

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 128.8Mn

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%

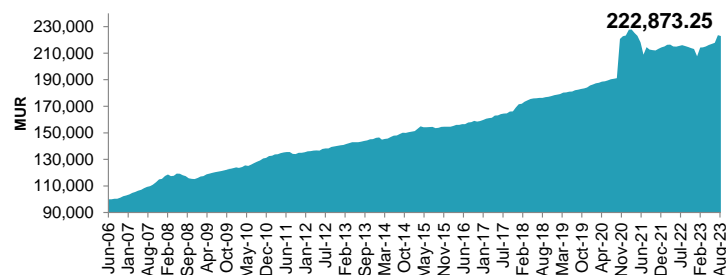
Exit fee: 0.50%

Performance

Period	1M	3M	YTD	1Y	3Y	5Y	Launch	Annualised	2023	2022	2021	2020	2019	2018
Fund	-0.3%	2.7%	7.3%	3.5%	16.8%	26.4%	122.9%	4.8%	1.1%	3.2%	10.2%	4.6%	2.9%	7.3%
Benchmark	-0.6%	0.2%	3.9%	3.5%	3.1%	19.8%	128.5%	4.9%	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



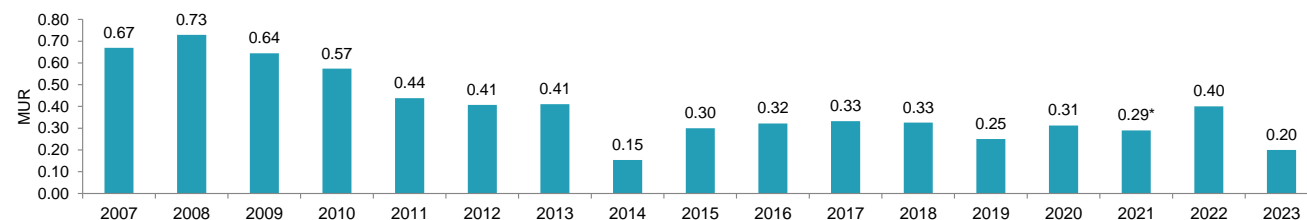
Fund statistics

Period	1Y	3Y	5Y	Launch
Correlation	0.48	0.08	0.06	0.06
Regression alpha (%)	1.66	5.39	4.71	6.00
Beta	0.51	0.21	0.14	0.15
Annualised volatility	5.0%	10.0%	7.7%	4.4%
Annualised tracking error	5.0%	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)	8.91
Gross yield to maturity	4.75%
Duration (yrs)	6.56

Dividend per Share



*Quarterly dividend distribution as from FY21

Asset allocation

Asset class	% Fund	Top regions	% Fund	Top currency	% Fund
Domestic Fixed Income	60.5%	Mauritius	60.5%	Mauritian Rupee	59.5%
International Fixed Income	36.8%	North America	27.0%	US Dollar	40.5%
Cash	2.7%	Europe	5.2%	Euro	0.0%
Total	100.0%	Asia Pacific	3.1%	Total	100.0%
		Others	1.5%		
		Total	97.3%		

Asset allocation (continued)

Sector	% Fund
Government	52.2%
Financial	22.0%
Industrial	5.2%
Consumer, Non-cyclical	3.4%
Technology	3.2%
Others	2.5%
Investment	2.4%
Communications	2.2%
Consumer, Cyclical	1.7%
Energy	1.1%
Utilities	1.0%
Basic Materials	0.4%
Property	0.0%
Diversified	0.0%
Total	97.3%

Top 10 Holdings	% Fund
iShares Core Global AGG Bond	10.3%
iShares Core US Aggregate Bond ETF	10.2%
Fidelity US Dollar Bond "A" (USD) Acc	8.9%
Government of Mauritius Bond 24/06/42	5.0%
Government of Mauritius Bond 22/01/33	5.0%
Vanguard Long-Term Bond ETF	4.7%
Government of Mauritius Bond 20/08/36	4.6%
Government of Mauritius Bond 15/01/36	4.4%
Inflation Indexed Bond 22/05/30	4.1%
Government of Mauritius Bond 20/05/37	4.1%
Total	61.3%

Market comments

The Net Asset Value per unit (NAV) of the Fund fell from MUR 11.81 in July to MUR 11.77 in August, equivalent to a return of -0.3% while the benchmark posted a return of -0.6%.

