

Monthly Market Wrap

| August 2021

Equity index returns (% local currency)

Index	1M	3M	6M	YTD	1Y	3Y	5Y	5Y Std Dev
S&P 500	+2.9%	+7.6%	+18.7%	+20.4%	+29.2%	+55.9%	+108.3%	15.0%
MSCI World	+2.3%	+5.6%	+15.2%	+16.8%	+27.9%	+44.4%	+82.7%	14.7%
MSCI World Small Cap	+2.3%	+1.7%	+8.3%	+15.9%	+39.9%	+32.8%	+75.1%	18.3%
MSCI Europe	+1.7%	+5.2%	+15.8%	+17.6%	+28.0%	+20.7%	+34.0%	14.0%
MSCI EM	+2.4%	-4.9%	-2.3%	+1.3%	+18.8%	+23.9%	+46.4%	16.5%
MSCI AC Asia	+2.3%	-3.5%	-2.3%	+0.9%	+16.8%	+21.9%	+46.2%	13.7%
SEMDEX	+1.9%	+14.0%	+22.2%	+18.5%	+23.8%	-12.1%	+7.7%	15.3%
DEMEX	-0.8%	+4.7%	+21.2%	+29.2%	+37.1%	+16.1%	+40.9%	10.3%

Fixed income index returns (% local currency)

Index	1M	3M	6M	YTD	1Y	3Y	5Y	5Y Std Dev
Barclays Global Aggregate Bond	-0.4%	+0.0%	+0.3%	-2.3%	+0.5%	+14.3%	+13.0%	4.6%
Barclays US Aggregate Bond	-0.2%	+1.6%	+1.5%	-0.7%	-0.1%	+17.2%	+16.5%	3.3%
Barclays High Yield bond	+0.6%	+0.9%	+2.9%	+2.8%	+8.6%	+21.2%	+32.0%	8.6%
JP Morgan EMU IG Bond	-0.5%	+1.7%	+0.7%	-1.9%	+0.8%	+11.8%	+8.3%	3.9%
JP Morgan EM Bond	+1.1%	+2.4%	+4.9%	+0.5%	+4.5%	+23.6%	+24.1%	9.4%
FTSE Asian Broad Bond	+1.0%	+1.2%	+1.4%	+0.4%	+1.8%	+21.1%	+22.7%	4.5%

Commodity prices

Commodity	Current \$	1M
WTI Crude Oil / Bbl	68.50	-7.4%
Brent Crude Oil / Bbl	72.99	-4.4%
Natural Gas / mmBtu	4.38	+11.8%
Copper / oz	436.00	-2.7%
Silver / oz	23.89	-6.3%
Gold / oz	1,813.62	0.0%

SEMDEX sector performance (%)

Index	Weight	1M
Financials	39.1%	+0.6%
Commerce	17.1%	+1.7%
Industry	8.2%	+1.5%
Investments	22.5%	+2.5%
Leisure & Hotels	6.1%	+2.3%
Property	6.0%	-8.5%
Sugar	0.5%	-4.1%
Transport	0.3%	0.0%
Foreign	0.2%	0.0%

Secondary market yields - GoM

Tenor	91D	182D	364D	3Y	5Y	10Y	15Y	20Y
Current	0.63%	0.79%	0.96%	2.18%	2.73%	3.73%	4.54%	4.74%
-1M	0.56%	0.70%	0.83%	2.09%	2.76%	3.86%	4.22%	4.34%

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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	61.10	63.40	55.10	59.90	113.80	125.10	5.3%	0.00%-0.25%	5.2%
Germany	62.60	65.90	60.80	61.80	NA	NA	3.9%	0.00%	5.9%
France	57.50	58.00	56.30	56.80	99.00	100.00	1.9%	0.00%	8.0%
UK	60.30	60.40	55.00	59.60	-8.00	-7.00	3.2%	0.10%	4.6%
Japan	52.70	53.00	42.90	47.40	36.40	37.40	-0.3%	-0.10%	2.8%
China	49.20	50.30	46.70	54.90	NA	117.80	0.8%	4.35%	3.9%
India	52.30	55.30	56.70	45.40	NA	NA	5.3%	4.00%	8.3%

