Factsheet Oct 2024

SBM Yield Fund

NAV per share **MUR 11.52**

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

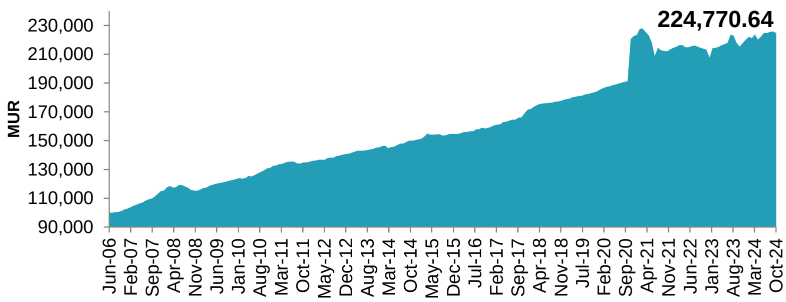
Inception date: 30 Jun 2006
Fund size: MUR 103.8Mn
Base currency: MUR
Minimum one-off investment: MUR 1,000
Monthly investment plan: MUR 200
Management fee: 0.85% p.a.
Entry fee: 0.50%
Exit fee: 0.50%

Performance

Period	1M	3M	YTD	1Y	3Y	5Y	Launch	Annualised	2024	2023	2022	2021	2020	2019
Fund	-0.5%	0.0%	2.1%	4.4%	6.0%	22.5%	124.8%	4.5%	3.2%	1.1%	3.2%	10.2%	4.6%	2.9%
Benchmark	-0.9%	0.5%	4.1%	8.4%	5.5%	17.3%	142.0%	4.9%	4.8%	2.1%	-2.6%	4.7%	8.5%	6.0%

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



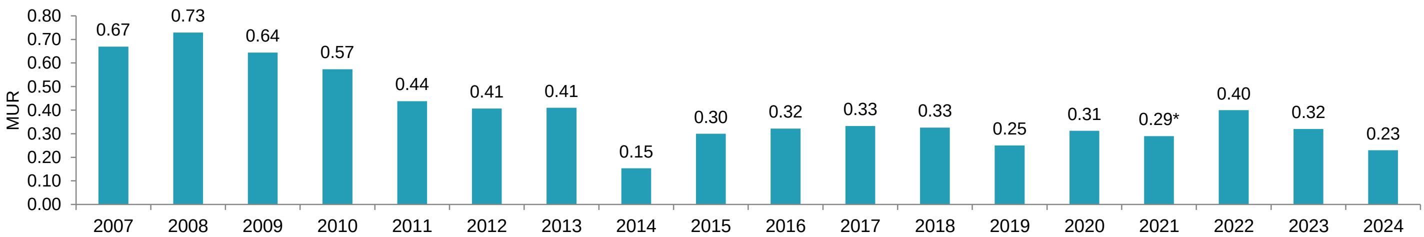
Fund statistics

Period	1Y	3Y	5Y	Launch
Correlation	0.84	0.62	0.16	0.15
Regression alpha (%)	-2.29	0.98	3.28	4.32
Beta	0.79	0.56	0.35	0.32
Annualised volatility	3.1%	3.8%	8.0%	4.4%
Annualised tracking error	1.8%	3.5%	8.2%	4.6%

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

Average term to maturity (yrs)	4.32
Gross yield to maturity	2.63%
Duration (yrs)	3.17

Dividend per Share



**Quarterly dividend distribution as from FY21*

Asset allocation

Asset class	% Fund
Domestic Fixed Income	38.8%
International Fixed Income	18.0%
Cash	43.2%
Total	**100.0%**

Top regions	% Fund
Mauritius	38.8%
North America	16.7%
Europe	0.7%
Asia Pacific	0.1%
Others	0.5%
Total	**56.8%**

Top currency	% Fund
Mauritian Rupee	79.9%
US Dollar	20.0%
Euro	0.1%
Total	**100.0%**

Asset allocation (continued)

Sector	% Fund
Government	19.3%
Financial	13.8%
Investment	9.6%
Industrial	5.5%
Others	2.0%
Technology	1.9%
Consumer, Non-cyclical	1.6%
Communications	1.2%
Consumer, Cyclical	0.8%
Utilities	0.5%
Energy	0.4%
Basic Materials	0.2%
Property	0.0%
Total	**56.8%**

Top 10 Holdings	% Fund
iShares Core US Aggregate Bond ETF	6.5%
Vanguard Long-Term Bond ETF	5.9%
Inflation Indexed Bond 22/05/30	5.0%
Gamma Civic Notes 18/06/31	4.9%
CIM Financial Services Ltd Notes 31/07/25	4.9%
Forty Two Point Two 27/04/28	3.7%
Pimco Income "E" (USD) INC	3.4%
Government of Mauritius Bond 03/09/28	3.1%
ENL Bond 10/08/32	2.9%
Forty Two Point Two 27/04/26	2.8%
Total	**43.1%**

Market comments

The Net Asset Value per unit (NAV) of the Fund fell from MUR 11.62 in September to MUR 11.52 in October, equivalent to a return of -0.5%, after declaring a dividend of MUR 0.05 per unit. As a comparison, the benchmark posted a return of -0.9%.

