

# Monthly Market Wrap

November 2024

## Equity index returns (% local currency)

| Index                | 1M    | 3M    | 6M     | YTD    | 1Y     | 3Y     | 5Y     | 5Y Std Dev |
|----------------------|-------|-------|--------|--------|--------|--------|--------|------------|
| S&P 500              | +5.7% | +6.8% | +14.3% | +26.5% | +32.1% | +32.1% | +92.1% | 18.1%      |
| MSCI World           | +4.5% | +4.1% | +10.6% | +20.2% | +26.0% | +22.8% | +66.2% | 17.9%      |
| MSCI World Small Cap | +6.4% | +5.2% | +10.3% | +13.3% | +24.1% | +6.8%  | +39.3% | 21.8%      |
| MSCI Europe          | +0.9% | -3.0% | -1.7%  | +6.3%  | +10.2% | +11.4% | +24.8% | 15.5%      |
| MSCI EM              | -3.7% | -1.9% | +2.8%  | +5.4%  | +9.3%  | -11.0% | +3.7%  | 18.7%      |
| MSCI AC Asia         | -1.4% | -1.6% | +3.7%  | +8.3%  | +13.1% | -3.4%  | +12.0% | 16.8%      |
| SEMDEX               | -3.1% | +6.5% | +10.8% | +16.7% | +15.2% | +18.3% | +11.9% | 17.1%      |
| DEMEX                | +1.4% | +1.7% | -3.6%  | -11.8% | -11.3% | -22.5% | +2.3%  | 11.8%      |

## Fixed income index returns (% local currency)

| Index                          | 1M    | 3M    | 6M    | YTD   | 1Y     | 3Y     | 5Y     | 5Y Std Dev |
|--------------------------------|-------|-------|-------|-------|--------|--------|--------|------------|
| Barclays Global Aggregate Bond | +0.3% | -1.4% | +3.9% | +0.5% | +4.6%  | -11.2% | -6.9%  | 7.8%       |
| Barclays US Aggregate Bond     | +1.1% | -0.1% | +4.7% | +2.9% | +6.9%  | -5.7%  | -0.0%  | 6.4%       |
| Barclays High Yield bond       | +0.8% | +2.1% | +6.8% | +9.8% | +14.2% | +11.3% | +21.2% | 10.8%      |
| JP Morgan EMU IG Bond          | +2.2% | +2.6% | +5.4% | +3.3% | +6.9%  | -10.8% | -8.8%  | 6.4%       |
| JP Morgan EM Bond              | +1.3% | +1.2% | +6.4% | +8.0% | +13.4% | -0.8%  | +3.4%  | 12.2%      |
| FTSE Asian Broad Bond          | +0.6% | +0.7% | +4.8% | +5.9% | +9.2%  | +0.3%  | +5.4%  | 6.8%       |

## Commodity prices

| Commodity             | Current \$ | 1M     |
|-----------------------|------------|--------|
| WTI Crude Oil / Bbl   | 68.00      | -1.8%  |
| Brent Crude Oil / Bbl | 72.94      | -0.3%  |
| Natural Gas / mmBtu   | 3.36       | +24.2% |
| Copper / oz           | 408.05     | 16.0%  |
| Silver / oz           | 30.63      | 16.2%  |
| Gold / oz             | 2,643.15   | -3.7%  |

## SEMDEX sector performance (%)

| Index            | Weight | 1M    |
|------------------|--------|-------|
| Financials       | 45.9%  | -4.1% |
| Commerce         | 12.0%  | -4.6% |
| Industry         | 5.2%   | +0.8% |
| Investments      | 20.5%  | 16.3% |
| Leisure & Hotels | 9.2%   | +0.7% |
| Property         | 3.3%   | +2.4% |
| ICT              | 3.3%   | +5.3% |
| Sugar            | 0.4%   | +5.3% |
| Foreign          | 0.1%   | 0.0%  |

## Secondary market yields - GoM

| Tenor   | 91D   | 182D  | 364D  | 3Y    | 5Y    | 10Y   | 15Y   | 20Y   |
|---------|-------|-------|-------|-------|-------|-------|-------|-------|
| Current | 3.20% | 3.38% | 3.65% | 4.05% | 4.45% | 4.66% | 5.08% | 5.21% |
| -1M     | 2.69% | 2.89% | 3.11% | 3.67% | 4.06% | 4.46% | 4.67% | 4.75% |