*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	213.78	+0.3%	+0.8%	+2.3%	0.4%
SBM Yield Fund	MUR	Global fixed income	11.89	-0.8%	-2.4%	-4.7%	7.4%
SBM Universal Fund	MUR	Multi-asset	31.71	+1.1%	+7.9%	+13.9%	7.7%
SBM Growth Fund	MUR	Global equities	13.91	+1.7%	+11.4%	+20.0%	12.2%
SBM India Fund (Class B)	USD	Indian equities	141.41	+5.4%	+7.8%	+22.8%	28.8%

Commentary

Local equity indices posted mixed performances in August with the SEMDEX and DEMEX closing the month at 1,953.30 and 276.26 points, equivalent to respective returns of +1.9% and -0.8%. The main leaders, that is, companies which contributed to the positive performance of the SEMDEX were CIM, ALTEO and IBLL while on the downside the main laggards were, SBMH, SUN and MCBG. The top three gainers in terms of price returns were SWAN (+15.6%), HML (+13.6%) and CIM (+13.5%) and the top three losers were BLL (-8.5%), SUN (-8.1%) and ASL (-7.6%). The price-earnings ratio and dividend yield of the SEMDEX stood at 14.04x and 2.01%, respectively, as at 31 August against corresponding figures of 13.33x and 2.13% as at 31 July. Net foreign disinvestments of MUR 217.4Mn were driven by the sell-offs in the banking duos, MCBG and SBMH.

International equities notched up in August supported by the ongoing economic recovery amid further lifting of restrictions, dovish remarks from the Federal Reserve (Fed) and upbeat corporate earnings. The MSCI World index posted a return of 2.3% MoM.

The S&P500 index delivered a return of 2.9% in August, supported by strong corporate profits and comments from the Fed that it will not be in a hurry to hike interest rates. The full FDA approval of the Pfizer vaccine also lifted investor optimism. The IHS Markit Purchasing Managers' Index (PMI) fell to a 4-month low of 61.1 in August (July 2021: 63.4) as material shortages and capacity constraints hampered output growth. Inflationary pressures remained high despite slowing in August - YoY headline inflation slowed to 5.3% against 5.4% in the previous month.

Eurostoxx 50 added 2.6% during the month as positive earnings and vaccination rate offset concerns about the spread of the delta variant. The FTSE MIB and DAX indices registered respective returns of 2.5% and 1.9% while the CAC 40 index advanced by 1.0%. The Eurozone manufacturing sector maintained its growth momentum with a PMI reading of 61.4 in August against 62.8 in the previous month. In the UK, the FTSE 100 index registered a return of 1.2%. Despite raw materials shortages and supply chain issues, the PMI only fell marginally from 60.4 in July to 60.3 in August.

Japanese equities registered strong performances during the month with the Nikkei 225 adding 3.0%. PMI edged down to 52.7 in August against a preceding reading of 53.0, following slower expansions in both output and new orders. Easing demand due to the sharp rise in the number of Covid-19 cases in the Asia-Pacific region and supply chain disruptions adversely impacted on production.

Emerging equities slightly outperformed developed markets in August after the MSCI Emerging Markets index posted a return of 2.4%. Chinese stocks registered mixed performances as the CSI 300 index delivered a monthly return of -0.1% while the Shanghai Composite index returned 4.3%. Operating conditions deteriorated in August as the uptick in the number of Covid-19 cases led to logistical delays and renewed drops in output and new orders; PMI fell below the 50-mark threshold to 49.2 in August (July 2021: 50.3). In India, the BSE Sensex gained 9.4% supported by the full approval for the Pfizer vaccine and speech by US Fed chief toward the end of the month. The Indian manufacturing sector continued to expand, albeit at a weaker pace, with PMI edging down to 52.3 in August against 55.3 in July.

At fixed income level, the Barclays Global Aggregate Bond index posted a return of -0.4% MoM. Speaking at the Fed's annual Jackson Hole policy forum, Fed Chair Jerome Powell indicated that it is likely to start tapering in 2021 but will not rush into rate hikes. The European Central Bank Governing Council members Robert Holzmann and Klaas Knot expressed that the improved Eurozone's inflation outlook could warrant the scaling back of the emergency bond purchases.

On the commodity side, the S&P GSCI index registered -2.3% in August. Brent and WTI oil prices posted respective returns of -4.4% and -7.4% MoM as investors weighed the prospects of additional OPEC+ production and restoration of crude output in the US after hurricane Ida. The growing Delta variant spread also clouded demand outlook. Gold erased its earlier gains and registered a flat performance in August amid an increase in yields and higher investors' risk appetite. Silver posted a return of -6.3% MoM amid subdued demand.

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