

Investment objective

The Fund seeks to achieve its investment objective of long-term capital growth and regular income by investing in fixed income and 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 and 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

Inception date: 30 Jun 2006

Fund size: MUR 128.3Mn

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%

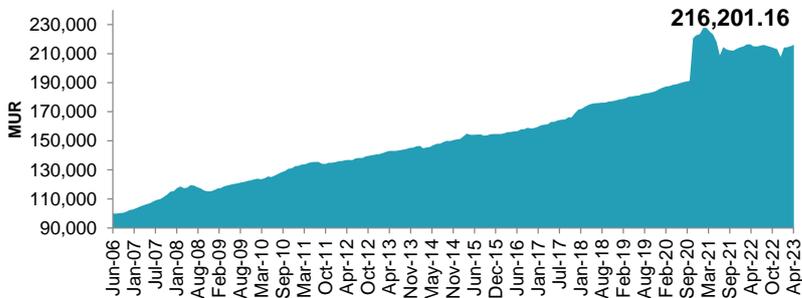
Exit fee: 0.50%

Performance

Period	1M	3M	YTD	1Y	3Y	5Y	Launch	Annualised	2022	2021	2020	2019	2018	2017
Fund	0.5%	0.9%	4.1%	0.5%	14.7%	23.2%	116.2%	4.7%	3.2%	10.2%	4.6%	2.9%	7.3%	4.8%
Benchmark	-0.1%	0.3%	3.5%	2.0%	4.5%	19.7%	127.8%	5.0%	-2.6%	4.7%	8.5%	6.0%	2.5%	3.1%

Note: Fund performance is calculated on indicative NAV to NAV. The performance of the index is based on a blended benchmark consisting of 60% GOM 3Y Notes and 40% Bloomberg Barclays Global Aggregate Bond Index (MUR), and rebalanced monthly. The benchmark return is computed in MUR terms. Annual returns are for the financial year of the Fund, that is, June. Past performance is not indicative of future results.

Growth of MUR 100,000 since inception



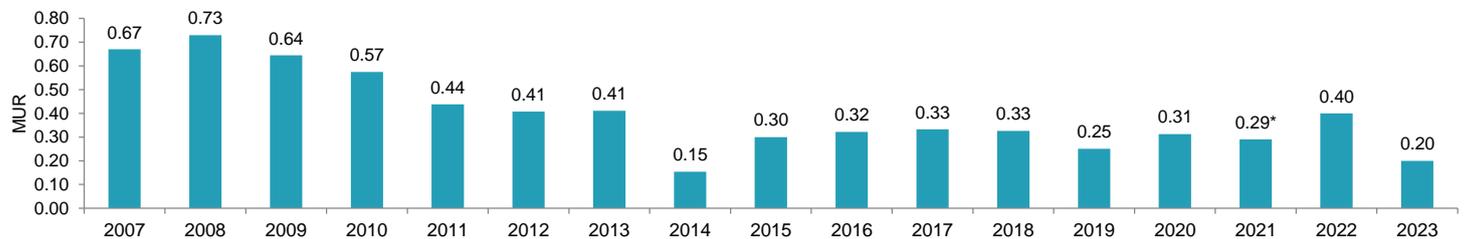
Fund statistics

Period	1Y	3Y	5Y	Launch
Correlation	0.50	0.06	0.05	0.06
Regression alpha (%)	-0.31	4.65	4.17	5.86
Beta	0.43	0.16	0.12	0.14
Annualised volatility	4.3%	9.9%	7.7%	4.4%
Annualised tracking error	4.7%	10.4%	8.2%	4.7%

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

Average term to maturity (yrs)	7.37
Gross yield to maturity	4.40%
Duration (yrs)	5.44

Dividend per Share



*Quarterly dividend distribution as from FY21

Asset allocation

Asset class	% Fund	Top regions	% Fund	Top currency	% Fund
Domestic Fixed Income	59.5%	Mauritius	59.5%	Mauritian Rupee	62.5%
International Fixed Income	30.7%	North America	21.9%	US Dollar	37.4%
Cash	9.8%	Europe	4.7%	Euro	0.1%
Total	100.0%	Asia Pacific	3.0%	Total	100.0%
		Others	1.1%		
		Total	90.2%		

Asset allocation (continued)

Sector	% Fund	Top 10 Holdings	% Fund
Government	49.5%	iShares Core Global AGG Bond	10.6%
Financial	19.7%	iShares Core US Aggregate Bond ETF	10.4%
Industrial	5.1%	Fidelity US Dollar Bond "A" (USD) Acc	6.9%
Consumer, Non-cyclical	3.3%	Government of Mauritius Bond 22/01/33	4.6%
Technology	2.5%	Inflation Indexed Bond 22/05/30	4.5%
Investment	2.4%	Government of Mauritius Bond 24/06/42	4.4%
Others	2.4%	Government of Mauritius Bond 20/08/36	4.2%
Communications	1.6%	Government of Mauritius Bond 15/01/36	4.0%
Consumer, Cyclical	1.5%	CIM Financial Services Ltd Notes 31/07/25	4.0%
Energy	1.0%	Gamma Civic Notes 18/06/31	4.0%
Utilities	0.8%	Total	57.6%
Basic Materials	0.4%		
Property	0.0%		
Diversified	0.0%		
Total	90.2%		

Market comments

The Net Asset Value per unit (NAV) of the Fund fell from MUR 11.48 in April to MUR 11.42 in March, equivalent to a return of 0.5%, after declaring a dividend of MUR 0.12 per unit. As a comparison, the benchmark posted a return of -0.1%.

