Factsheet Mar 2024

SBM Yield Fund

NAV per share **MUR 11.64**

SBM Mauritius Asset Managers Ltd

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

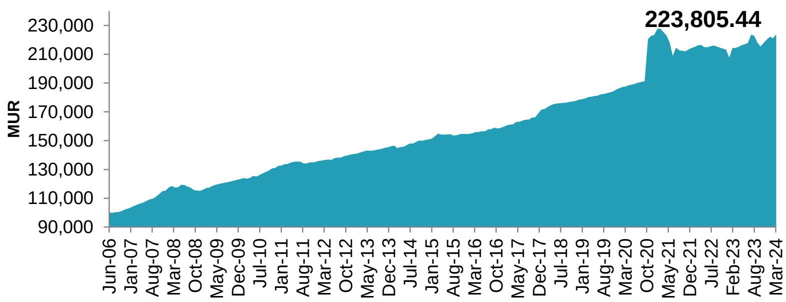
Inception date: 30 Jun 2006
Fund size: MUR 125.7Mn
Base currency: MUR
Minimum one-off investment: MUR 1,000
Monthly investment plan: MUR 500
Management fee: 0.85% p.a.
Entry fee: 0.50%
Exit fee: 0.50%

Performance

Period	1M	3M	YTD	1Y	3Y	5Y	Launch	Annualised	2023	2022	2021	2020	2019	2018
Fund	1.2%	1.7%	1.7%	4.0%	-0.7%	24.1%	123.8%	4.6%	1.1%	3.2%	10.2%	4.6%	2.9%	7.3%
Benchmark	1.2%	2.0%	2.0%	3.9%	6.4%	20.4%	137.0%	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



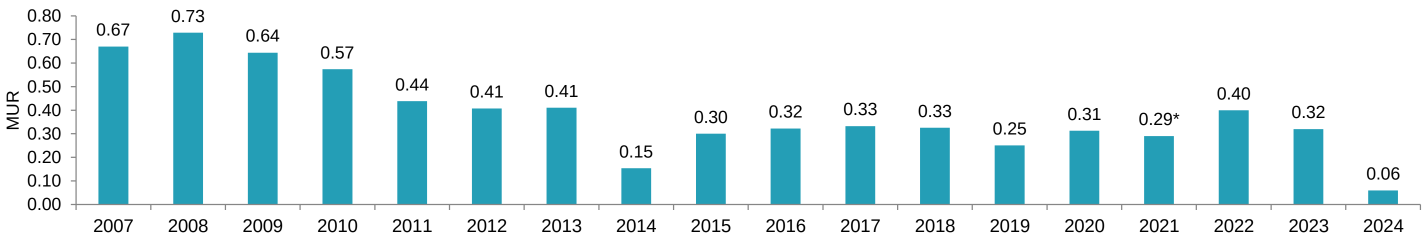
Fund statistics

Period	1Y	3Y	5Y	Launch
Correlation	0.76	0.28	0.13	0.13
Regression alpha (%)	0.65	-0.92	3.70	4.83
Beta	0.86	0.33	0.28	0.28
Annualised volatility	4.3%	4.9%	7.9%	4.4%
Annualised tracking error	2.9%	5.4%	8.2%	4.6%

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

Average term to maturity (yrs)	8.57
Gross yield to maturity	4.70%
Duration (yrs)	6.31

Dividend per Share



**Quarterly dividend distribution as from FY21*

Asset allocation

Asset class	% Fund
Domestic Fixed Income	60.2%
International Fixed Income	36.3%
Cash	3.5%
Total	**100.0%**

Top regions	% Fund
Mauritius	60.2%
North America	25.8%
Europe	5.4%
Asia Pacific	3.1%
Others	2.0%
Total	**96.5%**

Top currency	% Fund
Mauritian Rupee	58.7%
US Dollar	41.2%
Euro	0.1%
Total	**100.0%**

Asset allocation (continued)

Sector	% Fund
Government	54.4%
Financial	17.3%
Investment	8.0%
Industrial	5.0%
Others	3.1%
Consumer, Non-cyclical	2.5%
Technology	1.9%
Communications	1.3%
Consumer, Cyclical	1.2%
Utilities	0.8%
Energy	0.8%
Basic Materials	0.2%
Property	0.0%
Total	**96.5%**

Top 10 Holdings	% Fund
iShares Core Global AGG Bond	11.0%
Fidelity US Dollar Bond "A" (USD) Acc	9.7%
iShares Core US Aggregate Bond ETF	5.4%
Vanguard Long-Term Bond ETF	5.0%
Government of Mauritius Bond 22/01/33	4.8%
Government of Mauritius Bond 24/06/42	4.7%
Government of Mauritius Bond 20/08/36	4.4%
Inflation Indexed Bond 22/05/30	4.3%
Government of Mauritius Bond 15/01/36	4.2%
Gamma Civic Notes 18/06/31	4.0%
Total	**57.5%**

Market comments

The Net Asset Value per unit (NAV) of the Fund rose from MUR 11.50 in February to MUR 11.64 in March, equivalent to a return of 1.2% which is comparable to the benchmark return.

