Factsheet October 2021

SBM Yield Fund

NAV per share **MUR 11.79**

SBM Mauritius Asset Managers Ltd

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%

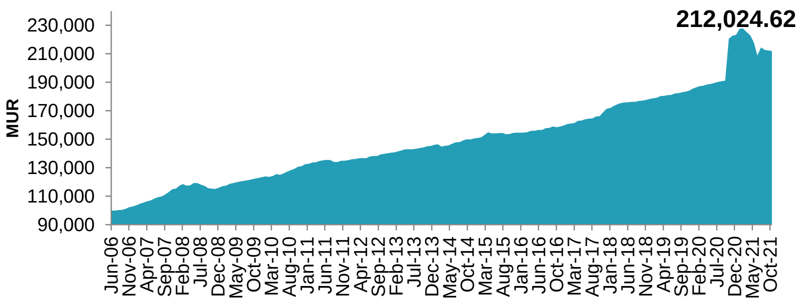
Inception date: 30 Jun 2006
Fund size: MUR 222.2Mn
Base currency: MUR
Minimum one-off investment: MUR 1,000
Monthly investment plan: MUR 500
Management fee: 0.85% p.a.
Entry fee: 0.50%
Exit fee: 0.50%

Performance

Period	1M	3M	YTD	1Y	3Y	5Y	Launch	Annualised	2021	2020	2019	2018	2017	2016
Fund	-0.2%	-1.2%	-5.1%	-3.9%	19.7%	33.8%	112.0%	5.0%	10.2%	4.6%	2.9%	7.3%	4.8%	1.4%
Benchmark	0.2%	-0.5%	2.4%	3.2%	20.1%	23.6%	129.5%	5.6%	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 a blended benchmark comprising of 60% GOM 3Y Notes and 40% Bloomberg Barclays Global Aggregate Bond Index (MUR), and rebalanced monthly. 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



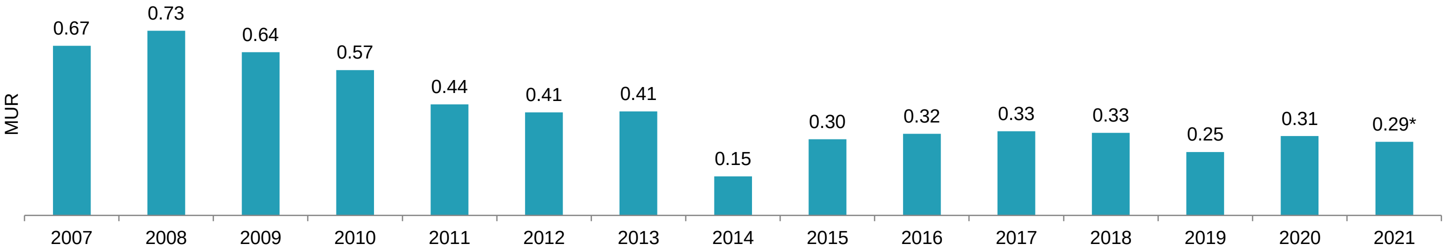
Fund statistics

Period	1Y	3Y	5Y	Launch
Correlation	-0.53	-0.13	-0.12	-0.09
Regression alpha (%)	0.90	10.01	8.93	7.26
Beta	-1.46	-0.52	-0.48	-0.33
Annualised volatility	6.3%	9.6%	7.4%	4.5%
Annualised tracking error	7.8%	10.2%	7.9%	4.7%

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

Average term to maturity (yrs)	8.38
Gross yield to maturity	3.46%
Duration (yrs)	6.14

Dividend per Share



Quarterly dividend distribution as from FY21

Asset allocation

Asset class	% Fund
Domestic Fixed Income	90.4%
International Fixed Income	5.2%
Cash	4.4%
Total	**100.0%**

Top regions	% Fund
Mauritius	90.4%
North America	5.2%
Central Asia	0.0%
Total	**95.6%**

Top currency	% Fund
Mauritian Rupee	90.2%
US Dollar	9.8%
Euro	0.0%
Total	**100.0%**

Asset allocation (continued)

Sector	% Fund
Government	62.0%
Financial	18.5%
Diversified	6.9%
Industrial	2.7%
Consumer, Non-cyclical	2.4%
Technology	1.0%
Consumer, Cyclical	1.0%
Communications	0.7%
Utilities	0.3%
Energy	0.1%
Basic Materials	0.1%
Total	**95.6%**

Top 10 Holdings	% Fund
Government of Mauritius Bond 08/02/39	9.4%
Government of Mauritius Bond 25/01/28	7.9%
Government of Mauritius Bond 12/06/22	5.9%
Government of Mauritius Bond 07/09/38	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	4.1%
Government of Mauritius Bond 09/11/33	3.7%
Total	**55.5%**

Market comments

The Net Asset Value per unit (NAV) of the Fund fell from MUR 11.81 in September to MUR 11.79 in October, equivalent to a return of -0.2% compared to its benchmark which yielded 0.2%.

