SBM INDIA FUND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30 JUNE 2018

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DIRECTORS	Date of Appointment	Date of Resignation
Mr Muhammad Assad Yussuf Abdullatiff	05 February 2013	-
Mr Shaan Kundomaal	27 July 2015	-
Mr Venkateswara Rao Parvateneni	21 March 2016	-
Mr Deeagarajen Managaren Soondram	21 March 2016	05 February 2018
Mr Lakshmana Lutchmenarraidoo	03 March 2017	-

INVESTMENT MANAGER	SBM Mauritius Asset Managers Ltd SBM Tower 1 Queen Elizabeth II Avenue Port Louis Mauritius
ADMINISTRATOR	SBM Fund Services Ltd SBM Tower 1, Queen Elizabeth II Avenue Port Louis, Mauritius
BANKER (LOCAL)	SBM Bank (Mauritius) Ltd SBM Tower 1, Queen Elizabeth II Avenue Port Louis, Mauritius
BANKER (FOREIGN)	SBM Bank (Mauritius) Ltd 1st Floor Raheja Center Free Press Journal Marg Nariman Point Mumbai-21 India
CUSTODIAN	IL&FS Securities Services Limited IL&FS House, Plot No.14, Raheja Vihar Chandivili, Andheri (East), Mumbai India
REGISTERED OFFICE	C/o Rogers Capital Fund Services Ltd St Louis Business Centre Cnr Desroches & St Louis Streets Port Louis, Mauritius
AUDITORS	Ernst & Young 9th Floor, Tower 1, NeXTeracom Cybercity, Ebene Mauritius

Manager's Statement

Dear Unitholder,

We are pleased to present you with the annual report together with the audited financial statements of the SBM India Fund for the year ended 30 June 2018.

The financial year 2017-18 was challenging for global stock markets owing to a number of key events including interest rate hikes in U.S, trade tensions between U.S. and China and uncertainty on Brexit. Emerging markets' performances were heavily impacted by trade war tensions during the first half of 2018.

In India, higher crude oil prices widened the current account deficit and put downward pressure on the rupee by end of the financial year. Over the 1 year horizon, the INR lost 5.9% against the USD. The Reserve Bank of India intervened by raising the Repo Rate by 25 bps to 6.25% per annum in June 2018, for the first time in more than 4 years. Indian mid-cap stocks were heavily impacted during the first half of 2018 as result of high valuation levels, INR-USD depreciation and selling pressure from institutional investors who re-aligned portfolios with the Securities and Exchange Board of India's new guidelines for mutual funds. As an indication, the Nifty MidCap 50 index registered a return of -12.4% in USD terms over the period January to June 2018. SBM India Fund's portfolio, which is mostly geared towards mid-caps, lost -13.9% over the financial year.

Like other emerging equity instruments, Indian equities tend to be volatile. However, such investments are held for the long-term owing to India's positive macroeconomic landscape and demographic fundamentals.

We would like to thank the management team and all the stakeholders for their contribution towards enhancing the value of the Fund as well as the unit holders for their confidence in us.

SBM Mauritius Asset Managers Ltd

September 2018

Mr. Lakshmana Lutchmenarraidoo / Mr. Pierre D'Unienville.

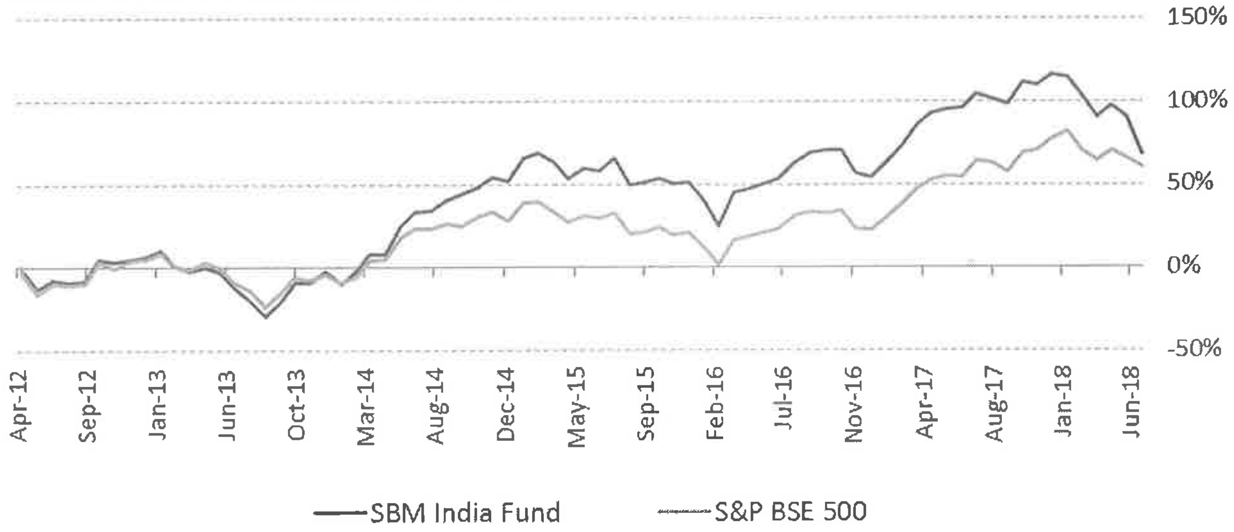
1. Performance

1.1 Performance review

SBM India Fund (the "Fund") is predominantly an equity fund investing primarily in Indian stocks. The Fund strategy is based on three levers to generate superior return over a period of time, namely, sector allocation, capitalisation bias and stock selection.

For the financial year ended 30 June 2018, the Fund registered a return of -14.1% in USD terms, against 4.1% for the S&P BSE 500. The downtrend in mid-cap stocks and the weaker Indian rupee of -5.9% negatively impacted performance of the Fund.

Cumulative return of SBM India Fund vs S&P BSE 500



Cumulative return

	1 M	3 M	YTD	1 Y	3 Y	5 Y	Inception	Annualized
SBM India Fund	-11.7%	-11.7%	-22.1%	-14.1%	6.4%	92.0%	68.2%	8.7%
S&P BSE 500	-3.2%	-2.4%	-9.7%	4.1%	23.9%	76.5%	60.3%	7.8%

Cumulative return (Financial Year)

	2012*	2013	2014	2015	2016	2017	2018
SBM India Fund	-7.8%	-5.0%	52.5%	18.4%	-2.7%	27.3%	-14.1%
S&P BSE 500	-10.2%	1.1%	35.8%	5.0%	-4.6%	24.8%	4.1%

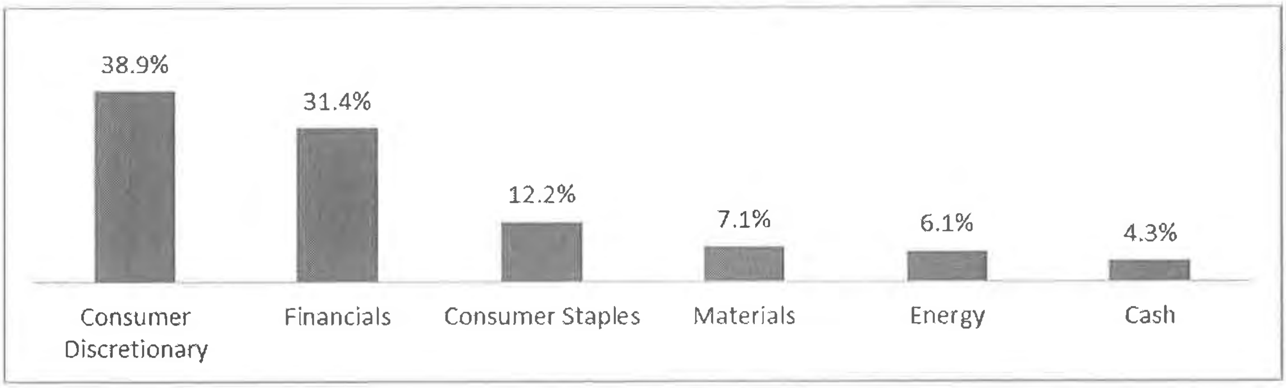
**Since April 2012*

1. Performance (continued)

1.2 Portfolio review

Total assets was USD 8.0M as at 30 June 2018 against USD 3.2M in June 2017. The portfolio can be broadly decomposed into 95.7% equity and 4.3% in cash. The fund has 38.9% exposure in the consumer discretionary and 31.4% in financial sectors.

The large allocation in the consumer discretionary stocks is on account of the sector's long-term potential given the rising purchasing power from higher GDP per Capita and the growing middle class. According to reports, India is expected to rise from the 12th to the 5th largest position in consumer durables market in the world by 2025. Although the financial sector faced some challenges recently, the Indian Government and regulators have undertaken several measures to strengthen the sector such as the recapitalization of public banks and amendment in the Insolvency and Bankruptcy code.



The top 10 holdings of the Fund as at 30 June 2018 are well diversified across various sectors.

