

December 2021

For further enquiries, please contact the Mauritian Investment Consulting Team on investment@aonhewitt.mu

Note: The charts below show the performance of local and foreign equity indices on a time-series basis, year-to-date (from 1 January to 31 December)

Foreign Equity Indices

	Current Value (in USD)	Last month	Year-to-Date	Last 12 months	Last 3 Years*	Last 5 Years*
MSCI EM (Emerging markets)	608.3	1.9%	-2.5%	-2.5%	10.9%	9.9%
MSCI The World Index	9,755.7	4.3%	21.8%	21.8%	21.7%	15.0%
MSCI All Country World Index	389.0	4.0%	18.5%	18.5%	20.4%	14.4%
MSCI EFM Markets Africa	1,147.0	4.1%	4.2%	4.2%	3.5%	2.7%
MSCI ACWI ESG Leaders Index	2,688.4	4.1%	20.8%	20.8%	21.2%	14.9%
S&P 500	4,766.2	4.4%	26.9%	26.9%	23.9%	16.3%
S&P 500 ESG Index	531.2	4.1%	31.8%	31.8%	28.2%	19.5%

*annualised

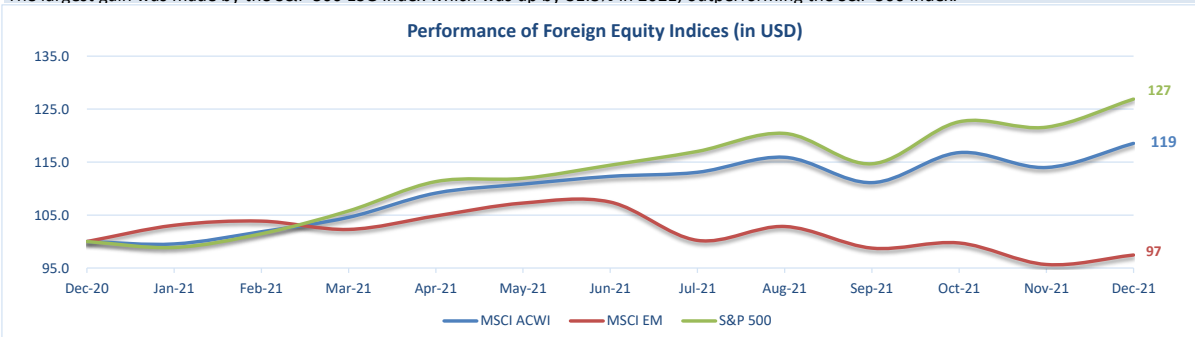
EuroStoxx 50 (in EUR)	4,298.4	5.8%	21.0%	21.0%	12.7%	5.5%
FTSE 100 (in GBP)	7,384.5	4.6%	14.3%	14.3%	3.2%	0.7%

It was another eventful year. While it may not be as comparable as the pandemic year 2020, it was still packed with market moving events, such as; the highly-anticipated rollout of COVID-19 vaccines, supply chain disruptions and an ongoing semiconductor shortage, record-setting stimulus spending and debt accumulation by governments around the world, the emergence of new variants of concern such as Delta and Omicron, geopolitical tensions and the Capitol riots and rising evidence of inflation.

The new variants have extended the duration of the pandemic and delayed a return to normal. However, the foreign stock markets turned in a solid performance in 2021. The MSCI All Country World Index and MSCI World Index gained 18.5% and 21.8% during the year 2021. However, the MSCI Emerging Markets ended the year in red amid China's struggles (which is the largest component of the MSCI Emerging Markets Index).

Except for a few brief sell-offs, the S&P 500 gained 26.9% for the year. The Dow Jones Industrial Average gained 18.7% in 2021, while the Nasdaq Composite gained 21.4%. The large technology stocks were the biggest winners, with Alphabet leading the way. Time and again, investors brushed off all uncertainties and pushed the stock markets to all-time highs. The S&P 500 notched 70 all-time highs in 2021, a record that is second only to 1995. (source: Forbes)

The largest gain was made by the S&P 500 ESG Index which was up by 31.8% in 2021, outperforming the S&P 500 Index.



