Factsheet Dec 2024

SBM Yield Fund

NAV per share **MUR 11.52**

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

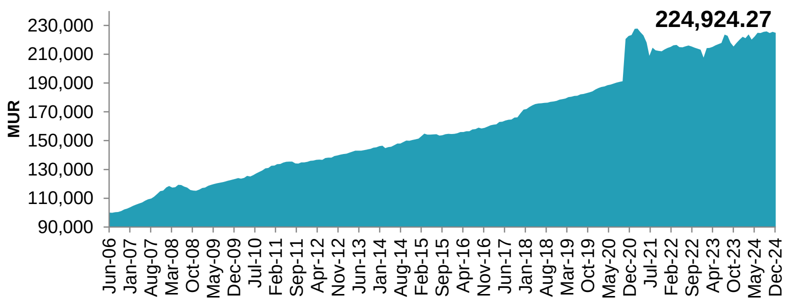
Inception date: 30 Jun 2006
Fund size: MUR 103.3Mn
Base currency: MUR
Minimum one-off investment: MUR 1,000
Monthly investment plan: MUR 200
Management fee: 0.85% p.a.
Entry fee: 0.50%
Exit fee: 0.50%

Performance

Period	1M	3M	YTD	1Y	3Y	5Y	Launch	Annualised	2024	2023	2022	2021	2020	2019
Fund	-0.3%	-0.4%	2.2%	2.2%	4.9%	21.2%	124.9%	4.5%	3.2%	1.1%	3.2%	10.2%	4.6%	2.9%
Benchmark	-0.1%	-0.5%	4.6%	4.6%	5.4%	17.4%	143.1%	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



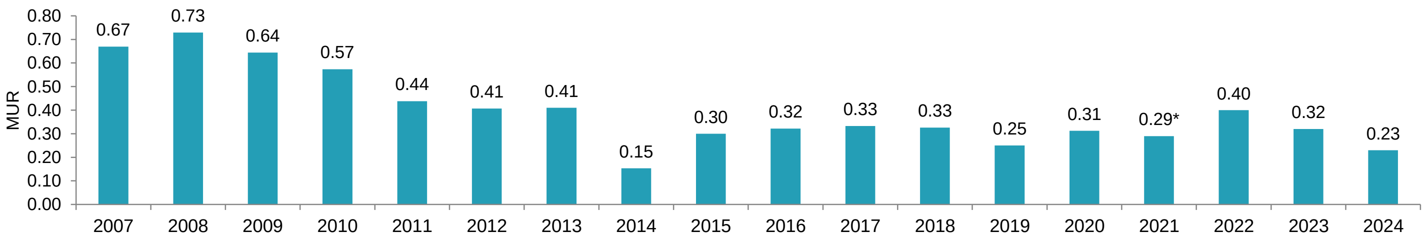
Fund statistics

Period	1Y	3Y	5Y	Launch
Correlation	0.85	0.62	0.16	0.15
Regression alpha (%)	-2.39	0.61	2.99	4.25
Beta	1.00	0.56	0.36	0.32
Annualised volatility	2.9%	3.8%	8.0%	4.4%
Annualised tracking error	1.5%	3.5%	8.2%	4.5%

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

Average term to maturity (yrs)	4.28
Gross yield to maturity	3.34%
Duration (yrs)	3.13

Dividend per Share



Quarterly dividend distribution as from FY21

Asset allocation

Asset class	% Fund
Domestic Fixed Income	39.0%
International Fixed Income	18.0%
Cash	43.0%
Total	**100.0%**

Top regions	% Fund
Mauritius	39.0%
North America	16.8%
Europe	0.8%
Asia Pacific	0.1%
Others	0.4%
Total	**57.0%**

Top currency	% Fund
Mauritian Rupee	79.8%
US Dollar	20.2%
Euro	0.0%
Total	**100.0%**

Asset allocation (continued)

Sector	% Fund
Government	19.3%
Financial	14.1%
Investment	9.7%
Industrial	5.5%
Technology	2.0%
Others	1.8%
Consumer, Non-cyclical	1.5%
Communications	1.2%
Consumer, Cyclical	0.9%
Utilities	0.5%
Energy	0.5%
Basic Materials	0.2%
Property	0.0%
Total	**57.0%**

Top 10 Holdings	% Fund
Government of Mauritius Bond 01/03/25	24.2%
iShares Core US Aggregate Bond ETF	6.6%
Vanguard Long-Term Bond ETF	5.8%
Inflation Indexed Bond 22/05/30	5.1%
CIM Financial Services Ltd Notes 31/07/25	4.9%
Gamma Civic Notes 18/06/31	4.8%
Forty Two Point Two 27/04/28	3.8%
Pimco Income "E" (USD) INC	3.5%
Government of Mauritius Bond 03/09/28	3.0%
ENL Bond 10/08/32	3.0%
Total	**64.7%**

Market comments

The Net Asset Value per unit (NAV) of the Fund decreased from MUR 11.55 in November to MUR 11.52 in December, equivalent to a return of -0.3%. As a comparison, the benchmark posted a return of -0.1%.

