

SBM UNIVERSAL FUND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2021

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**SBM UNIVERSAL FUND
CORPORATE INFORMATION**

1.

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

Investment Manager's statement

Dear Unitholder,

The pandemic swept the globe in March 2020 causing unprecedented health and economic concerns. Although policymakers had recourse to unprecedented stimulus measures to limit the economic impact of the Covid-19 pandemic, the global economy went into a recession during the calendar year 2020.

Policy measures limited the negative spill-overs from the "real" economy to the financial markets and major US equity indices reached record highs during the second quarter of the financial year. Technology and software were among the top-performing sectors amidst the behavioural shifts towards digitalisation during the first half of the year although a rotation into value and cyclical stocks was observed in the second half. Yields picked up in 2021 following persistently high inflation readings from supply-chain disruptions and policy measures.

In Mauritius, the closure of the domestic frontier presented significant headwinds to economic growth given the country's dependence on the leisure and hospitality sector. With easing of restrictions and an acceleration in the pace of vaccine roll-out, there was a positive shift in investor sentiment in 2021; the SEMDEX prolonged its 2021 bull-run after the budget speech held in June 2021 which among others, laid out the strategy in terms of easing of travel restrictions and paving the way for a bounce back of the tourism industry. Domestic yields increased significantly during that particular month.

Despite the uncertain conditions that prevailed during the year, we proved once again that we remain a reliable partner for all our stakeholders; our investment philosophy and processes ensured that our in-house funds delivered solid returns relative to their pre-set objectives. At equity level, performances were driven by our positioning in quality securities, target allocations to technology and software sectors, our diversified approach and, disciplined monitoring and execution.

Global economic activity has rebounded strongly since the onset of the pandemic but the environment remains challenging amid the mutations of the Covid-19 virus, inflation concerns and Fed's potential tapering of its assets purchase. In the US, the labour market has improved significantly and despite inflation readings remaining high, the Fed views this situation as transitory. As economic indicators trend towards the Fed's objectives amid higher inflationary pressures, tapering may raise stock market volatility. In the face of those challenges, we remain focused on our funds' long-term objectives and believe that potential catalysts such as stronger economic activity, upbeat profits and continued policy support may be positive for the stock market.

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



SBM Mauritius Asset Managers Ltd

September 2021

Investment Manager's Report

Performance commentary

For the financial year ended 30 June 2021, SBM Universal Fund registered a return of 19.1% against a benchmark performance of 16.8%. Net assets increased from MUR 357.1M to MUR 393.0M over FY21 with net asset value per unit (NAV) increasing from MUR 26.41 to MUR 31.03.

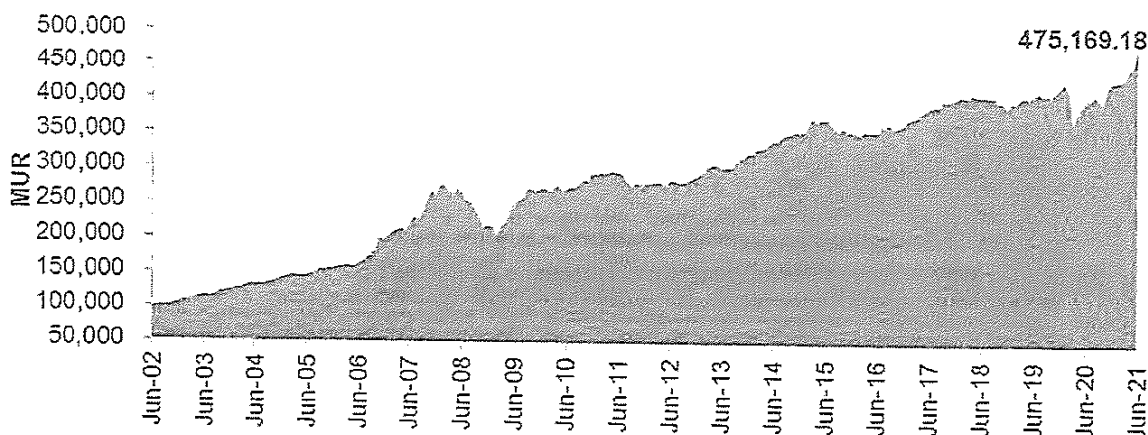
As an indication of the domestic equity market performance, SEMDEX and SEMTRI closed at 1,863.22 points and 7,274.51 points, equivalent to 12.1% and 13.8%, respectively during the financial year 2021. On the global front, the MSCI All Country World index registered a performance of 37.2% in USD terms, equivalent to 46.2% in MUR terms.