Stocks	Sector	Holdings
TATA Motors Limited	Consumer Discretionary	9.6%
Vardhman Textiles Ltd	Consumer Discretionary	7.7%
Repco Home Finance Ltd	Financials	6.9%
LUX Industries Ltd	Consumer Discretionary	6.9%
KRBL Ltd	Consumer Staples	6.8%
City Union Bank Ltd	Financials	6.3%
Coal India Ltd	Energy	6.1%
Himatsingka Seide Ltd	Consumer Discretionary	5.5%
ITC Ltd	Consumer Staples	5.4%
Equitas Holdings Limited	Financials	4.8%
TOTAL		66.0%

Market review

Indian's real GDP growth momentum remained strong at 6.7% in 2017 and has surpassed France to become the world's sixth largest economy, just behind UK. For its fiscal year ended 31 March 2018, the Indian economy grew by 7.7%. This recovery is based on domestic factors as the contribution of net exports to GDP growth which had been zero or negative since 2017. From the demand side, two segments which have supported growth are government consumption demand and the overall investment demand.

During the year, the strengthening of the US dollar and higher oil prices widened the current account deficit. The Indian rupee lost 5.9% to reach INR 68.47/USD on 30 June 2018. Crude oil prices touched USD 80 per barrel during the period on the U.S. decision to withdraw from the nuclear deal with Iran. Political and economic crises in Venezuela further reduced supply. The inflation rate was on the uptrend over the year with the year-on-year CPI moving from 1.5% as at June 2017 to 5% in June 2018, driven mainly by an uptick in crude oil prices.

The Indian stock market ended the financial year 2017-2018 in positive territory with the S&P BSE 500 gaining 10.2% in INR terms equivalent to 4.1% in USD terms. The rich valuations of mid-caps prompted investors to shift funds to blue-chip companies. During the last quarter of FY2018, market sentiments were dented by concerns of trade dispute between the U.S and China. Large caps outperformed small and mid-caps year-to-date but the rally was driven by few large caps mainly.

On the debt market, the yield on 10Y Government of Indian securities rose from 6.51% to 7.90%. The Monetary Policy Committee (MPC) meeting of the Reserve Bank of India (RBI) was held in June whereby the members decided to raise the Repo Rate by 25 bps to 6.25% per annum, for the first time after more than 4 years. The decision was mainly triggered in view of maintaining financial stability and to contain inflationary impact from higher oil prices and a weaker rupee.

2. Market outlook

According to the International Monetary Fund, India's real GDP is projected to grow by 7.3% in 2018 and 7.5% in 2019 backed by strong private consumption after the fading of demonetization impacts. Public consumption is expected to be a key driver of growth before elections. The implementation of the Goods and Services Tax caused significant disruption in revenues in 2017 and recovery in exports is projected.

The main downside remains the adverse impacts of higher oil prices on inflationary pressures and monetary policy. Trade deficit widened to a more than five year high in July 2018, driven largely by a surge in oil and gold imports. The Indian rupee has been one of the worst performers among Asian economies. Forthcoming elections can further adversely affect external finance where the current account gap is set to widen in the short-term.

The RBI raised rates again in August 2018 by 25 bps to 6.50%, following the June hike. It is expected that rates will rise once again by the end of this year thereafter pushing up overall borrowing costs for the government and companies alike. Higher interest rates will weigh on the recent pick-up in economic activities by reducing revenue collection and increasing the gap between the government's fiscal deficits compared to its budgeted target of 3.3% as a percentage of GDP.

The long-term outlook remains positive for the economy given structural reforms and measures aimed at supporting the growing population and demographic needs. Improving growth and reasonable valuations provide significant upside potential to equities, in an election year. Global market direction remains key to the absolute performance of Indian stocks in the near term but India's beta to the world has dropped to a 13-year low which can possibly set the stage for outperformance. Nonetheless, the direction of oil prices and higher yields are expected to be powerful downside drivers.

The Board of Directors of SBM India Fund (the "Fund") has the pleasure in submitting the Corporate Governance Report for the financial year ended 30 June 2018, inclusive of other Statutory Disclosures under Section 221 of the Companies Act.

1. INTRODUCTION

The SBM India Fund is an open-ended collective investment scheme which was incorporated as a public company limited by shares pursuant to the Companies Act 2001 and is licensed by the Financial Services Commission.

The Fund was launched with the objective to generate capital appreciation through investment in equity and equity related instruments in India. The Fund seeks to generate capital appreciation through means of contrarian investing.

The Fund's corporate governance framework includes its Directors, Manager, Shareholders and other stakeholders.

The Board of Directors and managers of SBM India Fund are fully committed to achieving and sustaining the highest standards of corporate governance with the aim of maximising long-term value creation for the shareholders of SBM India Fund and all the stakeholders at large. The Board assumes full responsibility for leading and controlling the Fund. Much emphasis is on the conduct of business practices that display characteristics of good corporate governance namely discipline, integrity, transparency, independence, accountability, fairness, professionalism and social responsibility.

In addition, the Board of Directors of SBM India Fund continuously reviews the implications of corporate governance principles and practices in light of its experience, regulatory requirements and investor expectations. Appropriate Board Committees are set up to assist the Board in the effective performance of its duties. It hereby confirms that the Fund, as set out in this report, has strived to comply in all material aspects with the following legal and regulatory framework:

- Constitution;
- Prospectus;
- The Code of Corporate Governance for Mauritius (the "Code");
- Companies Act 2001;
- Securities Act 2005;
- The Securities (Collective Investment Schemes and Closed-end Funds) Regulations 2008

The Constitution of SBM India Fund complies with the provisions of the Companies Act 2001. A copy is available upon written request to the Company Secretary at the Registered Office of the Company, C/o Rogers Capital Fund Services Ltd, St Louis Business Centre, Cnr Desroches & St Louis Street, Port Louis, Mauritius.

Its salient features are:

Article 8.4:	SBM India Fund may issue fractional shares
Article 42:	The Board may authorise a distribution by the company if it is satisfied on reasonable grounds that the company will satisfy the solvency test immediately after the distribution.

The Board of the Fund is composed of skilled, knowledgeable and experienced professionals, carefully selected to be highly effective in the governance of the organisation. They assume full responsibility for leading and controlling the organisation and for meeting all legal and regulatory obligations.

2. PRINCIPLE ONE: GOVERNANCE STRUCTURE

The Fund is headed by a Board of Directors (the "Board"). The Board of the Fund comprises of independently minded directors with an appropriate combination of executive Directors, independent Directors and non-executive Directors. Directors are elected (or re-elected, as the case may be) every year at the annual meeting of shareholders. The Board of Directors is the link between the Fund and its stakeholders and Board Members are collectively responsible to lead and control the Fund to enable it to attain its strategic objectives, in line with the legislative and regulatory framework. In discharging its duties, the Board of Directors shall promote the best interest of the Fund and consider the interest of other stakeholders. The Board is ultimately accountable to the shareholders of the Fund. Some of their key roles include:

- Implementing a system of corporate governance to assist in safeguarding policies and procedures across the Fund and making changes as needed;
- Delegating authority to and empower the intermediaries of the Fund to implement strategies, policies and plans approved by the Board;
- Reviewing and, where appropriate, approving risk policy, interim and audited financial statements, annual budgets, business plans and Committee's reports;
- Ensuring effective communication with shareholders and relevant stakeholders;
- Reviewing the performance of the Investment Manager and Administrator. The Investment Manager and Administrator will provide such information as may from time to time be reasonably required by the Directors to facilitate such review.

Under regulatory supervision of the Financial Services Commission, all officers and agents of the Fund are expected to maintain a high level of ethics in their behaviour and business transactions. The transactions of the Fund are carried out as per its Manager's and Fund Administrator's Code of Business Conduct and Ethics, applicable to all direct and indirect employees who deal with the matters of the Fund.

The Fund is involved in the provision of services and its operations do not materially impact on the environment. Investing strategies include investment in sound, ethical and environmental friendly entities.

3. PRINCIPLE TWO: THE STRUCTURE OF THE BOARD

The Board has attempted to create the right balance and composition in such a way as to best serve the organisation. The Board is a unitary Board and comprises three Non-Executive Directors, of which two are Independent and one Executive Director. The Board is led by Mr Assad Abdullatif. All Board members currently reside in Mauritius.

The profile of the current Board members is as follows:

- **Mr. Assad Yussuf Abdullatiff** is the Chief executive of AXIS Fiduciary Ltd, a leading Mauritius-based independent trust company providing a full spectrum of fiduciary and corporate services to an international client base. Assad read for Bachelor of Law with Honours and a Master of Laws in the United Kingdom specializing in Business Law. Upon his return to Mauritius, he successfully sat for the Bar Vocational Course and was admitted to the Bar of Mauritius. He started his career in the financial services sector within a global fiduciary firm and counts several years of experience within the corporate and trust industry. Immediately prior to joining AXIS Fiduciary Ltd, Assad was an Assistant Director at the Board of Investment of Mauritius, where he was the Head of the Financial Services Cluster and responsible for the promotion of Mauritius as an International Financial Centre. Assad is a full member of the Society of Trusts & Estate Practitioners (STEP) where he is very involved both at the domestic and international level. He was the past Chairman of the Mauritius branch and is currently serving as a member of STEP Council representing the African and Arabian regions. He is also a member of the Financial Services Consultative Council (FSCC), a statutory body chaired by the Minister of Financial Services Good Governance and Institutional Reforms and the current President of the Association of Trust and Management Companies (ATMC).

3. PRINCIPLE TWO: THE STRUCTURE OF THE BOARD (CONTINUED)

- **Mr. Shaan Kundomal** has held numerous management positions in Mauritius and abroad working for both local and MNCs, notably the British American Tobacco where he was the Marketing Finance Manager responsible for both the Indian Ocean Islands.

