

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 199.6Mn

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%

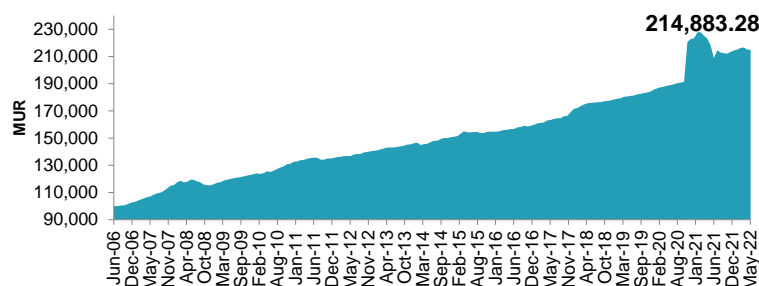
Exit fee: 0.50%

Performance

Period	1M	3M	YTD	1Y	3Y	5Y	Launch	Annualised	2021	2020	2019	2018	2017	2016
Fund	-0.1%	-0.6%	0.2%	-1.5%	18.7%	31.7%	114.9%	4.9%	10.2%	4.6%	2.9%	7.3%	4.8%	1.4%
Benchmark	-0.7%	-4.0%	-3.8%	-1.5%	9.6%	21.0%	121.7%	5.1%	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



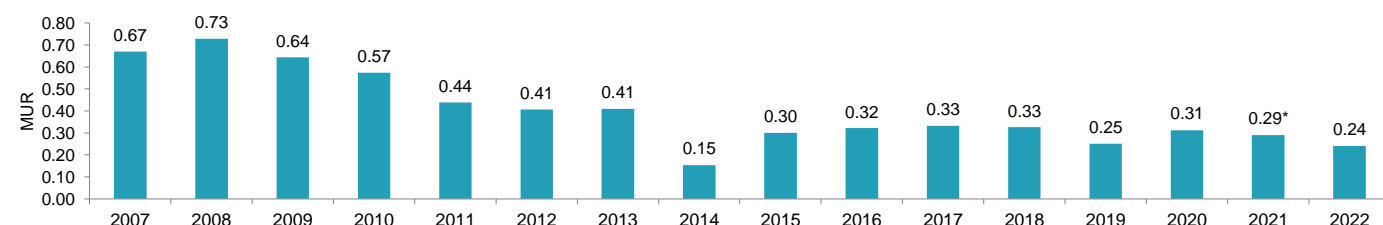
Fund statistics

Period	1Y	3Y	5Y	Launch
Correlation	-0.29	-0.05	-0.05	-0.03
Regression alpha (%)	-2.10	6.82	6.93	7.88
Beta	-0.43	-0.18	-0.14	-0.09
Annualised volatility	5.5%	9.6%	7.5%	4.4%
Annualised tracking error	7.4%	10.1%	8.0%	4.7%

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

Average term to maturity (yrs)	4.85
Gross yield to maturity	3.76%
Duration (yrs)	3.89

Dividend per Share



*Quarterly dividend distribution as from FY21

Asset allocation

Asset class	% Fund	Top regions	% Fund	Top currency	% Fund
Domestic Fixed Income	75.2%	Mauritius	75.2%	Mauritian Rupee	89.8%
International Fixed Income	9.1%	North America	9.1%	US Dollar	10.2%
Domestic Equity	0.0%	Total	84.3%	Euro	0.0%
Cash	15.7%			Total	100.0%
Total	100.0%				

Asset allocation (continued)

Sector	% Fund
Government	43.5%
Financial	20.6%
Diversified	7.8%
Industrial	3.1%
Consumer, Non-cyclical	2.7%
Property	2.6%
Consumer, Cyclical	1.2%
Technology	1.1%
Communications	0.9%
Utilities	0.3%
Energy	0.2%
Basic Materials	0.1%
Others	0.0%
Total	84.3%

Top 10 Holdings	% Fund
Government of Mauritius Bond 25/01/28	8.9%
Government of Mauritius Bond 12/06/22	6.5%
IBL Ltd Series 2 Notes 08/09/22	5.1%
CIM Financial Services Ltd Notes 31/07/25	4.7%
iShares Core US Aggregate Bond ETF	4.4%
Fidelity US Dollar Bond "A" (USD) Acc	3.8%
Government of Mauritius Bond 22/01/33	3.2%
Government of Mauritius Bond 20/08/36	2.9%
Government of Mauritius Bond 15/01/36	2.8%
SBM MUR Note Class A2 Series Bond 28/06/28	2.6%
Total	44.9%

Market comments

The Net Asset Value per unit (NAV) of the Fund fell from MUR 11.72 in April to MUR 11.71 in May, equivalent to a return of -0.1% compared to its benchmark return of -0.7%.