On the primary market, the yields on the 91D Treasury Bills and 182D Treasury Bills remained unchanged at 3.89% and 3.63%, respectively since there was no fresh issuance. 364D Treasury Bills worth MUR 7.4Bn was issued at a weighted average yield of 3.16%, 56bps lower than the previous month. The respective yields on the 3Y GoM Note and 5Y GoM Bond declined by 78bps and 73bps to reach 3.74% and 4.04% following corresponding issuances of MUR 3.0Bn and MUR 2.8Bn. There were no fresh auctions of 7Y, 10Y, 15Y and 20Y GoM Bonds during the month. On the secondary market, yields were generally on the downtrend. The 91D and 182D Treasury Bills declined by 12bps and 14bps to reach 2.69% and 2.89%, respectively. The yield on the 364D Treasury Bills fell by 11bps to reach 3.11%. The 3Y GoM Note and 5Y GoM bond yields slid by 9bps and 4bps with the instruments trading at corresponding yields of 3.67% and 4.06%. The yield on the 10Y GoM Bond stood at 4.46% in October against 4.47% at the end of the preceding month. The yield on the 15Y GoM Bond fell by 4bps to 4.67% while the 20Y GoM Bond traded at 4.75%, 25bps below the earlier month’s reading.

The Barclays Global Aggregate Bond index registered -3.4% in October, as the resilience of the US economy and uncertainty surrounding the post-election fiscal policy changes in the US prompted market participants to dial back rate cut expectations. The Federal Reserve (Fed) is expected to lower the Fed Funds rate by 25bps to the 4.50%-4.75% range at its November meeting. The FOMC continued reducing its holdings of Treasury securities, agency debt, and agency mortgage-backed securities, with the cap set at USD 60Bn for October. The 10-year US Treasury yield increased by 50bps to 4.28% in October amid sticky core inflation and strong labour market data.

In the UK, no Monetary Policy Committee (MPC) meeting was held during the month. The Bank Rate stood at 5.00% after the 25bps cut at the July 2024 meeting. UK CPI inflation declined to 1.7% in September from 2.2% in August. While CPI inflation had fallen back to the 2% target, services inflation remained elevated at 5.6% in September 2024. The BoE expects inflation to increase to around 2.5% towards the end of 2024 as declines in energy prices last year fall out of the annual comparison. The 10-year UK Gilt yields increased by 45bps to 4.45% in October.

At its October meeting, the European Central Bank (ECB) decided to lower the deposit facility rate by 25bps to 3.25%. The interest rates on the main refinancing operations and the marginal lending facility fell to 3.40% and 3.65%, respectively. According to the latest ECB staff projections, inflation has been revised up and is likely to average 2.5% in 2024 and 2.2% in 2025. The Governing Council is expected to reduce the pandemic emergency purchase programme (PEPP) portfolio by EUR 7.5 billion per month on average. According to Eurostat, the Eurozone's annual inflation is forecasted to surge by 0.3 percentage points to 2.0% in October 2024. European bond yields were on an uptrend amid global weakness in fixed-income markets. The yield on 10-year German bonds surged by 27bps to 2.39% in October. The corresponding yield on 10-year Spanish and Italian bonds increased by 17bps and 20bps to 3.10% and 3.65%, respectively.

The Bank of Japan (BoJ) decided to maintain its policy rate at 0.25% in October 2024. The BoJ expects underlying inflation to converge around 2% sometime around late 2025 as service prices continue to surge moderately. Japan’s inflation rate fell by 0.5 percentage points to 2.5%, and the core inflation rate reached a 5-month low of 2.4% in September.10-year Japanese government bonds (JGBs) traded at 0.95% in October, 9bps above the preceding month’s reading.

Among larger emerging economies, the People’s Bank of China (PBoC) lowered its one-year and five-year loan prime rates by 25bps to 3.1% and 3.6%, respectively. The central bank governor is expected to lower by at least 25bps by the end of the year. The yield on 10-year Chinese government bonds decreased by 6bps to 2.15% in October. In India, the Reserve Bank of India (RBI), at its Monetary Policy Committee (MPC) meeting ending on October 9, 2024, 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% while the marginal standing facility (MSF) rate and the Bank Rate stood at 6.75%. 10-year Government of India bond yields increased from 6.75% to 6.85% in October as inflation surged by 1.8 percentage points to 5.5% in September, well above consensus estimates of 5%.

Contact

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