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## Selected economic data\*

| Index   | Manufacturing PMI |      | Service PMI |      | Consumer confidence |       | CPI YoY | Policy rate  | Unemployment |
|---------|-------------------|------|-------------|------|---------------------|-------|---------|--------------|--------------|
|         | Current           | -1M  | Current     | -1M  | Current             | -1M   | Current | Current      | Current      |
| US      | 49.7              | 48.5 | 56.1        | 55.0 | 111.7               | 109.6 | 2.7%    | 4.5% - 4.75% | 4.2%         |
| Germany | 43.0              | 43.0 | 49.3        | 51.6 | 89.0                | 92.0  | 2.2%    | 3.2%         | 6.0%         |
| France  | 43.1              | 44.5 | 46.9        | 49.2 | 90.0                | 93.0  | 1.3%    | 3.2%         | 7.4%         |
| UK      | 48.0              | 49.9 | 50.8        | 52.0 | -17.0               | -21.0 | 2.6%    | 4.8%         | 4.3%         |
| Japan   | 49.0              | 49.2 | 50.5        | 49.7 | 35.4                | 35.7  | 2.9%    | 0.3%         | 2.5%         |
| China   | 51.5              | 50.3 | 51.5        | 52.0 | 86.9                | 86.9  | 0.2%    | 4.4%         | 4.0%         |
| India   | 56.5              | 57.5 | 58.4        | 58.5 | NA                  | NA    | 5.5%    | 6.5%         | 7.7%         |

\*based on latest available data

## SBM Fund performance (% local currency)

| Fund                                   | Currency | Strategy            | NAV    | 1M    | 3M    | 1Y     | 5Y Std Dev |
|--|----------|---------------------|--------|-------|-------|--------|------------|
| SBM Perpetual Fund                     | MUR      | Local fixed income  | 243.09 | +0.4% | +1.0% | +3.8%  | 0.4%       |
| SBM Yield Fund                         | MUR      | Global fixed income | 11.55  | +0.3% | 0.0%  | +3.5%  | 8.0%       |
| SBM Universal Fund                     | MUR      | Multi-asset         | 36.58  | +0.2% | +3.5% | +17.0% | 8.5%       |
| SBM Growth Fund                        | MUR      | Global equities     | 17.39  | +0.1% | +4.0% | +24.6% | 14.1%      |
| SBM India Opportunities Fund (Class B) | USD      | Indian equities     | 102.12 | 0.0%  | -2.7% |        |            |

## Commentary

Local indices posted contrasting performances in November, with the SEMDEX heading south to close at 2,381.41 points while the DEMEX recouped its past months' losses to end at 236.00 points, equivalent to -3.1% and +1.4%. The main leaders, that is, companies that contributed to the positive performances of the SEMDEX were EMTL, BMH and ASCE, while the main laggards were MCBG, SBMH and IBL. The top three price gainers were ASL (+77.1%), BMH (+15.4%) and POLICY (+9.3%), while the main laggards were CAUDAN (-17.4%), TERA (-14.3%) and MUAL (-13.0%). The price-earnings ratio and dividend yield of SEMDEX stood at 6.71x and 4.25%, respectively, as at 30 November, against corresponding figures of 7.06x and 4.13% as at 31 October. Foreign flows turned net seller to the tune of MUR 87.6m (vs. net buyer of MUR 8.8m), led mainly by MCBG, TERA and SBMH.

International equities surged, with major indices notching fresh all-time highs, following the Federal Reserve (Fed) cutting interest rates for a second-straight meeting and the outcome of the US elections. The MSCI World index added 4.5% MoM.

The S&P 500 index clocked its best monthly performance for 2024, ending the month as the top performer among global peers. The index gained 5.7%, driven by Trump's victory and the clean sweep for his Republican party, giving the president significant power to sanction his agenda: the prospect of a rollback in corporate taxes, deregulation and expansionary fiscal policy lifted investor sentiment. Q4 corporate earnings also contributed to the index hitting a record closing high. All the major industry groups recorded positive returns, led by Consumer Discretionary, Financials and Industrials. Growth stocks outperformed their value counterparts, registering 5.9% vs 5.5% MoM. The S&P Global US Purchasing Managers' Index (PMI) edged up from 48.5 in October to 49.7 in November, remaining below the 50-threshold, indicating that the manufacturing sector neared stabilisation. The rate of decline in new orders eased sharply, its slowest pace in 5 months, hinting at an improvement in domestic demand conditions. On the price front, input price inflation weakened for a third month, its lowest in a year.

