

Monthly Market Wrap

| March 2022

Equity index returns (% local currency)

Index	1M	3M	6M	YTD	1Y	3Y	5Y	5Y Std Dev
S&P 500	+3.6%	-4.9%	+5.2%	-4.9%	+14.0%	+59.8%	+91.7%	15.8%
MSCI World	+2.5%	-5.5%	+1.5%	-5.5%	+8.6%	+44.9%	+64.7%	15.4%
MSCI World Small Cap	+0.7%	-6.8%	-5.0%	-6.8%	-2.4%	+33.5%	+47.9%	18.9%
MSCI Europe	+0.4%	-5.9%	+1.0%	-5.9%	+6.9%	+18.9%	+18.0%	14.3%
MSCI EM	-2.5%	-7.3%	-8.9%	-7.3%	-13.3%	+7.9%	+19.1%	16.6%
MSCI AC Asia	-1.0%	-6.6%	-8.5%	-6.6%	-11.4%	+12.9%	+22.8%	13.9%
SEMDEX	+1.8%	+4.8%	+9.3%	+4.8%	+37.4%	+1.6%	+13.7%	15.8%
DEMEX	+1.3%	+2.4%	+9.5%	+2.4%	+35.9%	+33.8%	+48.9%	10.6%

Fixed income index returns (% local currency)

Index	1M	3M	6M	YTD	1Y	3Y	5Y	5Y Std Dev
Barclays Global Aggregate Bond	-3.0%	-6.2%	-6.8%	-6.2%	-6.4%	+2.1%	+8.8%	4.4%
Barclays US Aggregate Bond	-2.8%	-5.9%	-5.9%	-5.9%	-4.2%	+5.2%	+11.2%	3.6%
Barclays High Yield bond	-0.9%	-5.7%	-6.4%	-5.7%	-3.8%	+7.9%	+17.8%	8.8%
JP Morgan EMU IG Bond	-2.3%	-5.1%	-5.6%	-5.1%	-6.3%	+0.3%	+5.7%	4.0%
JP Morgan EM Bond	-0.8%	-9.9%	-10.1%	-9.9%	-6.9%	+0.8%	+9.1%	9.8%
FTSE Asian Broad Bond	-2.3%	-6.7%	-7.5%	-6.7%	-7.3%	+4.2%	+12.2%	4.8%

Commodity prices

Commodity	Current \$	1M
WTI Crude Oil / Bbl	100.28	+4.8%
Brent Crude Oil / Bbl	107.91	+6.9%
Natural Gas / mmBtu	5.64	+28.2%
Copper / oz	475.10	+6.9%
Silver / oz	24.79	+1.4%
Gold / oz	1,937.44	+1.5%

SEMDEX sector performance (%)

Index	Weight	1M
Financials	38.9%	+3.3%
Commerce	16.5%	+3.2%
Industry	7.4%	-0.6%
Investments	23.7%	-0.3%
Leisure & Hotels	6.9%	+2.9%
Property	5.6%	+1.5%
Sugar	0.5%	-0.5%
Transport	0.3%	0.0%
Foreign	0.2%	0.0%

Secondary market yields - GoM

Tenor	91D	182D	364D	3Y	5Y	10Y	15Y	20Y
Current	0.66%	0.77%	0.92%	2.22%	2.96%	4.14%	4.38%	4.54%
-1M	0.55%	0.65%	0.75%	2.17%	2.90%	4.08%	4.37%	4.50%

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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	58.80	57.30	58.00	56.50	107.20	105.70	8.5%	0.25%-0.50%	3.6%
Germany	56.90	58.40	56.10	55.80	NA	97.00	7.3%	0.00%	5.0%
France	54.70	57.20	57.40	55.50	91.00	97.00	4.5%	0.00%	7.4%
UK	55.20	58.00	62.60	60.50	-31.00	-26.00	7.0%	0.75%	3.8%
Japan	54.10	52.70	49.40	44.20	32.70	35.00	1.2%	-0.10%	2.6%
China	48.10	50.40	42.00	50.20	NA	120.50	1.5%	4.35%	4.0%
India	54.00	54.90	53.60	51.80	NA	NA	7.0%	4.00%	7.6%

*based on latest available data

SBM Fund performance (% local currency)

Fund	Currency	Strategy	NAV	1M	3M	6M	5Y Std Dev
SBM Perpetual Fund	MUR	Local fixed income	218.48	+0.5%	+1.0%	+1.8%	0.3%
SBM Yield Fund	MUR	Global fixed income	11.87	+0.1%	+1.0%	+1.9%	7.4%
SBM Universal Fund	MUR	Multi-asset	32.59	+1.4%	0.0%	+3.6%	7.8%
SBM Growth Fund	MUR	Global equities	14.30	+1.9%	-1.3%	+3.9%	12.6%
SBM India Fund (Class B)	USD	Indian equities	137.56	+3.3%	-3.4%	-3.1%	28.4%

Commentary

Local equity indices posted positive performances in March with the SEMDEX and DEMEX closing the month at 2,198.45 and 313.15 points, equivalent to respective returns of 1.8% and 1.4%. The main leaders, that is, companies which contributed to the positive performance of the SEMDEX were MCBG, IBLL and SBMH while the main laggards were MSE, ASCE and GML. The top three gainers in terms of price returns were SBMH (+10.0%), LUX (+5.9%) and BLL (+5.7%) while the top three losers were MSE (-6.3%), HWF (-5.8%) and PAD (-5.0%). The price-earnings ratio and dividend yield of the SEMDEX stood at 14.21x and 2.95%, respectively, as at 31 March against corresponding figures of 14.82x and 2.84% as at 28 February. The stock market registered net foreign outflows of MUR 18.4M during the month, mainly driven by outflows in MCBG, ROGERS and ASCE.

