Factsheet Feb 2025

SBM Yield Fund

NAV per share **MUR 11.48**

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

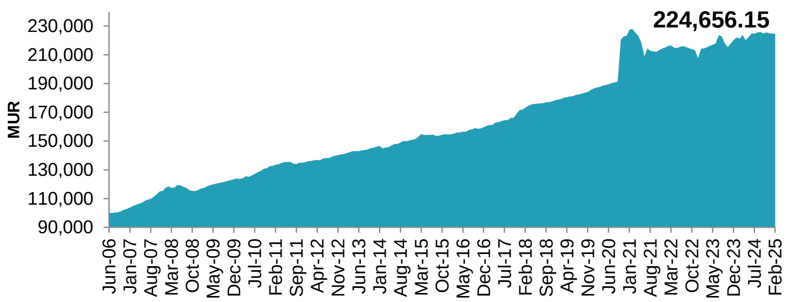
Inception date: 30 Jun 2006
Fund size: MUR 100.3Mn
Base currency: MUR
Minimum one-off investment: MUR 1,000
Monthly investment plan: MUR 200
Management fee: 0.85% p.a.
Entry fee: 0.50%
Exit fee: 0.50%

Performance

Period	1M	3M	YTD	1Y	3Y	5Y	Launch	Annualised	2024	2023	2022	2021	2020	2019
Fund	-0.1%	-0.4%	-0.1%	1.6%	3.9%	19.9%	124.7%	4.4%	3.2%	1.1%	3.2%	10.2%	4.6%	2.9%
Benchmark	1.0%	1.0%	1.1%	4.9%	6.4%	16.1%	145.8%	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



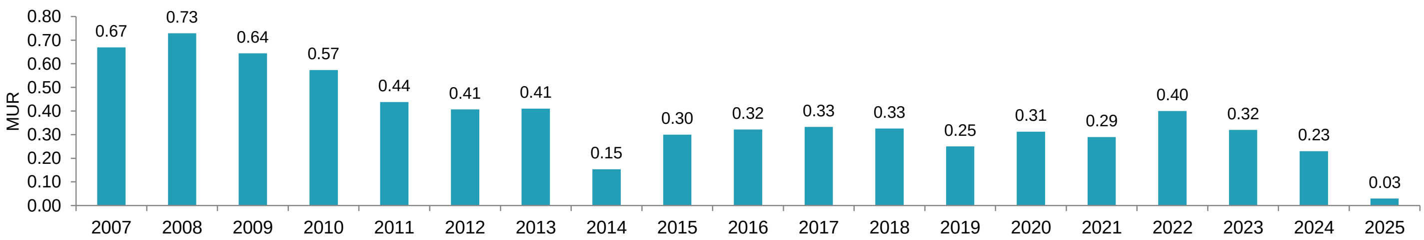
Fund statistics

Period	1Y	3Y	5Y	Launch
Correlation	0.83	0.62	0.16	0.15
Regression alpha (%)	-2.78	0.09	2.84	4.17
Beta	0.88	0.56	0.35	0.32
Annualised volatility	2.7%	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)	2.19
Gross yield to maturity	1.82%
Duration (yrs)	1.81

Dividend per Share



**Quarterly dividend distribution as from FY21*

Asset allocation

Asset class	% Fund
Domestic Fixed Income	40.0%
International Fixed Income	0.0%
Cash	60.0%
Total	**100.0%**

Top regions	% Fund
Mauritius	40.0%
North America	0.0%
Europe	0.0%
Asia Pacific	0.0%
Others	0.0%
Total	**40.0%**

Top currency	% Fund
Mauritian Rupee	94.2%
US Dollar	5.8%
Euro	0.0%
Total	**100.0%**

Asset allocation (continued)

Sector	% Fund
Financial	12.8%
Government	12.1%
Investment	9.9%
Industrial	5.0%
Consumer, Cyclical	0.2%
Property	0.0%
Energy	0.0%
Total	**40.0%**

Top 10 Holdings	% Fund
Inflation Indexed Bond 22/05/30	5.3%
Gamma Civic Notes 18/06/31	5.0%
CIM Financial Services Ltd Notes 31/07/25	5.0%
Forty Two Point Two 27/04/28	3.9%
Government of Mauritius Bond 03/09/28	3.1%
ENL Bond 10/08/32	3.0%
Forty Two Point Two 27/04/26	2.9%
MCB Notes 31/08/26	2.5%
SBM USD Note Class B2 Series Bond 28/06/25	2.1%
ABCB 5.80% 29/03/2034	2.1%
Total	**34.9%**

Market comments

The Net Asset Value per unit (NAV) of the Fund decreased from MUR 11.49 in January to MUR 11.47 in February, equivalent to a return of -0.1% while the benchmark posted a return of 1.0%.

