SBM YIELD FUND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30 JUNE 2020

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MANAGER	SBM Mauritius Asset Managers Ltd 12th floor, Hennessy Tower Pope Hennessy street, Port Louis Mauritius
REGISTRY & ADMINISTRATOR	SBM Fund Services Ltd 10th floor, Hennessy Tower Pope Hennessy street, Port Louis Mauritius
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AUDITOR	Deloitte 7th Floor, Standard Chartered Tower, 19-21 Bank street ,Cybercity Ebene Mauritius
INVESTMENT COMMITTEE	Mr. Alain Eric Koo Khen Heong Venpin Mr. Roshan Ramoly Mr. Richard Robinson Mr. Edward Vaughan Heberden Mr. Assad Abdullatiff
CUSTODIAN	SBM Bank (Mauritius) Ltd SBM Tower 1, Queen Elizabeth II Avenue Port Louis Mauritius

SBM YIELD FUND
MANAGER'S REPORT

Manager's Statement

Dear Unitholders,

Following the outbreak of the coronavirus in China in January 2020 and rising cases globally, the World Health Organization announced COVID-19 as a pandemic on 11 March 2020. The world has been confronted with unprecedented challenges from an economic, medical and human perspective. At the time of writing this message, the global number of cases had crossed 25 million.

Following the spread outside China, yields started trending downwards globally, especially on sovereign and investment grade issuers. Central banks reacted to the economic threats posed by COVID-19 by reducing policy rates and/or employing quantitative easing measures. In the US, the Federal Open Market Committee cut the Fed Fund rate to a target range of 0.00%-0.25% and resumed its quantitative easing programme by purchasing securities worth USD 1.5 trillion. The European Central Bank (ECB) cut deposit interest rates by 10 bps while rates on major refinancing operations and the marginal lending facility were maintained at 0.00% and 0.25% respectively. The ECB continued its asset purchase programme and also launched the PEPP programme of EUR 1,350 billion in order to counter the downside risks posed by COVID-19.

On the domestic front, the Bank of Mauritius (BoM) cut rates by 15 basis points to 3.35% p.a. in the first half of the financial year following a weakened global economic outlook in the context of US – China trade disputes. In the second half of the financial year, rates were cut on two occasions with a view to cushioning the impact of the COVID-19 outbreak on the economy – the Key Repo Rate stood at 1.85% p.a. as at June 2020. Government of Mauritius (GoM) yields have fallen drastically over the financial year; as an indication, the yield on the 1Y GoM fell from 3.15% to 1.06% while that on the 20Y GoM decreased from 5.98% to 3.05% on the secondary market.

Despite the low interest rate environment, the Fund registered a net return of 4.6% for the financial year. As an indication of market performance, the yield on 3Y GoM Note fell from 3.92% to 1.56% during the year whereas the Barclays Aggregate Bond index returned a 1-year USD performance of 4.2%.

In the context of the COVID-19 pandemic, the Fund's focus will remain on risk management, including credit, foreign exchange and interest rate risks. To manage risks, the Fund is likely to reduce the duration of the portfolio's holdings in the current environment characterized by low interest rate and raise exposure to Government of Mauritius securities.

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

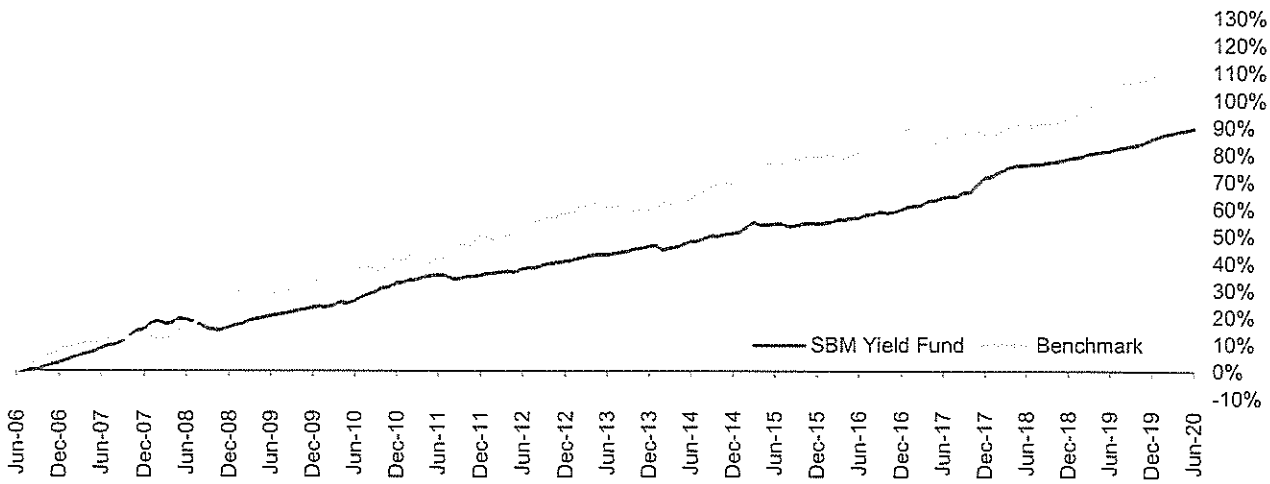
23 SEP 2020

SBM YIELD FUND
MANAGER'S REPORT

1. Performance review

The net assets of SBM Yield Fund (the "Fund") grew from MUR 177.4M to MUR 179.0M with net asset value per unit (NAV) increasing from MUR 10.86 to MUR 11.10 during the year, equivalent to a return of 4.6%. As a comparison, its reference index, consisting of 60% GOM 3Y Notes and 40% Barclays Aggregate Bond Index, yielded a return of 8.5% over the same period.

Cumulative performance



*** Benchmark: 60% GOM 3Y Notes + 40% Barclays Agg Bond Index**

Cumulative return

	1M	3M	6M	1Y	3Y	5Y	Inception	Annualized
SBM Yield Fund	0.4%	1.0%	2.1%	4.6%	15.6%	22.8%	89.6%	4.7%
Benchmark*	0.6%	2.4%	5.9%	8.5%	17.8%	24.0%	119.3%	5.8%

Financial Year return

	2012	2013	2014	2015	2016	2017	2018	2019	2020
SBM Yield Fund	1.8%	3.7%	3.4%	4.3%	1.4%	4.8%	7.3%	2.9%	4.6%
Benchmark*	6.0%	5.6%	5.4%	5.3%	4.8%	4.3%	3.8%	6.7%	8.5%

2. Breakdown of assets

2.1 Portfolio decomposition

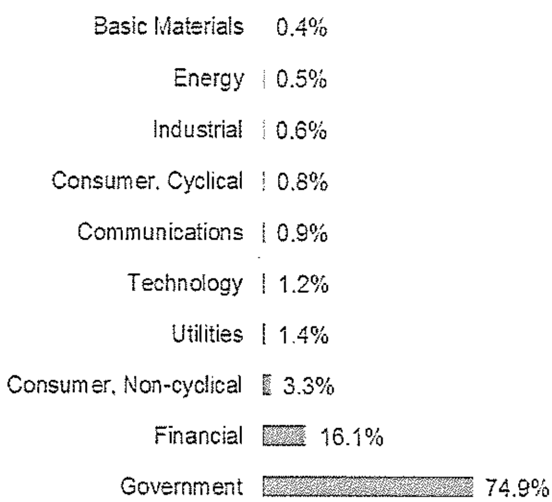
During the year, the Fund's asset allocation remained mostly geared towards locally issued debt instruments to reduce portfolio volatility and manage interest rate as well as foreign exchange risks.

SBM YIELD FUND
MANAGER'S REPORT

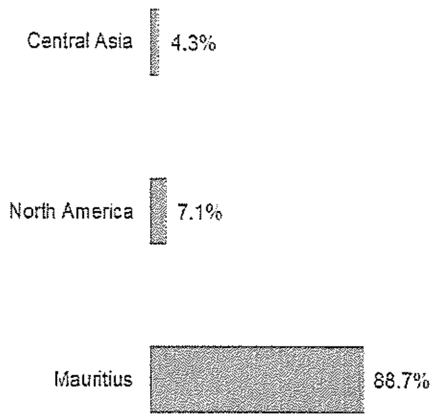
Asset Allocation

Security	% Net Assets (Jun 20)	% Net Assets (Jun 19)
Domestic fixed income	74.0%	81.1%
Foreign fixed income	10.9%	6.2%
Domestic equities	0.7%	1.0%
Foreign equities	-	-
Alternative Investment	1.7%	0.7%
Cash	12.7%	11.0%
Total	**100.0%**	**100.0%**

Sector Exposure



Regional allocation



The top five holdings represented 36.3% of the total portfolio as at 30 June 2020 with major allocations in longer term Government of Mauritius bonds.