The Euro Stoxx 50 Index index rose by 21.0% (in EUR terms) for the year with banks and technology stocks outperforming. European stocks recorded their best year since 2019. All sectors ended the year higher, although hard-hit travel stocks only ended 2021 with a rise of 4%. (source: CNBC)

The FTSE 100 also recorded its best year since 2016, as UK stocks recovered from the pandemic shock of 2020. London's leading index of blue-chip shares rallied by 14.3% (in GBP terms) during 2021, a year after falling by the same percentage in its worst drop since the 2008 financial crisis. (source: The Guardian)

Currencies

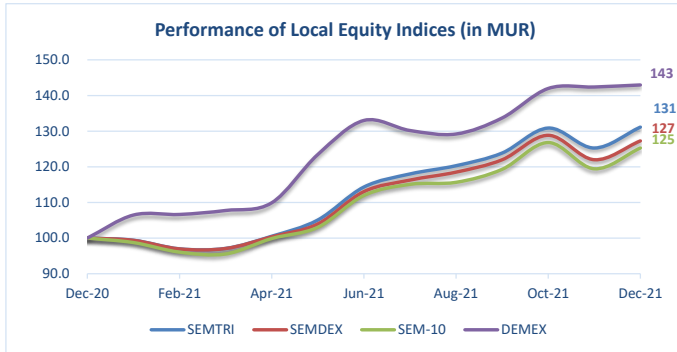
In MUR	Current Value (MUR)	Past Month	Last month	Year-to-Date	Last 12 Months	Last 3 Years*
GBP	58.34	57.27	1.9%	9.2%	9.2%	10.4%
USD	43.47	43.21	0.6%	10.3%	10.3%	8.2%
EUR	48.93	48.60	0.7%	1.5%	1.5%	7.8%

*annualised

All the three major currencies (the Pound, Euro and US Dollar) strengthened relative to the MUR during 2021. The US Dollar and the Pound registered the largest appreciation of 10.3% and 9.2% respectively against the Rupee in 2021. On the other hand, the Euro gained 1.5%.

Local Equity Indices

	Current Value (in MUR)	Last month	Year-to-Date	Last 12 months	Last 3 Years*	Last 5 Years* <i>*annualised</i>
SEMDEX	2,097.9	4.3%	27.3%	27.3%	-1.8%	3.0%
SEM-10	388.0	4.9%	25.3%	25.3%	-3.0%	2.4%
DEMEX	305.7	0.4%	43.0%	43.0%	9.1%	8.5%
SEMTRI	8,345.2	4.7%	31.1%	31.1%	0.6%	5.8%
DEMTRI	459.4	0.7%	45.9%	45.9%	11.9%	11.6%
ALEX 20	1,092	5.3%	31.3%	31.3%	-0.9%	3.5%
ALCAPEX 12	1,688.9	5.0%	40.3%	40.3%	2.7%	4.8%
SEMSI	114.2	4.7%	25.7%	25.7%	-2.2%	N/A



2021 was a good year for the local equity market as well. The much anticipated re-opening of the borders, removal of Mauritius from the FATF grey list and optimism about economic recovery drove equity prices up from the pandemic lows in 2020.

The SEMDEX and the SEMTRI went up by 27.3% and 31.1%, respectively during the year under review.

The DEMTRI recorded the biggest gain of nearly 46% over the past 12 months.

Official Market P/E ratio and Dividend Yield amounted to 14 and 2.85% respectively at end-December.

Net selling by foreigners on the Official Market amounted to MUR 321.8 million in December and MUR 2.1bn over the entire year.

Rebalancing of the SEM-10 Index

On 04 January 2022, the SEM-10 index management committee published the selected constituents of the SEM-10 and of the reserve list for the first quarter of 2022. Ascencia, Afreximbank and Vivo Energy (Mauritius) were introduced in the index (replacing Grit, MUA and Rogers and Company Ltd) .

Local Yields & Inflation Rate

Consumer Price Index (Mauritius)

	Current Value	Last month	Year-to-Date	Last 12 months	Last 3 Years* <i>*annualised</i>
CPI	170.7	0.2%	6.8%	6.8%	3.4%

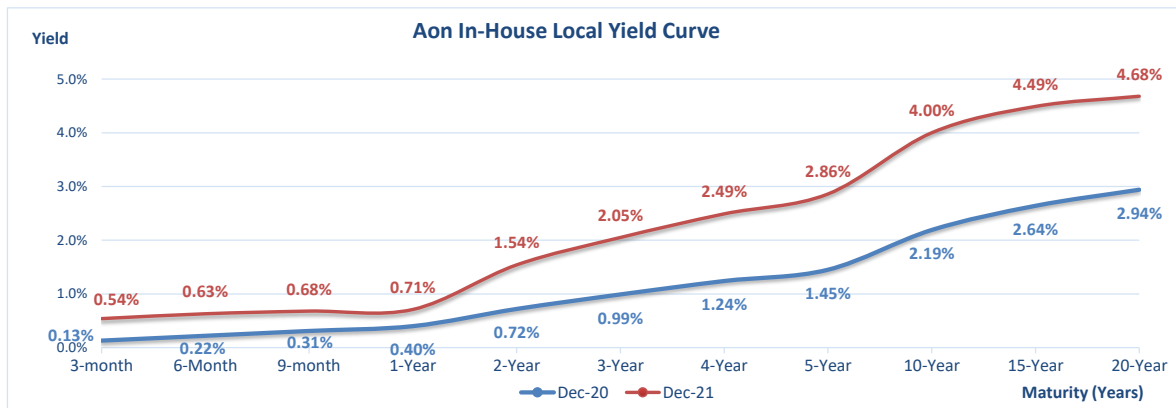
The above figures represent the CPI as at 31 December 2021. Year-on-year inflation worked out to 6.8% in December 2021, compared to 2.7% in December 2020. (source: Statistics Mauritius)