ANNUALISED RETURN

	1 YEAR	3 YEAR	5 YEAR	SINCE INCEPTION
SBM Universal Fund (%)	+19.1	+5.4	+6.1	+8.5
Benchmark (%)	+16.8	+5.4	+6.9	+8.0
	FY 21	FY 20	FY 19	FY 18
SBM Universal Fund (%)	+19.1	-1.8	+0.3	+4.7
Benchmark (%)	+16.8	-1.5	+1.7	+6.1

As at 30/6/21, the benchmark is a composite of 30% SEMDEX, 40% 1 year Government of Mauritius Treasury Bill rate and 30% MSCI World Index. The SEMDEX is a capitalisation weighted index including all shares traded on the Stock Exchange of Mauritius. The MSCI World index is a free float-adjusted market capitalisation weighted index that is designed to measure the performance of developed equity markets. Computation of benchmark return is based on the observations as at month-end and the blended performance of the benchmark reflects monthly rebalancing.

VALUE OF MUR 100,000 INVESTED SINCE INCEPTION



Past performance is not a reliable indicator of future performance and unit prices may fluctuate with prevailing market conditions and current performance may be higher or lower than the performance cited. For more information on the fund's objectives, risks, and strategy, please consult its Prospectus. Latest unit prices are available on the website: <https://nbfc.sbmgroup.mu/mam/financial-products/funds-performance>

The graph illustrates the performance of MUR 100,000 invested in the Fund at inception. The growth of investment amount assumes that dividends, if any, are re-invested and does not include sales charge but takes into account the running expenses of the Fund as well as taxes and other deductions.

Positioning and strategy

The strategic allocation of the Fund is based on the Fund's investment objectives and the benchmark as per its Prospectus. At the start of the financial year, the Fund was underweight in domestic equities but gradually increased exposure to 31.4% amid opportunities in certain segments of the market. Following the uptrend in yields and opportunities in the corporate bond segment, it raised its exposure in domestic fixed income to 30.7%. Internationally, some profit bookings were realised following the rise in 10Y yields but the portfolio remained overweight to this asset class.

From a geographical perspective, the Fund was underweight in Mauritius against the benchmark mainly on account of an allocation of 31.4% in domestic fixed income versus 40% for the benchmark.

It maintained an overweight in financial stocks, such as MCB Group Limited and SBM Holdings Ltd, during the year based on relative undervaluation from forward estimates. The broad strategy was to control exposure to the tourism sector, directly via hotel stocks, and indirectly via conglomerates. The previous strategy of overweighting defensive stocks such as Phoenix Beverages Ltd and Innodis Ltd, and construction-related stocks like Gamma Civic Ltd and United Basalt Products Ltd, was maintained.

During the first half of the financial year, the international equities portfolio was overweight sectors such as technology, software and medical devices. Those tactical allocations benefited from the pandemic but in the second half, markets rotated into value stocks following the vaccination progress, higher inflation expectations and rebound in global economic activity. With 10Y yields moving above pre-pandemic levels and expectations of more aggressive opening of markets, positions in software were trimmed in favour of small- and mid-caps as well as value stocks, mainly through financials.

The top 5 holdings reflect the Investment Manager's process in terms of the core-satellite approach as well as the house view on particular stocks and ETFs.