Top 5 holdings

Security	MUR 'M	% Net Assets	YTM
Government of Mauritius Bond 08/02/2039	18.3	10.3%	6.01%
Government of Mauritius Bond 25/01/2028	14.6	8.2%	7.40%
Government of Mauritius Bond 07/09/2038	11.2	6.3%	6.08%
IBL Ltd Series 2 Notes 08/09/2022	10.4	5.8%	5.00%
Government of Mauritius Bond 11/05/2038	10.2	5.7%	6.18%
TOTAL	**64.7**	**36.3%**	**5.45%**

3. Market review

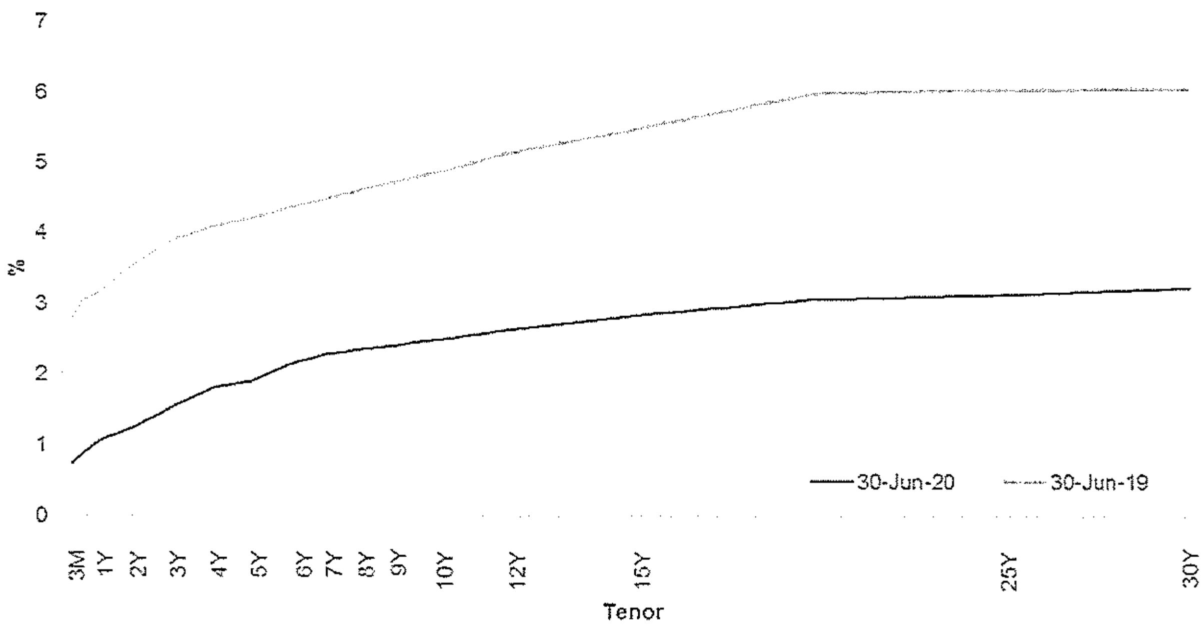
3.1 Local review

During the first half of the financial year 2020, the domestic Key Repo Rate was cut by 15 basis points to 3.35% p.a. mainly on account of a weakening global economic outlook following the on-going U.S.-China trade tensions. In the second half, the Bank of Mauritius (BoM) cut rates twice with a view to cushioning against any economic downturn induced by the COVID-19 outbreak – a 50 basis points cut was registered on 11 March 2020, marking the Key Repo Rate at 2.85%. The Key Repo Rate was further reduced by 100 basis points to stand at 1.85% p.a. as the BoM assessed the implications of the pandemic on the economy with multiple sectors being adversely impacted by the outbreak.

Excess liquidity in the economy increased during the year, with excess cash holdings by commercial banks standing at MUR 57.9Bn as at 2 July 2020 compared with MUR 25.6Bn as at 4 July 2019. MUR cash holdings rose from MUR 11.4Bn on 4 July 2019 to MUR 39.5Bn on 2 July 2020. Headline inflation rose to 1.8% in June 2020 from 1.0% in June 2019 led by food & alcoholic beverages and transport.

Government bond yields on the primary market dropped further in the second half of FY20 following the COVID-19 outbreak and cut in policy rates. On the secondary market, 91D Treasury Bills traded at a weighted average yield of 0.74% in June 2020 against 2.77% in June 2019. The yield on the 182D declined by 216 basis points over the financial year under review to reach 0.86% in June 2020 while that of the 364D Bills fell from 3.15% to 1.06% over the same period. Yields on GoM Notes and Bonds followed the same trend with the 5-year GoM notes trading at 1.89% in June 2020 against a reading of 4.20% in June 2019. The yield on 10Y GoM bonds fell by 238 basis points over the financial year 2020 to reach 2.48% as at June 2020 while 15Y GoM bonds traded at a yield of 2.81%, 263 basis points lower than its June 2019 reading. The 20Y GoM bonds yield dropped to 3.05% in June 2020 compared to a reading of 5.98% in June 2019.

Sovereign yield curve



3.2 Foreign review

The Barclays Global Aggregate Bond index registered USD returns of 4.2% over the financial year 2020. During the first half of FY20, concerns over a global economic slowdown and geopolitical trade tensions led to depressed yields while the second half of FY20 was dominated by the potential impact of a coronavirus-induced economic downturn. The downtrend in sovereign yields accentuated with monetary stimuli and economic data confirming economic contractions in many large economies.

Over FY20, the Federal Reserve (Fed) cut interest rates 5 times; on three occasions in 2019 and twice in March 2020 as an urgency response to the pandemic with the objective of supporting the US economy. The target range for the Federal Funds Rate was brought to 0.00%-0.25%. The US 10-year Treasury yield fell by 135 basis points to reach 0.66% as investors flew to safer haven assets in the wake of the COVID-19 pandemic.

The European Central Bank (ECB) kept rates on major refinancing operations, and on the marginal lending facility, unchanged at 0.00% and 0.25% respectively. A 0.10% cut in deposit interest rates was however announced in September 2019, bringing the latter to -0.50%. Although an accommodative monetary policy stance was already adopted by the ECB, an initial envelope of EUR 750 billion "Pandemic Emergency Purchase Program (PEPP)", with purchases to be conducted until the end of 2020, was announced in March 2020 with a view to cushioning against the downside risks of the pandemic. The PEPP envelope was further increased by EUR 600 billion. The 10-year Germany bond yields fell from -0.33% to -0.45% over the year and the 10-year Italian bond yields fell by 84 basis points to 1.26% wiping out much of the COVID-19 sell-off. On the contrary, yields on 10-year Spanish bond ticked higher in FY 2020, from -0.16% to 0.02%.

The Bank of England had maintained interest rates at 0.75% since August 2018. However, in view of the coronavirus's adverse impact, interest rates were cut twice in March 2020, bringing the latter to a historical low of 0.1%. The 10-year UK Gilt yields closed at 0.17% in June 2020 shedding 66 basis points from a reading of 0.83% in June 2019.

Despite maintaining short-term interest rate at -0.1% over FY20, the Bank of Japan eased its monetary policy by committing to "aggressively" buying ETFs at an annual rate of about USD 112.55 billion, doubling the amount it had committed to buy so far. The 10-year Japanese bond yields witnessed a marginal increase from -0.16% to 0.02% in spite of the monetary and fiscal stimulus measures.

Emerging markets' central banks eased their monetary policy measures to support economic activity amid the pandemic. The Reserve Bank of India reduced the policy repo rate under the liquidity adjustment facility (LAF) from 5.75% in June 2019 to 4.00% in June 2020. The People's Bank of China reduced the interest rate on 7-day reverse repurchase agreements thrice over FY20, from 2.55% in June 2019 to 2.20% in June 2020. The 10-year China bond yields fell from 3.23% to 2.84% during the year and are expected to continue to decline in 2020 and beyond with the Chinese yuan remaining stable. 10-year Indian bond yields fell by 99 basis points to 5.89%.

4. Market Outlook

Although the pandemic has been contained at national level, the economic situation remains particularly challenging for open economies like Mauritius. The Government has so far implemented fiscal measures like the government wage assistance scheme and the self-employed assistance scheme in order to support economic activity and contain unemployment. On the monetary side, policymakers are likely to maintain an accommodative policy stance in the short term given the economic challenge and large expected dip in domestic economic growth.

Statistics Mauritius has projected GDP growth to contract by around 13% in 2020 led by large declines in the accommodation, textile manufacturing and construction sectors by approximately 70%, 45% and 20%, respectively. Other sectors are forecasted to face major downtrends in 2020 except for Financial & Insurance activities which is forecasted to post a modest growth of 1%.

Yields on GoM securities are expected to remain low in the short term on account of the BoM's accommodative stance and excess liquidity. As at 13-Aug-20, excess liquidity remained high with both rupee and foreign excess cash reserves rising to MUR 58.9Bn.

On global markets, major central banks have reacted promptly and aggressively with policy responses of rate cuts and other monetary stimuli in order to cushion economies against the coronavirus-induced economic downturn. The surging number of infections, heightened US-China tensions and geopolitical turmoil are likely to dent investor sentiment and keep yields on government bond low and stable in the near term. The Federal Reserve is expected to maintain its federal funds rate unchanged at a record low of 0.00% to 0.25% until at least 2022 especially as it is prepared to allow inflation to run above its target of 2%. The European Central Bank left its monetary policy unchanged at its latest committee meeting in July 2020 and advanced that the economic outlook improved since the PEPP envelope was raised to EUR 1,350 Billion with its timespan increased to at least the end of 2022.

Given the looming risks to global economic activity and potential spillovers on the domestic economy, the Fund shall enhance its risk management framework in allocating assets across various asset classes. The Fund is likely to overweight sovereign issuers and liquid investment grade instruments as part of its strategy for the year. In terms of foreign exchange rate risk management, it is expected to underweight USD-denominated assets given the low rates prevailing on investment grade USD issuers as large USD downswings may adversely impact performance.

The Trustee and Manager of SBM Yield Fund ("the Fund") are pleased to submit their Corporate Governance Report for the year ended 30 June 2020, inclusive of other statutory disclosures.

INTRODUCTION

SBM Yield Fund was authorised by the Financial Services Commission under the Unit Trust Act, 1989 as amended, and established as a Unit Trust by a Trust Deed of the SBM Investment Unit Trust dated 5 June 2006 between SBM Mauritius Asset (The Manager) and DTOS Trustees Ltd (The Trustee) and subsequently governed by the Supplemental Deeds No. 1 dated 30 November 2012 and No. 3 dated 14 November 2013. It is an open-ended Collective Investment Scheme established under Section 3 of the Unit Trust Act, 1989, authorised and regulated under the Trust Act, 2001, Securities Act, 2005 and the Securities (Collective Investment Schemes and Closed-end Funds) Regulation, 2008 by the Financial Services Commission.

