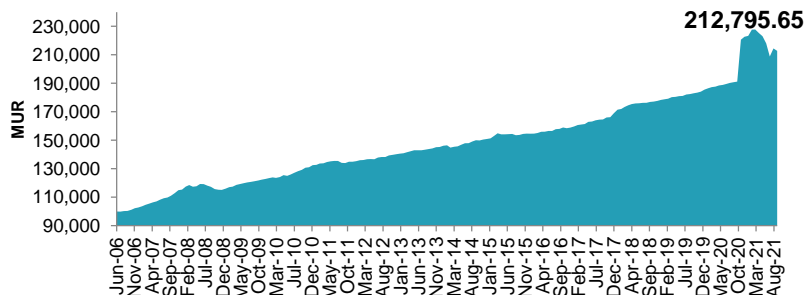
Fund facts**Investment Manager:** SBM Mauritius Asset Managers Ltd**Fund Administrator:** SBM Fund Services Ltd**Registry and Transfer Agent:** SBM Fund Services Ltd**Custody:** SBM Bank (Mauritius) Ltd**Auditor:** Deloitte Mauritius**Benchmark:** 60% GOM 3Y Notes + 40% Barclays Agg Bond Index***Distribution:** 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 223.9Mn**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	-0.8%	-2.4%	-4.7%	11.5%	20.7%	34.7%	112.8%	5.1%	10.2%	4.6%	2.9%	7.3%	4.8%	1.4%
Benchmark	-0.2%	2.3%	2.7%	3.9%	20.7%	24.7%	130.2%	5.7%	4.7%	8.5%	6.0%	2.5%	3.1%	2.1%

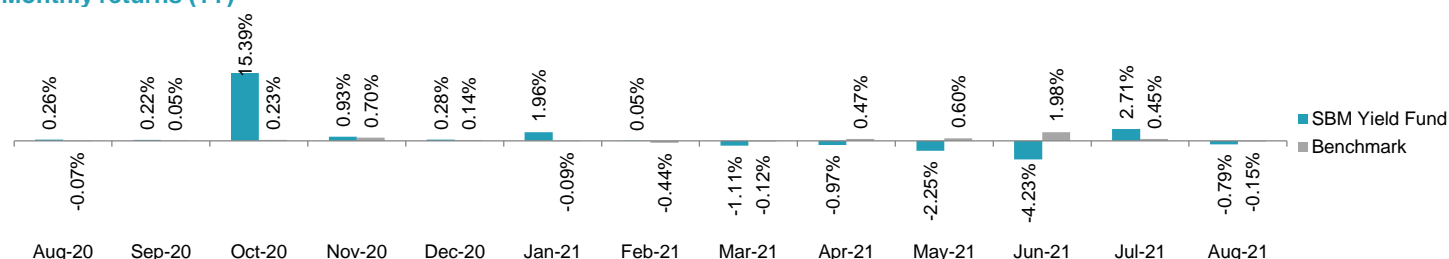
Note: Fund performance is calculated on indicative NAV to NAV. The performance of the index is based on 60% GOM 3Y Notes and 40% Bloomberg Barclays Global Aggregate Bond Index (MUR). Past performance is not indicative of future results. The benchmark return is computed in MUR terms. Annual returns are 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	-25.5%	-14.5%	-13.9%	-10.0%
Regression alpha	21.7%	10.9%	9.6%	7.8%
Beta	-1.99	-0.59	-0.56	-0.39
Annualised volatility	16.9%	9.6%	7.4%	4.5%
Annualised tracking error	17.6%	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)	9.40
Gross yield to maturity	3.61%
Duration (yrs)	6.92

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

Asset class	% Fund	Top regions	% Fund	Top currency	% Fund
Domestic Fixed Income	86.7%	Mauritius	86.7%	Mauritian Rupee	90.3%
International Fixed Income	8.6%	North America	5.2%	US Dollar	9.7%
Cash	4.7%	Central Asia	3.3%	Euro	0.0%
Total	100.0%	Total	95.3%	Total	100.0%

Asset allocation (continued)

Sector	% Fund
Government	59.0%
Financial	21.7%
Diversified	6.9%
Industrial	2.6%
Consumer, Non-cyclical	2.4%
Technology	1.0%
Communications	0.7%
Consumer, Cyclical	0.5%
Utilities	0.3%
Energy	0.1%
Basic Materials	0.1%
Total	95.3%

Top 10 Holdings	% Fund
Government of Mauritius Bond 08/02/39	9.3%
Government of Mauritius Bond 25/01/28	7.9%
Government of Mauritius Bond 07/09/38	5.9%
Government of Mauritius Bond 12/06/22	5.8%
Government of Mauritius Bond 11/05/38	5.4%
IBL Ltd Series 2 Notes 08/09/22	4.6%
Government of Mauritius Bond 22/07/36	4.4%
iShares Core US Aggregate Bond ETF	4.3%
CIM Financial Services Ltd Notes 31/07/25	4.0%
Government of Mauritius Bond 09/11/33	3.7%
Total	55.3%

Market comments

The Net Asset Value per unit (NAV) of the Fund fell from MUR 11.99 in July to MUR 11.89 in August, equivalent to a return of -0.8% compared to its benchmark which yielded -0.2%.