On the primary market, the yields on the 91D Treasury Bills and 182D Treasury Bills surged by around 120bps to 4.71% and 5.02% following corresponding net issuances of MUR 1.1Bn and MUR 4.1Bn. 364D Treasury Bills worth MUR 5.9Bn were auctioned at a weighted average yield of 5.19%, 83bps above the previous month's reading. The yield on the 3Y GoM Note increased by 91bps to 5.49%, following an auction of MUR 1.8Bn. The 7Y GoM Bond yield rose by 58bps to 5.60% post an issuance of MUR 2.0Bn while a 10Y GoM Bond worth MUR 2.7Bn was auctioned at a weighted average yield of 5.78%, 70bps higher than the preceding auction. There were no fresh auctions of the 5Y, 15Y and 20Y GoM Bonds during the month. On the secondary market, yields generally maintained an uptrend amidst the rise in the Key Rate. The corresponding yield on the 91D and 182D Treasury Bills increased by 81bps and 71bps to 4.43% and 4.66%. 364D Treasury Bills yield rose by 83 bps to 4.87%, The 3Y GoM Note and 5Y GoM bond traded at 5.31% and 5.40%, representing corresponding hikes of 86bps and 64bps. The yields on the 10Y and 15Y ramped to 5.75% and 5.88%, gaining 65bps and 57bps, respectively. The 20Y GoM Bond yield surged by 65bps to 5.99%.

The Barclays Global Aggregate Bond index gained1.4% in February amid weaker-than-expected US economic data and growing uncertainty surrounding the implications of Trump's policy agenda. The Federal Reserve (Fed) is expected to keep the Fed Funds rate unchanged at the 4.50%-4.75% range at its March Federal Open Market Committee (FOMC) 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 February. 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 10-year US Treasury yield decreased by 33bps to 4.21% in February amid policy uncertainty and renewed growth concerns.

The Bank of England's Monetary Policy Committee (MPC), at its meeting ending on 5 February 2025 voted by a majority of 7–2 to reduce Bank Rate by 25bps to 4.50%. UK CPI inflation increased by 0.5 percentage points to 3.0% in January, mainly on account of the upward contributions from transport, and food and non-alcoholic beverages. Services inflation remained sticky at 5.8%, 0.4 percentage points above the prior month. The 10-year UK Gilt yields fell by 6bps to 4.48% in February as tariff threats added to investors' concerns about the risk of an economic slowdown.

The European Central Bank (ECB) maintained key interest rates since no monetary policy meeting was held during the month. Accordingly, the interest rates on the deposit facility, the main refinancing operations and the marginal lending facility stood at 2.75%, 2.90% and 3.15%, respectively. According to the latest ECB staff projections, inflation is expected to average 2.1% in 2025. According to Eurostat, the eurozone's annual inflation is estimated to have fallen by 0.1 percentage points to 2.4% in February. European bond yields were on a downtrend amid sluggish economic data and uncertainty around European defence spending. The yield on 10-year German bonds fell by 5bps to 2.41% in February. The corresponding yield on 10-year Spanish and Italian bonds decreased by 2bps and 1bp to 3.05% and 3.54%, respectively.

The Bank of Japan (BoJ) decided to maintain its policy rate at 0.50% in February 2025. Inflation rate surged by 0.4 percentage points to 4.0% in January amidst upward pressures from higher food and energy prices. Core inflation surged by 0.2 percentage points to 3.2% in January and consistently stayed at or above the central bank's 2% target for nearly three years. The BoJ is expected to proceed gradually with the pace of policy normalisation. 10-year Japanese government bonds (JGBs) traded at 1.38% in February, 13bps 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 surged by 15bps to 1.78% in February amid tariff concerns. At its February meeting, the Reserve Bank of India (RBI) decided to lower the policy repo rate under the liquidity adjustment facility (LAF) by 25bps 6.25%. Consequently, the standing deposit facility (SDF) rate was adjusted to 6.00% while the marginal standing facility (MSF) rate and the Bank Rate to 6.50%.10-year Government of India bond yields increased from 6.70% to 6.73% in February following heavy supply from states and the upcoming central government auctions.

Contact

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