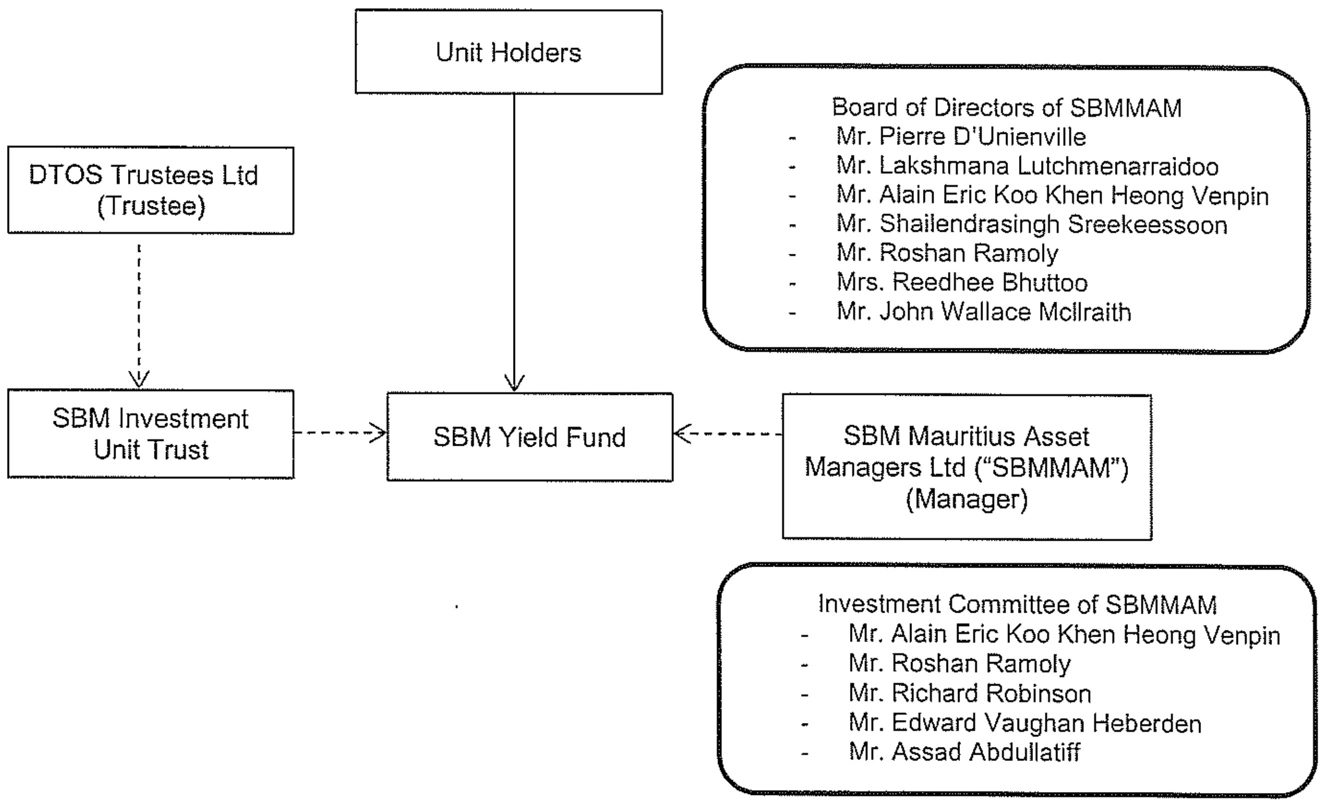
The Fund's objective is to offer a portfolio of investment to individual and corporate investors that aims to achieve the maximum return comparable to that of a standard fixed income portfolio whilst providing regular income.

The Fund is a public interest entity.

STATEMENT OF COMPLIANCE

SBM Yield Fund's corporate governance framework includes its Trustee, Investment Committee, the Manager, the Board of the Manager, Unit-holders and other stakeholders.

The organisation's structure is as follows:



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

In addition, the Trustee, the Manager and the Board of the Manager of the Fund continuously review the implications of corporate governance principles and practices in light of their experience, regulatory requirements and investor expectations. They hereby confirm that the Fund, as set out in this report, has strived to comply in all material aspects with the following legal and regulatory framework:

- Trust deed and subsequent Supplemental Deeds;
- Terms of reference of the Trustee and sub-committee;
- Disclosures required under the Code of Corporate Governance for Mauritius (the "Code");
- The Trust Act, 2001;
- The Securities Act, 2005; and
- The Securities (Collective Investment Schemes and Closed-end Funds) Regulations, 2008.

Principle 2, 3 and 4 of the Code of Corporate Governance are fulfilled by the Board of the Manager.

The Board of the Manager has attempted to create the right balance and composition to better meet the objectives of the organisation. The Board is unitary and comprises of six Directors, of which four are Independent and two are Executive Directors. The Independent Directors do not have any relationship with the majority shareholders, therefore a sufficient number of directors do not have any relationship with the organisation. The Board is led by Mr. Pierre Marrier D'Unienville and all Board members currently reside in Mauritius.

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. New Board members are provided with an Induction Pack to provide them with sufficient knowledge and understanding of the Company's business.

All Board members are fully apprised of their fiduciary duties as laid out in the Companies Act 2001. The 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 Company in the performance of their duties. Fees paid to the Independent Directors amounted to MUR 1,290,000 for the year ended 31 December 2019 (2018: MUR 1,030,000). Directors' fees are not disclosed on an individual basis for confidentiality reasons.

The Trust Deed and subsequent Supplemental Deeds of the Fund comply with the provisions of the Trust Act, 2001, The Securities Act, 2005 and The Securities (Collective Investment Schemes and Closed-end Funds) Regulations, 2008. The Deed is available upon written request to the Manager at the Registered Office of the Fund.

Salient features of the documents are:

No unit-holder shall be entitled to:

- require the transfer to him of any of the assets comprised in the Fund;
- interfere with or question the exercise or non-exercise by the Trustee or the Manager of the rights and powers of the Trustee and the Manager in their dealings with the Fund or its assets or any part thereof;
- attend meetings whether as unit-holders or otherwise, or to vote or to take part in or consent to any action concerning any property of any entity in which the Fund holds an interest;

A unit-holder is entitled to any distribution as approved and declared by the Manager as per provisions of the Trust Deed.

GOVERNANCE STRUCTURE

Corporate Profile of the Trustee – DTOS TRUSTEES LTD

DTOS Trustees Ltd is a private company incorporated in Mauritius on 23 May 2003. DTOS Trustees Ltd is a wholly owned subsidiary of DTOS Ltd and is duly licensed by the Financial Services Commission to act as a qualified trustee. It offers a complete and comprehensive range of trust services including trust formation / migration, corporate trusteeship, advice on tax, regulatory and statutory matters, accounting, administration and tax filings, where required.

Role of the Trustee

The Trustee has been appointed in order to ensure that the affairs of the Fund are being managed and administered for the benefit of the unit-holders and to their best interests along the following principles:

- **International best standards and regulatory compliance.**
  Overseeing the conduct of the Fund's business and monitoring whether the business is being properly managed at all levels according to international best standards and in accordance to provisions of its regulatory regime.

- **Accounts and risk management**
  Reviewing and, where appropriate, approving risk policy, financial statements, annual budgets, business plans and internal reports.

- **Supervision of fund intermediaries**
  Supervising the fund intermediaries in their delivery of services to the Fund and ensure that such delivery is done diligently and creates most value for the unit-holders of the Fund.

Corporate Profile of the Manager – SBM MAM

SBM Mauritius Asset Managers Ltd ("SBM MAM") is the Fund management arm of the SBM Group. The SBM Group, that is, SBM Holdings Ltd is a public company listed on the Stock Exchange of Mauritius. SBM MAM specializes in conducting asset management services for mutual funds and institutional investors. It additionally distributes a wide range of financial products including foreign funds and fixed income securities. SBM MAM is licensed by the Financial Services Commission to act as CIS Manager. It currently has a total asset under management close to MUR. 9.2 billion.

The Investment Committee

The Trust Deed provides for the establishment of an Investment Committee composed of at least 3 persons and not more than 6 persons. The main purpose of the committee is to issue guidelines and advise the Manager on investments.

Currently, the committee is composed of 5 members and meets on a quarterly basis. It reviews the performance of the Fund, ensures that the investment strategy complies with the provisions of the Trust Deed and Prospectus.

THE TRUSTEE AND THE MANAGER

Role of the Manager and its obligations

The Manager is appointed by the Trustee and under the supervision of the Trustee, manages and administers the Fund for the benefit of the unit-holders of the Fund in accordance of the Trust Deed and Prospectus of the Fund.

Its obligations cover but are not restricted to the following:

- **Conduct of Business**

It shall conduct its business in a proper and efficient manner to ensure that any undertaking in the affairs of the Fund is carried out in a proper, ethical and efficient manner.

- **Supervision of assets**

The Manager shall manage and supervise all assets of the Fund to the best interest of the unit-holders.

- **Trade in units of the Fund**

It shall sell and issue units of the Fund in accordance to the provisions of the Trust Deed and Prospectus and in so doing shall ensure that the interests of unit-holders are protected at all times.

Managing Conflict of Interest and Related Party Transactions

The Fund adheres to the Group Conflict of Interest and Related Party Transactions policy to assist the Board of the Trustee and Manager 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 12 of the Financial Statements.

Information, information technology and information security policy

The Trustee and Manager confirm that information, information technology and information security policy exists within the Group.

RISK GOVERNANCE AND INTERNAL CONTROL

RISK MANAGEMENT

The Manager is responsible for the risk management practice and procedures in place within the operating structure of the Fund for risk management. The Manager 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. Part of the responsibility to monitor the framework and processes has been delegated to the Investment Committee which conducts reviews on a quarterly basis.

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.

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 of the Manager;
- Compliance reports are prepared and presented to the Board of the Manager on a quarterly basis; and

- Internal audit functions exist at the level of the Manager and Fund Administrator whereby the processes pertaining to the affairs of the Fund are scrutinised and undergo audit reviews. Quarterly reports are prepared and presented to the Boards 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.

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.

Business continuity risks

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

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.

Financial 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.

INTERNAL CONTROL

The Manager and the Board of the Manager acknowledge their responsibility for internal control and work closely together and with the Fund Administrator to put in place a system of internal controls which is designed to provide the Trustee 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 Investment Committee and Board of the Manager on a quarterly basis for their review, following which recommendations are made to the Manager on an on-going basis. Preventive and corrective actions are then duly implemented to address internal control deficiencies and opportunities for improving the systems.

