

**SBM Yield Fund**NAV per share **MUR 11.85****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.

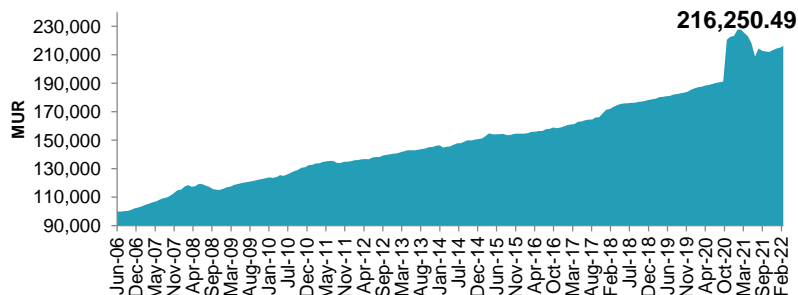
**Fund facts****Investment Manager:** SBM Mauritius Asset Managers Ltd**Fund Administrator:** SBM Fund Services Ltd**Registry and Transfer Agent:** SBM Fund Services Ltd**Custody:** SBM Bank (Mauritius) Ltd**Auditor:** Deloitte Mauritius**Benchmark:** 60% GOM 3Y Notes + 40% Barclays Agg Bond Index\***Distribution:** 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 203.0Mn**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	0.6%	1.4%	0.9%	-5.1%	20.7%	34.3%	116.3%	5.0%	10.2%	4.6%	2.9%	7.3%	4.8%	1.4%
Benchmark	0.9%	0.3%	0.2%	3.6%	19.2%	22.0%	131.0%	5.5%	4.7%	8.5%	6.0%	2.5%	3.1%	2.1%

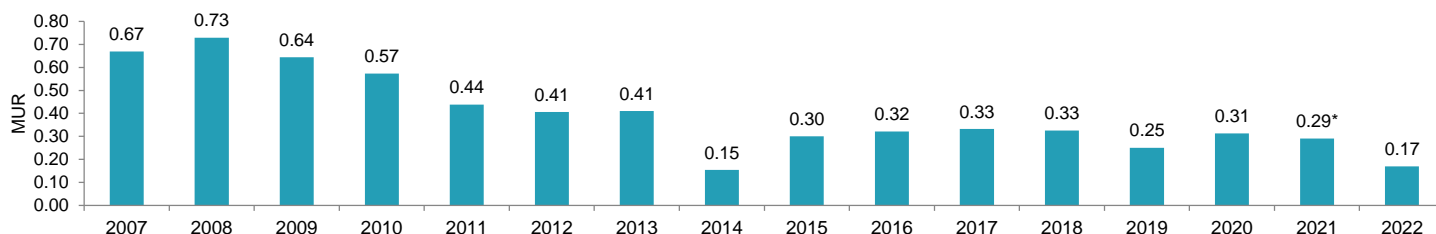
Note: Fund performance is calculated on indicative NAV to NAV. The performance of the index is based on a blended benchmark comprising of 60% GOM 3Y Notes and 40% Bloomberg Barclays Global Aggregate Bond Index (MUR), and rebalanced monthly. Past performance is not indicative of future results. The benchmark 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	-0.51	-0.13	-0.12	-0.08
Regression alpha (%)	-0.57	10.01	8.68	7.06
Beta	-1.25	-0.49	-0.44	-0.30
Annualised volatility	5.9%	9.6%	7.4%	4.5%
Annualised tracking error	7.4%	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)	7.46
Gross yield to maturity	3.49%
Duration (yrs)	5.70

**Dividend per Share**

\*Quarterly dividend distribution as from FY21

**Asset allocation**

Asset class	% Fund	Top regions	% Fund	Top currency	% Fund
Domestic Fixed Income	86.9%	Mauritius	86.9%	Mauritian Rupee	89.2%
International Fixed Income	9.8%	North America	9.8%	US Dollar	10.8%
Domestic Equity	0.0%	<b>Total</b>	<b>96.7%</b>	Euro	0.0%
Cash	3.3%			<b>Total</b>	<b>100.0%</b>
<b>Total</b>	<b>100.0%</b>				

**Asset allocation (continued)**

Sector	% Fund
Government	57.0%
Financial	19.6%
Diversified	7.6%
Industrial	3.0%
Consumer, Non-cyclical	2.8%
Property	2.5%
Technology	1.3%
Consumer, Cyclical	1.2%
Communications	1.0%
Utilities	0.3%
Energy	0.2%
Basic Materials	0.2%
Others	0.1%
<b>Total</b>	<b>96.7%</b>

Top 10 Holdings	% Fund
Government of Mauritius Bond 25/01/28	8.6%
Government of Mauritius Bond 07/09/38	6.6%
Government of Mauritius Bond 12/06/22	6.4%
Government of Mauritius Bond 11/05/38	6.0%
IBL Ltd Series 2 Notes 08/09/22	5.1%
iShares Core US Aggregate Bond ETF	4.8%
Government of Mauritius Bond 08/02/39	4.7%
CIM Financial Services Ltd Notes 31/07/25	4.5%
Fidelity US Dollar Bond "A" (USD) Acc	4.1%
Government of Mauritius Bond 22/01/33	3.2%
<b>Total</b>	<b>54.0%</b>

**Market comments**

The Net Asset Value per unit (NAV) of the Fund fell from MUR 11.88 in January to MUR 11.85 in February, equivalent to a return of 0.6% after paying a dividend of MUR 0.09 per unit. As a comparison, its benchmark yielded 0.9%.