In May, the yield on the 91D Treasury Bills remained unchanged at 0.63% since there was no new issuance. The BoM auctioned MUR 1.0Bn of 182D Treasury Bills in two tranches at weighted average yields of 0.91% and 0.86%. 364D Treasury Bills worth MUR 1.0Bn were issued at a weighted average yield of 1.08%, 7bps higher than the earlier month. The corresponding yields on the 3Y GOM note and 5Y GOM bond increased by 12bps and 17bps to 2.59% and 3.10% following tender amounts of MUR 2.0Bn and MUR 2.2Bn. At the longer end, the BoM auctioned only a 15Y Bond for an amount of MUR 2.0Bn and at a weighted average yield of 4.96%, 51bps above the previous issuance.

On the secondary market, yields were generally on the rising trend, except for yields on the 91D Treasury Bills which declined by 4bps to reach 0.66% in May. The 182D Treasury Bills and 364D Treasury Bills traded at weighted average yields of 0.86% and 1.02% respectively from previous readings of 0.83% and 0.95%. The corresponding yields on 3Y GOM Note and 5Y GOM Bond rose by 10bps and 8bps during the month to stand at 2.54% and 3.06%. The 10Y GOM Bond traded at 4.47% in May, 23bps higher than the earlier month. The 15Y GOM Bond yield surged by 43bps to 4.83% while the 20Y GOM Bond traded at a yield of 5.11% against 4.52% in the preceding month.

The Barclays Global Aggregate Bond index increased by 0.3% in May as fears of a potential economic slowdown intensified. The US Federal Reserve (Fed) raised the target Fed Funds rate by 50 bps to 0.75%-1.00% at its May meeting, in line with market expectations. The Committee decided to begin reducing its holdings of US Treasury securities, agency debt and agency MBS on 1 June 2022. For Treasury securities, the monthly cap will initially be set at USD 30Bn, rising to USD 60Bn after three months will increase. For agency debt and agency MBS, the monthly cap will initially be set at USD 17.5Bn and after three months will increase to USD 35Bn. The 10-year US Treasury yield decreased by 9 bps from 2.93% in April to 2.84% in May as risks to the economic outlook increased and inflation expectations started moderating.

In the UK, the Bank of England (BoE), at its Monetary Policy Committee (MPC) meeting ending on 4 May 2022, decided to increase Bank Rate by 0.25 percentage points, to 1.00%. UK CPI inflation surged to a 40-year high of 9.0% in April. The UK government announced a GBP 15Bn cost of living support package including a new 25% windfall tax on the profits of oil and gas companies operating in the UK and the UK Continental Shelf. The 10-year UK Gilt yields increased by 19 bps to 2.10% in May as inflation expectations remained elevated.

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 conclude net asset purchases under the asset purchase programme (APP) in early Q3:2022, conditional on economic data and the ECB's evolving assessment of the outlook. According to Eurostat's flash estimate, Eurozone inflation accelerated to a record high of 8.1% in May, driven primarily by higher food and energy prices. Christine Lagarde, President of the ECB, indicated a rate lift-off at the July meeting and is expected to exit negative interest rates by the end of Q3:2022. European bond yields were generally on the uptrend mainly on account of the ECB's hawkish shift and higher inflation expectations. The corresponding yield on 10-year German and Spanish bonds increased by 18 bps and 25 bps to 1.12% and 2.23%, respectively. The yield on 10-year Italian bonds surged by 35 bps to 3.12% in May.

The Bank of Japan (BoJ) maintained the short-term interest rate unchanged at -0.1%. Despite concerns over further weakening of the yen, the BoJ is expected to maintain its ultra-loose stance to support economic recovery from the pandemic since output gap is still negative. 10-year JGBs traded at 0.24% in May, 1 bp above the preceding month's reading; remaining within the BOJ's target range of 0% +/- 25bps.

Among larger emerging economies, the People's Bank of China (PBoC) slashed the 5-year loan prime rate by 15 bps to 4.45% and kept the 1-year loan prime rate at 3.70%. The PBoC maintained its dovish stance amid the sharp economic slowdown due to the Covid-19 outbreak and the property market crisis. Consequently, the yield on 10-year Chinese bonds declined to 2.80% at the end of May, 4 bps below the previous month's reading. In India, the Reserve Bank of India (RBI) at its Monetary Policy Committee (MPC) meeting ending on 4 May 2022 voted unanimously in favour of increasing the repo rate by 40 bps to 4.40% under the liquidity adjustment facility (LAF). The marginal standing facility (MSF) rate and the Bank Rate increased to 4.65%. Consumer price inflation eased to 7.71% in May; but remained above the RBI's upper tolerance limit of 6%. 10-year Government of India bond yields increased by 27 bps to 7.42% in May following a hawkish tilt from the RBI and surging inflation expectations.

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For price updates on this fund, please see: <https://nbfc.sbmgroup.mu/asset-management>

Important notes

Unless otherwise specified, all information contained in this document is as at the factsheet date. Investment involves risks; Past performance is not indicative of guaranteeing the same future results as market conditions may fluctuate thereby affecting the investment return and thus strict reliance on such past performances shall not be relied upon by the investor to make any investment decision. Investors may additionally resort to an independent third party or independent legal advisor before making any investment decision. Investment involves risk, that includes the possible loss of principal. Asset allocation and diversification do not ensure a profit or protect against a loss.

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