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 Whistle blowers and Complainants;
- Channels and Procedures;
- Hotline, Email and PO Box facilities

Reports can be made through the following channels:

Hotline (Toll free numbers)

Territory	International Dial Number
Kenya	0800221832
India	0008000402246
Mauritius	8002111
Madagascar	336545559

- E-mail: whistleblowing@sbmgroup.mu

PO Box: 11, Caudan, Port Louis, Mauritius

REPORTING WITH INTEGRITY

The Manager is 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. The Manager is also responsible for taking reasonable steps to safeguard the assets of the Fund to prevent and detect fraud and other irregularities.

The Manager 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, the Manager is required to:

- select suitable accounting policies and apply them on a consistent basis using reasonable and prudent judgment
- state whether or not the Trust Act, 1989, the Trust Act, 2001 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 Manager acknowledges its responsibility for ensuring the preparation of the financial statements in accordance with IFRS and the responsibility of external auditors to report on these financial statements. The Manager is responsible for ensuring the maintenance of adequate accounting records and an effective system of internal controls and risk management and the selection of appropriate accounting policies.

Nothing has come to the Manager'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 Manager confirms that in preparing the financial statements, it has:

- 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 Manager is 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 Trust Act 1989, the Trust Act 2001, the Securities Act 2005, the Securities (Collective Investment Schemes and Closed-end Funds) Regulations 2008 and have been prepared in accordance with the International Reporting Standards. The Manager is 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.

AUDIT

Internal Audit

The Non-Banking Financial cluster ('NBFC') has its own permanent Internal Audit function reporting to the Audit and Risk Committee of the cluster. The internal audit team comprises of three fully qualified accountants. 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 Trustee and Manager and the chairperson of the Audit and Risk Committee. There were no restrictions on access by the internal auditors to records or members of the management team.

The Audit and Risk Committee of NBFC is chaired by a Chartered Accountant and the Committee comprises of independent members with more than 30 years' experience in the Financial Services industry. 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.

As the third line of defense, the role of internal audit is to provide independent, objective assurance services designed to add value and improve NBFC entities' operations. Audits are carried out to review the adequacy and effectiveness of the group's system of internal controls, as per the Board approved risk-based audit plan. In conducting reviews, the Internal Auditors are alert to indicators of fraud and opportunities that could allow fraud, such as control weaknesses. In doing so, the Internal Auditors obtain reasonable assurance that business objectives for the process under review are being achieved and material control deficiencies are detected. Upon completion of each review, a formal report detailing the audit findings and the appropriate recommendations are issued to the chairperson of audit committee and the Chief Executive Officer. Any deviation in policies and non-performance of internal controls are duly reported and discussed at Audit Committee levels. Corrective actions are promptly taken and regular follow ups as well as reporting performed by Internal Audit until complete resolution.

External Audit

Deloitte was appointed as statutory auditors of the Fund for the financial year ended 30 June 2020. The Trustee and Manager assess and review on a regular basis the independence of the external auditor.

The fees paid to the external auditors for audit services were **MUR 115,000** (2019: MUR 96,010).

RELATIONS WITH SHAREHOLDERS AND OTHER KEY STAKEHOLDERS

Holding Structure – 30 June 2020

As at 30 June 2020, the Fund had issued 16,125,939.83 units for a total fund size of MUR 178,998,566.36. The NAV per unit of the Fund as at 30 June 2020 was MUR 11.10.
The NAV per unit for the past five years are as follows:

Year	NAV per unit
June 2016	10.31
June 2017	10.47
June 2018	10.87
June 2019	10.86
June 2020	11.10

Unit-holder's Agreement

To the best knowledge of the Manager and Trustee, there has been no such agreement with any of its unit-holders for the year under review.

Unit-holders' Relations and Communication

Unit-holders are strongly encouraged to visit the website of the Manager to remain updated on the Fund's initiatives/projects, goals and prices.

Analysis of ownership

The Fund had 408 unit-holders as at 30 June 2020. A breakdown of the category of unit-holders and the unit ownership as at 30 June 2020 are set out below:

Market Value (Rs)	Number of shareholders	Number of shares owned	% Holdings
0-59,999	150	310,395.86	1.92
60,000 - 99,999	37	277,051.60	1.72
100,000 - 124,999	26	255,110.62	1.58
125,000 - 199,999	124	1,582,162.06	9.81
200,000 - 499,999	48	1,237,729.37	7.68
500,000 - 999,999	30	1,643,147.41	10.19
1M - 1,499,999	16	1,528,673.89	9.48
1.5M - 1,999,999	7	1,061,426.00	6.58
2M - 2,999,999	11	2,278,342.08	14.13
3M - 5,999,999	2	799,270.20	4.96
6M or above	2	5,152,630.74	31.95
Total	**453**	**16,125,939.83**	**100.00**

Unit-holders' Calendar

The Fund has planned the following forthcoming events:

Reporting date	30 June 2020
Publication of year end results	Within 90 days from end of 30 June 2020
Declaration of dividend	Within 2 months from end of 30 June 2020

SHAREHOLDING

Dividend Policy

The objective of the Fund is to pay out all income available for distribution on a yearly basis. In that respect, income excludes capital gains, both realised and unrealised. While fixing the dividend rate, the Trustee and Manager also take into account other considerations that might affect the economic interests and proper long term running of the Fund.

Employee Share Option Scheme

The Fund has no share option plans.

OTHER STATUTORY DISCLOSURES

The following agreements have been approved by the Trustee and Manager and are still effective as at end of the financial year 2019-2020:

- Custody Agreement with the SBM Bank (Mauritius) Limited.
- Administration Agreement with SBM Fund Services Ltd.
- Fund Management Agreement with SBM Mauritius Asset Managers Ltd.

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 Trustee, Manager and officers. The cover does not provide insurance against fraudulent, malicious or wilful acts or omissions.

Ethics and Business Conduct

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.

DTOS TRUSTEES LTD The Common Seal of

....
On behalf of the Trustee

Date: 23 SEP 2020

....
On behalf of the Manager

STATEMENT OF COMPLIANCE

(Section 75 (3) of the Financial Reporting Act)

Name of PIE: **The SBM Yield Fund**

Reporting Period: **Year ended 30 June 2020**

We, the Trustee and Manager of the SBM Yield Fund (the "Fund") confirm that to the best of our knowledge, the Fund has complied with most of its obligation and requirements under the Code of Corporate Governance except for Principle 2, 3 and 4 of the Code of Corporate Governance.

The reason for non-compliance is that the Fund is set-up as a Trust and not a company. In this context, it does not have any directors, no board of directors, no board committees and no company secretary.

However, the main roles as described under Principle 2, 3 and 4 of the Code of Corporate Governance are fulfilled by the Board of the Manager as described above.

On behalf of the Trustee and Manager

DTOS TRUSTEES LTD
The Common Seal of

On behalf of the Trustee

On behalf of the Manager

Date: 23 SEP 2020

Deloitte.

7th-8th floor, Standard Chartered Tower
19-21 Bank Street
Cybercity
Ebène 72201
Mauritius

Independent auditor's report to the Members of SBM Yield Fund

Report on the audit of the financial statements

Opinion

We have audited the financial statements of **SBM Yield Fund** (the "Fund") set out on pages 6 to 36, which comprise the statement of financial position as at 30 June 2020, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 30 June 2020, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs), and the Financial Reporting Act 2004.

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 matter

The financial statements of SBM Yield Fund for the year ended 30 June 2019 were audited by another auditor who expressed an unmodified opinion on those statements on 23 September 2019.

Other information

The trustee and the manager are responsible for the other information. The other information comprises the Corporate Information, Manager's Report and the 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 (other than the Corporate Governance Report) and we do not express any form of assurance or 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, 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.

Corporate Governance Report

Our responsibility under the Financial Reporting Act 2004 is to report on the compliance with the Code of Corporate Governance disclosed in the annual report and assess the explanations given for non-compliance with any requirement of the Code. From our assessment of the disclosures made on corporate governance in the annual report, the Public Interest Entity has, pursuant to section 75 of the Financial Reporting Act 2004, complied with the requirements of the Code.

Responsibilities of trustee and the manager for the financial statements

The trustee and the manager are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and in compliance with the requirements of the Financial Reporting Act 2004 and they are also responsible for such internal control as the trustee and the manager 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 trustee and the manager 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 trustee and the manager either intend to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

The trustee and the manager are responsible for overseeing the Fund's financial reporting process.

Deloitte.

7th-8th floor, Standard Chartered Tower
19-21 Bank Street
Cybercity
Ebène 72201
Mauritius

Independent auditor's report to the Members of SBM Yield Fund (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 skepticism 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 management.

- Conclude on the appropriateness of the trustee's and the manager'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 trustee and the manager 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.

This report is made solely to the Fund's members, as a body. 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.

Deloitte

Deloitte
Chartered Accountants
23 September 2020

R. Srinivasa Sa.

R. Srinivasa Sankar, FCA
Licensed by FRC

	Notes	2020 MUR	2019 MUR
ASSETS			
Cash and cash equivalents		**23,472,414**	2,974,344
Other receivables	6	**33,906**	145,084
Financial assets measured at fair value through other comprehensive income	7	**37,611,380**	55,080,402
Financial assets at amortised cost	8	**118,429,765**	120,537,338
TOTAL ASSETS		**179,547,465**	178,737,168
LIABILITIES			
Other payables	11	**518,137**	886,237
Income tax liability	12(a)	**30,760**	496,471
TOTAL LIABILITIES		**548,897**	1,382,708
EQUITY AND RESERVES			
Redeemable units		**167,290,921**	169,095,422
Retained earnings		**5,736,944**	3,567,602
Fair value reserve		**5,739,830**	4,480,588
Other reserve		**230,873**	210,848
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS	5	**178,998,568**	177,354,460
TOTAL LIABILITIES AND EQUITY		**179,547,465**	178,737,168

Approved by the Trustee and the Manager and authorised for issue on 23 SEP 2020

Signed on behalf of the Trustee:

DTOS TRUSTEES LTD
The Common Seal of

Signed on behalf of the Manager:

The notes on pages 11 to 36 form part of these financial statements.

