SBM Mauritius Asset Managers Ltd

Monthly Market Wrap | February 2023

Equity index returns (% local currency)

Index	1M	3M	6M	YTD	1Y	3Y	5Y	5Y Std Dev
S&P 500	-2.6%	-2.7%	+0.4%	+3.4%	-9.2%	+34.4%	+46.3%	18.7%
MSCI World	-2.5%	-0.2%	+3.3%	+4.3%	-8.8%	+26.8%	+28.2%	18.2%
MSCI World Small Cap	-2.1%	+3.1%	+5.7%	+6.9%	-7.7%	+26.8%	+18.5%	21.6%
MSCI Europe	+1.6%	+4.6%	+10.9%	+8.5%	+2.0%	+22.9%	+20.7%	16.2%
MSCI EM	-6.5%	-0.9%	-3.0%	+0.8%	-17.7%	-4.1%	-19.3%	18.9%
MSCI AC Asia	-5.9%	+1.0%	-0.3%	+1.4%	-13.4%	+1.5%	-10.9%	17.0%
SEMDEX	+0.6%	-1.9%	-3.7%	-2.0%	-6.7%	-7.5%	-12.1%	16.1%
DEMEX	-1.0%	-2.0%	-6.6%	-1.8%	-15.3%	+8.4%	+11.0%	11.1%

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	47.30	46.90	50.60	46.80	102.90	106.00	6.0%	4.50% - 4.75%	3.6%
Germany	46.30	47.30	50.90	50.70	92.00	89.00	8.7%	3.00%	5.5%
France	47.40	50.50	53.10	49.40	82.00	83.00	6.3%	3.00%	7.2%
UK	49.30	47.00	53.50	48.70	-38.00	-45.00	10.1%	4.00%	3.7%
Japan	47.70	48.90	54.00	52.30	30.70	30.90	4.3%	-0.10%	2.4%
China	51.60	49.20	55.00	52.90	NA	91.20	1.0%	4.35%	4.0%
India	55.30	55.40	59.40	57.20	NA	NA	6.4%	6.50%	7.5%

based on latest available data

Fixed income index returns (% local currency)

Index	1M	3M	6M	YTD	1Y	3Y	5Y	5Y Std Dev
Barclays Global Aggregate Bond	-3.3%	+0.4%	-1.0%	-0.2%	-13.6%	-14.7%	-8.4%	6.6%
Barclays US Aggregate Bond	-2.6%	-0.0%	-2.1%	+0.4%	-9.7%	-10.9%	+2.7%	5.4%
Barclays High Yield bond	-1.9%	+2.9%	+4.7%	+2.2%	-6.2%	-1.9%	+4.4%	10.6%
JP Morgan EMU IG Bond	-2.2%	-4.4%	-5.6%	+0.1%	-15.4%	-19.1%	-9.9%	6.1%
JP Morgan EM Bond	-2.4%	+1.0%	+1.9%	+0.8%	-9.4%	-15.2%	-4.0%	11.8%
FTSE Asian Broad Bond	-1.6%	+2.7%	+0.7%	+1.5%	-6.6%	-9.0%	+5.5%	6.4%

SBM Fund performance (% local currency)

Fund	Currency	Strategy	NAV	1M	3M	1Y	5Y Std Dev
SBM Perpetual Fund	MUR	Local fixed income	226.70	+0.3%	+0.9%	+4.2%	0.4%
SBM Yield Fund	MUR	Global fixed income	11.44	+0.1%	+0.6%	-0.9%	7.7%
SBM Universal Fund	MUR	Multi-asset	31.00	+0.2%	+1.0%	-2.3%	8.2%
SBM Growth Fund	MUR	Global equities	13.25	-0.1%	+2.4%	-5.6%	13.5%
SBM India Fund (Class B)	USD	Indian equities	126.94	-2.8%	-8.3%	-4.7%	28.7%

Commodity prices

Commodity	Current $	1M
WTI Crude Oil / Bbl	77.05	-2.3%
Brent Crude Oil / Bbl	83.89	-0.7%
Natural Gas / mmBtu	2.75	+2.3%
Copper / oz	409.75	-3.0%
Silver / oz	20.91	-11.9%
Gold / oz	1,826.92	-5.3%

Exchange rates

	Current	-1M
EUR/USD	1.06	1.09
USD/JPY	136.17	130.09
GBP/USD	1.20	1.23
USD/MUR	46.36	44.95
EUR/MUR	49.10	48.82
GBP/MUR	55.91	55.35

SEMDEX sector performance (%)

Index	Weight	1M
Financials	42.9%	+2.5%
Commerce	16.0%	-4.6%
Industry	6.9%	+2.5%
Investments	21.0%	+0.5%
Leisure & Hotels	7.8%	+0.3%
Property	4.6%	-1.5%
Sugar	0.6%	+15.0%
Foreign	0.2%	0.0%

