

SBM Yield FundNAV per share **MUR 11.88****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.

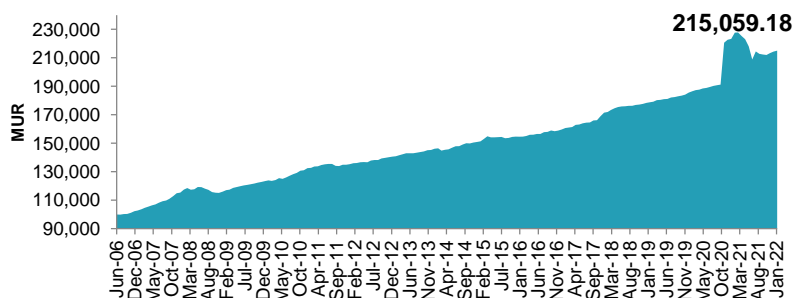
Fund facts**Investment Manager:** SBM Mauritius Asset Managers Ltd**Fund Administrator:** SBM Fund Services Ltd**Registry and Transfer Agent:** SBM Fund Services Ltd**Custody:** SBM Bank (Mauritius) Ltd**Auditor:** Deloitte Mauritius**Benchmark:** 60% GOM 3Y Notes + 40% Barclays Agg Bond Index***Distribution:** 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	0.3%	1.4%	0.3%	-5.6%	20.3%	33.8%	115.1%	5.0%	10.2%	4.6%	2.9%	7.3%	4.8%	1.4%
Benchmark	-0.7%	-0.2%	-0.7%	2.3%	18.1%	21.3%	129.0%	5.5%	4.7%	8.5%	6.0%	2.5%	3.1%	2.1%

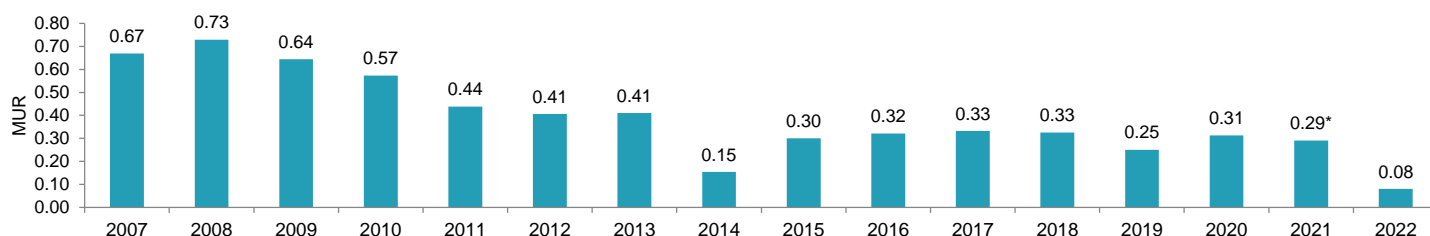
Note: Fund performance is calculated on indicative NAV to NAV. The performance of the index is based on a blended benchmark comprising of 60% GOM 3Y Notes and 40% Bloomberg Barclays Global Aggregate Bond Index (MUR), and rebalanced monthly. Past performance is not indicative of future results. The benchmark 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	-0.58	-0.12	-0.12	-0.08
Regression alpha (%)	-2.33	9.61	8.58	7.07
Beta	-1.41	-0.47	-0.44	-0.31
Annualised volatility	5.8%	9.6%	7.4%	4.5%
Annualised tracking error	7.5%	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)	7.35
Gross yield to maturity	3.40%
Duration (yrs)	5.61

Dividend per Share

*Quarterly dividend distribution as from FY21

Asset allocation

Asset class	% Fund
Domestic Fixed Income	84.1%
International Fixed Income	9.5%
Domestic Equity	0.0%
Cash	6.4%
Total	100.0%

Top regions	% Fund
Mauritius	84.1%
North America	9.5%
Central Asia	0.0%
Total	93.6%

Top currency	% Fund
Mauritian Rupee	89.5%
US Dollar	10.5%
Euro	0.0%
Total	100.0%

Asset allocation (continued)

Sector	% Fund
Government	55.8%
Financial	20.7%
Diversified	7.6%
Industrial	2.9%
Consumer, Non-cyclical	2.7%
Technology	1.2%
Consumer, Cyclical	1.1%
Communications	1.0%
Utilities	0.3%
Energy	0.2%
Basic Materials	0.2%
Total	93.6%

Top 10 Holdings	% Fund
Government of Mauritius Bond 25/01/28	8.4%
Government of Mauritius Bond 07/09/38	6.4%
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%
Government of Mauritius Bond 08/02/39	4.6%
iShares Core US Aggregate Bond ETF	4.6%
CIM Financial Services Ltd Notes 31/07/25	4.4%
Fidelity US Dollar Bond "A" (USD) Acc	3.9%
Government of Mauritius Bond 22/01/33	3.1%
Total	52.5%

Market comments

The Net Asset Value per unit (NAV) of the Fund rose from MUR 11.84 in December to MUR 11.88 in January, equivalent to a return of 0.3% compared to its benchmark return of -0.7%.