	Notes	2020	2019
		MUR	MUR
INCOME			
Dividend income	15	236,502	355,350
Interest income calculated using effective interest method	15	7,838,438	6,533,681
Foreign Exchange gain		20,025	210,848
Other income		9,310	143,422
		8,104,275	7,243,301
FUND EXPENSES			
Manager's fees	16	1,418,662	1,211,874
Trustee's fees	17	148,848	144,097
Auditor's fees		125,378	96,010
Registry fees	18	166,904	142,573
Administrator's fees	19	250,352	213,860
Expected credit losses	9	(80,376)	381,482
Provision no longer required written back	11	(411,824)	-
Custodian fees		92,475	141,538
Transaction charges		65,548	-
Other expenses		81,920	342,543
		1,857,887	2,673,977
PROFIT BEFORE TAXATION		6,246,388	4,569,324
Income tax refund/ (expense)	12(b)	35,136	(610,238)
PROFIT FOR THE YEAR		6,281,524	3,959,086
Other Comprehensive Income			
Items that will not be reclassified subsequently to profit or loss			
Net fair value gain on financial assets measured through other comprehensive income		1,259,242	512,735
Total Other comprehensive income		1,259,242	512,735
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		7,540,766	4,471,821

The notes on pages 11 to 36 form part of these financial statements.

	Issued units	Retained earnings	Non-distributable income Fair value reserve	Other reserve	Total
	MUR	MUR	MUR	MUR	MUR
As at 1 July 2018	107,986,966	3,279,013	3,967,853	-	115,233,832
Distribution paid to unitholders for FY 2018	-	(3,459,649)	-	-	(3,459,649)
Issue of units	71,940,511	-	-	-	71,940,511
Redemption of units	(10,832,055)	-	-	-	(10,832,055)
Foreign exchange gain transfer from retained earnings to other reserve*	-	(210,848)	-	210,848	-
Total comprehensive income for the year	-	3,959,086	512,735		4,471,821
As at 30 June 2019	169,095,422	3,567,602	4,480,588	210,848	177,354,460
As at 1 July 2019	**169,095,422**	**3,567,602**	**4,480,588**	**210,848**	**177,354,460**
Distribution paid to unitholders for FY 2019	**-**	**(4,092,157)**	**-**	**-**	**(4,092,157)**
Issue of units	**27,039,868**	**-**	**-**	**-**	**27,039,868**
Redemption of units	**(28,844,369)**	**-**	**-**	**-**	**(28,844,369)**
Total comprehensive income for the year	**-**	**6,281,524**	**1,259,242**	**-**	**7,540,766**
Foreign exchange gain transfer from retained earnings to other reserve*	**-**	**(20,025)**	**-**	**20,025**	**-**
As at 30 June 2020	**167,290,921**	**5,736,944**	**5,739,830**	**230,873**	**178,998,568**

*Note:

As per the Fund's prospectus, capital gains arising from the changes in the value of investments, both realised and unrealised are credited to non-distributable reserve and shall not be available for distribution as dividends. Capital losses arising from changes in the value of investments will be debited to fair value reserve and shall not be offset against income received. All other undistributable income and expenses are transferred to other reserve.

The notes on pages 11 to 36 form part of these financial statements.

	Notes	2020 MUR	2019 MUR
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		6,246,388	4,569,324
Adjustments for:			
Dividend income	15	(236,502)	(355,350)
Interest income	15	(7,838,438)	(6,533,681)
Other income		-	(123,422)
Foreign Exchange gain		(20,025)	(210,848)
Expected credit losses		(80,376)	381,482
Operating loss before working capital changes		(1,928,953)	(2,272,495)
(Increase)/ Decrease in other receivables		54,331	(4,424)
(Decrease)/ Increase in other payables		(368,100)	301,476
Addition of investments held at FVTOCI	7	(5,996,501)	(30,150,337)
Addition of investments at amortised cost	8	(3,000,000)	(72,416,657)
Proceeds from disposal of investments at FVOCI		24,928,902	408,000
Maturity proceeds from deposits with financial institutions	8	5,000,000	34,399,583
Interest received		7,842,275	6,463,555
Dividend received		293,349	361,171
Net cash used in operations		26,825,303	(62,910,128)
Taxation paid	12(a)	(430,575)	(194,657)
Net cash from/ (used in) operating activities		26,394,728	(63,104,785)
CASH FLOWS FROM FINANCING ACTIVITIES			
Issue of units		27,039,868	71,940,511
Redemption of units		(28,844,369)	(10,832,055)
Distributions to unitholders		(4,092,157)	(3,459,649)
Net cash (used in)/ generated from financing activities		(5,896,658)	57,648,807
Net increase/ (decrease) in cash and cash equivalents		20,498,070	(5,455,978)
Cash and cash equivalents at beginning of year		2,974,344	8,430,322
Cash and cash equivalents at end of year		23,472,414	2,974,344

1. LEGAL FORM AND PRINCIPAL ACTIVITY

SBM Yield Fund ("the Fund") was authorised by the Minister and approved by the Financial Services Commission under the Unit Trust Act 1989 (repealed and replaced by Trust Act 2001) and established as a Unit Trust by a Trust Deed dated 5 June 2006 between SBM Mauritius Asset Managers Ltd ("The Manager") and DTOS Trustees Ltd ("The Trustee").

The Fund's objective is to provide regular income and maximise returns on a long term basis for the benefit of the unitholders.

The Trust's application made further to the transitional provisions set out under Section 160 of the Securities Act 2005, it has been authorised to operate as a Collective Investment Scheme under Section 97 of the Securities Act 2005.

2. Application of New and Revised International Financial Reporting Standards (IFRSs)

In the current year, the Fund has applied all of the new and revised standard and interpretations issued by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB that are relevant to its operations and effective for accounting periods beginning on 1 July 2019.

2.1. New and revised IFRSs applied with no material effect on the financial statements

The following relevant revised Standards have been applied in these financial statements. Their application has not had any significant impact on the amounts reported for current and prior periods but may affect the accounting for future transactions or arrangements.

IAS 12 Income Taxes - Amendments resulting from Annual Improvements 2015-2017 cycle (income tax consequences of dividends)

IFRS 9 Financial Instruments - Amendments regarding prepayment features with negative compensation and modifications of financial liabilities

IFRIC 23 Uncertainty over Income Tax Treatments

2.2. New and revised Standards in issue but not yet effective

At the date of authorisation of these financial statements, the following relevant Standards were in issue but effective on annual periods beginning on or after the respective dates as indicated:

IAS 1 Presentation of Financial Statements - Amendments regarding the definition of material (effective 1 January 2020)

IAS 1 Presentation of Financial Statements - Amendments regarding the classification of liabilities (effective 1 January 2023)

IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors - Amendments regarding the definition of material (effective 1 January 2020)

IAS 37 Provisions, Contingent Liabilities and Contingent Assets - Amendments regarding the costs to include when assessing whether a contract is onerous (effective 1 January 2022)

2. Application of New and Revised International Financial Reporting Standards (IFRSs) (Continued)

2.2 New and revised Standards in issue but not yet effective (Continued)

IFRS 7	Financial Instruments: Disclosures- Amendments regarding pre-replacement issues in the context of IBOR reform (effective 1 January 2020)
IFRS 9	Financial Instruments - Amendments regarding pre-replacement issues in the context of IBOR reform (effective 1 January 2020)
IFRS 9	Financial Instruments - Amendments resulting from Annual Improvements to IFRS Standards 2018–2020 (fees in the '10 per cent' test for derecognition of financial liabilities) (effective 1 January 2022)

The Fund anticipates that these amendments will be applied where applicable in the financial statements at the above effective dates in future periods. The trustee and manager have not yet assessed the potential impact of the adoption of these amendments.

3. ACCOUNTING POLICIES

3.1 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 financial assets at fair value through other comprehensive income, which are measured at fair value.

The financial statements are presented in Mauritian Rupee ("MUR") and all values are rounded to the nearest rupee, except when otherwise indicated.

3.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Foreign currency translation

The financial statements are presented in MUR (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.

3.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Foreign currency translation (Continued)

Transactions and balances (Continued)

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).

(b) 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 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

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.

3.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) 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.

(c) Financial instruments

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items.This standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Fund's business model for managing them. The Fund initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

3.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments (Continued)

Financial assets (Continued)

Initial recognition and measurement (Continued)

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Fund's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Management has made an assessment on the basis of the facts and circumstances that existed at the date of initial application to determine whether to classify the debt instruments held at amortised cost or financial assets at fair value through OCI. The determination of the business model within which a financial asset is held at amortised cost needs to meet the objective ,which is to hold financial assets in order to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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 amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

(i) Financial assets at amortised cost

The Fund measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows

or

3.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments (Continued)

Financial assets (Continued)

Subsequent measurement (Continued)

(ii) Financial assets at amortised cost (Continued)

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Fund's financial assets at amortised cost include cash and cash equivalents and investments in Government bonds.

(iii) Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Fund can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Fund benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Fund elected to classify irrevocably its listed and non listed equity and debt investments under this category.

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 Fund's 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 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 its continuing involvement.

3.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments (Continued)

Financial assets (Continued)

Derecognition (Continued)

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.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Fund could be required to repay.

Impairment of financial assets

The Fund recognises loss allowances for ECLs on financial assets measured at amortised cost and FVOCI.

The Fund measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are, measured at 12-months ECLs:

- financial assets that are determined to have low credit risk at the reporting date; and
- other financial assets for which credit risk (i.e the risk of default occurring over the expected life of the asset) has not increased significantly since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Fund considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Fund's historical experience and informed credit assessment and including forward-looking information.

