SBM Mauritius Asset Managers Ltd

Monthly Market Wrap

I July 2023

Equity index returns (% local currency)

Index	1M	3M	6M	YTD	1Y	3Y	5Y	5Y Std Dev
S&P 500	+3.1%	+10.1%	+12.6%	+19.5%	+11.1%	+40.3%	+62.9%	18.8%
MSCI World	+3.3%	+8.1%	+10.0%	+17.7%	+11.6%	+32.9%	+42.3%	18.3%
MSCI World Small Cap	+4.8%	+7.9%	+2.3%	+11.7%	+6.7%	+30.2%	+19.5%	21.9%
MSCI Europe	+1.9%	+0.8%	+4.0%	+11.0%	+7.7%	+33.9%	+19.8%	16.1%
MSCI EM	+5.8%	+7.2%	+1.5%	+9.5%	+5.3%	-3.0%	-3.7%	19.0%
MSCI AC Asia	+4.6%	+6.5%	+1.7%	+9.6%	+6.5%	+3.7%	+2.3%	17.1%
SEMDEX	+2.3%	+4.5%	+0.5%	-2.1%	+0.1%	+26.4%	-10.2%	16.3%
DEMEX	+0.8%	+0.8%	-3.8%	-4.5%	-9.7%	+23.4%	+6.9%	11.2%

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	49.0	46.3	52.3	54.4	117.0	110.1	3.2%	5.25% - 5.50%	3.5%
Germany	38.8	40.6	52.3	54.1	NA	90.0	6.2%	4.25%	5.6%
France	45.1	46.0	47.1	48.0	85.0	85.0	4.3%	4.25%	7.2%
UK	45.3	46.5	51.5	53.7	-30.0	-24.0	6.8%	5.25%	4.2%
Japan	49.6	49.8	53.8	54.0	36.4	36.4	3.3%	-0.10%	2.5%
China	49.2	50.5	54.1	53.9	NA	NA	-0.3%	4.35%	4.0%
India	57.7	57.8	62.3	58.5	NA	NA	7.4%	6.50%	7.7%

**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	+0.7%	-1.3%	-1.1%	+2.1%	-2.7%	-16.2%	-4.5%	6.8%
Barclays US Aggregate Bond	-0.1%	-1.5%	-1.0%	+2.0%	-3.4%	-12.8%	+3.8%	5.5%
Barclays High Yield bond	+2.0%	+3.4%	+3.0%	+7.3%	+8.3%	+1.6%	+10.3%	10.6%
JP Morgan EMU IG Bond	-0.2%	-0.0%	-0.1%	+2.3%	-8.3%	-17.4%	-8.2%	6.1%
JP Morgan EM Bond	+1.9%	+3.3%	+2.4%	+5.8%	+5.6%	-11.7%	+1.9%	11.8%
FTSE Asian Broad Bond	+0.2%	-0.2%	+0.3%	+3.4%	+2.0%	-9.5%	+7.8%	6.4%

SBM Fund performance (% local currency)

Fund	Currency	Strategy	NAV	1M	3M	1Y	5Y Std Dev
SBM Perpetual Fund	MUR	Local fixed income	231.33	+0.4%	+1.1%	+4.4%	0.4%
SBM Yield Fund	MUR	Global fixed income	11.81	+2.6%	+3.4%	+3.5%	7.7%
SBM Universal Fund	MUR	Multi-asset	32.40	+1.8%	+5.2%	+5.9%	8.3%
SBM Growth Fund	MUR	Global equities	14.24	+3.0%	+8.6%	+8.6%	13.6%
SBM India Fund (Class B)	USD	Indian equities	147.53	+3.5%	+12.0%	+12.4%	28.2%

Commodity prices

Commodity	Current $	1M
WTI Crude Oil / Bbl	81.80	+15.8%
Brent Crude Oil / Bbl	85.56	+14.2%
Natural Gas / mmBtu	2.63	-5.9%
Copper / oz	400.80	+7.1%
Silver / oz	24.75	+8.7%
Gold / oz	1,965.09	+2.4%

Exchange rates

	Current	-1M
EUR/USD	1.10	1.09
USD/JPY	142.29	144.31
GBP/USD	1.28	1.27
USD/MUR	46.06	45.54
EUR/MUR	50.76	49.50
GBP/MUR	59.22	57.67

SEMDEX sector performance (%)

Index	Weight	1M
Financials	43.0%	+1.2%
Commerce	16.3%	+2.7%
Industry	6.8%	+0.9%
Investments	20.6%	+3.7%
Leisure & Hotels	8.4%	+5.7%
Property	4.1%	+1.2%
Sugar	0.6%	+2.1%
Foreign	0.2%	0.0%

Top 3 Gainers - SEMDEX

Stock	1M
Lottotech Ltd	+15.8%
P. O. L. I. C. Y Ltd	+15.5%
Medine Limited	+12.0%

Top 3 Losers - SEMDEX

Stock	1M
Mauritius Chemical & Fertilizer Ind.	-19.5%
Automatic Systems Ltd	-5.7%
Innodis Ltd	-2.6%

