

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 106.1Mn

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%

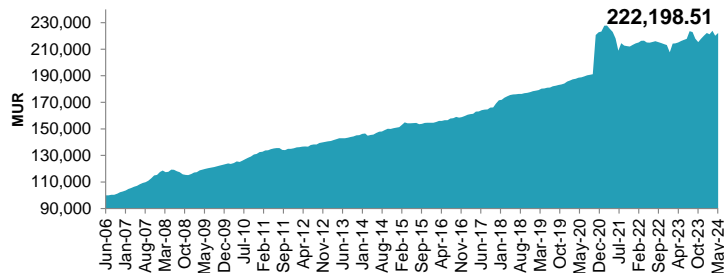
Exit fee: 0.50%

Performance

Period	1M	3M	YTD	1Y	3Y	5Y	Launch	Annualised	2023	2022	2021	2020	2019	2018
Fund	0.9%	0.4%	0.9%	2.4%	1.9%	22.8%	122.2%	4.6%	1.1%	3.2%	10.2%	4.6%	2.9%	7.3%
Benchmark	0.7%	1.0%	1.8%	3.8%	5.1%	16.9%	136.6%	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



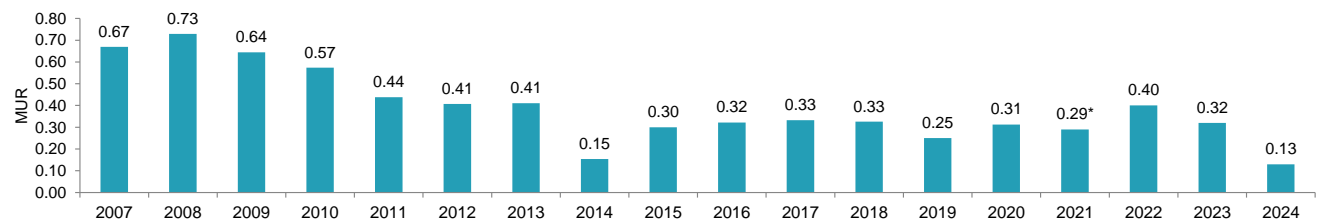
Fund statistics

Period	1Y	3Y	5Y	Launch
Correlation	0.80	0.34	0.15	0.14
Regression alpha (%)	-1.29	-0.04	3.40	4.46
Beta	0.97	0.39	0.34	0.31
Annualised volatility	4.8%	4.8%	7.9%	4.4%
Annualised tracking error	2.9%	5.2%	8.2%	4.6%

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

Average term to maturity (yrs)	4.55
Gross yield to maturity	3.56%
Duration (yrs)	3.31

Dividend per Share



*Quarterly dividend distribution as from FY21

Asset allocation

Asset class	% Fund	Top regions	% Fund	Top currency	% Fund
Domestic Fixed Income	54.6%	Mauritius	54.6%	Mauritian Rupee	79.1%
International Fixed Income	18.1%	North America	15.9%	US Dollar	20.8%
Cash	27.3%	Europe	0.7%	Euro	0.1%
Total	100.0%	Asia Pacific	0.2%	Total	100.0%
		Others	1.3%		
		Total	72.7%		

Asset allocation (continued)

Sector	% Fund
Government	33.7%
Financial	16.1%
Investment	9.4%
Industrial	5.4%
Others	1.8%
Technology	1.7%
Consumer, Non-cyclical	1.6%
Communications	1.1%
Consumer, Cyclical	0.8%
Energy	0.5%
Utilities	0.4%
Basic Materials	0.2%
Property	0.0%
Total	72.7%

Top 10 Holdings	% Fund
Government of Mauritius Bond 07/06/24	9.4%
iShares Core US Aggregate Bond ETF	6.3%
Vanguard Long-Term Bond ETF	5.7%
Gamma Civic Notes 18/06/31	4.8%
Inflation Indexed Bond 22/05/30	4.8%
CIM Financial Services Ltd Notes 31/07/25	4.7%
Government of Mauritius Bond 27/07/24	4.7%
Forty Two Point Two 27/04/28	3.7%
Pimco Income "E" (USD) INC	3.4%
Government of Mauritius Bond 03/09/28	2.9%
Total	50.4%

Market comments

The Net Asset Value per unit (NAV) of the Fund rose from MUR 11.38 in April to MUR 11.48 in May, equivalent to a return of 0.9% while the benchmark return posted 0.7%.