The Fund assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Fund considers a financial asset to be in default when:

- The borrower is unlikely to pay its credit obligations to the Fund in full, without recourse by the Fund to actions such as realising security (if any is held);or
- The financial assets is more than 30 days past due

The Fund considers a financial asset to have low credit risk when the credit rating of the counterparty is equivalent to the globally understood definition of 'investment grade'. The Fund considers this to be Baa3 for Moody's rating or BBB- as per Standard and Poor's rating. (See Note 13.4)

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from the default events that are possible within the 12 months after the reporting date (or shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating the ECLs is the maximum contractual period over which the Fund is exposed to credit risk.

3.2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e the difference between the cash flows due to the entity in accordance with the contract and cash flows that the Fund expects to receive).

Credit-impaired financial assets

At each reporting date, the Fund assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as default or being more than 30 days past due; or
- It is probable that the borrower will enter bankruptcy or other financial reorganisation.

Presentation of allowances for ECLs in the statement of financial position

Presentation of allowances for financial assets measured at amortised cost is deducted from the gross carrying amount of assets.

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, 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 and payables, net of directly attributable transaction costs.
The Fund's financial liabilities include other payables.

Subsequent measurement

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

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate (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 the statement of profit or loss. This category generally applies to interest-bearing loans and borrowings.

3.2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments (Continued)

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 the statement of profit or loss.

Offsetting of financial instruments

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

Determination of fair value

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

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.

(d) Revenue recognition under IFRS 9

(i) Interest income calculated using effective interest method

Interest income calculated using effective interest method

Interest revenue and expense are recognised in the statement of other comprehensive income for all interest-bearing financial instruments using the effective interest method.

(ii) Dividend Income

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

(e) Cash and cash equivalents

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

3.2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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 statement of profit or loss and other comprehensive income 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 units

Classification of redeemable units

Redeemable units are classified as equity instruments when:

The redeemable units entitle the holder to a pro rata share of the Fund's net assets in the event of the Fund's liquidation.

The redeemable units are in the class of instruments that is subordinate to all other classes of instruments.

All redeemable units in the class of instruments that is subordinate to all other classes of instruments have identical features.

The redeemable units do not include any contractual obligation to deliver cash or another financial asset other than the holder's rights to a pro rata share of the Fund's net assets.

The total expected cash flows attributable to the redeemable units over the life of the instrument are based substantially on the profit or loss, the change in the recognised net assets or the change in the fair value of the recognised and unrecognised net assets of the Fund over the life of the instrument.

In addition to the redeemable units having all the above features, the Fund must have no other financial instrument or contract that has:

- Total cash flows based substantially on the profit or loss, the change in the recognised net assets or the change in the fair value of the recognised and unrecognised net assets of the Fund
- The effect of substantially restricting or fixing the residual return to the holders of redeemable units.

3.2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Redeemable units (Continued)

Classification of redeemable units (Continued)

The Fund continuously assesses the classification of the redeemable units. If the redeemable units cease to have all the features or meet all the conditions set out to be classified as equity, the Fund will reclassify them as financial liabilities and measure them at fair value at the date of reclassification, with any differences from the previous carrying amount recognised in equity. If the redeemable units subsequently have all the features and meet the conditions to be classified as equity, the Fund will reclassify them as equity instruments and measure them at the carrying amount of the liabilities at the date of the reclassification.

The issuance, acquisition and cancellation of redeemable units are accounted for as equity transactions. Upon issuance of shares, the consideration received is included in equity.

Transaction costs incurred by the Fund in issuing or acquiring its own equity instruments are accounted for as a deduction from equity to the extent that they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

Own equity instruments which are acquired (treasury shares) are deducted from equity and accounted for at amounts equal to the consideration paid, including any directly attributable incremental costs. The Fund's policy is not to keep units in treasury, but rather to cancel them once repurchased.

No gain or loss is recognised in profit or loss on the purchase, sale, issuance or cancellation of the Fund's own equity instruments.

(h) Reserve

As per the Fund's prospectus, capital gains arising from the changes in the value of investments, both realised and unrealised are credited to non-distributable reserve and shall not be available for distribution as dividends. Capital losses arising from changes in the value of investments will be debited to the said reserve and shall not be offset against income received.

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

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

Judgements (Continued)

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.

Estimate

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 adjournment to the carrying amounts of assets and liabilities within the next financial year, are discussed below. The Fund based its assumptions and estimates on parameters available when the financial statements were prepared. However existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Fund. Such changes are affected in the assumptions when they occur.

Expected credit losses (ECLs)

To calculate the ECL, the Fund has applied judgements that have a significant effect on the amounts recognised in the financial statements and include the classification of financial instruments into financial assets measured at amortised cost category. Estimated ratings have been used for the calculation [See Note 13.4].

Business model assumption

Classification and measurement of financial assets depends on the results of the SPPI and the business model test (please see financial assets sections of note 3). The Fund determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Fund monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Fund's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets. No such changes were required during the year presented.

5. 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 Fund'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 units denominated in Mauritian Rupees and is redeemable at the option of the unit holder based on net asset value.

(a) Movement in units during the year

	2020 No. of units	2020 MUR	2019 No. of units	2019 MUR
At start of year	**16,335,956**	**169,095,422**	10,612,421	107,986,966
Units created	**2,451,993**	**27,039,868**	6,747,472	71,940,511
Units liquidated	**(2,662,009)**	**(28,844,369)**	(1,023,937)	(10,832,055)
At end of year	**16,125,940**	**167,290,921**	16,335,956	169,095,422

	2020 MUR	2019 MUR
Net assets attributable to holders of redeemable units	178,998,568	177,354,460
Net assets per redeemable units (MUR)	11.10	10.86

6. OTHER RECEIVABLES

	2020 MUR	2019 MUR
Dividend receivable	**9,513**	66,360
Other receivables	**-**	31,871
Prepayments	**24,393**	46,853
	33,906	145,084

The carrying value of the other receivables approximates its fair value and is receivable within 3 months.

7. FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	Equity	Debt	TOTAL
	MUR	MUR	MUR
Quoted investments			
At 01 July 2018			
Reclassified from Available for sale as per IFRS 9	6,856,517	15,978,052	22,834,569
Reclassified from loans and receivables as per IFRS 9	-	2,523,057	2,523,057
Additions	2,379,042	27,771,295	30,150,337
Disposals	(548,511)	-	(548,511)
Expected credit losses [Note 9]	-	(146,888)	(146,888)
Fair value adjustment	(515,140)	782,978	267,838
At 30 June 2019	8,171,908	46,908,494	55,080,402
At 01 July	8,171,908	46,908,494	55,080,402
Additions	5,996,501	-	5,996,501
Disposals	(2,227,610)	(22,701,292)	(24,928,902)
Interest accrued	-	134,251	134,251
Expected credit losses [Note 9]	-	54,286	54,286
Fair value adjustment	417,918	856,924	1,274,842
At 30 June 2020	12,358,717	25,252,663	37,611,380

(a) Equity at Financial assets measured at fair value through other comprehensive income

	Fair value 2020	Fair value 2019
	MUR	MUR
SBM Bank (Mauritius) Ltd	1,180,389	1,701,956
NEW MAURITIUS HOTELS	163,200	178,400
Ascencia Ltd	14,026	65,238
Grit Real Estate Income Group	-	1,249,450
ISHARES CORE US	9,326,592	1,043,446
ISHARES US PREFERRES STOCK ETF US	1,674,510	1,582,081
iShares Core US Aggregate Bond ETF	-	2,351,337
	12,358,717	8,171,908

(b) Debt at Financial assets measured at fair value through other comprehensive income

	Fair value 2020	Fair value 2019
	MUR	MUR
SBM MAHARAJA BOND FUND	6,672,837	6,010,804
SBM USD Note	1,802,206	1,599,454
MCB Group Ltd Notes	2,415,270	2,417,835
SBM MUR Note	3,999,981	3,999,267
IBL LTD NOTES	10,362,369	10,289,005
EVACO LTD NOTES	-	4,738,399
182D TBill 230819 2.80%	-	8,962,224
182D TBILLS_221119	-	8,891,506
	25,252,663	46,908,494
Financial assets measured at fair value through other comprehensive income	37,611,380	55,080,402

(c) Allowance for expected credit losses (ECLs) on FVOCI are analysed as follows:

	ECL 2020	ECL 2019
	MUR	MUR
Movement during the year		
MCB Group Ltd Notes	(354)	3,346
SBM MUR Note	9,439	5,535
IBL LTD NOTES	(25,085)	92,975
SBM USD Note	4,532	2,214
EVACO LTD NOTES	(42,818)	42,818
At 30 June	(54,286)	146,888

8. FINANCIAL ASSETS HELD AT AMORTISED COST

	2020	2019
	MUR	MUR
At 01 July	120,537,338	-
Reclassified from loans and receivables as per IFRS 9	-	82,119,833
Additions	3,000,000	72,416,657
Disposals	(5,000,000)	(33,609,779)
Allowance for expected credit losses (ECLs) [Note 9]	26,090	(389,373)
Interest amortised	(118,063)	-
Fair value adjustment	(15,600)	-
At 30 June	118,429,765	120,537,338

9. ALLOWANCE FOR EXPECTED CREDIT LOSSES (ECLs)

	ECL on FVOCI	ECL on amortised cost	TOTAL
	MUR	MUR	MUR
At 01 Jul 2020	146,888	389,373	536,261
Movement during the year	(54,286)	(26,090)	(80,376)
At 30 June 2020	92,602	363,283	455,885
At 01 Jul 2019	-	154,779	154,779
Movement during the year	146,888	234,594	381,482
At 30 June 2019	146,888	389,373	536,261

10. FAIR VALUE MEASUREMENT HIERARCHY

Fair value of the Fund's local and foreign investments that are measured at fair value on a recurring basis

IFRS 13 requires disclosures 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 prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

10. FAIR VALUE MEASUREMENT HIERARCHY (CONTINUED)

Fair value of the Fund's local and foreign investments that are measured at fair value on a recurring basis (Continued)

The following table provides an analysis of local and foreign investments grouped into level 1 and 2 based on the degree to which the fair value is observable.

