

April 2021

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Note: The charts below show the performance of local and foreign equity indices on a time-series basis, year-to-date (from 1 Jan to 30 April)

Foreign Equity Indices

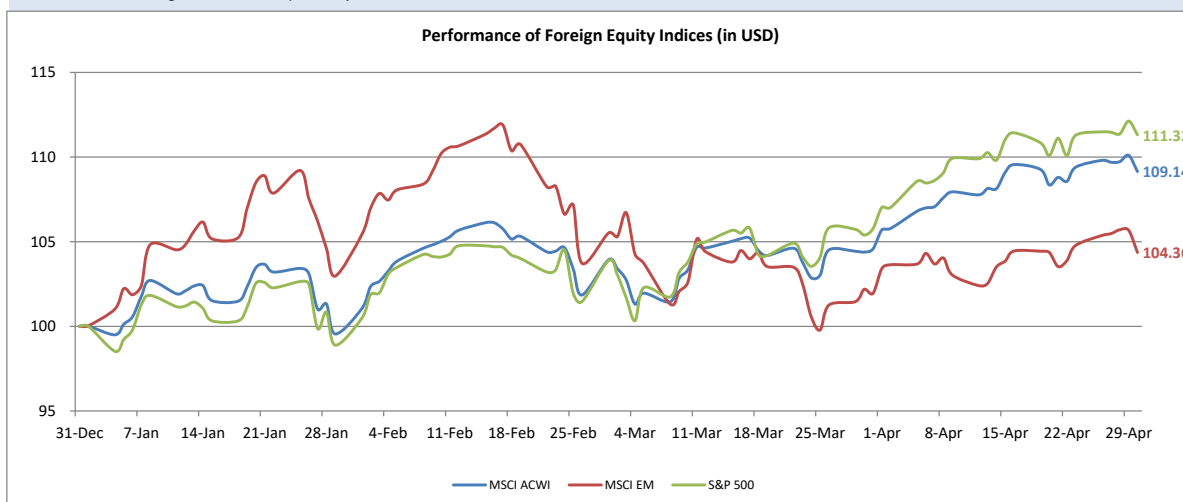
	Current Value (in USD)	Last month	Year-to-Date	Last 12 months	Last 3 Years*	Last 5 Years*	*annualised
MSCI EM (Emerging markets)	654.3	2.5%	4.8%	48.7%	7.5%	12.5%	
MSCI The World Index	8,793.7	4.7%	9.8%	45.3%	14.1%	14.0%	
MSCI All Country World Index	358.2	4.4%	9.1%	45.7%	13.3%	13.9%	
MSCI EFM Markets Africa	1,221.5	0.2%	11.0%	55.9%	-2.0%	3.6%	
S&P 500	4,181.2	5.2%	11.3%	43.6%	16.4%	15.1%	
S&P 500 ESG Index	452.3	5.7%	12.2%	46.3%	20.0%	18.1%	
EuroStoxx 50*	3,974.7	1.4%	11.9%	35.9%	4.0%	5.6%	
FTSE 100*	6,969.8	3.8%	7.9%	18.1%	-2.5%	2.2%	

*Note that the performance of EuroStoxx 50 and FTSE 100 are in EUR and GBP, respectively.

Financial markets across the globe are facing risks of another Covid-19 flare-up. Disrupted by rising number cases, Asian markets from Japan to India have all taken a hit and underperformed their global peers (source: Bloomberg). India is facing a catastrophic situation as the country is reporting more than 350,000 new cases daily. With only around 8% of its population vaccinated, the healthcare system has collapsed. The **MSCI India Index** fell by 0.93% (in USD terms) during April. Moreover, Japan also moved closer to declaring an emergency as infections spread rapidly in two of its biggest and economically important cities. Japanese stocks were among the worst performers for the month. In April, the MSCI Japan Index fell by 1.5% (in USD terms).

While these countries are fighting a spike in cases and variants, other markets are becoming more and more comfortable with surging vaccination campaigns and the re-opening of their economies. The **MSCI All Country World Index** rose by 4.4% in April.

US equities posted new highs during the month. On 29th April, the S&P 500 closed at another record high of above 4,200 following robust US growth data. In the first quarter of 2021, the US economy expanded by 6.4%, ahead of estimates of 6.1%. The Labor Department also revealed that 553,000 new weekly jobless claims were filed in its latest report, marking another pandemic low (source: The Washington Post). The **S&P 500** and the **S&P 500 ESG Index** gained 5.2% and 5.7% during the month, respectively.



Economic sentiment in the Eurozone surged in April as vaccination campaigns gathered speed. (source: Reuters) The **EuroStoxx 50** gained 1.4% (in EUR terms) in April with sharp gains across all sectors. Investors' optimism outweighed concerns over worrying figures showing that the Eurozone economy fell into a double-dip recession due to varying levels of lockdown restrictions in several countries. The economy contracted by 0.6% in the first quarter of 2021. Germany was Europe's worst-hit major economy as it contracted by 1.7%.