On the primary market, the yield on the 91D Treasury Bills increased by 29 bps to 4.55% following an auction of MUR 800Mn. The 182D Treasury Bills yield inched down by 2 bps to 4.58% post an issuance of MUR 800Mn. The BoM auctioned MUR 1.6Bn of 364D Treasury Bills in two tranches at a weighted average yield of 4.70%. A 3Y GoM Note worth MUR 1.9Bn was issued at a weighted yield of 4.84%, 8 bps higher than the previous reading while a 7Y GoM Bond worth MUR 1.6Bn was issued at a yield of 5.07%, representing a decrease of 33 bps. There were no fresh auctions of 5Y, 10Y, 15Y and 20Y GoM Bonds during the month. On the secondary market, the 91D Treasury Bills traded at 4.04%, 106 bps above the previous month's rate. The corresponding yield on the 182D Treasury and 364D Treasury Bills increased by 28 bps and 21 bps to 4.39% and 4.54%. The yield on both 3Y GoM Note and 5Y GoM Bond marginally rose by 2 bps to reach 4.62% and 4.85%, respectively. The yield on longer tenors trended downward during the month with the 10Y GOM Bond trading at 5.40%, 31 bps lower, while the corresponding yield on the 15Y GoM Bond and 20Y GoM Bond reached 5.71% and 5.88%, shedding 29 bps and 17 bps.

The Barclays Global Aggregate Bond index surged by 0.4% in April mainly on account of falling yields on US Treasuries. The US Federal Reserve (Fed) raised the target Fed Funds rate by 25 bps to the 5.00%-5.25% range in May. The Federal Open Market Committee (FOMC) continued reducing its holdings of Treasury securities, agency debt, and agency mortgage-backed securities, with the cap set at USD 95Bn for April. The 10-year US Treasury yield tumbled from 3.47% in March to 3.42% in April on expectations that the Fed is approaching the end of its tightening cycle.

In the UK, no Monetary Policy Committee (MPC) meeting was held during the month. The Bank Rate stood at 4.25% in April following the 25 bps hike in March. UK CPI inflation tumbled to 10.1% in March from 10.4% in February, whilst core inflation remained unchanged at 6.2%. The Bank of England (BoE) projects a significant drop in inflation during Q2 2023. As part of its quantitative tightening program, the BoE announced plans to sell government bonds worth GBP 9.24Bn in Q2, a slight reduction from the GBP 9.75Bn sold in the previous quarter. The 10-year UK Gilt yields surged by 23 bps to 3.72% in April as fears regarding the banking sector abated and core inflation exceeded expectations.

The European Central Bank (ECB) maintained key ECB interest rates since no monetary policy meeting was held in April. Accordingly, the interest rate on the main refinancing operations, the interest rates on the marginal lending facility and the deposit facility stood at 3.50%, 3.75% and 3.00%, respectively. The asset purchase programme (APP) portfolio is declining at a monthly pace of EUR 15Bn on average until the end of June 2023. According to the Eurostat, Eurozone's annual core inflation fell slightly by 0.1 percentage points to 5.6% in April. European bond yields generally trended higher as investors remained concerned about stubbornly high inflation levels while fears regarding the banking sector subsided. The corresponding yield on 10-year German and Spanish bonds increased by 2 bps and 6 bps to 2.31% and 3.36%, respectively. The yield on 10-year Italian bonds surged by 8 bps to 4.18% in April.

The Bank of Japan (BoJ) maintained the short-term interest rate unchanged at -0.1% and made no changes to its yield curve control scheme in April. The inflation rate in Japan tumbled from its 41-year high of 4.3% in January to 3.2% in March, primarily on account of lower cost of transport, electricity and gas. The new Governor, Kazuo Ueda, has initiated a review of the central bank's longstanding monetary easing policy. Governor Ueda has emphasised the importance of maintaining an ultra-loose policy while cautioning against potential side effects of yield curve control. 10-year JGBs traded at 0.39% in April, 4 bps above the preceding month's reading as worries about the banking system subsided.

Among larger emerging economies, the People's Bank of China (PBoC) maintained the 1-year and 5-year loan prime rates at 3.65% and 4.30%, respectively. China's annual inflation rate unexpectedly came in at 0.7% in March 2023, compared with February's print and market consensus of 1.0% - the lowest figure since September 2021. The yield on 10-year Chinese government bonds decreased by 8 basis points to 2.78% in April. In India, the Reserve Bank of India (RBI), at its MPC meeting ending on 6 April 2023, decided to maintain the policy repo rate under the liquidity adjustment facility (LAF) at 6.50%. Consequently, the standing deposit facility (SDF) rate stood at 6.25% while the marginal standing facility (MSF) rate and the Bank Rate stood at 6.75%. 10-year Government of India bond yields decreased from 7.31% to 7.12% in April as the RBI paused its interest rate hiking cycle.

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