Eurostoxx 50 index registered -0.5% MoM amid concerns about the region's slowing economic growth and the potential tariffs from the US. Disappointing company earnings also weighed on sentiment. The CAC 40 and FSTE MIB indices recorded respective performances of -1.6% and -2.5%, while the DAX 30 index posted 2.9%. The eurozone manufacturing sector slid deeper into contraction as key indicators, including production, new orders, purchasing activity, inventories and employment, all declined at faster rates. The manufacturing PMI fell to 45.2 in November from 46.0 in October, weighed down by the Eurozone's three largest economies, Germany, France and Italy. In the UK, the FTSE 100 index added 2.2% MoM. The downturn in manufacturing activity worsened as concerns surrounding the economic outlook, high costs and weak demand led to a scaling back of production. The headline PMI fell to a 9-month low of 48.0 in November (October: 49.9). Export conditions remained bleak as new orders from overseas contracted for the thirty-first month in a row, reflecting weaker demand from the US, China, EU and the Middle East.

The Nikkei 225 index slid by 2.2% MoM. Operating conditions suffered a renewed downturn as a sustained contraction in new orders contributed to the steepest decline in output in 8 months. PMI tumbled to 49.0 in November against 49.2 in October. The decline in new order volumes and export orders extended to 18 and 33 months, respectively, amid subdued domestic and international demand. On the price front, cost inflationary pressures remained marked, leading to the steepest rise in output charges since July. The manufacturing sector remained firmly in expansion territory, buoyed by strong, broad-based international demand. PMI stood at 56.5 in November, down slightly from October's reading of 57.5, as intensifying price pressures curbed domestic sales.

Emerging markets equities underperformed developed markets after the MSCI Emerging Markets index posted -3.7% in November amid worries over potential trade tariffs. The CSI 300 index registered 0.7% MoM in local currency and -1.1% in USD. The expansion in the Chinese manufacturing activity accelerated during the month as higher new order inflows led to a strong rise in production levels – the headline index came in at 51.5 in November versus 50.3 in October. Improved demand conditions, new product launches and stockpiling following US elections led to new orders rising to its quickest pace since February 2023. Renewed growth in export orders also supported work inflows. In India, the BSE Sensex added 0.5% MoM. Manufacturing PMI signalled a softer improvement in operating conditions, with the headline index falling from 57.5 in October to 56.5 in November; however, the pace of growth remained above its long-run average.

At the fixed income level, the Barclays Aggregate Bond index recorded a positive performance of 0.3% in November. Treasury yields declined across the curve, with the 10-year US Treasury falling by 12bps to 4.17% in November. Fed officials unanimously voted to lower the target fed funds rate by 25bps to 4.50%-4.75% range at the November FOMC meeting, moving at a less aggressive pace following the half-point cut in September. Fed Chairman Jerome Powell expressed recalibrating their policy stance towards a more neutral one, helping to maintain the strength of the economy and labour market while enabling further progress on inflation. The key ECB interest rates remained unchanged as no meeting was held in November; the interest rate on the deposit facility, main refinancing operations and the marginal lending facility stood at 3.25%, 3.40% and 3.65%, respectively.

On the commodity side, the S&P GSCI index posted 0.1% - while agriculture and livestock were the best performers within this segment, industrial and precious metals capped gains. Brent and WTI prices registered -0.3% and -1.8%, respectively, amid concerns about demand growth in China, while a stronger US dollar further weighed on oil prices. The price of natural gas surged by 24.2% amid a further reduction in Russian gas deliveries to Europe. Within industrial metals, the price of copper remained on the downturn, falling by 6.0%, while silver shed 6.2% MoM. The yellow metal broke its nine successive months of gains, declining by 3.7% during the month, pressured down by profit-taking, a stronger US dollar and lowered expectations for rate cuts. The potential policies of the new Trump administration, including higher trade tariffs, tax cuts and deficit-driven public spending, would lead to tighter monetary policy, a headwind for the precious metal.

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