  Since 2010, he has been an entrepreneur investing in Renewable Energy, real estate and financial services. In 2012, he co-founded Capital Horizons, an award winning financial services company offering corporate structuring and legacy management services. Today Capital Horizons turnover is in the million of dollars and the holding group holds other companies involved in real estate, cyber security and safe cities.

  Mr. Shaan Kundomal sits on the board of directors of several important multinational companies and has sat on national committees, amongst which the steering group on Energy in the MID commission, under the aegis of the Prime Minister's office of the Republic of Mauritius.

  Mr. Shaan Kundomal has read Finance and Business Administration in Paris, France and studied Law with the University of London and was awarded an LL.B with honors. He also holds a LL.M in international Business Law from the Panthéon-Assas University (Paris 2), and graduated with honours.

- **Mr. Parvataneni Venkateshwara Rao** has more than 30 years' experience in Retail Banking, International Banking, Financial Markets, and Banking Book investments across Public and private sectors in both India and Mauritius.

  Mr. Rao holds a B.Sc in Agriculture and MBA. He is also CAIIB, DBM, DIB & DTIRM from Indian Institute of Bankers, Mumbai. He has received intensive trainings in currency swaps from Euro Money UK, Technical Analysis from National Institute of Bank Management, India, Bourse Training Programme by Syndicate Bank and, Financial Engineering and Derivatives Training Programme from the Bankers Training College Reserve Bank of India. His competencies include Treasury & Risk Management and Managing the Bank's Investments.

  Mr. Rao worked for 10 years in Syndicate Bank in the retail banking division. After a decade of Experience In Syndicate Bank's Treasury & International Banking Division, Mr. Rao Joined Induslnd Bank Treasury Trading Department reaching the level Head, Foreign Exchange of the Bank. In 2010, Mr Rao joined SBM Bank Mauritius Ltd (India Operations) and held the post of Head - Treasury. In 2013 Mr Rao joined SBM Bank (Mauritius) Ltd as Head-Financial Markets Division.

  Mr. Rao was on the Board of Bombay Stock Exchange Currency Derivatives Segment, Vice President of Forex association of India affiliated to ACI Paris before moving to Mauritius. He was Guest Faculty at various national Institutes in Mumbai including National Institute of Bank Management. Currently he is a member of Financial Markets Committee, Bank of Mauritius and MBA Sub Committee on Capital Markets.

- **Mr. Lakshmana (Kris) Lutchmenarraidoo** has joined SBM as Chief Executive - SBM (NBFC) Holdings Ltd on the 16th January 2017.

  Mr. Lutchmenarraidoo is a seasoned banking professional with over 40 years' experience across the Banking & Financial services sectors. During the 13 years he spent at SBM, he held various positions across the bank namely Branch Manager, Head of Internal Audit, and Assistant General Manager. He then moved on to occupy the highest positions in various prominent entities such as Mauritius Leasing Company Ltd, Mauritius Post Ltd, Mauritius Post and Cooperative Bank Ltd, La Prudence Mauricienne Assurances Ltée and Mauritius Union Assurance Co. Ltd. More recently, he was the Group Managing Director at Phoenix East Africa Assurance Company Ltd., based in Kenya and supervising operations in Kenya, Tanzania, Uganda and Rwanda.

  Mr. Lutchmenarraidoo holds a Banking Diploma from FinAfrica Institute, Milan, Italy. He has as mandate to drive and transform the Non-Banking Financial Cluster in view of tremendously increasing its share of profits within the SBM Group.

3. PRINCIPLE TWO: THE STRUCTURE OF THE BOARD (CONTINUED)

Board meetings and attendance

The Board of Directors meets at least once quarterly. The following table shows the list of Board members and the number of Board meetings held during the year and the attendance of individual directors.

		Board	Annual Meeting 2017
No. of meetings held		4	1
Directors	*Note:*		
Mr. M Assad Y Abdullatif	a	4	1
Mr. S Kundomal	a	4	
Mr. L Lutchmenarraidoo	c	3	1
Mr. PV Rao	b	3	
Mr. D Soondram*	c	2	1

Note:
'a' - Independent Director
'b' - Non Executive Director
'c' - Executive Director

* Resigned on 5th February 2018

The Board took cognizance of the requirements of the new Code for Corporate Governance on the matter of gender balance and will set out to address this matter.

Company Secretary

The Company Secretary is appointed by the Board in accordance with its Constitution.

4. PRINCIPLE THREE: DIRECTORS APPOINTMENT PROCEDURES

There exists a transparent procedure in place regarding the appointment of prospective Directors which is made in accordance with the skills, knowledge and expertise required on the Board.

The re-election of Directors is made on an annual basis at the Annual Meeting of Shareholders.

The Board assumes full responsibility for succession planning within the Company.

5. PRINCIPLE FOUR: DIRECTORS' DUTIES, REMUNERATION AND PERFORMANCE

All Board members are fully apprised of their fiduciary duties as laid out in the Companies Act 2001.

Remuneration philosophy and remuneration of Directors

The non-executive directors and independent directors are remunerated for their knowledge, experience and insight provided to the Board as well as contribution to helping and assisting the intermediaries of the Fund in the performance of their duties. Fees paid to the Directors amounted to Rs. 536,211 for the year ended 30 June 2017 (2016: Rs. 531,904).

Continuous Development Programme

During the year under review, Directors Development sessions were held in-house.

5. PRINCIPLE FOUR: DIRECTORS' DUTIES, REMUNERATION AND PERFORMANCE (CONTINUED)

Annual evaluation of the Board

Board evaluation and self-assessment by the Directors allows the board members to better understand their own roles and responsibilities and how they can more effectively fulfil their duties and obligations.

During the reporting year, the Board underwent a self-assessment exercise in the form of an evaluation questionnaire and the findings were presented to the Board for discussion and further action.

Managing Conflict of Interest and Related Party Transactions

The Fund makes every effort to ensure that Directors declare any interest and/or report any related party transactions to the Chairman and the Company Secretary. A register of interests is kept by the Company Secretary and updated on a regular basis. The register is made available to the shareholder upon request to the Company Secretary.

The Company adheres to the Group Conflict of Interest and Related Party Transactions policy to assist the Board in identifying and disclosing actual and potential conflicts and help ensure the avoidance of conflicts of interest, where necessary.

For the related party transaction, please refer to Note 8 of the Financial Statements.

Information, information technology and information security policy

The Board confirms that information, information technology and information security policy exists within the Group.

6. PRINCIPLE FIVE: RISK GOVERNANCE AND INTERNAL CONTROL

The Board acknowledges its responsibility for internal control and work closely together and with the Fund Administrator to put in place a system of internal control which is designed to provide the Fund with reasonable assurance that the assets are safeguarded; that operations are carried out effectively and efficiently; that the financial controls are reliable and in compliance with applicable laws and regulations and that material frauds and other irregularities are either prevented or detected within a reasonable time.

The Manager and Fund Administrator prepare compliance and risk monitoring reports that are submitted to the Board of the Fund and the Investment Manager's Audit and Risk Committee on a quarterly basis for their review, following which recommendations are made to the Manager on an on-going basis. The independent Compliance and Risk Management teams regularly reviews the various processes of the Fund, including, fund administration and registry, and the investment process. Preventive and corrective actions are then duly implemented to address internal control deficiencies and opportunities for improving the systems.

Risk Management

The Board is responsible for the risk management practice and procedures in place within the operating structure of the Fund for risk management. It also defines the overall strategy for risk tolerance and is responsible for the design, implementation and review of a risk management framework, processes and day-to-day management of risk as performed by the intermediaries and service providers of the Fund.

The Fund's policy on risk management encompasses all business risks including operational, technology, business continuity, financial, compliance and reputational risks which could influence the achievement of the Fund's objectives. In context, a due diligence exercise is undertaken in collaboration with nominated intermediaries to ensure that they have the capability to commit on the implementation of appropriate customised procedures and controls for the purpose of the Fund.

6. PRINCIPLE FIVE: RISK GOVERNANCE AND INTERNAL CONTROL (CONTINUED)

Risk Management (Continued)

The risk management mechanisms in place include:

- A system for the ongoing identification and assessment of risk;
- Development of strategies in respect of risk and definition of acceptable and non-acceptable levels of risk;
- The communication of risk management policies across the multiple parties and functionaries involved in the processes;
- The implementation of a documented system of processes with appropriate controls and approval mechanism that closely align the control effort to the nature and importance of the risk;
- Processes to reduce or mitigate identified risks and contain them within the levels of tolerance defined and agreed by the Board;
- Compliance reports are prepared and presented to the Board; and
- Internal audit functions exist at the level of the Manager and Fund Administrator.

Risk exposure of the Fund falls within the following areas or risk:

Operational risks
Operational risk is defined as risk of direct or indirect loss resulting from inadequate or failed internal process, people and systems or from external events. Assets of the Fund are properly safeguarded and reporting infrastructures are adequate and effective for timely and accurate data collection.

Compliance risks
Compliance risk is defined as risk of loss from failure to comply with regulations governing the conduct of an organisation's business. It is a composite risk made up of risk of legal or regulatory sanctions, financial loss, or loss of reputation. The Investment Manager's operations are overseen by compliance and risk management teams to ensure that the Fund's operations are within regulatory frameworks.

Technology risks
Technology risks include hardware and software failures, system development and infrastructure issues. To varying degrees, the Fund is reliant upon certain technologies and systems for the smooth and efficient running of its operations. Disruption to these technologies could adversely affect its efficiency.