	Level 1	Level 2	Total
2019	MUR	MUR	MUR
Fair Value through other comprehensive income:			
Equity investments	8,171,908	-	8,171,908
Debt investments	46,908,494	-	46,908,494
At 30 June 2019	55,080,402	-	55,080,402
2020			
Fair Value through other comprehensive income:			
Equity investments	12,358,717	-	12,358,717
Debt investments	25,252,663	-	25,252,663
At 30 June 2020	**37,611,380**	-	**37,611,380**

There were no transfer between level 1 and 2 during the year.

Concentration of equity price risk

The equity investments are further analysed as follows:

	2020	2019	2020	2019
	MUR	MUR	%	%
Local				
Banks, insurance and other finance sector	1,180,389	1,701,956	87	53
Property development	-	65,238	-	2
Leisure and hotels sector	163,200	178,400	12	6
Others	14,027	1,249,450	1	39
	1,357,616	3,195,044	100	100
Foreign				
Financial Sector	11,001,101	4,976,864	100	100
	12,358,717	8,171,908		

11. OTHER PAYABLES

	2020	2019
	MUR	MUR
Manager's fees	**118,077**	115,687
Trustee's fees	**65,237**	27,812
Auditor's fees	**123,625**	84,037
Administrator's fees	**20,837**	20,415
Entry and exit fees	**1,337**	781
Redemption payable	**-**	154,151
Custodian fees	**8,032**	7,334
Other payables*	**180,992**	476,020
	518,137	886,237

The carrying amount of other payables approximate their fair value.

Other payables are unsecured, interest free and repayable within 3 months.

*Other payables for 2019 include provisions made during prior years relating to design and publication fees are no longer to be incurred, therefore written back in financial year ended June 2020.

12. TAXATION

Income tax is calculated at the rate of 15% on profit for the year as adjusted for income tax purposes (2019: 15%).

(a) Income tax liability

	2020	2019
	MUR	MUR
At 01 July	**496,471**	80,890
Over provision in previous year	**(259,327)**	(54,481)
Provision for the year	**224,191**	664,719
Tax paid	**(430,575)**	(194,657)
At 30 June	**30,760**	496,471

(b) Reconciliation between tax expense and tax on accounting profit

	2020	2019
	MUR	MUR
Accounting profit	**6,246,388**	4,569,324
Tax on accounting profit at the tax rate of 15%	**936,958**	685,399
Tax effect of:		
Non taxable income	**(994,778)**	(71,244)
Non-deductible expenses	**282,011**	50,564
Over provision in previous year	**(259,327)**	(54,481)
Tax (refund)/expenses	**(35,136)**	610,238

13. RELATED PARTY DISCLOSURES

During the years ended 30 June 2020 and 2019, the Fund transacted with related entities. Details of the nature, volume of transactions and balances with the entities are shown below.

	2020	2019
Amount due to related party	**MUR**	MUR
Investment manager		
- Manager fees payable	**118,077**	115,687
- Entry and Exit fees payable	**1,337**	781
Administrator		
- Administrator fees payable	**20,837**	20,415
Trustee		
- Trustee fees payable	**65,237**	27,812
Custodian		
- Custodian fees payable	**8,032**	7,334
Fees and Commission expense		
Investment manager		
- Manager fees	**1,418,662**	1,211,874
- Registry fees	**166,904**	142,573
Trustee		
- Trustee fees	**148,848**	144,097
Administrator		
- Administrator fees	**250,352**	213,860
Custodian		
- Custodian fees	**92,475**	141,538

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 receivable or payable.

14. 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 for risk.

14.1 Categories of financial instruments

	2020	2019
	MUR	MUR
Financial assets		
Financial assets held at amortised cost	**118,429,765**	120,537,338
Financial assets designated at fair value through other comprehensive	**37,611,380**	55,080,402
Cash and cash equivalents	**23,472,414**	2,974,344
Other receivables	**9,513**	113,213
	179,523,072	178,705,297
Financial liabilities		
Other payables	**518,137**	886,237
	518,137	886,237

14. FINANCIAL RISK MANAGEMENT (CONTINUED)

14.2 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 as provided in note 3.

14.3 Risk management

The Fund's credit risk is managed by the Investment manager subject to the Fund's established policy, procedures and controls. The credit exposure is monitored by the investment team and reported to the Fund's board and Investment Committee on a quarterly basis. There are internal limits with respect to single issuer exposure, maximum sector exposure and the Fund will hold a diversified portfolio of securities in mitigating overall portfolio credit risk. Investment–grade securities are mostly targeted in managing credit risk but credit migration is monitored.

14.4 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 Mauritian Rupee ("MUR"). 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.

The currency profile of the Fund's financial assets and liabilities is summarised as follows:

	Financial assets		Financial Liablities	
	2020	2019	**2020**	2019
	MUR	MUR	**MUR**	MUR
United States Dollar	**19,726,927**	15,770,204	**-**	-
Euro	**20,115**	329	**-**	-
Mauritian Rupee	**159,776,030**	162,934,764	**518,137**	886,237
	179,523,072	178,705,297	**518,137**	886,237

The following table demonstrates the sensitivity to a reasonably possible change in the exchange rate, with all other variables held constant, on the Fund's profit before tax and equity;

	Increase / decrease percentage		Effect on profit before tax and	
	2020	2019	**2020**	2019
			MUR	MUR
United States Dollar	**10%**	10%	**(1,972,693)**	(1,577,020)
	-10%	-10%	**1,972,693**	1,577,020
Euro	**10%**	10%	**(2,011)**	(33)
	-10%	-10%	**2,011**	33

14. FINANCIAL RISK MANAGEMENT (CONTINUED)

14.4 Market risk (Continued)

Equity and Bond price risk

The Fund is exposed to the risk that the value of its investment 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.

Price sensitivity analysis

The sensitivity analysis has been determined based on the exposure to equity and bond price risks at the reporting date and assesses the impact of a 5% change in the price of local and foreign investment.

	Change in price by	2020	2019
	%	MUR	MUR
Profit before tax	+ 5	**1,880,569**	2,754,020

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

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair value of financial instruments.

At the reporting date, the interest rate profile of the Fund's interest bearing financial instruments was:

	2020	2019
	MUR	MUR
Variable rate asset		
Financial assets held at amortised cost	**10,151,107**	4,738,399
Financial assets measured at fair value through other comprehensive income	**9,088,106**	41,309,773
Balance with bank	**23,472,414**	2,974,344
	42,711,627	49,022,516
Fixed rate assets		
Financial assets held at amortised cost	**108,278,658**	115,798,939
Financial assets measured at fair value through other comprehensive income	**16,164,556**	5,598,721
	124,443,214	121,397,660

14. FINANCIAL RISK MANAGEMENT (CONTINUED)

14.4 Market risk (Continued)

Interest rate risk (Continued)

The Fund is exposed to interest rate risk on its variable rate assets.

Interest rate sensitivity analysis

The sensitivity analysis below assesses the impact of a change in interest rate over a 12-month period. If the interest rate had been 2% higher:

	Change in interest rate by %	2020 MUR	2019 MUR
Effect on profit before tax	+ 2	854,233	980,450

A decrease in interest rate by 2% would have resulted in an equal but opposite impact on profit before tax and net assets.

14.5 Credit risk

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss for the Company by failing to discharge an obligation. The Fund is exposed to the risk of credit-related losses that can occur as a result of a counterparty or issuer being unable or unwilling to honour its contractual obligations. These credit exposures exist within debt instruments, short-term trade receivables, and cash and cash equivalents.

The Investment Manager's policy is to closely monitor the creditworthiness of the fund's counterparties by reviewing their credit ratings, financial statements and press releases on a regular basis.

Credit risk disclosures are segmented into two sections based on whether the underlying financial instrument is subject to IFRS 9's impairment disclosures or not.

Financial assets subject to IFRS 9's impairment requirements

The Fund's financial assets subject to the expected credit loss model within IFRS 9 are financial assets at amortised cost and financial assets at fair value through other comprehensive income.

At 30 June 2020, the total financial assets at amortised cost was MUR 118,429,765 on which a loss allowance of MUR 363,283 had been provided (2019: Financial assets at amortised cost was MUR 120,537,338 on which a loss allowance of MUR 389,373 was provided).

The total financial assets through other comprehensive income (debt instruments) was MUR 25,252,663 on which a loss allowance of MUR 92,602 had been provided (2019: Financial assets at FVOCI was MUR 46,908,494 on which a loss allowance of MUR 146,888 was provided).

There is not considered to be any concentration of credit risk within these assets. No assets are considered impaired and no amounts have been written off in the period.

14. FINANCIAL RISK MANAGEMENT (CONTINUED)

14.5 Credit risk (Continued)

Impairment on cash and cash equivalents,balances due from brokers and receivables from reverse sale and repurchase agreements has been measured on a 12-month expected loss basis and reflects the short maturities of exposures.The Fund considers that these exposures have low credit risk based on the external credit rating of the counterparties.