Domestic yields generally trended upward in March following the decision by the Bank of Mauritius (BoM) to raise the Key Repo Rate by 15bps, from 1.85% to 2.00%. In its minutes, the BoM affirmed that the Russia-Ukraine war poses additional risks to inflation and global growth.

The MSCI World index gained 2.5% in March despite the ongoing geopolitical conflicts. Inflation risks from commodity-supply disruptions, tighter US monetary policy and mounting growth slowdown concerns amid the Russia-Ukraine war, dominated headlines.

The S&P500 rebounded in March, gaining 3.6% MoM. Investors weighed the economic risks from elevated inflation and prospects of higher interest rates. Most GICS sectors posted positive performances, with Utilities, Energy and Real Estate among the strongest whereas the financial sector ended in negative territory. The S&P Global US Purchasing Managers' Index (PMI) rose from 57.3 in February to 58.8 in March as supply conditions led to a renewed momentum in the US manufacturing sector, the overall output growth was supported by stronger demand conditions, rise in new orders and firms expanding their workforce. Despite the elevated cost pressures from the Russia-Ukraine conflict, business optimism improved. The unemployment rate fell to 3.6% in March against a reading of 3.8% in February.

The Eurostoxx 50 recorded a return of -0.6% MoM as the uncertainty around the geopolitical tensions and soaring inflation readings highlighted risks to the economic outlook. The DAX and FTSE MIB indices registered respective MoM returns of -0.3% and -1.6% while the CAC 40 posted a flat performance. The Eurozone manufacturing sector registered a marked slowdown in March as the escalating geopolitical tensions weighed on demand; PMI slid to a 14-month low of 56.5 (February 2022: 58.2). Input price inflation rose amid the surging commodity prices while the war in Ukraine exacerbated supply constraints. In the UK, the FTSE 100 index added 0.8% in March. PMI fell to a 13-month low of 55.2 in March (February 2022: 58.0) following slower expansions in both output and new orders; the ongoing supply constraints, stronger cost pressures and rising geopolitical tensions hampered the upturn.

Japanese equities outperformed its global peers after the Nikkei 225 posted a return of 4.9%. Growth in manufacturing output and new order inflows rose in March as firms recovered from the surging Covid-19 cases at the start of the year - PMI edged up from 52.7 in February to 54.1 in March. Renewed lockdowns in China and the Russia-Ukraine conflict, however, impacted on external demand with new export sales falling at the sharpest rate since July 2020.

Emerging equities underperformed developed markets after the MSCI Emerging Markets index posted a return of -2.5%. The CSI 300 index registered a return of -7.8% MoM in local currency and -8.3% in USD. Operating conditions deteriorated in March as the reintroduction of tighter restrictions to contain the latest Covid-19 wave led to disruptions in logistics; PMI fell below the 50-mark threshold to 48.1 in March (February 2022: 50.4). In India, the BSE Sensex recorded a return of 4.1% in March. The Indian manufacturing sector continued to expand, albeit at a weaker pace, with PMI edging down to 54.0 in March against 54.9 in February.

At fixed income level, the Barclays Global Aggregate Bond index posted a return -3.0% MoM amid the hawkish stance of major central banks and rising yields. The Federal Reserve (Fed) raised the Fed Funds target range by 25bps to 0.25%-0.50% at its March meeting and is expected to lower its record \$9 trillion balance sheet in view of taming the record-high inflation. The US 10-year Treasury yields rose by 51bps over the month, closing at 2.34% in March (February 2022: 1.83%). The yield curve temporarily inverted during the month as short term interest rates priced in aggressive rate hikes from the Fed. The ECB announced the discontinuation of its net asset purchases under the PEPP by the end of March 2022 and the gradual phasing out of its asset purchase programme (APP) in the third quarter of 2022. President Lagarde also hinted the possibility of a first rate hike this year following the end of asset purchases.

On the commodity side, the S&P GSCI index posted 9.6% MoM as markets continued to price in tighter supply given the on-going war. The price of Brent and WTI soared during the month but gains were capped to 6.9% and 4.8% MoM, respectively, after President Biden announced that a million barrels of oil a day will be released from the US reserves for a period of six months. Natural gas posted a return of 28.2% amid tighter supply conditions. Industrial metals recorded positive performances with silver and copper gaining 1.4% and 6.9%, respectively. Nickel rallied by 30.5% MoM as a short squeeze led to a temporary trading suspension on the London's commodity exchange. Regarding precious metals, gold registered a return of 1.5%.

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