Political, economic and financial markets risks
The primary sources of financial risks faced by the Fund are risks inherent to its investment activities. Investment values and returns are dependent on the performance of financial markets and may adversely affect the Fund's financial results. The financial risks faced by the Fund and management of these risks are further discussed in the notes to the financial statements.

Reputational risks
This relates to losses due to unintentional or negligent failure to meet a professional obligation to specific clients or from the nature or design of a product.

Business continuity risks
This relates to losses from failed transaction processing and process management.

These risks are managed and mitigated through the various policies and methods as described in the above section.

Whistleblowing policy

In order to enhance good governance and transparency, the Group has a Whistleblowing policy. The main aims of the policy are to provide an avenue for raising concerns related to fraud, corruption and any other misconduct. The policy addresses the following:
- Protection of and Remedies for Whistleblowers and Complainants;
- Channels and Procedures;
- Hotline, Email and PO Box facilities

7. PRINCIPLE SIX: REPORTING WITH INTEGRITY

The Board are required to ensure that adequate accounting records are maintained so as to disclose at any time, and with reasonable adequacy, the financial position of the Fund. They are also responsible for taking reasonable steps to safeguard the assets of the Fund and to prevent and detect fraud and other irregularities.

They must present financial statements for each financial year, which give a true and fair view of the affairs of the Fund, and the results for that period. In preparing such financial statements, they are required to:

- select suitable accounting policies and apply them on a consistent basis using reasonable and prudent judgment;
- state whether or not the Companies Act 2001, Financial Reporting Act 2004 and International Financial Reporting; Standards (IFRS) have been adhered to and explain material departures thereto
- use the going concern basis unless it is inappropriate.

The Board acknowledges its responsibility for ensuring the preparation of the annual financial statements in accordance with IFRS and the responsibility of external auditors to report on these financial statements. The Board is responsible for ensuring the maintenance of adequate accounting records and an effective system of internal controls and risk management.

Nothing has come to the Board's attention, to indicate any material breakdown in the functioning of the internal controls and systems during the period under review, which could have a material impact on the business. The financial statements are prepared from the accounting records on the basis of consistent use of appropriate accounting records supported by reasonable and prudent judgments and estimates that fairly present the state of affairs of the Fund.

The financial statements have been prepared on a going concern basis and there is no reason to believe that the Fund will not continue as a going concern in the next financial year.

The Directors confirm that in preparing the financial statements, they have:

- selected suitable accounting policies and applied them consistently
- made judgments and estimates that are reasonable and prudent
- followed the International Financial Reporting Standards
- prepared the financial statements on the going concern basis
- adhered to the Code of Corporate Governance in all material aspects and reasons have been provided for non-compliance.

The Directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Fund and to enable them to ensure that the financial statements comply with the Mauritius Companies Act 2001, the Financial Reporting Act 2004, the Securities Act 2005, the Securities (Collective Investment Schemes and Closed-end Funds) Regulations 2008 and the International Reporting Standards. They are also responsible for safeguarding the assets of the Fund and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Annual report is published in full on the website of the Manager of the Fund, SBM Mauritius Asset Managers Ltd.

8. PRINCIPLE SEVEN: AUDIT

Internal Audit

The Non-Banking Financial cluster has its own permanent Internal Audit function reporting to the Audit and Risk Committee of the cluster. The internal auditors provide assurance about the effectiveness of the risk management and control processes in place and they maintain their independence by reporting to the Audit and Risk Committee. The Head of Internal Audit has regular access to the Chairperson of the Board and the chairperson of the Audit and Risk Committee.

8. PRINCIPLE SEVEN: AUDIT (CONTINUED)

The Audit and Risk Committee reviews and approves Internal Audit's plan and resources and evaluates the effectiveness of the function. The Audit and Risk Committee ensures that a consistent risk-based audit methodology is applied. The audit reports are thereafter tabled at the Committee and the findings and methodologies are reviewed and discussed by the Audit and Risk Committee.

External Audit

Ernst & Young were appointed as statutory auditors of the Fund for the financial year ending 30 June 2018. The Board assess and review on a regular basis the independence of the external auditor.

The fees paid to the external auditors for audit services were USD 2,875 for the financial year 2017 (FY 2016: USD 2,875).

9. PRINCIPLE EIGHT: RELATIONS WITH SHAREHOLDERS AND OTHER KEY STAKEHOLDERS

Holding structure - 30 June 2018

As at 30 June 2018, the Fund had issued 34,575.22 Class A shares and 12,163.03 Class B shares for a total fund size of USD 8,027,222.54. The NAV per share of the Fund for Class A and Class B as at 30 June 2018 was USD 173.00 and USD 168.19 respectively

The NAV per share for the past five years for both share classes are as follows:

Year	NAV per share Class A	NAV per share Class B
June 2014	133.82	133.57
June 2015	159.41	158.06
June 2016	156.03	153.85
June 2017	201.42	195.92
June 2018	173.00	168.20

Analysis of ownership

The Fund had 102 shareholders which include 6 clients of Class A and 96 clients of Class B as at 30 June 2018. A breakdown of the category of holders of participating shares and the share ownership as at 30 June 2018 are set out below:

SBM India Fund Class A Break-down

Market Value (USD)	Number of shareholders	Number of shares owned	% Holding
0-59,999	-	-	-
60,000 - 99,999	-	-	-
100,000 - 124,999	-	-	-
125,000 - 199,999	1	803.36	2.32
200,000 - 499,999	1	1,477.34	4.27
500,000 - 999,999	1	3,431.84	9.93
1M - 1,499,999	2	14,917.36	43.14
1.5M - 1,999,999	-	-	-
2M - 2,999,999	1	13,945.32	40.34
3M - 5,999,999	-	-	-
6M - 10M	-	-	-
10M-20 M	-	-	-
ABOVE 20 M	-	-	-
Total	6	34,575.22	100.00

9. PRINCIPLE EIGHT: RELATIONS WITH SHAREHOLDERS AND OTHER KEY STAKEHOLDERS

SBM India Fund Class B Break-down

Market Value (USD)	Number of shareholders	Number of shares owned	% Holding
0-59,999	92	5,896.95	48.48
60,000 - 99,999	2	982.64	8.08
100,000 - 124,999	-	-	-
125,000 - 199,999	-	-	-
200,000 - 499,999	1	1,473.82	12.12
500,000 - 999,999	1	3,809.62	31.32
1M - 1,499,999	-	-	-
1.5M - 1,999,999	-	-	-
2M - 2,999,999	-	-	-
3M - 5,999,999	-	-	-
6M - 10M	-	-	-
10M-20 M	-	-	-
ABOVE 20 M	-	-	-
Total	**96**	**12,163.03**	**100.00**

Shareholder's agreement

To the best knowledge of the Fund, there has been no such agreement with any of its shareholders for the year under review.

Shareholders' relations and communication

Shareholders are strongly encouraged to visit the website of the Manager to remain updated on the Fund's initiatives/projects and goals. The Board confirms that the relevant stakeholders have been involved in the organisational position, performance and outlook.

Shareholders' calendar

The Fund has planned the following forthcoming events:

Reporting date	30 June
Publication of year end results	Within 90 days from end of 30 June 2018

Dividend Policy

No dividend policy is currently envisaged but the Board of the Fund have the discretion to change the distribution policy and distribute any profits earned to shareholders in future in terms of dividends or bonus shares. For the year ended 30 June 2018, the Board did not recommend the payment of any dividend. Currently, all profits will be reflected in the net asset value of the share of the Fund.

Dealings in the Fund's shares

No director dealt in the Fund's shares during the year under review and no director hold shares in the Fund.

Employee Share Option Scheme

The Fund has no share option plans.

10. OTHER STATUTORY DISCLOSURES

Significant Contracts

The Investment Management Agreement with SBM Asset Managers Limited is still effective.

Directors and Officers Liability Insurance

The Fund has subscribed to a Directors and Officers Liability Insurance policy in respect of legal actions or liability which may arise against its Directors and officers. The cover does not provide insurance against fraudulent, malicious or wilful acts or omissions.

Director Mr. Shaan Kundomal

Date: 24 SEP 2018

Director Mr. Lakshmana Lutchmenarraidoo

The directors present their commentary, together with the audited financial statements of SBM India Fund (the ''Fund") for the year ended 30 June 2018.

PRINCIPAL ACTIVITY

The principal activity of the Company is to hold investments in equity and equity related instruments in India.

RESULTS AND DIVIDENDS

The results for the year are as shown in the statement of profit or loss and other comprehensive income and related notes.

The directors do not recommend the payment of any dividend for the year under review (2018: USD Nil).

DIRECTORS

The directors in office during the year were as stated on page 1.

DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The Fund's directors are responsible for the preparation and fair presentation of the financial statements of the Fund. These financial statements comprise of the statement of financial position at 30 June 2018, the statement of profit or loss and other comprehensive income, the statement of changes in net assets attributable to holders of redeemable participating shares and statement of cash flows for the year then ended and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards.

The directors' responsibilities include: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of these financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

The directors have made an assessment of the Fund's ability to continue as a going concern and have no reason to believe the business will not be a going concern in the year ahead.

AUDITORS

The auditors, Ernst & Young, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual Meeting of the shareholders.