On the primary market, the yields on the 91D Treasury Bills and 182D Treasury Bills rose by 13bps and 27bps, respectively, to reach 3.50% and 3.80% post corresponding net issuances of MUR 1.5Bn and MUR 3.0Bn. 364D Treasury Bills worth MUR 7.0Bn were issued at a weighted average yield of 4.00%, 25bps above the earlier month's reading. The yields on the 3Y GoM Note increased by 25bps to reach 4.48% following an issuance of MUR 2.2Bn. A 7Y GoM Bond worth MUR 2.5Bn was auctioned at a weighted average yield of 4.95%, 7bps down from the previous one. The yield on the 15Y GoM declined by 9bps to 5.29% following an issuance of MUR 2.1Bn. There were no fresh auctions of 5Y, 10Y and 20Y GoM Bonds during the month. On the secondary market, treasury yields maintained an uptrend. Those on 91D and 182D Treasury Bills increased by 10bps and 17bps, reaching 3.30% and 3.54%, respectively. The yield on the 364D Treasury Bills rose by 26bps to 3.91%. The 3Y GoM Note and 5Y GoM bond traded higher at 4.35% and 4.68%, representing corresponding hikes of 31bps and 24bps. The yield on the 10Y GoM Bond stood at 5.09% in December against 4.66% in November. The 15Y and 20Y GoM Bond traded higher by around 20bps, that is, 5.30% and 5.42%, respectively.

The Barclays Global Aggregate Bond index registered -2.1% in December as the Federal Reserve (Fed) signalled a more modest easing cycle amid the continued resilience of the US economy. At the Federal Open Market Committee (FOMC) meeting held in December 2024, the Fed lowered the target Fed Funds rate by 25bps to the 4.25%-4.50% range. The FOMC continued reducing its holdings of Treasury securities, agency debt, and agency mortgage-backed securities, with the cap set at USD 60Bn for December. The dot plot shows that the median voting member at the Fed is expecting only two 25bps cuts in 2025, down from the four projected in September. The Fed's 2025 core inflation forecast was revised up to 2.5% from 2.1%. The 10-year US Treasury yield increased by 40bps to 4.57% in December as the Fed suggested a slower pace of rate cuts in 2025 than previously anticipated.

The Bank of England's Monetary Policy Committee (MPC), at its meeting ending on 18 December 2024, voted by a majority of 6-3 to maintain the Bank Rate at 4.75%. UK CPI inflation increased by 0.3 percentage points to 2.6% in November mainly on account of upward contribution from transport, housing and household services (including energy). Services inflation remains elevated, at 5.0% in November 2024. The BoE expects zero growth in the last quarter of 2024, weaker than the previous forecast of 0.3%. The 10-year UK Gilt yields surged by 33bps to 4.57% in December as inflation remained sticky.

At its December meeting, the European Central Bank (ECB) decided to lower the three key ECB interest rates by 25bps. Accordingly, the interest rates on the deposit facility, the main refinancing operations and the marginal lending facility will be decreased to 3.00%, 3.15% and 3.40%, respectively. According to the latest ECB staff projections, inflation is expected to average 2.1% in 2025. The Governing Council is expected to discontinue reinvestments under the pandemic emergency purchase programme (PEPP) at the end of 2024. According to Eurostat, the eurozone's annual inflation surged by 0.2 percentage points to 2.2% in November 2024. European bond yields were on an uptrend as services inflation remained elevated. The yield on 10-year German bonds surged by 28bps to 2.37% in December. The corresponding yield on 10-year Spanish and Italian bonds increased by 27bps and 25bps to 3.06% and 3.52%, respectively.

The Bank of Japan (BoJ) decided to maintain its policy rate at 0.25% in December 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 surged by 0.6 percentage points to 2.9%, and the core inflation rate rose by 0.4 percentage points to 2.7% in November. BoJ Governor Kazuo Ueda signalled a cautious approach to rate hikes, citing moderate underlying inflation and uncertainties in global economic conditions. 10-year Japanese government bonds (JGBs) traded at 1.10 % in December, 5bps above the preceding month's reading.

Among larger emerging economies, the People's Bank of China (PBoC) maintained its one-year and five-year loan prime rates at 3.1% and 3.6%, respectively. The PBoC vowed to shift monetary policy to a more accommodative stance in 2025 and signalled a potential cut to the reserve requirement ratio (RRR). The yield on 10-year Chinese government bonds tumbled by 36bps to 1.68% in December. In India, the Reserve Bank of India (RBI), at its Monetary Policy Committee (MPC) meeting ending on 6 December 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% and the marginal standing facility (MSF) rate and the Bank Rate stood at 6.75%. 10-year Government of India bond yields increased from 6.74% to 6.76% in December as lower inflation was offset by the surge in US 10-year Treasury yields.

Contact

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