Currencies

In MUR	Current Value (MUR)	Past Month	Last month	Year-to-Date	Last 12 Months	Last 3 Years*	*annualised
GBP	55.99	55.29	1.3%	4.8%	12.6%	5.9%	
USD	40.33	40.47	-0.3%	2.3%	0.6%	5.6%	
EUR	48.66	47.17	3.2%	0.9%	12.3%	5.5%	

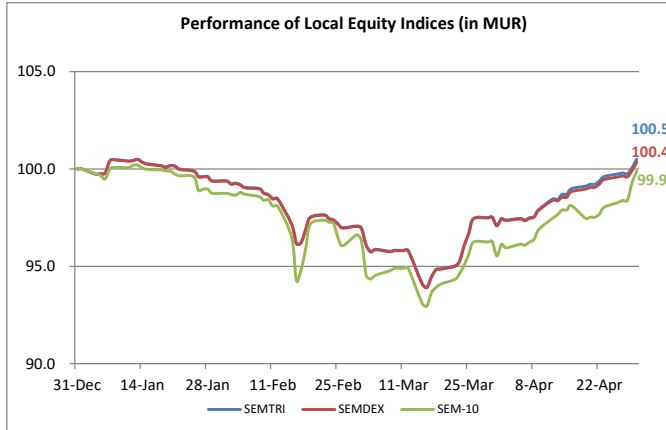
Amid hopes for strong recovery of the UK economy, the Pound gained 1.3% relative to the MUR during the month.

The **US Dollar** fell slightly by 0.3% against the local currency. The share of US dollar-denominated reserves held by central banks fell to 59%, its lowest level in 25 years during the fourth quarter of 2020 (source: IMF). Central banks in economies such as China and Russia diversified their holdings amid concerns over the greenback's prospects. Data from the IMF suggests the dollar may be starting to lose its shine as a reserve currency. The **US Dollar Index (tracking the greenback against a basket of other currencies)** was down by around 2% for the month of April, its largest monthly loss since December 2020. (source: CNBC)

The **Euro** was a notable beneficiary of the weakening US dollar. The Euro appreciated by 3.2% against the MUR in April.

Local Equity Indices

	Current Value (in MUR)	Last month	Year-to-Date	Last 12 months	Last 3 Years*	Last 5 Years*	*annualised
SEMDEX	1,654.2	3.4%	0.4%	5.2%	-10.2%	-1.5%	
SEM-10	309.3	4.5%	-0.1%	5.9%	-11.0%	-2.0%	
DEMEX	235.0	2.0%	9.9%	12.8%	-0.8%	3.5%	
SEMTRI	6,396.2	3.5%	0.5%	6.1%	-8.1%	1.1%	
DEMTRI	347.5	2.3%	10.3%	14.9%	1.9%	6.6%	
ALEX 20	841.3	4.0%	1.2%	7.7%	-10.6%	-1.2%	
ALCAPEX 12	1,232.2	2.4%	2.4%	6.4%	-8.6%	-0.8%	
SEMSI	89.9	4.1%	-1.0%	6.3%	-10.6%	N/A	



April was a positive month for local stocks. The **SEMDEX** and **SEMTRI** gained 3.4% and 3.5%, respectively in April. The SEM-10 was the best performer, gaining 4.5% during the month.

It is worth noting that in April, the SEM indices registered the biggest monthly gains since the start of the year.

Meanwhile, the DEM markets also ended the month on a good note, with the DEMEX rising by 2.0%.

The IMF published its report* on the impact of the pandemic on the Mauritian economy. Owing to the sharp decline in tourism, the real GDP contracted by nearly 20% in 2020. The IMF mentions that the key macroeconomic challenge for Mauritius is to restore employment and growth despite the tourism sector remaining subdued at least through 2022. The IMF projects growth to be about 5% in 2021, assuming some recovery in tourism. There, however, remains considerable uncertainty about tourism flows, which depend on the propensity to travel as the pandemic recedes as well as conditions in other countries.