By order of the board

Director

Date: 2 4 SEP 2018

Mr. Shaan Kundomal | Mr. Lakshmana Lutchmenarraidoo

Corporate

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Certificate from the secretary under section 166(d) of the Companies Act 2001

We certify to the best of our knowledge and belief that we have filed with the Registrar of Companies all such returns as are required of **SBM India Fund** under the Mauritius Companies Act 2001 for the year ended 30 June 2018.

....

For **Rogers Capital Fund Services Ltd**
Company Secretary

Date: 24 September 2018

Rogers Capital Fund Services Ltd. BRN No. C10012347
St Louis Business Centre, Cnr Desroches & St Louis Streets, Port Louis, Mauritius
T: (230) 203 1100 F: (230) 203 1150 W:www.rogerscapital.mu

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SBM INDIA FUND

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of SBM India Fund (the "Fund ") set out on pages 7 to 30 which comprise the statement of financial position as at 30 June 2018, and the statement of profit or loss and other comprehensive income, statement of changes in net assets attributable to holders of redeemable participating shares and statement of cash flows for the year then ended, and notes to the financial statements, including significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of SBM India Fund as at 30 June 2018, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Companies Act 2001.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The directors are responsible for the other information. The other information comprises the Commentary of the Directors and the certificate from the Secretary as required by the Companies Act 2001 and the Manager's Report and Corporate Governance Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act 2001, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SBM INDIA FUND (CONTINUED)

Report on the Audit of the Financial Statements (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

This report is made solely to the Fund's members, as a body, in accordance with Section 205 of the Companies Act 2001. Our audit work has been undertaken so that we might state to the Fund's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Fund and the Fund's members, as a body, for our audit work, for this report, or for the opinions we have formed.

EY
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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SBM INDIA FUND (CONTINUED)

Report on Other Legal and Regulatory Requirements

Companies Act 2001

We have no relationship with or interests in the Fund other than in our capacities as auditor, tax advisors and dealings in the ordinary course of business.

We have obtained all the information and explanations we have required.

In our opinion, proper accounting records have been kept by the Fund as far as it appears from our examination of those records.

ERNST & YOUNG
Ebène, Mauritius

Date: 24 SEP 2018

LI KUNE LAN POOKIM, F.C.A, F.C.C.A
Licensed by FRC

	Notes	2018	2017
		USD	USD
ASSETS			
Cash and cash equivalents		**353,171**	189,749
Other receivables	4	**9,760**	7,811
Financial assets at fair value through profit or loss	5	**7,684,517**	3,022,858
		8,047,448	3,220,419
LIABILITIES			
Other payables	6	**20,220**	12,385
Tax Liability	13	**14**	-
Total liabilities (excluding net assets attributable to holders of redeemable participating shares)		**20,234**	12,385
Net asset attributable to shareholders		**8,027,214**	3,208,034
REPRESENTED BY:			
Management shares	7	**10**	10
Net assets attributable to holders of redeemable participating shares	7	**8,027,204**	3,208,024
		8,027,214	3,208,034

Approved by the Board of Directors and authorised for issue on 24 September 2018
Signed on behalf of the Fund:

Mr. Shaan Kundomal) **DIRECTORS**

Mr. Lakshmana Lutchmenarraidoo)

	Notes	2018	2017
		USD	USD
INCOME			
Dividend Income		107,775	37,434
Net (decrease) /increase in fair value of investments	5	(1,583,770)	158,437
Net gain on disposal on investments		28,276	362,806
		(1,447,719)	558,676
FUND EXPENSES			
Management fees	10	66,499	23,116
Administrator's fees	11	10,693	4,123
Custodian fees	12	1,463	1,347
Audit fees		2,878	2,949
Legal and professional fees		2,456	3,027
Statutory fees		5,547	6,567
Director fees		12,627	12,592
Transaction costs		31,744	13,116
Exchange loss		6,541	13,433
General expenses		5,138	4,528
		145,586	84,798
(LOSS)/PROFIT BEFORE TAXATION		(1,593,305)	473,878
Income tax	13	(1,653)	-
(Decrease)/increase in net assets attributable to holders of redeemable participating shares		(1,594,958)	473,878

	Net assets attributable to holders to redeemable participating shares
	USD
As at 1 July 2016	2,326,384
Issue of redeemable shares	546,783
Redeemable shares redeemed	(139,021)
Increase in net assets attributable to holders to redeemable participating shares from transaction in shares	407,762
Increase in net assets attributable to holders to redeemable participating shares from operation	473,878
As at 30 June 2017	3,208,024
As at 1 July 2017	3,208,024
Issue of redeemable shares (***)	7,292,071
Redeemable shares redeemed	(877,933)
Increase in net assets attributable to holders to redeemable participating shares from transaction in shares	6,414,138
Decrease in net assets attributable to holders to redeemable participating shares from operation	(1,594,958)
As at 30 June 2018	8,027,204

***Out of the USD 7,292,071 of "Issued of redeemable shares", USD 5,254,025 relates to the restructuring of the equity sub-fund of SBM Maharaja Fund

	Notes	2018	2017
		USD	USD
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss)/ profit before taxation		(1,593,305)	473,878
Adjustments for:			
Dividend income		(107,775)	(37,434)
Gain on disposal of investment	5	1,583,770	(158,437)
Net decrease/ (increase) in fair value of investments		(28,276)	(362,806)
Operating loss before working capital changes		(145,586)	(84,798)
(Increase)/decrease in other receivables		(358)	3,608
Increase in other payables		7,835	3,088
Purchase of financial assets	5	(11,042,374)	(3,647,356)
Proceeds from disposal of investment		4,825,221	3,400,703
Dividend received		106,185	38,906
		(6,249,077)	(285,849)
Tax paid		(1,639)	-
Net cash used in operating activities		(6,250,716)	(285,849)
CASH FLOWS FROM FINANCING ACTIVITIES			
Issue of redeemable participating shares		7,292,071	546,783
Redemption of redeemable participating shares		(877,933)	(139,021)
Net cash generated from financing activities		6,414,138	407,762
Net increase in cash and cash equivalents		163,422	121,913
Cash and cash equivalents at start of the year		189,749	67,836
Cash and cash equivalents at end of the year		353,171	189,749

1. LEGAL FORM AND PRINCIPAL ACTIVITY

The SBM India Fund was incorporated in the Republic of Mauritius on 12 October 2007 as a public company limited by shares. The Company holds a category 1 global business licence (the "GBL1") issued by the FSC on 18 March 2005. The Company is authorised to operate as a collective investment scheme and authorised as a global scheme by the FSC pursuant to the Securities Laws of Mauritius. The Company is organised as an umbrella fund and the share classes of Participating Shares, each one being referred to as the "Fund" may further be divided into sub-classes or series of share classes. Each Fund is a separate portfolio of securities and other assets managed in accordance with specific investment objectives of the Fund.

The Fund's investment activities are managed by SBM Capital Management Limited (up to 07 March 2017). SBM Mauritius Asset Managers Ltd was appointed as investement manager as from 07 March 2017.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The financial statements have been prepared on a historical cost basis, except for investments at fair value through profit or loss, which are measured at fair value.

The financial statements are presented in United States Dollar ("USD") and all values are rounded to the nearest dollar, except when otherwise indicated.

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Foreign currency translation

The financial statements are presented in USD (presentation currency) which is also the currency of the primary economic environment in which the Fund operates (functional currency). The Fund determines its own functional currency and items included in the financial statements of the Fund are measured using that functional currency.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Fund at their respective functional currency spot rates prevailing at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date. All differences arising on settlement or retranslation of monetary items are taken to profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on retranslation of non-monetary items is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

2. ACCOUNTING POLICIES (CONTINUED)

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Fund and the revenue can be reliably measured, regardless of when payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding value added tax or duty. The Fund assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Fund has concluded that it is acting as a principal in all of its revenue arrangements.

Dividend income

Dividend income is recognised when the Fund's right to receive the payment is established.

(c) Taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, by the reporting date.

Current income tax relating to items recognised directly in equity is recognised in equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

2. ACCOUNTING POLICIES (CONTINUED)

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Taxes (Continued)

Deferred tax (Continued)

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about facts and circumstances changed. The adjustment would either be treated as a reduction to goodwill (as long as it does not exceed goodwill) if it incurred during the measurement period or in profit or loss.

(d) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(i) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Fund commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at fair value through profit or loss
- Loans and receivables
- Held-to-maturity investments
- Available-for-sale financial investments

The Fund does not hold any financial assets classified as available-for-sale investments and held-to-maturity investments.

2. ACCOUNTING POLICIES (CONTINUED)

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Financial instruments (Continued)

(i) Financial assets (Continued)

Subsequent measurement (Continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the Effective Interest Rate ("EIR") method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in profit or loss. The losses arising from impairment are recognised in finance costs for loans and in other operating expenses for receivables.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments as defined by IAS 39.

Financial assets at fair value through profit and loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the profit or loss.

Financial assets designated upon initial recognition at fair value through profit and loss are designated at their initial recognition date and only if the criteria under IAS 39 are satisfied. The Fund has designated its financial assets at fair value through profit or loss upon initial recognition.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Fund of similar financial assets) is primarily derecognised (i.e. removed from the statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or
- The Fund has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Fund has transferred substantially all the risks and rewards of the asset, or (b) the Fund has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Fund has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Fund continues to recognise the transferred asset to the extent of the Fund's continuing involvement. In that case, the Fund also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Fund has retained.