In February, the yield on the 91D Treasury Bills remained unchanged at 0.63% since there was no new issuance. The GOM auctioned MUR 1.6Bn of 182D Treasury Bills in two tranches at weighted average yields of 0.67% and 0.68%. 364D Treasury Bills worth MUR 1.6Bn were also issued at a weighted average yield of 0.78%, 1bp lower than the previous reading. The yield on 3Y GOM note decreased from 2.22% to 2.16% following a tender amount of MUR 2.5Bn while a 5Y Bond for MUR 2.2Bn was auctioned at an average weighted yield of 2.84%, 10bps lower than the previous issuance. A 20Y GOM Bond for MUR 2Bn was issued at an average yield of 4.61%, equivalent to a decrease of 35bps from the preceding issuance. There were no fresh issuances of 10Y and 15Y GOM Bonds during the month.

On the secondary market, the yield on the 91D Treasury Bills rose by 2bps to reach 0.55% in February. The yields on the 182D Treasury Bills and 364 Treasury Bills remained unchanged at 0.65% and 0.75% respectively. The 3Y GOM Note and 5Y GOM Bond traded at weighted average yields of 2.17% and 2.90% in February against earlier readings of 2.23% and 2.96%. The 10Y GOM Bond yield fell by 4bps to 4.08% while the 15Y GOM Bond yields traded at a yield of 4.37% against 4.40% in the previous month. The average yield on 20Y GOM Bond declined from 4.63% in January to 4.50% in February.

The Barclays Global Aggregate Bond index tumbled by 1.2% in February as strengthening inflation pulled forward rate-hike expectations in the first-half of the month. In the second half, however, the escalation of the Russia – Ukraine conflict dampened expectations for aggressive rate hikes. The US Federal Reserve (Fed) left the target Fed Funds rate unchanged at 0%-0.25%. The Fed decided to accelerate 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 10-year US Treasury yield surged above 2% for the first time since August 2019 amid a broad Treasury-market selloff driven by expectations of a more aggressive monetary policy tightening to contain higher-than-expected inflation. The 10-year US Treasury yield increased by 5 bps from 1.78% in January to 1.83% in February, down from its 2.05% high, as Russia's invasion of Ukraine increased demand for safe assets and curtailed market expectations of a 50 bps hike in March.

The Bank of England's Monetary Policy Committee (MPC), at its meeting ending on 2 February 2022, voted by majority to increase the Bank Rate by 25 bps to 0.50% and voted unanimously to start reducing the stock of UK government bond purchases. UK CPI inflation surged to a 30-year high of 5.5% in January and the BoE expects inflation to peak at around 7.25% in April 2022. The 10-year UK Gilt yields increased by 11 bps to 1.41% in February as the BoE remains hawkish 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 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. According to Eurostat's flash estimate, Eurozone inflation accelerated to a record high of 5.8% in February, significantly overshooting expectations, primarily on account of higher energy prices. European bond yields were generally on the uptrend as the ECB is expected to revise its inflation forecast upwards amid the Russian invasion of Ukraine. The yield on 10-year German bonds increased by 12 bps to 0.14%. The corresponding risk premium on Italian debt and Spanish debt surged by 41 bps and 37 bps to 1.71% and 1.12%, respectively.

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 0.19% in February, 1 bp above the preceding month and remaining 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) maintained the 1-year loan prime rate and the 5-year loan prime rate at 3.70% and 4.60%, respectively. The PBoC is expected to maintain its accommodative stance to bolster slowing economic growth. The yield on 10-year Chinese bonds increased from 2.71% to 2.79%; tracking the rise in US Treasury yields. In India, the Reserve Bank of India (RBI) at its Monetary Policy Committee (MPC) meeting ending on 10 February 2022 voted unanimously in favour of keeping the repo rate unchanged at 4.0% under the liquidity adjustment facility (LAF). The marginal standing facility (MSF) rate and the Bank Rate remained unchanged at 4.25%. Consumer price inflation surged to 6.01% in January, slightly above the upper limit of the RBI's tolerance band. 10-year Government of India bond yields increased by 8 bps to 6.77% in February after global crude oil prices soared due to escalating Ukraine-Russia geopolitical tensions.

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E-mail: [sbm.assetm@sbmgroup.mu](mailto:sbm.assetm@sbmgroup.mu)For price updates on this fund, please see: <https://nbfc.sbmgroup.mu/asset-management>**Important notes**

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