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 43bps following an auction of MUR 4.0Bn while that on the 364D Treasury Bills fell by 36bps to 3.72% following a net issuance of MUR 5.6Bn. A 3Y GoM Note worth MUR 2.8Bn was issued at a weighted yield of 4.90%. The GoM auctioned MUR 2.3Bn of a 3Y Note at a weighted yield of 4.55%, 47bps lower than the previous month. The yield on 5Y GoM Bond was marginally up by 3bps to 5.25%. The 20Y GoM bond was auctioned at a yield of 5.61%, against a previous reading of 5.69% post an issuance of MUR 3.0Bn. There were no fresh auctions of 7Y, 10Y and 15Y GoM Bonds during the month. On the secondary market, yields were generally on the downside. The 91D Treasury Bills traded at 3.17%, down by 4bps. The corresponding yields on the 182D and 364D Treasury Bills decreased by 13bps and 17bps to reach 3.42% and 3.74%. The 3Y GoM Note traded at 4.46%, 38bps lower than the previous month, while the yield on the 5Y GoM Bond stood at 4.86%, 31bps lower. The yield on the 10Y GoM Bond fell by 43bps to 5.09%. The market yields on the 15Y and 20Y GoM Bonds fell by 21bps and 3bps to reach 5.35% and 5.57%, respectively.

The Barclays Global Aggregate Bond index registered 1.3% in May as market participants expect major central banks to cut rates in the second half of 2024. At its latest meeting, the Fed decided to maintain the target Fed Funds rate at the 5.25%-5.50% range. The minutes of the May Federal Open Market Committee (FOMC) meeting reinforced concerns about the lack of further progress on disinflation, dampening hopes of an imminent rate cut. The FOMC continued reducing its holdings of Treasury securities, agency debt, and agency mortgage-backed securities, with the cap set at USD 95Bn for May. The 10-year US Treasury yield decreased by 18bps to 4.50% in May as economic data tempered concerns of overheating in the US economy.

The Bank of England's Monetary Policy Committee (MPC), at its meeting ending on 8 May 2024, voted by a majority of 7-2 to maintain the Bank Rate at 5.25%. According to the latest MPC projections, CPI inflation will remain around 2.5% in the second half of 2024, due to the unwinding of energy-related base effects. 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 0.9 percentage points to 2.3 % in April. The 10-year UK Gilt yields fell by 3bps to 4.32% in May as inflation surprised to the downside.

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 4.50%, 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 increase by 0.2 percentage points to 2.6% in May 2024. European bond yields generally trended higher as sticky inflation prompted the ECB to ease monetary policy more gradually than previously anticipated. The corresponding yield on 10-year German and Spanish bonds surged by 8bps and 4bps to 2.66% and 3.39%, respectively. The yield on 10-year Italian bonds increased by 6bps to 3.98% in May.

The Bank of Japan (BoJ) decided to keep its policy rate unchanged at 0%-0.1% in May 2024. The inflation rate in Japan decreased by 0.2 percentage points to 2.5% in April. The BoJ now expects inflation between 2.5% and 3% for fiscal 2024, up from 2.2% to 2.5% in its January forecast. 10-year Japanese government bonds (JGBs) traded at 1.07% in May, 19bps above the preceding month's reading, amid expectations of BoJ's tighter monetary policy stance this year.

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 scrapped the minimum mortgage rate and slashed the minimum down payment for first-home buyers from 20% to 15%. The minimum deposit for second homes was lowered to 25% from 30%. The PBoC's accommodative policy stance is aimed at supporting the recovery of the property sector and improving housing affordability. The yield on 10-year Chinese government bonds increased by 1bp to 2.32% 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) stood at 6.50%. 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 tumbled from 7.19% to 6.98% in May on optimism that the RBI's record surplus transfer to the government will improve the fiscal position.

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For price updates on this fund, please see: <https://nbfc.sbmgroup.mu/asset-management>

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