2. ACCOUNTING POLICIES (CONTINUED)

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Financial instruments (Continued)

(i) Financial assets (Continued)

Impairment of financial assets

The Fund assesses, at each reporting date, whether there is objective evidence that a financial asset or a Group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event'), has an impact on the estimated future cash flows of the financial asset or the Group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a Group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Fund first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Fund determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in profit or loss. Interest income, included in finance income, continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Fund. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to profit or loss.

(ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings including payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Fund's financial liabilities include other payables and net assets attributable to holders of redeemable participating shares.

2. ACCOUNTING POLICIES (CONTINUED)

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) **Financial instruments (Continued)**

(ii) **Financial liabilities (Continued)**

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Loans and borrowings

After initial recognition, loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in profit or loss.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

(iii) **Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(iv) **Determination of fair value**

The fair value for financial instruments traded in active markets at reporting date is based on their quoted price or binding dealer price quotations.

For all other financial assets not traded in an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include: using recent arm's length market transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis making as much use of available and supportable market data as possible.

An analysis of fair value instruments and further details as to how they are measured are provided in Note 5.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

2. ACCOUNTING POLICIES (CONTINUED)

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Financial instruments (Continued)

(iv) Determination of fair value (Continued)

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the beginning of each reporting period.

(e) Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash at bank.

(f) Provisions

Provisions are recognised when the Fund has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Fund expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(g) Redeemable participating shares

Redeemable participating shares are redeemable at the option of the shareholders and are classified as financial liabilities.

The movement in value is shown in the statement of profit or loss and other comprehensive income as an increase or decrease in net assets attributable to holders of redeemable participating shares.

2.3 CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted in these financial statements are consistent with those of the previous financial year. There were a number of new standards and interpretations which were effective for this financial year, none of which have an impact on the Company.

2.4 ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The following standards, amendments to existing standards and interpretations were in issue but not yet effective. They are mandatory for accounting periods beginning on the specified dates, but the Company has not early adopted them and intends to adopt those standards when they become effective.

	Effective for accounting period beginning on or after
New or revised standards	
IFRS 9 Financial Instruments	1 January 2018
IFRS 15 Revenue from Contracts with Customers	1 January 2018
IFRS 16 Leases	1 January 2019
IFRS 17 Insurance Contracts	1 January 2021
IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration	1 January 2018

2. ACCOUNTING POLICIES (CONTINUED)

2.4 ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (CONTINUED)

Amendments	Effective for accounting period beginning on or after
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	Deferred indefinitely
Transfers of Investment Property (Amendments to IAS 40)	1 January 2018
Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)	1 January 2018
Clarifications to IFRS 15 'Revenue from Contracts with Customers'	1 January 2018
Applying IFRS 9 'Financial Instruments' with IFRS 4 'Insurance Contracts' (Amendments to IFRS 4)	1 January 2018
IFRS 1 First-time Adoption of International Financial Reporting Standards - Deletion of short-term exemptions for first-time adopters	1 January 2018
IAS 28 Investments in Associates and Joint Ventures - Clarification that measuring investees at fair value through profit or loss is an investment - by - investment choice	1 January 2018
IFRIC Interpretation 23 Uncertainty over Income Tax Treatments	1 January 2019
Prepayment Features with Negative Compensation (Amendments to IFRS 9)	1 January 2019
Long-term Interests in Associates and Join Ventures - Amendments to IAS 28	1 January 2019
Plan Amendments, Curtailment or Settlement - Amendments to IAS 29	1 January 2019
IFRS 3 Business Combinations- Previously held interest in a joint operation	1 January 2019
IFRS 11 Joint Arrangements- Previously held interests in a joint operation	1 January 2019
IAS 12 Income Taxes- Income tax consequences of payments on financial instruments classified as equity	1 January 2019
IAS 23 Borrowing Costs- Borrowings costs eligible for capitalisation	1 January 2019

The new standards and interpretations that are expected to have an impact are disclosed below.

IFRS 9 Financial Instruments – Classification and measurement of financial assets, Accounting for financial liabilities and derecognition

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement and will be effective as from 1 January 1 2018. IFRS 9 includes requirements for the classification and measurement of financial assets and liabilities, impairment of financial assets and hedge accounting. The impairment requirements will lead to significant changes in the accounting for financial instruments for the Company. The Company will not restate comparatives on initial application of IFRS 9 on 1 January 2018 but will provide detailed transitional disclosures in accordance with the amended requirements of IFRS 7 Financial Instruments: Disclosures. Any change in the carrying value of financial instruments upon initial application of IFRS 9 will be recognised in equity.

IFRS 9 introduces new requirements for classifying and measuring financial assets, as follows:

(a) Classification and measurement of financial assets

IFRS 9 will require financial assets to be classified on the basis of two criteria:

1) The business model within which financial assets are managed; and
2) Their contractual cash flow characteristics (whether the cash flows represent 'solely payments of principal and interest').

Financial assets will be measured at amortised cost if they are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and their contractual cash flows represent solely payments of principal and interest.

Financial assets will be measured at fair value through other comprehensive income if they are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and their contractual cash flows represent solely payments of principal and interest.

2. ACCOUNTING POLICIES (CONTINUED)

2.4 ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (CONTINUED)

(a) *Classification and measurement of financial assets (Continued)*

Other financial assets are measured at fair value through profit and loss. There is an option to make an irrevocable election for non-traded equity investments to be measured at fair value through other comprehensive income, in which case dividends are recognised in profit or loss, but gains or losses are not reclassified to profit or loss upon derecognition and impairment is not recognised in profit or loss.

The accounting for financial liabilities is largely unchanged.

An assessment of potential changes to financial assets has been conducted, including an assessment of business models across various portfolios, and a review of contractual cash flow features for complex financial assets.
The initial application of the Company's new classification and measurement policies on January1, 2018 is not expected to result in any material changes to the measurement of the Company's financial assets and financial liabilities.

(b) *Impairment*

IFRS 9 introduces a revised impairment model which requires entities to recognise Expected Credit Losses ('ECL') based on unbiased forward-looking information. This replaces the existing IAS 39 incurred loss model which only recognises impairment if there is objective evidence that a loss is already incurred and would measure the loss based on the most probable outcome. The IFRS 9 impairment model will be applicable to all financial assets at amortised cost, lease receivables, debt financial assets at fair value through other comprehensive income, loan commitments and financial guarantee contracts. This presents a change from the scope of the IAS 39 impairment model which excludes loan commitments and financial guarantee contracts (these were covered by IAS 37: Provisions, Contingent Liabilities and Contingent Assets).

The measurement of expected credit loss will involve increased complexity and judgement including estimation of probabilities of default, loss given default, a range of unbiased future economic scenarios, estimation of expected lives, estimation of exposures at default and assessing increases in credit risk.

Exposures would be divided into 3 stages as follows:

Stage 1: Exposures for where a significant increase in credit risk has not occurred since origination. For these exposures a 12 months expected credit loss will be recognised.

Stage 2: Exposures for which a significant increase in credit risk has occurred since origination. The Bank will assess whether a significant increase in credit risk has occurred based on qualitative and quantitative drivers; as well as exposures that are more than 30 days past due contractual payment date. Lifetime expected credit losses will be recognised for these assets.

Stage 3: Exposures which meet the definition of default. The Company has aligned its definition of default with the guideline issued by the Bank of Mauritius on Credit Impairment Measurement and Income Recognition, which considers exposures that are more than 90 days past due, forbearance, as well as indicators that an exposure is unlikely to pay. Lifetime expected credit losses will be recognized for these assets.

The revised impairment model is expected to have a material financial impact on the recognition of impairment losses going forward, as well as existing impairment provisions previously recognised in terms of the requirements of IAS 39. Impairment provisions are expected to increase from IAS 39 provisioning as a result of:

- The removal of the emergence period that was necessitated by the incurred loss model of IAS 39. All stage 1 assets will carry a 12 months expected credit loss provision. This differs from IAS 39 where unidentified impairments were typically measured with an emergence period of between 3 to 12 months.

2. ACCOUNTING POLICIES (CONTINUED)

2.4 ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (CONTINUED)

(b) Impairment (Continued)

- The provisioning for lifetime expected credit losses on stage 2 assets; where some of these assets would not have attracted a lifetime expected credit loss measurement per IAS 39.
- The implementation of a default definition for exposures that are more than 90 days past due, as well as for certain indicators that an exposure or obligor is unlikely to pay.
- The inclusion of forecasted macroeconomic scenarios into the expected credit losses of a portfolio;
- The inclusion of expected credit losses on items that typically would not have been impaired under IAS 39, such as loan commitments.

The Company has appointed a consultant in connection with the Group's IFRS 9 implementation project and the impact is currently being assessed.

(c) Hedge accounting

As IFRS 9 does not change the general principles of how an entity accounts for effective hedges, this will not have an impact on the Company as it does not have any hedge.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Fund's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities. Uncertainties about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Judgements

In the process of applying the Fund's accounting policies, management has made the following judgement, which has the most significant effect on the amounts recognised in the financial statements:

(a) Determination of functional currency

The primary objective of the Fund is to generate returns in USD, its capital-raising currency. The liquidity of the Fund is managed on a day-to-day basis in USD. The Fund's performance is evaluated in USD. Therefore management considers USD as the currency that most faithfully represents the economic effect of the underlying transactions, events and conditions.