Top 3 Gainers - SEMDEX

Stock	1M
Omnicane Ltd	+15.0%
Gamma Civic Ltd	+8.0%
SBM Holdings Ltd	+5.7%

Top 3 Losers - SEMDEX

Stock	1M
Mauritius Chemical & Fertilizer Industry Lt	-13.8%
BlueLife Limited	-10.0%
IBL Ltd	-7.2%

Secondary market yields - GoM

Tenor	91D	182D	364D	3Y	5Y	10Y	15Y	20Y
Current	3.14%	4.02%	4.38%	4.62%	4.79%	5.78%	6.00%	6.12%
-1M	2.54%	3.82%	4.26%	4.54%	4.96%	5.81%	5.90%	6.01%

Commentary

Local indices registered mixed returns in February as the SEMDEX recouped part of its previous month's losses to close higher at 2,014.38 points while the DEMEX headed further south to 261.89 points, equivalent to respective returns of +0.6% and -1.0%. The main leaders, that is, companies which contributed to the positive performance of the SEMDEX were MCBG, SBMH and SHEL while the main laggards were IBLL, ENLG and LOTO. The top three price gainers were MTMD (+15.0%), GCL (+8.0%) and SBMH (+5.7%) while the main detractors were MCFI (-13.8%), BLL (-10.0%) and IBLL (-7.2%). The price-earnings ratio and dividend yield of the SEMDEX stood at 10.12x and 3.66%, respectively, as at 28 February against corresponding figures of 10.01x and 3.70% as at 31 January. During the month, foreigners turned net buyers to the tune of MUR 231.7M (vs. net outflows of MUR 201.8M in Jan-23), mainly driven by MCBG which made up of 87% of the foreign activity (net purchases of MUR 200.6M).

After the strong rebound in January, mainly driven by signs of falling inflation and hopes of a less aggressive monetary tightening cycle, global equities retreated in February following resilient US economic data that depicted a strong labour market and hotter-than-expected inflation readings; the MSCI World index posted -2.5% MoM.

The S&P 500 index registered -2.6% amid a slightly higher than anticipated CPI reading and persistently tight labour market. 10 of the major industry groups ended the month in red, led by Energy, Utilities and Real Estate while Information Technology was the only positive performer. The S&P Global US Manufacturing Purchasing Managers' Index (PMI) remained below the 50-mark threshold at 47.3 in February (vs. 46.9 in January), though the pace of decline softened to the slowest in three months. A drop in new order inflows contributed to the overall lacklustre health of the manufacturing sector.

The Eurostoxx 50 index gained 1.8% MoM on the back of a decline in headline inflation and a few forward-looking economic data. Manufacturing PMI dropped from 48.8 in January to 48.5 in February 2023 after the sub-components for suppliers' delivery times and stocks of purchases outweighed the positive contribution of output and new orders. In the UK, the FTSE 100 gained 1.3% in February following the decline in inflationary pressures and a dovish tone from the Bank of England. PMI improved from 47.0 in January to 49.3 in February 2023 as reduced pressures on supply-chains softened input price inflation.

In Japan, the Nikkei 225 index underperformed its developed counterparts after it registered a return of 0.4% MoM. PMI declined from 48.9 in January to 47.7 in February following the deterioration in business conditions emanating from steeper reductions in output and new orders.

Emerging market equities trailed its developed market peers with the MSCI Emerging Markets index posting a return of -6.5%, dragged down mainly by Chinese equities. The CSI300 index registered -2.1% in local currency and -4.6% in USD terms following the escalating geopolitical tensions between US and China. Chinese manufacturing PMI maintained its upward trend to 51.6 in February (vs. 50.1 in January) after the re-opening bolstered economic activity. In India, the BSE Sensex recorded a return of -2.9% for the month. PMI reading remained robust at 55.3 in February, marginally lower than the previous month. Favourable demand conditions and ongoing increases in new work continued to support business growth.

At fixed income level, the Barclays Global Aggregate Bond index registered -3.3% in February as stronger-than-expected economic data led to a surge in yields. The US Federal Reserve (Fed) raised the Fed Funds rate by 25 bps to a range of 4.50%-4.75% at its February meeting. The European Central Bank (ECB) decided to raise key ECB interest rates by 50 bps at its February meeting. Accordingly, the interest rate on the main refinancing operations, the interest rates on the marginal lending facility and the deposit facility stood at 3.00%, 3.25% and 2.50%, respectively.

On the commodity side, the S&P GSCI index posted -3.8% MoM after a stronger US dollar and rising yields put pressure on major commodities. Brent and WTI crude oil registered -1.9% and -3.1% following a rise in inventories. Industrial metals recorded contrasting performances with the price of copper increasing by 8.2% while silver posted -11.9%. With regards to precious metals, the price of gold inched higher by 1.3% despite a stronger dollar and fears of an aggressive US monetary policy tightening.

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