

SBM Yield FundNAV per share **MUR 11.84****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.

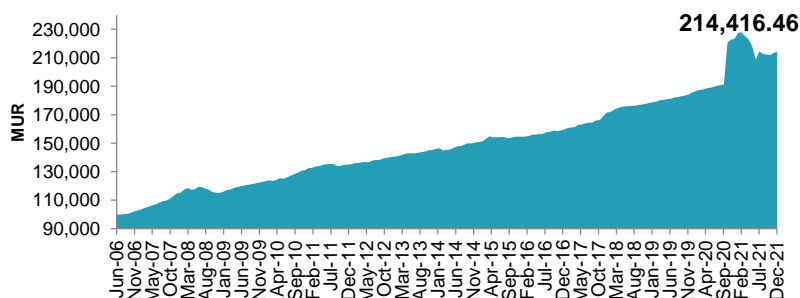
Fund facts**Investment Manager:** SBM Mauritius Asset Managers Ltd**Fund Administrator:** SBM Fund Services Ltd**Registry and Transfer Agent:** SBM Fund Services Ltd**Custody:** SBM Bank (Mauritius) Ltd**Auditor:** Deloitte Mauritius**Benchmark:** 60% GOM 3Y Notes + 40% Barclays Agg Bond Index***Distribution:** 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 206.6Mn**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	0.5%	1.0%	-4.0%	-4.0%	20.2%	34.3%	114.4%	5.0%	10.2%	4.6%	2.9%	7.3%	4.8%	1.4%
Benchmark	0.1%	0.6%	2.8%	2.8%	19.6%	21.4%	130.5%	5.5%	4.7%	8.5%	6.0%	2.5%	3.1%	2.1%

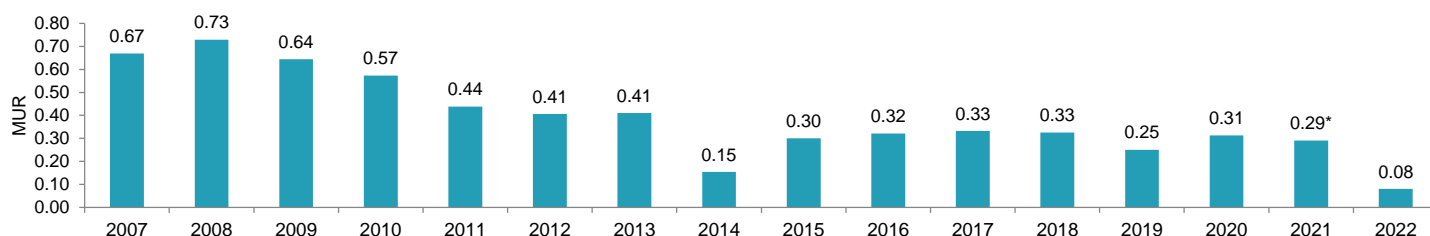
Note: Fund performance is calculated on indicative NAV to NAV. The performance of the index is based on a blended benchmark comprising of 60% GOM 3Y Notes and 40% Bloomberg Barclays Global Aggregate Bond Index (MUR), and rebalanced monthly. Past performance is not indicative of future results. The benchmark 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	-0.59	-0.13	-0.12	-0.09
Regression alpha (%)	0.75	10.18	8.98	7.27
Beta	-1.64	-0.53	-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)	7.78
Gross yield to maturity	3.16%
Duration (yrs)	5.74

Dividend per Share

*Quarterly dividend distribution as from FY21

Asset allocation

Asset class	% Fund	Top regions	% Fund	Top currency	% Fund
Domestic Fixed Income	89.3%	Mauritius	89.3%	Mauritian Rupee	89.4%
International Fixed Income	5.7%	North America	5.7%	US Dollar	10.6%
Domestic Equity	0.0%	Central Asia	0.0%	Euro	0.0%
Cash	5.0%	Total	95.0%	Total	100.0%
Total	100.0%				

Asset allocation (continued)

Sector	% Fund
Government	58.7%
Financial	19.9%
Diversified	7.5%
Industrial	2.8%
Consumer, Non-cyclical	2.6%
Technology	1.1%
Consumer, Cyclical	1.1%
Communications	0.8%
Utilities	0.3%
Energy	0.1%
Basic Materials	0.1%
Total	95.0%

Top 10 Holdings	% Fund
Government of Mauritius Bond 08/02/39	10.3%
Government of Mauritius Bond 25/01/28	8.7%
Government of Mauritius Bond 07/09/38	6.3%
Government of Mauritius Bond 12/06/22	6.3%
Government of Mauritius Bond 11/05/38	5.8%
IBL Ltd Series 2 Notes 08/09/22	5.0%
iShares Core US Aggregate Bond ETF	4.7%
CIM Financial Services Ltd Notes 31/07/25	4.4%
Government of Mauritius Bond 22/01/33	3.1%
Government of Mauritius Bond 20/08/36	2.9%
Total	57.5%

Market comments

The Net Asset Value per unit (NAV) of the Fund rose from MUR 11.78 in November to MUR 11.84 in December, equivalent to a return of 0.5% compared to its benchmark return of 0.1%.

