

Monthly Market Wrap

| September 2021

Equity index returns (% local currency)

Index	1M	3M	6M	YTD	1Y	3Y	5Y	5Y Std Dev
S&P 500	-4.8%	+0.2%	+8.4%	+14.7%	+28.1%	+47.8%	+98.7%	15.2%
MSCI World	-4.3%	-0.4%	+6.9%	+11.8%	+27.0%	+37.7%	+74.2%	14.8%
MSCI World Small Cap	-3.3%	-1.7%	+2.8%	+12.1%	+38.6%	+30.6%	+67.3%	18.4%
MSCI Europe	-3.1%	+0.3%	+5.8%	+14.0%	+25.9%	+16.5%	+30.0%	14.1%
MSCI EM	-4.2%	-8.8%	-4.8%	-3.0%	+15.8%	+19.6%	+38.7%	16.6%
MSCI AC Asia	-2.3%	-5.2%	-3.1%	-1.4%	+16.0%	+19.3%	+41.2%	13.8%
SEMDEX	+2.9%	+7.8%	+25.6%	+22.0%	+33.3%	-10.7%	+9.9%	15.4%
DEMEX	+3.5%	+0.5%	+24.1%	+33.7%	+44.5%	+20.8%	+42.8%	10.3%

Fixed income index returns (% local currency)

Index	1M	3M	6M	YTD	1Y	3Y	5Y	5Y Std Dev
Barclays Global Aggregate Bond	-1.8%	-0.9%	+0.4%	-4.1%	-0.9%	+13.3%	+10.4%	4.7%
Barclays US Aggregate Bond	-0.9%	+0.1%	+1.9%	-1.6%	-0.9%	+16.9%	+15.6%	3.3%
Barclays High Yield bond	-1.1%	-0.4%	+2.7%	+1.7%	+9.5%	+18.3%	+29.6%	8.6%
JP Morgan EMU IG Bond	-1.2%	+0.0%	-0.7%	-3.0%	-1.7%	+10.6%	+6.9%	4.0%
JP Morgan EM Bond	-2.3%	-0.8%	+3.6%	-1.8%	+4.2%	+18.6%	+20.8%	9.5%
FTSE Asian Broad Bond	-1.7%	-1.0%	+0.3%	-1.3%	+0.7%	+19.4%	+20.6%	4.6%

Commodity prices

Commodity	Current \$	1M
WTI Crude Oil / Bbl	75.03	+9.5%
Brent Crude Oil / Bbl	78.52	+7.6%
Natural Gas / mmBtu	5.87	+34.0%
Copper / oz	408.90	+6.2%
Silver / oz	22.17	+7.2%
Gold / oz	1,756.95	-3.1%

SEMDEX sector performance (%)

Index	Weight	1M
Financials	39.9%	+5.0%
Commerce	16.8%	+0.9%
Industry	8.0%	+0.8%
Investments	22.3%	+2.2%
Leisure & Hotels	6.2%	+4.8%
Property	5.8%	+0.3%
Sugar	0.5%	-5.8%
Transport	0.3%	0.0%
Foreign	0.2%	0.0%

Secondary market yields - GoM

Tenor	91D	182D	364D	3Y	5Y	10Y	15Y	20Y
Current	0.57%	0.77%	0.96%	2.39%	2.87%	4.36%	4.54%	4.81%
-1M	0.63%	0.79%	0.96%	2.18%	2.73%	3.73%	4.54%	4.74%

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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	60.70	61.10	54.90	55.10	109.30	115.20	5.3%	0.00%-0.25%	4.8%
Germany	58.40	62.60	56.20	60.80	NA	NA	4.1%	0.00%	5.5%
France	55.00	57.50	56.20	56.30	102.00	99.00	2.1%	0.00%	8.0%
UK	57.10	60.30	55.40	55.00	-13.00	-8.00	3.2%	0.10%	4.6%
Japan	51.50	52.70	47.80	42.90	37.90	36.40	-0.4%	-0.10%	2.8%
China	50.00	49.20	53.40	46.70	NA	117.50	0.8%	4.35%	3.9%
India	53.70	52.30	55.20	56.70	NA	NA	5.3%	4.00%	6.9%

*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	214.60	+0.4%	+1.0%	+2.6%	0.4%
SBM Yield Fund	MUR	Global fixed income	11.81	-0.2%	+1.7%	-4.9%	7.4%
SBM Universal Fund	MUR	Multi-asset	31.46	0.0%	+2.1%	+13.9%	7.7%
SBM Growth Fund	MUR	Global equities	13.76	-1.1%	+1.9%	+18.7%	12.3%
SBM India Fund (Class B)	USD	Indian equities	141.97	+0.4%	+7.9%	+23.3%	28.8%