On the primary market, the yield on the 91D Treasury Bills remained unchanged at 3.89% since there was no fresh issuance. The yield on the 182D Treasury Bills declined by 4bps post a net issuance of MUR 3.6B. The GoM auctioned MUR 3.4Bn of 364D Treasury Bills in two tranches at corresponding weighted average yields of 4.18% and 4.15%. A 3Y GoM Note worth MUR 3.4B was issued at a weighted yield of 4.92%, 21bps above the previous rate. Following an auction of MUR 3.5Bn, the 5Y GoM Bond was issued at a yield of 5.22%, up by 77bps. There were no new issuances for the 7Y, 10Y, 15Y and 20Y Bonds. On the secondary market, the 91D Treasury Bills traded at 3.23%, down by 4bps. The corresponding yields on the 182D and 364D Treasury Bills increased by 3bps and 15bps to reach 3.53% and 3.85%, respectively. The 3Y GoM Note traded at 4.80%, 23bps higher than the previous month, while the yield on the 5Y GoM Bond stood at 5.13%, up by 34bps. The yield on the 10Y GoM Bond was marginally up by 4bps to 5.27%. The market yields on the 15Y and 20Y GoM Bonds fell by 4bps and 6bps to reach 5.37% and 5.59%, respectively.

The Barclays Global Aggregate Bond index registered 0.6% in March, as major central banks expect to ease monetary policy later in the year amid softening inflation. The US Federal Reserve (Fed) decided to maintain the target Fed Funds rate at the 5.25%-5.50% range at its March meeting. The dot plot shows that the median voting member at the US Federal Reserve (Fed) expects three 25bps cuts in 2024. 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 March. The 10-year US Treasury yield decreased by 5bps to 4.20% in March as Fed officials maintained their three rate cut projections despite strong economic data.

The Bank of England’s Monetary Policy Committee (MPC), at its meeting ending on 20 March 2024, voted by a majority of 8-1 to maintain the Bank Rate at 5.25%. According to the latest MPC projections, CPI inflation is expected to return to the 2% target by Q2 2024. The BoE agreed to reduce the stock of UK government bond purchases held for monetary policy purposes by GBP 100 billion over the 12 months ending September 2024. UK CPI inflation fell by 0.6 percentage points to 3.4% in February. The 10-year UK Gilt yields tumbled by 19 bps to 3.93% in March as inflation surprised to the downside.

The European Central Bank (ECB) decided to keep the key ECB interest rates unchanged at its March meeting. Accordingly, the interest rate on the main refinancing operations, the interest rates on the marginal lending facility and the deposit facility stood at 4.50%, 4.75% and 4.00%, respectively. According to the latest ECB staff projections, inflation has been revised down and is expected to average 2.3% in 2024. The Governing Council considers that interest rates are at levels that, maintained for a sufficiently long duration, will help bring inflation to its 2% medium-term target. According to Eurostat, the Eurozone's annual inflation is expected to decrease by 0.1 percentage points to 2.5% in March 2024. European bond yields generally trended lower as inflation eased. The corresponding yield on 10-year German and Spanish bonds decreased by 11bps and 13bps to 2.30% and 3.16%, respectively. The yield on 10-year Italian bonds decreased by 16bps to 3.68% in March.

The Bank of Japan (BoJ) decided to raise its policy rate above zero for the first time since 2007. In addition, the BoJ abandoned the yield curve control, which had involved intervening to ensure that the yield on 10-year Japanese government bonds does not exceed 1%. The BoJ decided to discontinue the purchase of exchange-traded funds and Japan real estate investment trusts. With average wage hike demands topping 5% for the first time in three decades, the BoJ expects to achieve its price stability target of 2% towards the end of its projection period. The inflation rate increased by 0.4 percentage points to 2.6% in February and remained above the BoJ’s 2% target. 10-year JGBs traded at 0.73% in March, 2bps above the preceding month’s reading, as the BoJ exits negative interest rate policy following strong wage growth.

Among larger emerging economies, the People’s Bank of China (PBoC) maintained the 1-year and 5-year loan prime rates at 3.45% and 3.95%, respectively. The PBoC’s accommodative policy stance is aimed at supporting the recovery of the property sector and improving housing affordability. In India, no Monetary Policy Committee (MPC) meeting was held during the month. The policy repo rate under the liquidity adjustment facility (LAF) stood 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%.10-year Government of India bond yields decreased from 7.08% to 7.06% in March amid the fall in core inflation.

Contact

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