In December, the GOM auctioned 914D Treasury Bills to the tune of MUR 1.0Bn and the average weighted yield tumbled by 21bps to 0.63%. 182D Treasury Bills worth MUR 1.0Bn were issued at a weighted average yield of 0.68%, equivalent to a decline of 7bps from the preceding issuance. The GOM also issued MUR 3.0Bn of 364D Treasury Bills in three tranches at weighted average yields of 0.78% and 0.77%. The yield on 3Y GOM Note decreased from 2.28% to 2.25% following a net tender amount of MUR 2.5Bn while a 5Y GOM Bond for MUR 2.2Bn was auctioned at an average weighted yield of 2.94%, equivalent to a decrease of 21bps from the previous issuance. There were no new issuances of 10Y, 15Y and 20Y GOM Bonds during the month.

Yields on the secondary market were generally on the downtrend. The corresponding yields on 91D Treasury Bills and 182D Treasury Bills fell by 3bps and 5bps to reach 0.53% and 0.65%, respectively. The 364D Treasury Bills traded at 0.73% in December, 11bps lower than the previous month. 3Y GOM Note and 5Y GOM Bond traded at weighted average yields of 2.21% and 2.93% respectively in December against previous readings of 2.28% and 3.01%. the 10Y GOM Bond yields fell by 4bps to 4.21% and the 15Y GOM Bond yields traded at 4.52% against 4.55% in the earlier month. The 20Y GOM Bond yields declined from 4.74% in November to 4.73% in December.

The Barclays Global Aggregate Bond index tumbled by -0.1% in December as some major central banks announced plans to tighten monetary policy amid strengthening inflation. The US Federal Reserve (Fed) left the target Fed Funds rate unchanged at 0%-0.25%. The Fed decided to double its pace of tapering to USD 30 billion and it is expected to wind down all net asset purchases by the end of March 2022. The dot plot shows that the Fed now forecasts three 25 bps rate hikes in 2022; driven by higher inflation forecasts - above the 2% target for the next three years. 10-year US Treasury yield surged by 7 bps from 1.44% in November to 1.51% in December following the Fed's move to accelerate its taper, higher inflation expectations and with Omicron concerns subsiding.

The Bank of England's Monetary Policy Committee (MPC), at its December 2021 meeting, voted by majority to increase the Bank Rate by 15 bps to 0.25% and voted unanimously to keep the stock of sterling non-financial investment-grade corporate bond purchases unchanged at GBP 20 billion. UK CPI inflation surged to a 10-year high of 5.1% in November; well above the BoE's target of 2%; mainly on account of higher food and fuel prices. The 10-year UK Gilt yields increased by 16 bps to 0.97% in December following the BoE's decision to tighten monetary policy amid persistent inflation pressures and a very tight labour market despite heightened uncertainty introduced by the Omicron variant.

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 expects to conduct net asset purchases under the pandemic emergency purchase programme (PEPP) at a lower pace in Q1:2022 than in the previous quarter and it will discontinue net asset purchases under the PEPP at the end of March 2022. ECB President Christine Lagarde highlighted that a rate hike in 2022 is extremely unlikely. European bond yields were generally on the uptrend reflecting higher inflation expectations and receding Omicron fears. The corresponding yield on 10-year German and Spanish bonds both increased by 17 bps to -0.18% and 0.57%, respectively. The yield on 10-year Italian bonds soared by 20 bps to 1.17% in December.

The Bank of Japan (BoJ), at its MPC meeting held on 17 December 2021, decided to maintain the short-term interest rate unchanged at -0.1% and reiterated that it would purchase Japanese government bonds (JGBs) without setting an upper limit so that 10-year JGB yields will remain at around zero percent. 10-year JGBs traded at 0.07% in December, 1 bps 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) slashed the 1-year loan prime rate by 5 bps to 3.80% and maintained the 5-year loan prime rate at 4.65%. The PBoC lowered the reserve requirement ratio (RRR) for banks by 50 bps effective on 15 December 2021, the second cut this year, aiming to bolster slowing economic growth amid property debt crisis and Covid-19 resurgence. The yield on 10-year Chinese bonds declined from 2.86% to 2.78% as the PBoC pivoted to a more dovish stance. In India, the Reserve Bank of India (RBI) at its MPC meeting held on 8 December 2021 voted unanimously in favour of keeping the repo rate unchanged at 4.0% under the liquidity adjustment facility (LAF). The RBI started to tighten monetary policy by reducing short-term liquidity through variable reverse repo auctions. 10-year Government of India bond yields increased by 12 bps to 6.45% in December, following the RBI's variable reverse repo auctions and the Fed and BoE's hawkish stance.

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