*<https://www.imf.org/en/News/Articles/2021/05/07/pr211125-mauritius-imf-staff-completes-2021-article-iv-mission>

Local Yields & Inflation Rate

Consumer Price Index (Mauritius)

	Current Value	Last month	Year-to-Date	Last 12 months	Last 3 Years*	*annualised
CPI	164.3	0.5%	2.7%	0.2%	1.6%	

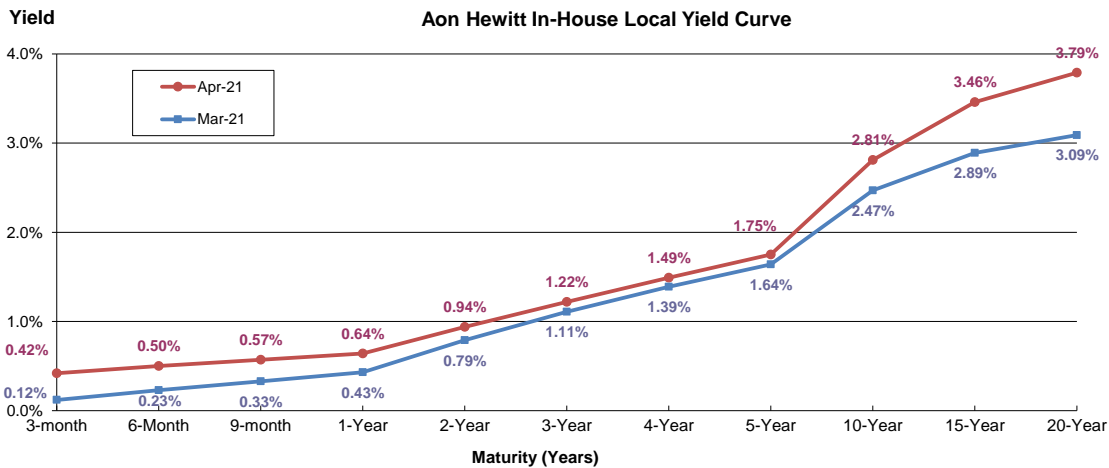
The above figures represent the CPI as at 30th April 2021. Year-on-year inflation worked out to 0.2% in April 2021, compared to 4.2% in April 2020. (source: Statistics Mauritius)

Recent Issues by the BoM

Weighted Average	T-Bill Yield
91-Day	0.47%
182-Day	0.60%
364-Day	0.74%

Repo Rate	1.85%
Deposit Rate *	0.44%*

*Weighted Average Deposit Rate of Banks as at March 2021



Note: Key information for the yield curve is obtained from primary dealers. Local yields on treasury instruments of all maturities picked up during April. The weighted average yield on the 1-year Treasury Bill was at 0.74% following the auction on the 30th April 2021. (source: Bank of Mauritius)

Commodities & Other Investments

	Current Value (in USD)	Last month	Year-to-Date	Last 12 months	Last 3 Years*	Last 5 Years*	*annualised
Gold	1,768.60	3.2%	-6.7%	4.4%	10.3%	6.5%	
Oil	66.66	4.9%	28.7%	163.8%	-3.9%	6.7%	
S&P GSCI Index	505.85	8.2%	23.5%	96.8%	2.1%	7.0%	

The **Gold price** rose by 3.2% as the US Treasury yields retreated during the month. Meanwhile, the US Dollar also weakened. Concerns over surging COVID-19 cases in some countries further boosted the metal's appeal. (source: *The Economic Times*)

The **Oil price** rallied over demand recovery optimism and went up by 4.9% during the month.

The **S&P GSCI Index**, an index for global commodities gained 8.2% in April, supported by a rise in Brent oil and industrial metal prices.

Alternatives: Foreign Indices	Current Value (USD)	Last month	Year-to-Date	Last 12 Months	Last 3 Years*
S&P Global Property	560.20	5.3%	10.9%	32.2%	6.3%
S&P Listed Private Equity	480.10	9.8%	21.9%	72.0%	18.9%
S&P Global Infrastructure	5,811.99	3.5%	6.6%	25.5%	6.2%

In April, US yields fell slightly. The yield on the 10-Year US Treasury Bond fell by 0.12% to 1.63% as at end-April 2021. As a result, bond prices rose. **The Bloomberg Global Aggregate Bond Index gained 1.3% during the month.**

However, year-to-date, the index was still down by 3.3%.

It is worth highlighting that the **S&P Listed Private Equity index** gained almost 22% year-to-date, outperforming the S&P 500 by 10.6% over the same period.

Foreign Bond Indices	Current Value (USD)	Last month	Year-to-Date	Last 12 Months	Last 3 Years*
S&P Africa Sovereign Bond	904.35	0.4%	-0.6%	11.2%	9.5%
S&P 500 Bond Index	522.70	1.2%	-3.2%	4.5%	7.0%
S&P International CBI	150.41	2.0%	-2.6%	14.3%	4.2%
Bloomberg Barclays Global Aggregate Bond Index	540.55	1.3%	-3.3%	3.9%	3.8%

Other Indices	Current Value (USD)	Last month	Year-to-Date	Last 12 Months	Last 3 Years*
Renaissance IPO Index	682.27	0.3%	-3.2%	103.0%	30.2%

The IPO market stayed active in April, with 7 IPOs raising USD 1.9bln in the last week of the month. As at end-April, **The Renaissance IPO Index was down 3.2%, year-to-date while the S&P 500 was up by 11.3% over the same period.** Note that the *Renaissance IPO Index* is a market cap weighted basket of newly listed companies.