On the primary market, the yield on the 91D Treasury Bills plummeted by 100bps to 3.15% following an auction of MUR 800M. The GoM auctioned MUR 1.5B of 182D Treasury Bills in two tranches at corresponding weighted average yields of 3.22% and 3.18%. The yield on 364D Treasury Bills fell marginally by 1bp to reach 3.43% post a net issuance of MUR 1.4B. A 3Y GoM Note worth MUR 1.8B was issued at a weighted yield of 3.63%, 5bps lower than the earlier month's reading while a 5Y GoM Bond worth MUR 1.7B was issued at a yield of 3.79%, 106bps higher than the previous reading. There were no fresh auctions of 7Y, 10Y, 15Y and 20Y GoM Bonds during the month. Yields on the secondary market generally maintained a downward trajectory during the month. The 91D Treasury Bills traded at 3.11%, 9bps below the previous month's. The corresponding yield on the 182D and 364D Treasury Bills declined by 5bps and 3bps to 3.19% and 3.32%. The 3Y GoM Note and 5Y GoM Bond traded lower by 2bps and 16bps to reach 3.63% and 3.85%, respectively. The 10Y GoM Bond traded at 4.30%, 3bps lower than the previous month, while the yield on 15Y GoM Bond stood at 4.54%, up by 1bp. The 20Y GoM Bond traded at 4.71% in August against 4.73% in July.

The Barclays Global Aggregate Bond index registered -1.4% in August, driven by stronger-than-expected economic data and expectations of continued monetary policy tightening by major central banks. The 10-year US Treasury yield surged to its highest level since 2007, primarily attributed to the rise in real yields indicative of increased economic resilience expectations. Fitch has lowered the U.S. credit rating from AAA to AA+ in response to projected fiscal deteriorations and recurrent close-call negotiations on the debt ceiling, which pose risks to the government's deficit funding. 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 August. At the Jackson Hole Economic Symposium, Fed Chairman Jerome Powell conveyed a predominantly hawkish stance, highlighting that economic resilience might be accompanied by a resurgence in inflation. The 10-year US Treasury yield surged by 15bps from 3.96% in June to 4.11% in August as the economy remains strong, prompting the Fed to keep rates higher for longer.

The Bank of England's Monetary Policy Committee (MPC), at its meeting ending on 2 August 2023, voted by a majority of 6-3 to raise the Bank Rate by 25 bps to 5.25%. According to the latest MPC projections, CPI inflation is expected to return to the 2% target by Q2 2025. The BoE emphasised that rising wage growth could be a sign that sustained inflationary pressures are beginning to materialise. UK CPI inflation declined by 1.1 percentage points to 6.8% in July, while core inflation remained unchanged at 6.9%. The 10-year UK Gilt yields increased by 5bps to 4.36% in August, mainly due to sticky inflation.

The European Central Bank (ECB) maintained key ECB interest rates since no monetary policy meeting was held during the month. 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 Eurostat, the Eurozone's annual core inflation fell by 0.2 percentage points to 5.3% in August 2023. European bond yields generally trended lower as German business activity witnessed a sharp contraction. The corresponding yield on 10-year German and Spanish bonds declined by 3bps to 2.47% and 3.48%. The yield on 10-year Italian bonds marginally rose by 2bps to 4.12% in August.

The Bank of Japan (BoJ) decided to maintain the short-term interest rate unchanged at -0.1%. Since the BoJ tweaked its yield curve control policy in July 2023, market participants expect the central bank to exit its ultra-loose monetary policy gradually. The inflation rate in Japan remained unchanged at 3.3% in July but well above the BoJ's 2% target. 10-year JGBs traded at 0.65% in August, 4bps above the preceding month's reading amid the upward pressure in global interest rates.

Among larger emerging economies, the People's Bank of China (PBoC) decided to cut the 1-year loan prime rate (LPR) by 10 bps to 3.45% and kept the 5-year LPR unchanged at 4.20%. The PBoC lowered the 1-year medium-term lending facility (MLF) rate by 15 bps to 2.50%. The central bank eased monetary policy to support the economy amid tumbling credit growth and surging deflationary risks. The yield on 10-year Chinese government bonds decreased by 8 bps to 2.58% in August. In India, the Reserve Bank of India (RBI), at its Monetary Policy Committee (MPC) meeting ending on 10 August 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% and the marginal standing facility (MSF) rate and the Bank Rate stood at 6.75%. 10-year Government of India bond yields ticked down from 7.18% to 7.16% in August, mainly on account of high debt inflows from foreign portfolio investors.

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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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