

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 128.9Mn

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%

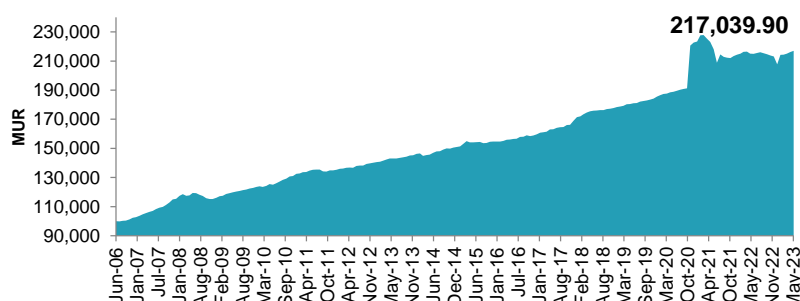
Exit fee: 0.50%

Performance

Period	1M	3M	YTD	1Y	3Y	5Y	Launch	Annualised	2022	2021	2020	2019	2018	2017
Fund	0.4%	1.2%	4.5%	1.0%	14.9%	23.4%	117.0%	4.7%	3.2%	10.2%	4.6%	2.9%	7.3%	4.8%
Benchmark	0.1%	0.8%	3.6%	2.8%	4.6%	19.8%	128.0%	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



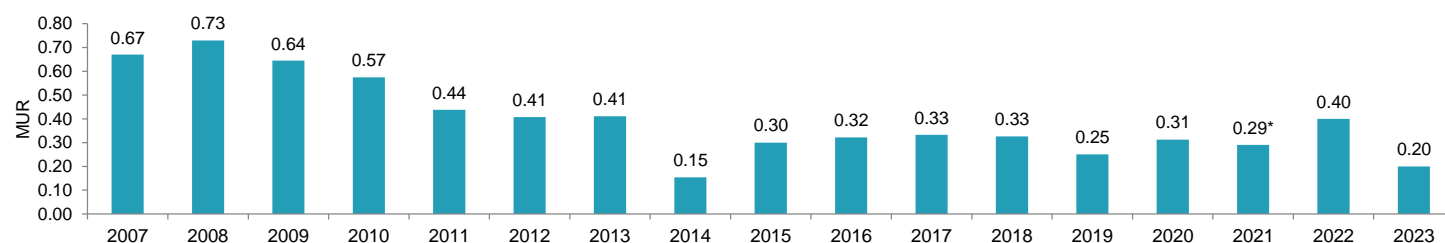
Fund statistics

Period	1Y	3Y	5Y	Launch
Correlation	0.50	0.06	0.05	0.06
Regression alpha (%)	-0.22	4.72	4.21	5.88
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)	8.41
Gross yield to maturity	4.75%
Duration (yrs)	6.10

Dividend per Share



*Quarterly dividend distribution as from FY21

Asset allocation

Asset class	% Fund	Top regions	% Fund	Top currency	% Fund
Domestic Fixed Income	58.9%	Mauritius	58.9%	Mauritian Rupee	57.0%
International Fixed Income	36.8%	North America	27.5%	US Dollar	43.0%
Cash	4.3%	Europe	5.1%	Euro	0.0%
Total	100.0%	Asia Pacific	3.0%	Total	100.0%
		Others	1.2%		
		Total	95.7%		

Asset allocation (continued)

Sector	% Fund	Top 10 Holdings	% Fund
Government	52.1%	iShares Core Global AGG Bond	10.5%
Financial	20.3%	iShares Core US Aggregate Bond ETF	10.4%
Industrial	5.3%	Fidelity US Dollar Bond "A" (USD) Acc	9.0%
Consumer, Non-cyclical	3.9%	Government of Mauritius Bond 22/01/33	4.6%
Technology	2.7%	Government of Mauritius Bond 24/06/42	4.4%
Others	2.5%	Government of Mauritius Bond 20/08/36	4.2%
Investment	2.5%	Vanguard Long-Term Bond ETF	4.1%
Communications	1.9%	Government of Mauritius Bond 15/01/36	4.1%
Consumer, Cyclical	1.7%	CIM Financial Services Ltd Notes 31/07/25	4.0%
Energy	1.2%	Inflation Indexed Bond 22/05/30	4.0%
Utilities	1.1%	Total	59.3%
Basic Materials	0.5%		
Property	0.0%		
Diversified	0.0%		
Total	95.7%		

Market comments

The Net Asset Value per unit (NAV) of the Fund fell from MUR 11.42 in April to MUR 11.46 in May, equivalent to a return of 0.4% while the benchmark posted a return of 0.1%.