In January, the yield on the 91D Treasury Bills remained unchanged at 0.63% since there was no new issuance. The GOM issued MUR 1.4Bn of 182D Treasury Bills in two tranches at weighted average yields of 0.72% and 0.70%. 364D Treasury Bills worth MUR 1.4Bn were also issued at a weighted average yield of 0.79%, 2bps higher than the previous issuance. The yield on the 3Y GOM Note decreased from 2.25% to 2.22% following a net tender amount of MUR 2Bn. A 15Y GOM Bond for MUR 2.5Bn was auctioned at an average weighted yield of 4.45%, equivalent to a decrease of 19bps from the preceding issuance. There were no new issuances of 5Y, 10Y and 20Y GOM Bonds during the month.

On the secondary market, the yield on the 91D Treasury Bills remained unchanged at 0.53%. The corresponding yields on 182D Treasury Bills and 364 Treasury Bills marginally rose by 1bp and 2bps to reach 0.65% and 0.75%, respectively. The 3Y GOM Note and 5Y GOM Bond traded at weighted average yields of 2.23% and 2.96% respectively in January against previous readings of 2.21% and 2.93%. The 10Y GOM Bond yields fell by 9bps to 4.12% and the 15Y GOM Bond traded at a weighted average yield of 4.40% against 4.52% in the earlier month. The 20Y GOM Bond yields declined from 4.73% in December to 4.63% in January.

The Barclays Global Aggregate Bond index posted a performance of -2.0% in January as strengthening inflation pulled forward rate-hike expectations. While the US Federal Reserve (Fed) left the target Fed Funds rate unchanged at 0%-0.25%, it decided to accelerate its pace of tapering to USD 30 billion. The Fed is expected to wind down all net asset purchases by the end of March 2022. In addition to the three 25 bps rate hikes forecast, markets priced in two additional rate hikes. The 10-year US Treasury yield increased by 27 bps from 1.51% in December to 1.78% in January as market participants expect the Fed to hike rates more aggressively to curb surging inflationary pressures.

In the UK, no Monetary Policy Committee (MPC) meeting was held during the month. The Bank of England (BoE) maintained the Bank Rate at 0.25% and kept the stock of sterling non-financial investment-grade corporate bond purchases unchanged at GBP 20 billion. UK CPI inflation surged to a 30-year high of 5.4% in December; well above the BoE's target of 2%; mainly on account of higher prices for transportation, food and beverages, and housing and household goods. The 10-year UK Gilt yields increased by 33 bps to 1.30% in January as the BoE is expected to hike interest rate by 25 bps at its February MPC meeting amid persistent inflationary pressures.

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 slower 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. According to Eurostat's flash estimate, Eurozone inflation accelerated to a record high of 5.1% in January, significantly overshooting expectations, primarily on account of higher energy prices. European bond yields were generally on the uptrend as high inflation pulled forward market expectations of tighter monetary policy. The corresponding yield on 10-year German and Spanish bonds both increased by 19 bps and 18 bps to 0.01% and 0.75%, respectively. The yield on 10-year Italian bonds surged by 12 bps to 1.29% in January.

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 0.18% in January, 11 bps above the preceding month's reading; remaining within the BOJ's target range of 0% +/- 25bps under its Yield Curve Control policy. JGB prices tumbled as the Fed pursues a more hawkish path to monetary policy normalisation.

Among larger emerging economies, the People's Bank of China (PBoC) slashed the 1-year loan prime rate and the 5-year loan prime rate by 10 bps and 5 bps to 3.70% and 4.60%, respectively. The PBoC's dovish stance contrasts with the shift toward monetary policy normalisation in the US and UK, aiming to bolster slowing economic growth amid the property debt crisis and China's zero-Covid strategy. The yield on 10-year Chinese bonds declined from 2.78% to 2.71% as the PBoC pivoted to a more accommodative stance. In India, no Monetary Policy Committee (MPC) meeting was held during the month. The repo rate was left unchanged at 4.0% under the liquidity adjustment facility (LAF). Consumer price inflation stood at 6.01% in January 2022, slightly above the RBI's upper tolerance limit of 6%. 10-year Government of India bond yields increased by 23 bps to 6.68% in January, tracking the rise in US Treasury yields amid expectations that Fed is likely to start an interest rate hiking cycle as soon as March 2022.

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