ASSET ALLOCATION (% net assets)

	30/06/2020	30/06/2021
Domestic equities.....	26.7	31.4
International equities.....	35.9	33.1
Domestic fixed income.....	25.2	30.7
Alternative investment.....	4.6	0.0
Cash & cash equivalents.....	7.6	4.8

GEOGRAPHICAL ALLOCATION (% net assets)

	Fund	Index
Mauritius.....	66.9	70.0
North America.....	19.5	21.2
Europe.....	6.6	5.5
Asia Pacific.....	3.6	3.2
Central Asia.....	2.5	0.0
Others.....	0.7	0.0
Latin America.....	0.1	0.1
Africa Middle East.....	0	0.1

SECTOR ALLOCATION (% net assets)

	Fund	Index
Domestic		
Banking & Insurance.....	17.1	12.2
Commerce.....	4	5.5
Industry.....	4.4	2.7
Investment.....	3	7.2
Leisure & Tourism.....	2.8	1.9
Property.....	0.1	0.1
Sugar.....	0	0.2
Transport.....	0	0.1
International		
Financial.....	4.9	4
Consumer Non-Cyclical.....	7.5	5.9
Consumer Cyclical.....	2.5	4.4
Industrial.....	3.1	3.2
Technology.....	7.6	6.6
Communications.....	4.2	2.7
Energy.....	0.6	1
Basic Materials.....	1.2	1.3
Utilities.....	0.5	0.8
Others.....	0.9	0.1

TOP 5 HOLDINGS (% net assets)

	30/06/2020	30/06/2021
MCB Group Ltd.....	9.3	11.3
iShares MSCI World ETF.....	8.9	8.5
SIT Bond 25/04/2024.....	5.6	5.1
Vanguard S&P 500 ETF.....	5.1	4.9
CIM Financial Services Ltd		
31/07/2025.....	-	3.9
TOTAL	28.9	33.7

Economic Review

Economy

The global economy contracted in calendar year 2020 with the growth rate estimated at -3.3%, after a series of restrictions aimed at curbing the spread of the Covid-19 adversely impacted economic activity. Real GDP growth among developed nations is estimated at -4.6% with the US, Germany, France, Italy and Spain registering respective rates of -3.5%, -4.8%, -8.0%, -8.9% and -10.8%. Emerging and developing nations posted -2.1%, dragged by China (2.3%), India (-7.3%), Brazil (-4.1%) and Russia (-3.0%). Supply-chain disruptions significantly increased inflationary pressures in 2020 with global inflation estimated at 3.2%. Domestically, economic activity was impacted by the national lockdown in March and stringent travel restrictions; according to Statistics Mauritius, real GDP declined by 14.9% in 2020. The contraction was more severe in the tourism sector which adversely impacted foreign exchange flows, and the current account deficit. The MUR weakened over the year, by 6.2% against the USD, standing at 40.15/USD in June 2020 compared to 42.65/USD in June 2021.

REAL GDP GROWTH (IMF estimates, % YoY)

Group/ Country	Advanced	Euro Area	EM & Developing	Emerging Asia	Sub- Saharan Africa	United States	China	India	Mauritius
2020	-4.6	-6.5	-2.1	-0.9	-1.8	-3.5	2.3	-7.3	-15.8
2021(F)	5.6	4.6	6.3	7.5	3.4	7.0	8.1	9.5	6.6
2022(F)	4.4	4.3	5.2	6.4	4.1	4.9	5.7	8.5	5.2

In 2021, economic conditions significantly improved with the continued support of policymakers, the on-going vaccination progress and easing of restrictions in several economies. The International Monetary Fund (IMF) revised upwards its 2021 real GDP growth projection for the US to 7.0%, 0.6 percentage point higher than its projections in April 2021, reflecting the relatively advanced pace of vaccines rollout and additional fiscal stimulus. The Biden administration has proposed two multi-year spending packages equivalent to 18% of 2021 GDP: the American Families Plan (USD 2T) and the American Jobs Plan (USD 2.3T); aimed at supporting vulnerable households, strengthening the recovery and improving labour productivity.

Growth projections for 2021 in the Eurozone have been reviewed to 4.6% by the IMF, 0.3 percentage point higher than its April 2021 World Economic Outlook (WEO) projection. As confinement measures are gradually lifted, economic growth is projected to rebound strongly in the second half of 2021 boosted by private consumption, substantial fiscal support and strong external demand. Germany, France, Italy and Spain, are projected to grow by 3.6%, 5.8%, 4.9% and 6.2%, respectively.