General News

Coinbase, first cryptocurrency firm to go public

Coinbase, a startup that allows people to buy and sell cryptocurrencies, became the first cryptocurrency firm to go public. On 14th April, it listed on the NASDAQ. Coinbase shares began trading at USD 381 each, up 52% from a reference price of USD 250, eventually closing at USD 328.28. That gave the company a market capitalisation of USD 65bln based on all its outstanding shares, more than 10 times higher than Coinbase's last private valuation. (source: *The Financial Times*)

Largest SPAC Listing to date

Grab Holdings Inc., a Singapore-based digital firm, announced that it will also go public on the NASDAQ through a SPAC. The deal values the company at almost USD 40bln, making it the largest SPAC listing to date. Grab started life as a taxi-hailing app but has since added many other services, such as food deliveries.

This month's Article

Retail investors v/s Sophisticated Investors: What type of investor are you?

In the financial press, there is often reference to retail investors and sophisticated investors. What is the difference between the two?

Retail investors, also known as individual investors, are non-professional investors who generally invest smaller amounts. They execute their trades through traditional or online brokerage firms or other types of investment accounts. They usually buy and sell securities or funds that contain a basket of securities such as mutual funds and exchange traded funds (ETFs). Due to their smaller trades and hence smaller purchasing power, retail investors may pay higher fees and commissions. Traditionally, retail investors tend to trade in equities and bonds. Nevertheless, wealthier retail investors can now access alternative investment asset classes like private equity and hedge funds.

The retail investment market is huge since it includes retirement accounts, brokerage firms, online trading, and robo-advisors/digital platforms. According to the Securities Exchange Commission (SEC), American households owned USD 29 trillion worth of equities, representing more than 58% of the US stock market as at December 2020. Therefore, retail investors tend to have a significant impact on market sentiment, which represents the overall tone of financial markets.

Retail investors are often criticised for their lack of financial knowledge, discipline, and expertise to manage their investments. Heavily driven by behavioural biases, they often engage in panic buying and selling. As a consequence, they undermine the information efficiency of markets.

Advisers of retail clients also have greater accountability and additional obligations towards these investors. Given the lack of financial knowledge, retail investors require a different level of information and support when making investment decisions.

On the other hand, **sophisticated investors** are investors who have a high net-worth and extensive experience in financial markets. There is no single correct definition of sophisticated investors, and it varies based on country or circumstance. The SEC defines a sophisticated investor as: "a person who has aggregated net assets of USD 2.5mln or has annual gross income of at least USD 250,000 for two consecutive financial years". Furthermore, the China A-shares market is dominated by high retail investor participation, representing more than 80% of the average daily trading volume.

Because of their net worth and their higher income bracket, sophisticated investors have better access to a wider set of investment opportunities unavailable to retail investors. These include as pre-IPO securities and hedge funds. Greater knowledge and understanding of the financial markets also allow sophisticated investors to take higher risks. Sophisticated investors are viewed as individuals who need not liquidate their assets in the short-term and who have greater ability to sustain investment losses, compared to retail investors. However, analysis indicates that sophisticated investors are not immune to poor investment choices. The 2008 subprime mortgage financial crisis demonstrated the hallmark of high-net-worth sophisticated investors who suffered heavy losses.

On the downside, qualifying as a sophisticated investor also removes the safety net that prevents retail investors from accessing higher-risk opportunities. Sophisticated investor status delivers a greater range of freedom and exposure to a wider selection of investment opportunities. Moreover, they are held to a higher standard of due diligence.

There is also often mention about **institutional investors**. **Institutional investors** are companies or organisations that invest money on behalf of their clients. Broadly speaking, endowment funds, commercial banks, mutual funds, hedge funds, pension funds, and insurance companies are examples of institutional investors. **Institutional investors are viewed as more sophisticated than the average retail investor.** Institutional investors have the resources and specialised knowledge for extensively researching a wide range of investment opportunities. They often buy and sell large positions in stocks, bonds and other securities. Therefore, they have the ability to move the market considerably through demand and supply forces. They perform large volumes of transactions on major exchanges and may greatly influence the prices of securities.

***Disclaimer:** Nothing in this document should be considered as being financial advice. Past performance is not a guide to the future. Our investment consultants will be pleased to answer questions on its contents but cannot give individual financial advice.*

Source: Stock Exchange of Mauritius, Bank of Mauritius, Statistics Mauritius, Axys Stockbrokers, MSCI, Bloomberg, Investing, etc.