(b) Going concern

The Manager of the Fund has made an assessment of its ability to continue as a going concern and is satisfied that the Fund has the resources to continue in business for the foreseeable future. Furthermore, the Manager is not aware of any material uncertainty that may cast significant doubt upon the Fund's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Recognition of deferred tax assets

In determining whether to recognise deferred tax assets arising from deductible temporary differences such as tax losses carried forward, the Fund made estimates of the timing and extent of future taxable profits against which the deductible temporary differences can be utilised. The estimation of future taxable profits involves a significant degree of estimation uncertainty.

4. OTHER RECEIVABLES

	2018	2017
	USD	USD
Dividend receivable	2,628	1,037
Prepayments	5,191	5,063
Other receivables	1,941	1,711
	9,760	7,811

The carrying value of other receivables approximates its fair value because of its short term nature. Dividend is receivable within 3 months. The balances outstanding are interest free and unsecured.

5. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Foreign investments

	2018	2017
	USD	USD
At 01 July	3,022,858	2,254,962
Additions	11,042,374	3,647,356
Disposals	(4,796,945)	(3,037,897)
Fair value adjustment	(1,583,770)	158,437
At 30 June	7,684,517	3,022,858
Disposal proceeds	4,825,221	3,400,703
Equities		
Listed equity securities	7,684,517	3,022,858

Fair value measurement hierarchy

IFRS 13 requires disclusures relating to fair value measurement using a three level fair value hierarchy. The level within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level of input that is significant to the fair value measurement. Assessing the significance of a particular input requires judgement, considering factors specific to the asset or liability.

- Level 1 fair value measurements are those derived from quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 fair value measurements are those derived from Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The fair value of the above investments are considered to be level 1 fair value measurements since they are derived from published prices (unadjusted) in active markets.

5. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

Concentration of equity price risk

The foreign investments are further analysed as follows:

	2018	2017	2018	2017
	USD	USD	%	%
Consumer Discretionary	3,125,293	775,061	40.7%	26.0%
Consumer Staples	978,239	69,223	12.7%	2.0%
Energy	494,114	68,921	6.4%	2.0%
Financials	2,518,217	818,288	32.8%	27.0%
Health Care	-	39,297	-	1.0%
Industrials	-	289,590	-	10.0%
Information Technology	-	311,052	-	10.0%
Materials	568,654	354,279	7.4%	12.0%
Utilities	-	208,275	-	7.0%
Real Estate	-	26,601	-	1.0%
Telecommunication Services	-	62,271	-	2.0%
	7,684,517	3,022,858	100.0%	100.0%

None of the investments in individual companies exceeded 5% of the Fund's net asset value at the time of investment.

The following table analyses the Fund's concentration of equity price in the Fund's equity portfolio by geographical distribution:

Foreign investments	2018	2017	2018	2017
	USD	USD	%	%
India	7,684,517	3,022,858	100	100

6. OTHER PAYABLES

	2018	2017
	USD	USD
Management fees (Note 10)	5,675	3,285
Administration fees payable (Note 11)	962	396
Audit fees	2,863	2,860
Other payables	10,720	5,844
	20,220	12,385

The carrying amount of other payables approximate their fair value.

Balances outstanding are unsecured, interest free and repayble within 3 months.

7. CAPITAL MANAGEMENT

As a result of the ability to issue, repurchase and resell units, the capital of the Fund can vary depending on the demand for redemption and subscriptions to the Fund. The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Funds's prospectus.

The investment objective of the Fund is to achieve attractive risk-returns through a combination of long-term capital appreciation and current income by making portfolio investments.

The Fund's objectives for managing capital are:

- To invest the capital in investments, meeting the description, risk, exposure and expected return indicated in its prospectus.
- To maintain sufficient liquidity to meet the expenses of the Fund, and to meet redemption requests as they arise.
- To maintain sufficient size to make the operation of the Fund cost efficient.

The capital of the Fund consists of management shares and redeemable participating shares denominated in USD. The redeemable participating shares are redeemable at the option of the share holder based on net asset value.

MANAGEMENT SHARES

The capital of the Fund consists of management shares of **USD 10** (2017: USD 10). They confer on the holder voting rights in any members meeting. However, the holders of the management shares have no right to receive dividends nor any rights to participate nor receive surplus funds upon liquidation of the Fund other than a return of the nominal paid-up capital, subject to assets being available for such payment.

Management shares were initially issued at par value of USD 1 each to SBM CAPITAL MANAGEMENT LIMITED. In February 2017, SBM MAURITIUS ASSET MANAGERS LTD became the Investment Manager and purchased the shares held by SBM CAPITAL MANAGEMENT LIMITED, at a par value of USD 1 per share.

	2018	2017
	USD	USD
Issued and fully paid		
10 management shares of USD 1 each	10	10

Management shares shall confer on the holders thereof:

(a) voting rights in any Members Meeting;
(b) the right to participate in so much only of the profits and assets of the company as are attributable to the Management shares;
(c) in a winding up the right only to receive an amount equal to its par value in accordance with Article 48, if there are sufficient assets to enable such payment.

7. CAPITAL MANAGEMENT (CONTINUED)

REDEEMABLE PARTICIPATING SHARES

The Redeemable Participating shares, of no par value, are allotted on dealing days at the subscription price and are redeemable at the option of the shareholder based on the net asset value. The holders of the redeemable participating shares are entitled to receive dividend as decided by the Board.

The minimum initial investment for the Shares that is accepted from a Qualified Holder is US$ 100,000 for Class A Participating Shares and US$ 100 for Class B Participating Shares. Participating Shares have no voting rights. The Shares of any Class carry a right to dividends (if any) declared by the Fund in respect of that Class. The holder of any Participating Share is not entitled to receive notice of, attend or vote at meetings of shareholders. In a winding-up, each holder of Participating Shares has a right, provided that there are net assets available, to the payment equal to the amount of Participating Shares held and a right to share in any surplus assets.

	Number of redeemable participating shares					
	2018			2017		
	Class A	Class B	Total	Class A	Class B	Total
At start of year	12,173	3,866	16,039	10,755	4,190	14,945
Shares issued	26,105	8,724	34,829	1,418	545	1,963
Shares redeemed	(3,704)	(427)	(4,130)	-	(869)	(869)
At end of year	34,575	12,163	46,738	12,173	3,866	16,039

8. RELATED PARTY DISCLOSURES

During the years ended 30 June 2018 and 2017, the Fund transacted with related entities. Details of the nature, volume of transactions and balances with the entities are shown below.

	2018	2017
	USD	USD
Investment manager		
- Management fees payable	5,675	3,285
- Entry fees payable	219	-
Administrator		
- Administrator fees payable	962	396
Fees and Commission expense		
Investment manager		
- Management fees	66,499	23,116
Administrator		
- Administrator fees	10,693	4,123

Outstanding balances at the year end are unsecured, interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. (2017: Nil)

Compensation to key management personnel during the year amounted to USD 12,627 (2016: USD 12,592)

9. FINANCIAL INSTRUMENTS

9.1. Financial Risk Management

Risk is inherent in the Fund's activities and is managed through a process of ongoing identification, measurement and monitoring subject to risk limits and other controls put in place at the investment manager company level. The Fund is exposed to market risk (which includes currency risk, interest rate risk and price risk), credit risk and liquidity risk arising from the financial instruments it holds. The Fund has investment guidelines that set out its overall business strategies and its tolerance to risk.

9.2. Categories of financial instruments

	2018	2017
	USD	USD
Financial assets		
Financial assets at fair value through profit or loss	7,684,517	3,022,858
Loans and receivables (including cash at bank)	357,740	192,498
	8,042,257	3,215,356
Financial liabilities		
At amortised cost	8,047,424	3,220,409

9.3. Significant accounting policies

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the bases of measurement, and the bases for recognition of income and expenses), for each class of financial asset, financial liability and equity instrument are disclosed in note 2 to the financial statements.

9.4. Market risk

Market risk is the risk of loss resulting from adverse movement in market rates or prices such as interest rates, foreign exchange rates and equity prices.

Foreign currency risk

The Fund invests in securities, including maintenance of cash that are denominated in such currencies other than in United States Dollar ("USD"). Accordingly, the value of the Fund's assets may be affected favourably or unfavourably by fluctuations in currency rates. Therefore, the Fund will necessarily be subject to foreign exchange risk.

At the reporting date, the carrying amounts of foreign currency denominated monetary assets were as follows:

	Financial assets		Financial liabilities	
Monetary assets / liabilities	2018	2017	2018	2017
	USD	USD	USD	USD
INR	258,846	124,666	-	-

9. FINANCIAL INSTRUMENTS (CONTINUED)

9.4. Market risk (Continued)

Foreign currency risk (Continued)

At the reporting date, the carrying amounts of foreign currency denominated monetary assets and non-monetary assets and liabilities were as follows:

	Financial assets		Financial liabilities	
Monetary and Non-monetary assets (Balances with local banks and Investments)	**2018**	2017	**2018**	2017
	USD	USD	**USD**	USD
INR	**7,945,991**	2,768,319	-	-

Foreign currency sensitivity analysis

The following shows the Fund's sensitivity to a 10% appreciation/depreciation in the USD against the relevant foreign currencies. 10% represents management's assessment of a reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items (mainly bank balances) and adjusts their translation at the period end for a 10% change in foreign currency rates. A positive number below indicates an increase in profit where the USD weakens by 10% against the relevant currency. For a 10% strengthening of the USD against the relevant currency, there would be an equal but opposite impact on the profit and the balances below would be negative.