Economic Review (Cont'd)

Economy (Cont'd)

Real GDP growth in developing and emerging economies is projected to outpace advanced economies with a forecast of 6.3% in 2021, against 6.7% in IMF's April 2021 forecast. The relatively higher projections among emerging nations are likely to be led by the strong rebounds in India and China, which are projected to grow by 9.5% and 8.1%, respectively. However, lack of access to vaccines and challenges in controlling renewed waves of the pandemic are likely to dictate the growth path among those nations.

On the domestic economy, the IMF projects real GDP to grow by 6.6% in 2021 and 5.2% in 2022. The recovery is expected to be driven by the construction and manufacturing sectors alongside accommodation and food service activities. Monetary policymakers are likely to maintain the accommodative monetary policy stance in the short term to support economic activity and cushion against the likely disruptive effects of the second wave of Covid-19.

According to the July 2021 WEO, inflation rates in developed economies and emerging market and developing economies are estimated to be at 2.4% and 5.4% respectively. Higher inflation is expected in some emerging markets and developing economies on account of elevated food prices. Inflation is expected to return to its pre-pandemic levels in most nations in 2022. In the US, the PCE inflation rate is expected to hover above 2% in the near term driven primarily by transitional factors, pent-up demand and on-going supply-chain disruptions. Statements from central banks regarding outlook for monetary policy remain key in shaping inflation expectations

Financial markets review

Equity markets

After hitting a 4-year low in March 2020 following the declaration of Covid-19 as a pandemic and implementation of lockdown measures in several countries, markets recovered most of the losses by August 2020, supported by unprecedented monetary and fiscal stimuli by policymakers, globally. Near-zero Federal Funds rate, trillions of dollar of fiscal support and positive vaccine news pushed US equities in record territories during the first half of the financial year. Growth stocks outperformed the broader indices, aided by technology and software stocks. During the second half of the year, rising inflation concerns raised 10Y US yields which dented the performance of growth stocks and the Nasdaq witnessed a correction in February 2021. Investors rotated into value and smaller caps, which outperformed the broader market up to May. As an indication, the S&P 500 index registered +14.4% over the period Jan-Jun 21 compared to the S&P 500 Value index and Russell 2000 index which posted +17.0%. Falling yields towards the end of the financial year and higher earnings expectations pushed key equity markets to record highs; overall, the MSCI World index recorded +37.0% YoY.

In Mauritius, the SEMDEX did not track the recovery of global indices mainly on account of exacerbating economic conditions, the uncertainty surrounding the full opening of borders and potential spillovers from the tourism sector to other sectors. Following the budgetary measures in June and the announcement of the reopening of borders, the SEMDEX posted relatively strong growth aided by tourism-related stocks. A strong growth of +8.8% was registered during the month of June 2021 only, driving a YoY rise of 12.2% in the index

EQUITY INDEX PERFORMANCE (% local currency)

Index	1M	3M	6M	YTD	1Y	3Y	5Y
S&P 500.....	+2.2	+8.2	+14.4	+14.4	+38.6	+58.1	+104.8
MSCI World.....	+1.4	+7.3	+12.2	+12.2	+37.0	+44.4	+82.5
MSCI World Small Cap....	+0.1	+4.6	+14.1	+14.1	+51.0	+35.0	+81.9
MSCI Europe.....	+1.6	+5.4	+13.6	+13.6	+25.1	+17.2	+34.4
MSCI EM.....	-0.1	+4.4	+6.5	+6.5	+38.1	+28.5	+64.8
MSCI AC Asia.....	-0.5	+2.2	+4.0	+4.0	+31.7	+25.3	+61.3
SEMDEX.....	+8.8	+16.6	+13.1	+13.1	+12.2	-16.9	+6.4
DEMEX.....	+7.7	+23.4	+33.0	+33.0	+37.5	+18.6	+46.7

TOP INDEX LEADERS (% local currency)

Global equities	1Y	Domestic equities	1Y
Apple Inc.....	+51.2	MCB Group Limited.....	+15.7
Microsoft Corp.....	+34.4	Alteo Limited.....	+69.7
Tesla Inc.....	+214.7	Ciel Limited	+46.6
Amazon.com Inc	+24.7	SBM Holdings Ltd	+15.0
Alphabet Inc - Class C	+77.3	Gamma Civic Ltd.....	+39.7