In August, yield on the 91D Treasury Bills remained unchanged at 0.84% since there was no new issuance. 182D Treasury Bills of MUR 1.0Bn were issued at weighted average yield of 0.92%, equivalent to an increase of 15bps from the preceding issuance. The GOM also issued MUR 1.0Bn of 364D Treasury Bills in two tranches at weighted average yields of 0.90% and 1.58%. The GOM auctioned 3Y GOM Note to the tune of MUR 2.0Bn and the weighted yield fell by 5bps to 1.97% while a 5Y GOM Bond for MUR 2.2Bn traded at an average weighted yield of 2.66%, 54bps lower than the previous issuance. For longer-term bonds, 15Y GOM Note yield marginally fell from 4.65% to 4.64% following a tender amount of MUR 2.0Bn. There were no new issuances of the 10Y 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 rose by 6bps, 8bps and 13bps to reach 0.63%, 0.79% and 0.96%, respectively. The 3Y GOM Note traded at a weighted average yield of 2.18% against an earlier reading of 2.09%. The 5Y GOM Bond yields slightly declined by 3bps to reach 2.73% while the 10Y GOM Bond yields fell by 13bps to 3.73%. Longer-term bonds were on the rising trend with 15Y and 20Y GOM Bonds trading at 4.54% and 4.74% respectively, 32bps and 40bps higher than previous month.

The Barclays Global Aggregate Bond index tumbled by -0.4% in August amid heightened speculation of major central banks moving towards tapering their asset purchases. The US Federal Reserve (Fed) left the target Fed Funds rate unchanged at 0%-0.25% and maintained the monthly bond purchase of USD 120 billion. However, the minutes from the July Federal Open Market Committee (FOMC) meeting indicated that Fed officials expect to start reducing the pace of asset purchases before the end of this year. The passage of the USD 550 billion infrastructure plan alongside the Fed's hawkish stance drove the 10-year US Treasury yield higher by 9 bps from 1.22% in July to 1.31% in August.

The Bank of England's Monetary Policy Committee (MPC), at its meeting ending on 4 August 2021, voted unanimously to maintain the Bank Rate at 0.1% and keep the stock of sterling non-financial investment-grade corporate bond purchases unchanged at GBP 20 billion. However, the BoE shifted to a more hawkish stance as it spelled out plans for a "modest" policy tightening over the next 2-3 years which brought forward investors' expectation for a first rate hike. The 10-year UK Gilt yields surged by 15 bps to 0.71% in August, reflecting higher inflation expectations and the BoE's hawkish commentary.

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. European bond yields were generally on the uptrend as investors started anticipating the ECB tapering its bond buying sooner than previously expected on account of rising inflation. The corresponding yield on 10-year German and Italian bonds surged by 8 bps and 9 bps to -0.38% and 0.71%. Spanish bond yields increased by 7 bps from 0.27% to 0.34% in August.

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 0.03% in August, 1 bp above 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. Despite higher inflation expectations, the demand for Chinese bonds surged as a deteriorating Covid-19 outbreak in parts of the country and an equity selloff triggered by regulatory crackdown bolstered expectations for more monetary policy easing. As a result, the yield on 10-year Chinese bonds fell from 2.86% to 2.85% in August. In India, the Reserve Bank of India (RBI) at its Monetary Policy Committee (MPC) meeting ending on 6 August, unanimously voted in favour of keeping rates unchanged. The repo rate remained at 4.0% under the liquidity adjustment facility (LAF). The RBI revised its inflation forecast for FY22 upwards from 5.1% to 5.7%, slightly higher than the 5.5% market consensus. Consequently, 10-year Government of India bond yields rose by 2 bps to 6.22% in August.

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Unless otherwise specified, all information contained in this document is as at the factsheet date. Investment involves risks; Past performance is not indicative of guaranteeing the same future results as market conditions may fluctuate thereby affecting the investment return and thus strict reliance on such past performances shall not be relied upon by the investor to make any investment decision. Investors may additionally resort to an independent third party or independent legal advisor before making any investment decision. Investment involves risk, that includes the possible loss of principal. Asset allocation and diversification do not ensure a profit or protect against a loss.

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