

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 132.9Mn

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%

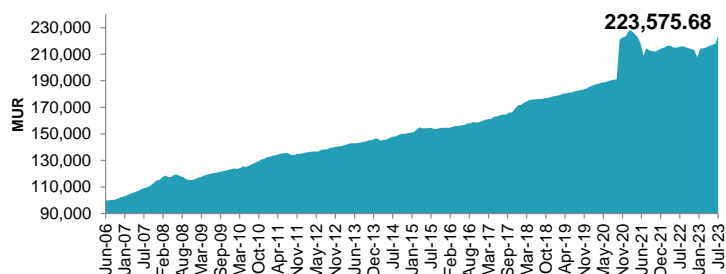
Exit fee: 0.50%

Performance

Period	1M	3M	YTD	1Y	3Y	5Y	Launch	Annualised	2023	2022	2021	2020	2019	2018
Fund	2.6%	3.4%	7.6%	3.5%	17.5%	26.8%	123.6%	4.8%	1.1%	3.2%	10.2%	4.6%	2.9%	7.3%
Benchmark	0.6%	0.9%	4.5%	2.5%	3.6%	21.0%	129.9%	5.0%	2.1%	-2.6%	4.7%	8.5%	6.0%	2.5%

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



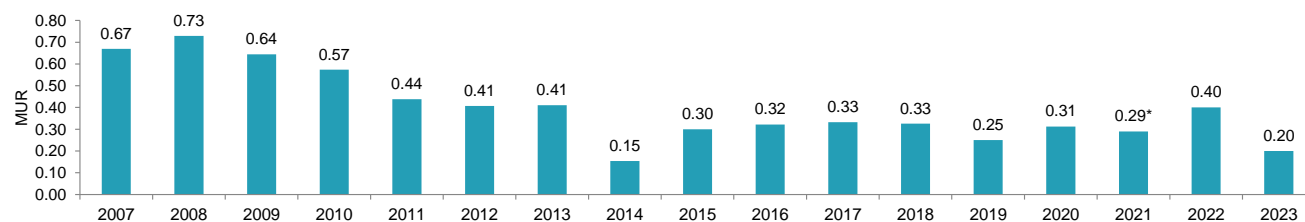
Fund statistics

Period	1Y	3Y	5Y	Launch
Correlation	0.48	0.07	0.06	0.06
Regression alpha (%)	2.27	5.59	4.81	6.14
Beta	0.48	0.20	0.13	0.14
Annualised volatility	5.0%	10.0%	7.7%	4.4%
Annualised tracking error	5.1%	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)	8.70
Gross yield to maturity	4.57%
Duration (yrs)	6.38

Dividend per Share



*Quarterly dividend distribution as from FY21

Asset allocation

Asset class	% Fund	Top regions	% Fund	Top currency	% Fund
Domestic Fixed Income	56.5%	Mauritius	56.5%	Mauritian Rupee	60.1%
International Fixed Income	36.3%	North America	26.6%	US Dollar	39.8%
Cash	7.2%	Europe	3.2%	Euro	0.1%
Total	100.0%	Asia Pacific	0.4%	Total	100.0%
		Others	6.1%		
		Total	92.8%		

Asset allocation (continued)

Sector	% Fund
Government	46.3%
Financial	19.3%
Others	7.1%
Industrial	5.1%
Consumer, Non-cyclical	3.7%
Technology	2.7%
Investment	2.4%
Communications	1.9%
Consumer, Cyclical	1.7%
Energy	1.1%
Utilities	1.1%
Basic Materials	0.4%
Property	0.0%
Diversified	0.0%
Total	92.8%

Top 10 Holdings	% Fund
iShares Core Global AGG Bond	10.2%
iShares Core US Aggregate Bond ETF	10.0%
Fidelity US Dollar Bond "A" (USD) Acc	8.8%
Government of Mauritius Bond 24/06/42	4.8%
Government of Mauritius Bond 22/01/33	4.8%
Vanguard Long-Term Bond ETF	4.7%
Government of Mauritius Bond 20/08/36	4.6%
Government of Mauritius Bond 15/01/36	4.2%
Government of Mauritius Bond 20/05/37	3.9%
Inflation Indexed Bond 22/05/30	3.9%
Total	59.9%

Market comments

The Net Asset Value per unit (NAV) of the Fund rose from MUR 11.51 in June to MUR 11.81 in July, equivalent to a return of 2.6% while the benchmark posted a return of 0.6%.