	2018	2017
Monetary assets (Balances with local banks)	**USD**	USD
Effect on profit before tax		
Currency		
INR	25,885	12,467

Monetary and Non-monetary assets (Balances with local banks and Investments)

	2018	2017
	USD	USD
Effect on profit before tax		
Currency		
INR	794,599	276,832

9. FINANCIAL INSTRUMENTS (CONTINUED)

9.4. Market risk (Continued)

Equity price risk

The Fund is exposed to the risk that the value of its equity securities will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual security or factors affecting all securities traded in the market. Market risk is managed through diversification of the investment portfolio.

Equity price sensitivity analysis

The sensitivity analysis has been determined based on the exposure to equity price risks at the reporting date and assesses the impact of a 5% change in the equity price of foreign investments. A positive number below indicates an increase in profits.

	2018	2017
	USD	USD
Profit before tax	384,226	151,143

A fall in equity prices by 5% would have resulted in an equal but opposite impact on profit before tax and net assets.

Interest rate risk

The Company is not exposed to interest rate risk on its Financial Assets and Liabilities.

9.5. *Credit risk*

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund seeks to mitigate its exposure to credit and counterparty risk by placing its cash, transacting in securities with reputable financial institutions. The Fund also has exposure to credit risk though other receivables.

9.6. *Liquidity risk*

Liquidity risk is defined as the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Exposure to liquidity risk arises because of the possibility that the Fund could be required to pay its liabilities or redeem its shares earlier than expected. The Fund is exposed to cash redemptions of its redeemable shares on a regular basis. Shares are redeemable at the holder's option based on the Fund's NAV per share at the time of redemption, calculated in accordance with the Fund's prospectus. In the event that the holders of the share, in agreegrate, request withdrawals of 25% or more of the aggregate balances of the shares as of any redemption date, the Board of the Fund may in its discretion reduce this actual amount equal to 10% of the aggregate shares.

9. FINANCIAL INSTRUMENTS (CONTINUED)

9.6. *Liquidity risk (Continued)*

The Fund's policy is to satisfy redemption requests by the following means (in decreasing order of priority):

- Searching for new investors
- Withdrawal of cash deposits
- Disposal of highly liquid assets (i.e., short-term, low-risk debt investments)
- Disposal of other assets

The Fund invests primarily in marketable securities and other financial instruments which, under normal market conditions, are readily convertible to cash. In addition, the Fund's policy is to maintain sufficient cash and cash equivalents to meet normal operating requirements and expected redemption requests.

The following table summarises the maturity profile of the Fund's redeemable shares classified as financial liabilities based on contractual undiscounted cash flows. The table also analyses the maturity profile of the Fund's financial assets (undiscounted where appropriate) in order to provide a complete view of the Fund's contractual commitments and liquidity.

Financial liabilities

The maturity grouping is based on the remaining period from the end of the reporting period to the contractual maturity date. When a counterparty has a choice of when the amount is paid, the liability is allocated to the earliest period in which the Fund can be required to pay.

Financial assets

Analysis of equity and debt securities into maturity groupings is based on the expected date on which these assets will be realised. For other assets, the analysis into maturity groupings is based on the remaining period from the end of the reporting period to the contractual maturity date or, if earlier, the expected date on which the assets will be realised.

2018	Less than 1 year	1 to 2 years	No stated maturity	Total
Cash and cash equivalents	353,171	-	-	353,171
Other receivables	9,760	-	-	9,760
Financial assets at fair value through profit or loss	-	-	7,684,517	7,684,517
Total financial assets	362,931	-	7,684,517	8,047,448
Other payables	20,220	-	-	20,220
Net assets attributable to shareholders	8,027,204	-	-	8,027,204
Total financial liabilities	8,047,424	-	-	8,047,424
Liquidity gap	(7,684,493)	-	7,684,517	24

9. FINANCIAL INSTRUMENTS (CONTINUED)

9.6. *Liquidity risk (Continued)*

2017	Less than 1 year	1 to 2 years	No stated maturity	Total
Cash and cash equivalents	189,749	-	-	189,749
Other receivables	2,748	-	-	2,748
Financial assets at fair value through profit or loss	-	-	3,022,858	3,022,858
Total financial assets	192,498	-	3,022,858	3,215,356
Other payables	12,385	-	-	12,385
Net assets attributable to shareholders	3,208,024	-	-	3,208,024
Total financial liabilities	3,220,409	-	-	3,220,409
Liquidity gap	(3,027,911)	-	3,022,858	(5,053)

Excessive risk concentration

Concentration indicates the relative sensitivity of the Fund's performance to developments affecting a particular industry or geographical location. Concentration of risks arises when a number of financial instruments or contracts are enterred into with the same counterparty or when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in econimic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic political or other conditions. Concentrations of liquidity risk may arise from repayment terms of financial liabilities. Concentrations of foreign exchange risk may arise if the Fund has a significant net open position in a single foreign currency. In order to avoid excessive concentration of risk, the Fund's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. The investment manager is instructed to reduce exposure to excessive risk concentrations.

The Fund shall not take an exposure higher than 5% of its net asset value into equity shares or equity related instruments of any one company at the time of investment. The Fund shall not own more than 10% of any company's paid up capital carrying voting rights. The Fund may not invest more than 5% of its net assets value in any single mutual fund or exchange traded fund managed by one asset management company.

10. MANAGEMENT FEES

Manager's fees are computed daily based on 0.8% p.a for Class A shares and 1.4% for Class B shares on the net asset value of the Fund and are payable monthly in arrears.

11. ADMINISTRATOR'S FEES

Administrator's fees are computed daily based on 0.15% p.a of net asset value of the Fund and are payable monthly in arrears.

12. CUSTODIAN FEES

Custody fees are computed daily based on 0.02% p.a on the value of the securities -"Mark to Market".

13. TAXATION

The Company, being the holder of a Category 1, Global Business Licence, is liable to income tax in Mauritius on its taxable profit arising from its world-wide income at the rate of 15%.

The Fund invests in India and expects to obtain benefits under the Double Taxation Convention between India and Mauritius (the "DTC"). On 10 May 2016, India and Mauritius signed a Protocol whereby, effective as from 19 July 2016, the DTC has been amended. Amongst others, the amendment impact capital gains arising on disposal of shares acquired by a Mauritian company on or after 1 April 2017. The taxing right is no longer exclusively with Mauritius so that India is now allowed to tax capital gains in accordance with its tax laws.

Shares acquired as from 1 April 2017 and disposed of by 31 March 2019 will be taxed in India, but only half of the relevant tax rate would apply provided the Mauritian company meets the prescribed limitation of benefits clause, which includes a minimum expenditure level in Mauritius and a main purpose test. Such expenditure threshold should be satisfied in the preceding 12 months from the date the gains rise.

However, gains arising on shares acquired on or before 31 March 2017 will not be taxed in India irrespective of the date of disposal. This is on the basis that the taxing right on capital gains for shares acquired on or before 31 March 2017 rests solely with Mauritius.

Disposal of investments made by a Mauritian company in Indian financial instruments other than shares (such as limited partnerships, options, futures, warrants, debentures, and other debt instruments) are not impacted by the change so that Mauritius will continue to have the sole taxing right on the disposal of such assets.

13.A INCOME TAX LIABILITY

	2018	2017
	USD	USD
At 1 July	-	-
Charge for the year	1,653	-
Tax paid during the year	-	-
At 30 June	1,653	-

13.B RECONCILIATION BETWEEN TAX EXPENSE AND TAX ON ACCOUNTING PROFIT

	2018	2017
	USD	USD
Accounting (loss)/profit	(1,593,305)	473,878
At statutory income tax rate of 15%	(238,996)	71,082
Tax effect of:		
Non taxable income	(4,241)	(78,186)
Non deductible expenses	251,713	3,982
Deferred tax asset not recognised	(6,823)	3,122
Tax paid during the year	-	-
Current tax expense	1,653	-

Appendix 1

SBM INDIA FUND - NET ASSET VALUE

As per Seventh Schedule of the Securities Act 2005, Sec 1(h)

	30 June 2018 USD	30 June 2017 USD	30 June 2016 USD
Net assets value at start of year	**3,208,024**	2,326,384	2,654,436
Total revenue	**107,775**	37,434	37,688
Total expenses	**(147,239)**	(84,798)	(84,900)
Realised gains/(losses) for the year	**28,276**	362,806	(61,016)
Unrealised (losses)/gains for the year	**(1,583,770)**	158,437	15,561
Total (decrease)/ increase from operations	**(1,594,958)**	473,878	(92,667)
Subscription received	**7,292,071**	546,783	277,327
Redemption paid	**(877,933)**	(139,021)	(512,712)
Net movement	**6,414,138**	407,762	(235,385)
Net asset value at end of year	**8,027,204**	**3,208,024**	**2,326,384**

SBM INDIA FUND - RATIOS & SUPPLEMENT DATA

	30 June 2018 USD	30 June 2017 USD	30 June 2016 USD
Net Assets	**8,027,204**	3,208,024	2,326,384
Number of shares outstanding:			
Class A	**34,575**	12,173	10,756
Class B	**12,163**	3,866	4,190
Management expense ratio			
Class A	**0.80%**	0.80%	0.80%
Class B	**1.40%**	1.40%	1.40%
Total expense ratio	**2.48%**	2.58%	3.41%
Portfolio turnover rate	**85.89%**	122.89%	46.51%