Secondary market yields - GoM

Tenor	91D	182D	364D	3Y	5Y	10Y	15Y	20Y
Current	3.21%	3.24%	3.34%	3.65%	4.01%	4.33%	4.53%	4.73%
-1M	3.90%	4.34%	4.55%	4.69%	5.10%	5.32%	5.46%	5.53%

Commentary

Local indices posted positive returns in July with the SEMDEX and DEMEX closing the month at 2,012.48 and 254.66 points, equivalent to respective gains of 2.3% and 0.8%. The main leaders, that is, companies which contributed to the positive performance of the SEMDEX were MCBG, IBLL and MEDINE while the main laggards were SBMH, HWF and MCFI. The top three price gainers were LOTO (+15.8%), POLICY (+15.5%) and MEDINE (+12.0%) while the main three detractors were MCFI (-19.5%), ASL (-5.7%) and HWF (-2.6%). The price-earnings ratio and dividend yield of the SEMDEX stood at 9.02x and 3.85%, respectively, as at 31 July against corresponding figures of 8.86x and 3.96% as at 30 June. During the month, foreigners remained net buyer on the local bourse, though to a lower tune of MUR 21.1M (vs. MUR 214.4M in Jun-23), mainly driven by MCBG, PBL and LOTO.

International equities maintained its uptrend in July, supported by further downtrends in inflation readings and strong GDP data across developed economies. Increased likelihood of a soft landing further boosted market sentiment. The MSCI World index posted 3.3% MoM.

The S&P 500 index notched its longest streak of monthly gains since August 2021 after registering a return of 3.1%. All the major industry groups posted positive performances, led by Energy, Communication Services and Financials. Growth stocks continued to lag their value counterparts, with the S&P Growth index posting 3.0% against 3.3% for the S&P Value index. The manufacturing sector maintained its downtrend with the S&P Global US Purchasing Managers' Index (PMI) clocking 49.0 in July against 46.3 in June. The downturn in operating conditions stemmed from renewed contractions in new order inflows as demand remained muted.

The Eurostoxx 50 index gained 1.6% MoM. The CAC 40 and DAX 30 indices recorded respective performances of 1.3% and 1.9% while the FTSE MIB index rallied by 5.0%. The Eurozone manufacturing sector downturn worsened in July on account of further declines in output and new orders; the PMI edged down from 43.4 in June to 42.7 in July, marking the thirteenth successive month of contraction. In the UK, the FTSE 100 index posted 2.2% MoM, driven by the oil-exposed stocks and miners. The manufacturing PMI fell to a 7-month low of 45.3 in July, from 46.5 in June, as operating conditions deteriorated further; output fell at its sharpest rate since January as overstocked clients, higher interest rates and the cost-of-living crisis led to a slump in demand.

In Japan, the Nikkei 225 index registered -0.1% in July, lagging its global peers. The manufacturing sector growth remained downbeat with PMI dropping from 49.8 in June to 49.6 in July amid modest reductions in both output and new order inflows. Input price inflation pursued its downtrend, with the indicator hitting its slowest pace since February 2021 and broadly in line with the long-run average, hence signalling sustained signs of easing inflationary pressures.

Emerging markets' equities outperformed developed markets after the MSCI Emerging Markets index surged by 5.8% in July. The CSI 300 index gained 4.5% in local currency and 6.1% in USD as authorities signalled pro-growth policies at the recent politburo meeting. Strong foreign inflows indicated a bullish shift in sentiment. Manufacturing conditions moderated in July after PMI fell to 49.2 against 50.5 in June, marking the first PMI reading below the 50-mark threshold in 3 months, as sluggish demand conditions in the domestic and international markets weighed on production. In India, the BSE Sensex index posted 2.8% MoM. The manufacturing sector continued its robust growth momentum buoyed by the strong demand; PMI stood at 57.7 in July against 57.8 in June.

At fixed income level, the Barclays Global Aggregate Bond index registered 0.7% in July. The 10-year US Treasury increased by 12bps, closing at 3.96%. The US Federal Reserve (Fed) raised the target Fed Funds rate by 25 bps to the 5.25%-5.50% range at its July meeting, in line with market expectations and taking the benchmark borrowing costs to their highest level in more than 22 years. Chair Jerome Powell hinted that policy decisions would be data-driven and on a meeting-by-meeting basis. Besides the rate hike, the Fed indicated that it would continue to reduce the bond holdings in its balance sheet. The European Central Bank (ECB) also raised its benchmark interest rate by 25bps. Accordingly, the interest rate on the main refinancing operations, the interest rates on the marginal lending facility and the deposit facility rose to 4.25%, 4.50% and 3.75% respectively.

On the commodity side, the S&P GSCI index advanced by 10.7% MoM, mainly driven by the sharp increase in oil prices. The corresponding price of Brent and WTI surged by 14.2% and 15.8% on signs of tightening supply as producers implemented output cuts. The price of natural gas declined by 5.9% MoM as storage inventories in Europe hit record high levels. Within the agricultural segment, the corresponding price of wheat and soybean meal surged by 4.6% and 7.6%, amid Russia's cancellation of the Black Sea grain export deal. Industrial metals recorded positive performances with silver and copper posting 8.7% and 7.1%, respectively. Gold closed the month on a positive note, rising by 2.4% MoM, supported by a weaker dollar and expectations that central banks are nearing the end of their tightening cycle.

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