On the primary market, the yield on the 91D Treasury Bills plunged by 57bps to 4.15% following an auction of MUR 500M. The yield on 182D Treasury Bills decreased by 115bps to reach 3.43% post an issuance of MUR 500M. The GoM auctioned MUR 1.5B of 364D Treasury Bills in two tranches at corresponding weighted average yields of 3.64% and 3.35%. A 3Y GoM Note worth MUR 1.7B was issued at a weighted yield of 3.68%, 116bps lower than the previous reading. The 15Y GoM Bond yield declined by 102bps to 4.46% following an issuance of MUR 2.3B. There were no fresh auctions of 5Y, 7Y, 10Y and 20Y GoM Bonds during the month. Yields on the secondary market maintained a downward trajectory during the month. The 91D Treasury Bills traded at 3.21%, 69bps below the preceding month's reading. The corresponding yield on the 182D and 364D Treasury Bills plummeted by 110bps and 121bps, respectively, to 3.24% and 3.34%. The 3Y GoM Note and 5Y GoM Bond traded lower by 104bps and 108bps to reach 3.65% and 4.01%, respectively. The 10Y GoM Bond traded at 4.33%, 98bps lower than the previous month, while the yield on 15Y GoM Bond stood at 4.53%, down by 93bps. The 20Y GoM Bond traded at 4.73% in July against 5.53% in June.

The Barclays Global Aggregate Bond index surged by 0.7% in July as market participants expected major central banks to approach the end of their hiking cycles amid signs of cooling inflation. The US Federal Reserve (Fed) decided to increase the target Fed Funds rate by 25bps to the 5.25%-5.50% range at its July meeting. 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 July. Chair Jerome Powell emphasised the Fed's commitment to decreasing inflation to the 2% target and suggested that rate cuts were unlikely in 2023. The 10-year US Treasury yield surged by 12bps from 3.84% in June to 3.96% in July as the labour market remains strong, signalling that rates were likely to be kept higher for longer.

In the UK, no Monetary Policy Committee (MPC) meeting was held during the month. The Bank Rate stood at 5.00% in July following the 50bps hike in the previous month. The BoE acknowledged that domestic price and wage inflation generated by external shocks are expected to take longer to dissipate than they did to emerge on the back of a tight labour market and continued resilience in demand. UK CPI inflation declined by 0.8 percentage points to 7.9% in June, while core inflation fell by 0.2 percentage points to 6.9%. The 10-year UK Gilt yields decreased by 8bps to 4.31% in July as inflation surprised to the downside.

The European Central Bank (ECB) decided to raise key ECB interest rates by 25bps at its July meeting. Accordingly, the interest rate on the main refinancing operations, the interest rates on the marginal lending facility and the deposit facility stood at 4.25%, 4.50% and 3.75%, respectively. The asset purchase programme (APP) portfolio is declining steadily as the Eurosystem has stopped reinvesting the principal payments from maturing securities. According to the Eurostat, Eurozone's annual core inflation remained unchanged at 5.5% in July 2023. European bond yields generally trended higher as the ECB is expected to continue its monetary tightening cycle amid stubbornly high core inflation levels. The corresponding yield on 10-year German and Spanish bonds increased by 10bps and 13bps to 2.49% and 3.52%. The yield on 10-year Italian bonds surged by 3bps to 4.10% in July.

The Bank of Japan (BoJ) decided to maintain the short-term interest rate unchanged at -0.1% but surprised the markets by altering its yield curve control scheme in July 2023. The BoJ will conduct yield curve control with greater flexibility, using the upper and lower bounds as references rather than strict limits. The central bank will intervene only when the 10-year JGB yield breaches the 1% ceiling. 10-year JGBs traded at 0.61% in June, 21bps above the preceding month's reading after the tweaked yield curve control policy allowed JGB yields to surge more freely.

Among larger emerging economies, the People's Bank of China (PBOC) maintained the 1-year and 5-year loan prime rates at 3.55% and 4.20%, respectively. China's consumer price inflation tumbled to 0% in June mainly on account of lower non-food prices and lower cost of transport. Central bank officials have signalled the potential for easing monetary policy, including adjustments to the reserve requirement ratio for banks and targeted easing of property controls if necessary. The yield on 10-year Chinese government bonds decreased by 2bps to 2.66% in July. In India, no Monetary Policy Committee (MPC) meeting was held during the month. The policy repo rate under the liquidity adjustment facility (LAF) was 6.50%. The standing deposit facility (SDF) rate stood at 6.25%, and the marginal standing facility (MSF) rate and the Bank Rate read at 6.75%. 10-year Government of India bond yields increased from 7.12% to 7.18% in July as inflation surged for the first time in five months.

Contact

SBM Mauritius Asset Managers Ltd

Level 3, Lot15A3, Hyvec Business Park,

Wall Street, Ebene Cybercity 72201

Tel: (+230) 202 11 11 | 202 17 35 | 202 46 42

Fax: (+230) 210 33 69

E-mail: sbm.assetm@sbmgroup.mu

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.

SBM Mauritius Asset Managers Ltd ("SBM MAM") believes that the information which may be viewed in this document is reasonably accurate as at the date of publication, but does not guarantee the accuracy of the data and disclaims all representations and warranties of any kind, whether expressed or implied. Neither SBM MAM, nor any of its associates, nor any director, officer or employee accepts any liability whatsoever for any loss arising directly or indirectly from any use of this. It does not constitute investment advice and should not be used as the basis of any investment decision, nor should it be treated as a recommendation for any investment. The information in this document may not be edited and/or reproduced in whole or in part without the prior consent of SBM MAM.