In October, the yield on the 91D Treasury Bills remained unchanged at 0.84% since there was no new issuance. 182D Treasury Bills worth MUR 1.4Bn were issued at a weighted average yield of 0.85%, equivalent to a decline of 4bps from the preceding issuance. The GOM also issued MUR 1.4Bn of 364D Treasury Bills in two tranches at weighted average yields of 0.92% and 0.97%. The yield on 3Y GOM Note remained unchanged at 2.38% while a 5Y GOM Bond for MUR 2.2Bn was auctioned at an average weighted yield of 3.09%, 22bps higher than the previous issuance. There were no new issuances of 10Y, 15Y and 20Y GOM Bonds during the month.

On the secondary market, the corresponding yields on 91D Treasury Bills and 182D Treasury Bills rose by 2bps and 3bps to reach 0.60% and 0.80%, respectively, while the 364 Treasury Bills yields fell by 5bps to reach 0.91%. The 3Y GOM Note traded at 2.37% in October, 3 bps lower than the previous month while the 5Y GOM Bond traded at a weighted average yield of 3.06% against 2.87% in the preceding month. The 10Y GOM Bond yields rose by 8bps to 4.43% and the 15Y GOM Bond yields traded at a weighted average yield of 4.65% against 4.54% in the previous month. The 20Y GOM Bond yields increased from 4.81% in September to 4.87% in October.

The Barclays Global Aggregate Bond index tumbled by -0.2% in October as persistent bottlenecks in the global supply chain and soaring energy prices fuelled concerns around prolonged inflationary pressures, leading markets to price in a faster pace of tightening from central banks across the world.

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. The Fed is expected to announce plans to scale back its USD 120 billion monthly asset purchase programme at its next meeting, on 3 November, following progress made towards its dual goals of maximum employment and price stability. The Fed's hawkish stance drove the 10-year US Treasury yield higher by 6 bps from 1.49% in September to 1.55% in October.

In the UK, no Monetary Policy Committee (MPC) meeting was held during the month so the Bank Rate of 0.1% and the stock of sterling non-financial investment-grade corporate bond purchases of GBP 20 billion were unchanged. The BoE raised the prospect of hiking interest rates before the end of this year to contain inflationary pressures, with CPI inflation forecasted slightly above 4% in Q4:2021, owing primarily to higher energy prices. According to figures from the Debt Management Office, planned gilt sales in FY 2021-22 will tumble by GBP 57.8B to GBP 194.8B when compared with April's projection. The 10-year UK Gilt yields increased slightly by 1 bp to 1.03% in October.

The European Central Bank (ECB) kept the interest rate unchanged on the main refinancing operations, the marginal lending facility and the deposit facility at 0.00%, 0.25% and -0.50%, respectively. According to Eurostat's flash estimate, Eurozone inflation accelerated to 4.1% in October, reaching the highest level since 2008, as energy prices continued to soar. The Governing Council decided to moderately lower pace of net asset purchases under the pandemic emergency purchase programme (PEPP) than in the second and third quarters of this year. European bond yields were generally on the uptrend, reflecting the ECB's hawkish pivot and higher inflation expectations. The corresponding yield on 10-year German and Spanish bonds surged by 9 bps and 15 bps to -0.11% and 0.61%, respectively. The yield on Italian debt increased from 1.06% in September to 1.28% in October.

In Japan, no Monetary Policy Committee (MPC) meeting was held during the month. The Bank of Japan (BoJ) maintained the short-term interest rate unchanged at -0.1%. 10-year JGBs traded at 0.10% in October, 3 bps higher compared to the previous month; remaining well within the BOJ's target range of 0% +/- 25bps under its Yield Curve Control policy. The fall in demand for JGBs is primarily attributed to a rally in domestic equities after the ruling Liberal Democratic Party's strong majority in the general election curtailed demand for debt.

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 Chinese economy slowed more than expected in the third quarter weighed by the slump in the property market and an energy crisis. The yield on 10-year Chinese bonds surged from 2.88% to 2.97% in October as hopes of monetary policy easing waned after PBoC officials downplayed risks from inflation and the Evergrande debt crisis. In India, the Reserve Bank of India (RBI), at its Monetary Policy Committee (MPC) meeting ending on 8 October, voted unanimously in favour of keeping rate unchanged. The repo rate was left unchanged at 4.0% under the liquidity adjustment facility (LAF). Consumer price inflation softened to 4.35% in September, moving back into the tolerance band following the easing of food inflation. 10-year Government of India bond yields surged by 17 bps to 6.39% in October as a sustained increase in global crude oil prices raised concerns of an acceleration in domestic inflation and its resultant impact on the RBI's ability to maintain its accommodative stance.

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Important notes