Probabilities of default have been used to calculate the loss allowance. The 12-month and lifetime probabilities are based on historical data supplied by Moody or Standard and Poor for each credit rating and are recalibrated based on current market prices. Loss given default parameters generally reflect an assumed recovery rate of 55%. However, if the assets were credit-impaired, the estimate loss would be based on a specific assessment of expected cash shortfalls and on the original effective interest rate. The loss on financial assets is detailed as follows:

Financial assets

	Rating	PD_1	LGD_1	MUR
2020				
Government Bonds	Baa1	0.0013	45%	62,541
Alpha Capital Protected Note - Series 1	Unrated	0.0159	41%	19,763
Ciel Note	3	0.0065	41%	13,814
ABC Banking Corporation Ltd - 5.60% Notes	Unrated	0.1948	45%	265,724
Bank One Limited - 5% Notes	Unrated	0.1948	45%	1,441
MCB Group Ltd 3.5% 5Y Notes	Baa1	0.0028	45%	2,992
SBM MUR Note 5.75% Class A2 Series Bond	Ba1	0.0083	45%	14,974
IBL LTD_5%_SERIES 2 NOTES	Unrated	0.0159	41%	67,890
SBM USD Note 4.75% Class B2 Series Bond	Ba1	0.0083	45%	6,746
Total				455,885
2019				
Government Bonds	Baa1	0.0015	45%	71,228
Alpha Capital Protected Note - Series 1	Unrated	0.0242	37%	27,256
SBM MASALA BOND NOTE-SERIES B MUR	Unrated	0.0242	37%	45,559
Ciel Note	3	0.0164	37%	31,552
ABC Banking Corporation Ltd - 5.60% Notes	Unrated	0.1660	45%	205,138
ETC Bond - 1 Year USD Structured Note	Unrated	0.0242	37%	8,640
MCB Group Ltd 3.5% 5Y Notes	Baa1	0.0031	45%	3,346
SBM MUR Note 5.75% Class A2 Series Bond	Ba1	0.0031	45%	5,535
IBL LTD_5%_SERIES 2 NOTES	unrated	0.0242	37%	92,975
EVACO LTD 5YR NOTES	unrated	0.0242	37%	42,818
SBM USD Note 4.75% Class B2 Series Bond	Baa1	0.0031	45%	2,214
Total				536,261

14. FINANCIAL RISK MANAGEMENT (CONTINUED)

14.5 Credit risk (Continued)

Financial assets not subject to IFRS 9's impairment requirements

The Fund is not exposed to credit risk on its equity instruments. These classes of financial assets are not subject to IFRS 9's requirements as they are measured at FVOCI. The carrying amount of these assets (equity and debt investments amounting to MUR 12,358,717 and MUR 25,252,663 respectively) under IFRS 9 (2019) represents the Fund's maximum exposure to credit risk on financial instruments not subject to IFRS 9 impairment requirements under respective reporting (2019: equity and debt investments amounted to MUR 8,171,908 and MUR 23,864,534 respectively).

14.6 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.

The Manager may limit the total number of the units in the Fund that may be redeemed on any business day to 10% of that outstanding units in the Fund.

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.

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.

14. FINANCIAL RISK MANAGEMENT (CONTINUED)

14.7 Liquidity risk

Financial assets

The following table summarises the maturity profile of the Fund's 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 .

2020	Less than 1 year	1 to 2 years	2 to 5 years	Over 5 years	No stated maturity	Total
	MUR	MUR	MUR	MUR	MUR	MUR
Cash and cash equivalents	23,472,414	-	-	-	-	23,472,414
Other receivables	9,513	-	-	-	-	9,513
Financial assets measured at fair value through other comprehensive income	-	-	14,579,845	3,999,981	19,031,554	37,611,380
Financial assets at amortised cost	-		20,418,518	98,011,247	-	118,429,765
Total financial assets	23,481,927	-	34,998,363	102,011,228	19,031,554	179,523,072
Other payables	518,137	-	-	-	-	518,137
Total financial liabilities	518,137	-	-	-	-	518,137

2019	Less than 1 year	1 to 2 years	2 to 5 years	Over 5 years	No stated maturity	Total
	MUR	MUR	MUR	MUR	MUR	MUR
Cash and cash equivalents	2,974,344	-	-	-	-	2,974,344
Other receivables	113,213	-	-	-	-	113,213
Financial assets measured at fair value through other comprehensive income	17,853,730	-	-	5,598,721	31,627,951	55,080,402
Financial assets at amortised cost	4,994,508		12,522,800	103,020,030	-	120,537,338
Total financial assets	25,935,795	-	12,522,800	108,618,751	31,627,951	178,705,297
Other payables	886,237	-	-	-	-	886,237
Total financial liabilities	886,237	-	-	-	-	886,237

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 entered 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 economic 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.

14. FINANCIAL RISK MANAGEMENT (CONTINUED)

14.7 Liquidity risk (Continued)

Excessive risk concentration (Continued)

The Fund shall not invest more than 20% of its Net Asset Value in securities issued by a single issuer (a company or other corporate entity including the subsidiaries thereof) at the time of purchase.

The Fund shall not hold more than 20% of any class of security listed or unlisted, issued by a single issuer.

15. INCOME

	2020 MUR	2019 MUR
Interest income calculated using effective interest method		
Income on Government bond	5,744,500	2,362,870
Interest on deposits with financial institutions	399,072	4,170,811
Interest on other investments	1,694,866	-
	7,838,438	6,533,681
Dividend Income	236,502	355,350
Total	8,074,940	6,889,031

Investment revenue earned on financial assets analysed by category of asset, is as follows:

	2020 MUR	2019 MUR
Financial assets measured at fair value through other comprehensive income	236,502	355,350
Financial assets held at amortised costs (including cash and bank balances)	7,838,438	6,533,681
	8,074,940	6,889,031

16. MANAGER'S FEES

Manager's fees are computed daily based on 0.85% p.a of net asset value of the Fund and are payable monthly in arrears.

17. TRUSTEE'S FEES

Trustee's fees are computed daily based on 0.15% p.a of net asset value of the Fund plus VAT up to 30 May 2017 and revised to 0.085% p.a of net asset value of the Fund plus VAT as from 1 June 2017 with a minimum of MUR 3,500 and maximum MUR 6,000 per month and the fees are payable monthly in arrears.

18. REGISTRY'S FEES

Registry's fees are computed daily based on 0.10% p.a of net asset value of the Fund and are payable monthly in arrears. They also include fees related to tax filing services.

19. 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. They also include fees related to tax filing services.

20. ENTRY FEE AND EXIT FEE

On the issue of units, an entry fee of 0.5% of the net assets value of the Fund per unit is paid by the unitholder to the Fund and, on the repurchase of units, an exit fee of 0.5% of the net asset value of the Fund per unit is paid by the unitholder to the Fund. The sums collected are then remitted to the Manager.

21. DISTRIBUTION TO UNITHOLDERS

	2020	2019
	MUR	MUR
Proposed distribution to unitholders at 30 June and approved on 24 July 2019	-	4,092,157
Proposed distribution per unit	-	0.2505

22. COVID 19 IMPACT ASSESSMENT

The recent outbreak of a novel and highly contagious form of coronavirus ("COVID-19"), which the World Health Organization has declared as a pandemic, has resulted in numerous deaths, adversely impacted global commercial activity and contributed to significant volatility in certain equity and debt markets. The global impact of the outbreak is rapidly evolving, and many countries have reacted by instituting quarantines, prohibitions/restrictions on travel and the closure of offices, businesses, schools, retail stores and other public venues. Businesses are also implementing similar precautionary measures. Such measures, as well as the general uncertainty surrounding the dangers and impact of COVID-19, are creating significant disruption in supply chains and economic activity, and are having a particularly adverse impact on transportation, hospitality, tourism, entertainment and other industries.

Mauritius has not been spared by COVID-19. On 19 March 2020, the Government announced a lock-down of all economic activities in Mauritius except for essential services. Although the spread of the virus in the country is being contained, the adverse impact on the economy has been and will continue to be significant. The Government's decision to close international passenger access, together with the travelling ban in force in many of our key markets, are expected to result in a slow-down in the local economy, especially tourism.

The impact of COVID-19 has led to significant volatility and declines in the global markets and it is uncertain how long this volatility will continue. As COVID-19 continues to spread, the potential impacts, including a global, regional or other economic recession, are increasingly uncertain and difficult to assess. Any public health emergency, including any outbreak of COVID-19 or other existing or new epidemic diseases, or the threat thereof, and the resulting financial and economic market uncertainty could have a significant adverse impact on the Fund including the fair value of its investments.

Although equity markets have tended to be mostly impacted by the turmoil, corporate bonds and fixed income securities issued by sub-investment grade issuers witnessed severe sell-offs during the initial stage of the market correction but later recovered after central banks announced quantitative easing measures. Such external factors remain beyond the Investment Manager's control and cannot be forecasted but they have adverse impacts on the value of investments. With respect to SBM Yield Fund, its strategy is 60% domestic fixed income and 40% foreign fixed income. It was mostly invested in GoM securities and to a lesser extent, corporate bonds. The impact of COVID-19 on investment value is outlined below:

GoM securities

The Investment Manager does not expect significant impacts on the carrying value of GoM securities as no sovereign default risk is currently anticipated. The securities are valued under the hold-to-collect approach under IFRS 9 and expected credit losses are based on the rating of GoM which remains investment grade.

22. COVID 19 IMPACT ASSESSMENT (CONTINUED)

Corporate bonds

Most of the corporate bonds in the portfolio are issued by entities listed on the Stock Exchange of Mauritius. The bonds are valued at fair value through comprehensive income and their market prices on the SEM would reflect the underlying risks. Expected credit losses are based on the ratings of the issuer such that low-rated issuers would carry higher default probability and hence higher ECL, and vice-versa. Credit risks are managed through limits on issuer, diversified portfolio and limited concentrations. The underlying risks of the issuers are regularly monitored.

Term deposits

The Investment Manager does not expect significant impacts on the carrying value of these investments as they are held as term deposits with stable banking and non-banking institutions. Nevertheless, those instruments are valued using a hold-to-collect approach under IFRS9 and provisions for expected credit losses are based on issuer rating.

Foreign fixed income

To manage risks, the Fund is mostly invested in fixed income funds and ETFs which are measured at fair value and any adverse impact of COVID-19 is reflected in the market price of those securities. Adverse credit events would be reflected in the fall of prices. In addition to credit and interest rate risks from holding foreign fixed income securities, there are potential losses from adverse movement of the MUR against other currencies in which the Fund is invested. Following COVID-19, the MUR depreciated against the USD increasing the carrying value of the investments. The Investment Manager seeks to limit its exposure in exotic foreign currencies in managing FX risks.

23. EVENTS AFTER REPORTING DATE

Management has taken the decision to change the business model from hold to collect to active trading. As such, all financial assets previously held at fair value through other comprehensive income (debt instruments) shall be reclassified to fair value through profit or loss post year end post Board approval as from October 2020.

There has been no other material events after the reporting date which would require disclosure or adjustment to the Financial Statements for the year ended 30 June 2020.