Commentary

Local equity indices posted positive performances in September with the SEMDEX and DEMEX closing the month at 2,010.58 and 285.86 points, equivalent to respective returns of +2.9% and +3.5%. The main leaders, that is, companies which contributed to the positive performance of the SEMDEX were MCBG, LUX and ALTG while the main laggards were SBMH, ENL and SUN. The top three price gainers were LUX (+17.0%), TERA (+8.8%) and POL (+8.2%) while the top three losers were ENL (-8.2%), ASL (-7.7%) and BMH (-6.2%). The price-earnings ratio and dividend yield of the SEMDEX stood at 14.75x and 2.94%, respectively, as at 30 September against corresponding figures of 14.04x and 2.01% as at 31 August. Net foreign disinvestments of MUR 174.4mn were driven by the sell-offs in the MCBG, TERA and SBMH.

International equities were adversely impacted by a hawkish Fed, fear of systemic risks from China's Evergrande default and the threat of a US government shutdown. The rising global energy prices and supply chains bottlenecks continued to impact inflation expectations. The MSCI World index posted a return of -4.3% MoM.

The S&P500 index registered its worst performance since March 2020, posting -4.8% in September. Stocks declined as investors assessed the possibility of a slower economic recovery and priced in the prospective scaling back of asset purchases in November 2021. The IHS Markit Purchasing Managers' Index (PMI) dropped to a 5-month low of 60.7 in September (August 2021: 61.1) as the ongoing supply chain issues and labour shortages hampered production, causing an unprecedented rise in backlogs.

Eurostoxx 50 posted -3.5% MoM as inflation fears weighed on investor sentiment. The FTSE MIB and CAC 40 indices recorded respective returns of -1.3% and -2.4% while the DAX index registered -3.6%. The Eurozone's manufacturing growth continued to decelerate in September amid supply chain headwinds and high inflationary pressures - PMI edged down from 61.4 in August to 58.7 in September. In the UK, the FTSE 100 index witnessed a return of -0.5%. Growth in manufacturing output and new orders eased sharply as raw material shortages and port delays disrupted production schedules - PMI declined to 57.1 in September against 60.3 in August.

Japanese equities registered strong performances after Prime Minister Yoshihide Suga's resignation fuelled investor optimism for possible stimuli under a new prime ministership: the Nikkei 225 added 4.9%. PMI eased from 52.7 in August to 51.5 in September, indicating a softer improvement in operating conditions. Price pressures intensified amid the sustained input shortages and the rising number of Covid-19 cases.

Emerging equities slightly outperformed developed markets during the month after the MSCI Emerging Markets index recorded -4.2%. The CSI 300 index witnessed a monthly recovery of 1.3% in local currency terms and 1.5% in USD terms. Risks remained skewed to the downside amid the Evergrande default and the potential impact of a power shortage in China. Operating conditions across China's manufacturing sector stabilised in September, driven by a renewed upturn in domestic sales - PMI edged up to 50.0 (August 2021: 49.2). However, the resurgence in the number of Covid-19 cases in several regions as well as the relatively subdued demand and shortfall in materials weighed on production. In India, the BSE Sensex gained 2.7% MoM. The easing of Covid-19 restrictions and the strengthening of demand conditions supported the Indian manufacturing sector with PMI rising from 52.3 in August to 53.7 in September.

At fixed income level, the Barclays Global Aggregate Bond index registered a performance of -1.8% MoM. The Fed delivered a widely expected hawkish signal at its September Federal Open Market Committee with Chair, Jerome Powell, announcing that tapering could begin as soon as November 2021 and that the scaling back of asset purchases would end by mid-2022. The Fed also indicated a potential rate hike in late 2022 or early 2023. The US 10-year Treasury yields rose to 1.49% in September against 1.31% in August. The European Central Bank maintained its interest rate on the main refinancing operations, the marginal lending facility and the deposit facility at 0.00%, 0.25% and -0.50%, respectively, and opted to slow the pace of net asset purchases under the PEPF.

On the commodity side, the S&P GSCI index notched up by 6.0% in September, mainly led by energy prices. Oil prices rallied as fears of a global energy crunch intensified - Brent and WTI oil prices posted corresponding monthly gains of 7.6% and 9.5%. Natural gas prices rose by 34.0% in September amid supply concerns and rising demand. Precious metals ended the month in negative territory with gold and silver registering respective returns of -3.1% and -7.2%.

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