On the primary market, the yield on the 91D Treasury Bills remained unchanged at 4.55% despite an issuance of MUR 800M. The BoM auctioned MUR 1.6Bn of 182D Treasury Bills in two tranches at corresponding weighted average yields of 4.73% and 4.80%. The yield on 364D Treasury Bills increased by 15bps to 4.85% following an issuance of MUR 800Mn. A 3Y GoM Note worth MUR 1.9Bn was issued at a weighted yield of 5.03%, 19bps higher than the previous one while a 7Y GoM Bond worth MUR 1.6Bn was issued at a yield of 5.28%, representing an increase of 21bps. The 10Y GoM Bond yield fell by 68bps to 5.25% post an issuance of MUR 2.3Bn. There were no fresh auctions of 5Y, 15Y and 20Y GoM Bonds during the month. On the secondary market, the 91D Treasury Bills traded at 3.83%, 21bps below the previous month's rate. The corresponding yield on the 182D and 364D Treasury Bills rose by 5bps and 16bps to 4.44% and 4.70%. The yields on 3Y GoM Note and 5Y GoM Bond increased by 29bps and 32bps to reach 4.91% and 5.16%, respectively. The 10Y GoM Bond traded at 5.28%, 12bps lower, while the yield on 15Y GoM Bond reached 5.64%, shedding 8bps. The 20Y GoM Bond traded at 5.92% against 5.88% in April.

The Barclays Global Aggregate Bond Index registered -2.0% MoM mainly on account of a stubbornly high core inflationary pressure and the debt ceiling impasse which generated much volatility. Against this backdrop, the US Federal Reserve (Fed) increased interest rate by 25bps in May and is expected to raise rates by another 25bps to 5.25%-5.50% in June. The Federal Open Market Committee (FOMC) continued reducing its holdings of Treasury securities, agency debt, and agency mortgaged-backed securities, with the cap set at USD 95Bn for May. The yield on 10-year US Treasuries rose by 22bps from 3.42% in April to reach 3.64% in May as prospects of a sustained wage growth fuelled investor concerns that central banks could tighten further.

The European Central Bank (ECB) increased its benchmark interest rate by 25bps to 3.25% as it continues to fight a surge in consumer prices. Accordingly, the interest rate on the main refinancing operations, the interest rates on the marginal lending facility and the deposit facility increased to 3.75%, 4.00% and 3.25% respectively. The ECB will stop reinvesting cash from maturing bonds bought under its 3.2 trillion Asset Purchase Programme (APP) as from July, thereby, taking another step towards shrinking its balance sheet. European bond yields were generally on the downtrend in May. The corresponding yields on 10-year German and Spanish bonds tumbled by 3bps to 2.28% and 3.33%, respectively. The yield on 10-year Italian bonds dropped by 10bps to 4.08% in May.

The Bank of England's Monetary Policy Committee (MPC), at its meeting ending on 10 May 2023, voted by majority to raise the Bank Rate by 25bps to 4.50%. UK CPI inflation fell to 8.7% in May from 10.1% in April. According to the BoE, inflation is forecast to fall sharply in Q2 2023. The BoE announced that it will sell GBP 9.24Bn of government bonds from its quantitative easing stockpile in the second quarter, down slightly from GBP 9.75Bn in the first quarter. The 10-year UK Gilt yields surged by 46bps to 4.18% in May as core inflation exceeded expectations and amid higher policy rates expectations.

The Bank of Japan (BoJ) maintained the short-term interest rate at -0.1% and made no changes to its yield curve control scheme in May. The BoJ's key inflation measure surged to 4.1% in May, the biggest rise since 1981, instilling positive investors' sentiment amid expectations that the economy is moving past its known deflationary stagnation. The review of the central bank's monetary easing policy, initiated by the new Governor, Kazuo Ueda is expected to take 1-1.5 years, making it unlikely to affect near-term policy decisions. 10-year JGBs traded at 0.44% in May, 4bps above the previous month's reading as fears about the banking system abated coupled with optimism around Japan's upside to inflation.

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 headline inflation rate declined by 0.6 percentage points to 0.1% in April amid subdued household spending. The yield on 10-year Chinese government bonds decreased by 7bps to 2.71% in May. In India, no Monetary Policy Committee (MPC) meeting was held during the month. The policy repo rate under the liquidity adjustment facility (LAF) remained at 6.50%. 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%. Retail inflation hit a 25-month low of 4.25% in May, primarily driven by a further moderation in food prices mainly oils, eggs, meat, milk, vegetables and pulses. 10-year Government of India bond yields decreased from 7.12% to 6.99% in May amid strong bond demand and expectations of a pause in rate hikes.

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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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