Recent Issues by the BoM

Weighted Average	T-Bill Yield
91-Day	0.60%
182-Day	0.67%
364-Day	0.77%

Repo Rate	1.85%
Deposit Rate *	0.42%*

**Weighted Average Deposit Rate of Banks as at November 2021*



Note: Key information for the yield curve is obtained from primary dealers.

Local yields moved up during the year. The yield curve also steepened. The yield on a 10-Year Government of Mauritius Bond stood at 4.0% as at end-December 2021, up by 1.81% compared to the previous year. However, yields remain negative in real terms.

Commodities & Other Investments

	Current Value (in USD)	Last month	Year-to-Date	Last 12 months	Last 3 Years*	Last 5 Years*
Gold	1,828.60	2.9%	-3.5%	-3.5%	12.6%	9.7%
Oil	77.78	10.2%	50.2%	50.2%	13.1%	6.5%
S&P GSCI Index	561.18	7.4%	37.1%	37.1%	14.5%	7.1%

*annualised

The global surge in market optimism triggered a slump in the price of gold, which is considered a “safe haven” during periods of equity market volatility. The gold price dropped by 3.5% in 2021.

As the global economy opened up, oil prices surged over 50% during the year, reaching their highest levels since 2014. (source: Visual Capitalist)

Commodity markets surged as the economies have tried to get back to some kind of normal. Respective gains of 50% and 48% for oil and natural gas were their best in five years and left prices well above pre-pandemic levels. The S&P GSCI Index was up by 37.1% during the year.

Moreover, food prices also rose during the year. The FAO Food Price Index was up by 23.1% from December 2020. The index tracks monthly changes in the international prices of commonly-traded food commodities.

Alternatives: Foreign Indices	Current Value (USD)	Last month	Year-to-Date	Last 12 Months	Last 3 Years*
S&P Global Property	619.22	5.9%	22.6%	22.6%	11.9%
S&P Listed Private Equity	564.03	3.0%	43.3%	43.3%	30.6%
S&P Global Infrastructure	6,096.56	6.6%	11.9%	8.4%	10.3%

*annualised

Rising inflation and central banks pulling back on stimulus made it a difficult year for the global bond markets.

The 10-Year US Treasuries, which act as the global benchmark for government debt investors, lost around 3%. This marked their first red result since 2013. (source: Financial Management)

The Bloomberg Global Aggregate Total Return Index fell by 4.7% during the year.

Foreign Bond Indices	Current Value (USD)	Last month	Year-to-Date	Last 12 Months	Last 3 Years*
S&P Africa Sovereign Bond	973.55	1.5%	7.0%	7.0%	11.3%
S&P 500 Bond Index	539.59	0.6%	-0.1%	-0.1%	7.8%
S&P International CBI	144.48	1.0%	-6.4%	-6.4%	5.2%
Bloomberg Global Aggregate Total Return Index	532.43	-0.1%	-4.7%	-4.7%	3.6%

Other Indices	Current Value (USD)	Last month	Year-to-Date	Last 12 Months	Last 3 Years*
Renaissance IPO Index	634.90	-8.2%	-9.9%	-9.9%	36.2%

The S&P Listed Private Equity Index gained 43.3% during 2021! In comparison, the S&P 500 index rose by around 27%. Private Equity Investors were rewarded in 2021 as a record number of companies debuted on the US exchanges, allowing the asset managers to realise gains. (source: Bloomberg) U.S. pension funds’ private-equity investments swelled to an average 8.9% of holdings in 2021 after three years of straight growth, according to analytics company Preqin (source: The Wall Street Journal).

Initial public offerings (IPOs) around the world raised a record USD 594 billion in 2021, encouraged by stock market rallies, yet often disappointing investors with their subsequent stock performance. The Renaissance IPO Index (comprising of newly listed companies) fell by nearly 10% for the year.

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.