Financial markets review (Cont'd)

Bond markets

The Barclays Global Aggregate Bond index registered USD returns of +2.6% during the financial year 2021. During the second and third quarters of FY21, the global bond market sold off following the global rollout of vaccines, passage of the USD 1.9 trillion fiscal stimulus package in the US and higher inflationary pressures. In the last quarter of FY21, however, global bonds rallied as markets shrugged off inflation concerns and the rapid spread of the more contagious Delta variant threatened the global economic recovery. Emerging market debt performed particularly well during the fourth quarter while inflation-protected Treasury securities posted strong returns amid higher inflation readings.

During the financial year, the Fed maintained its monthly asset purchase of USD 80Bn of Treasury securities and USD 40Bn of mortgage-backed securities while keeping the Fed Funds rate in the range of 0.0%-0.25%. It shifted to a more hawkish outlook in June 2021 with the Federal Open Market Committee (FOMC) anticipating two interest-rate hikes by the end of 2023. Faster than expected vaccine rollout combined with the large fiscal stimulus drove 10-year US Treasury yield higher by 108 bps from 0.66% in June 2020 to 1.74% in March 2021. However, US Treasuries rallied over Q4:FY21 primarily due to concerns over the spread of the Delta variant; with 10-year US Treasury yield tumbling to 1.47% in June 2021.

The European Central Bank (ECB) kept the interest rate unchanged on the main refinancing operations, the marginal lending facility and the deposit facility at 0.00%, 0.25% and -0.50%, respectively. The Governing Council conducted net purchases under the pandemic emergency purchase programme (PEPP) at a significantly higher pace during the last quarter of FY21. Bond yields were generally on the uptrend mainly on account of Europe's vaccine catch-up and ratification of the EU Covid Recovery Fund - NextGenerationEU. The corresponding yields on 10-year German and Spanish bonds surged by 24 bps and 39 bps to -0.21% and 0.41%. Conversely, yields on 10-year Italian bond ticked lower in FY 2021 from 1.26% to 0.82%; amid optimism that the newly appointed Prime Minister of Italy, Mario Draghi, will push for key structural reforms.

Yields on the domestic bond market trended upward during the FY21 amid the shift in sentiment from the pandemic-related shock, decrease in MUR excess liquidity and sovereign rating downgrade. On the secondary market, yields on the 91D Treasury Bills increased by 27 bps to 1.01% over the year. Yields on 182D Treasury Bills and 364D Treasury Bills increased by 36 and 42 bps to reach 1.22% and 1.48%, respectively. 3Y GOM Notes yield increased from 1.56% to 2.54% while 5Y GOM Bonds traded at 3.12% against 1.89% in June 2020. Long-term yields rose more aggressively with 10Y GOM Bond trading at 4.34% as at June 2021, equivalent to an increase of 186 bps. The yield on 15Y GOM bonds was also on the upward trend standing at 4.76% against a preceding reading of 2.81%. The 20Y GOM Bond yields increased from 3.05% to 5.14%.

Financial markets review (Cont'd)

Bond markets (Cont'd)

BOND INDEX PERFORMANCE (% local currency)

Index	1M	3M	6M	YTD	1Y	3Y	5Y
Barclays Global Aggregate Bond.....	-0.9	+1.3	-3.2	-3.2	+2.6	+13.2	+12.3
Barclays US Aggregate Bond	+0.7	+1.8	-1.6	-1.6	-0.3	+16.9	+16.1
Barclays US Govt Inflation-Linked All Maturities Index	+0.7	-3.5	+1.6	+1.6	+6.5	+21.5	+23.4
Barclays High Yield bond	+0.2	+3.1	+2.1	+2.1	+14.6	+21.0	+36.9
JP Morgan EMU IG Bond	+0.4	-0.7	-3.1	-3.1	-0.1	+9.4	+7.5
JP Morgan EM Bond	+0.9	+4.5	-1.0	-1.0	+7.5	+22.6	+26.4
FTSE Asian Broad Bond.....	+0.5	+1.4	-0.2	-0.2	+4.1	+21.9	+24.7

MARKET YIELDS (%)

Tenor	United States		Germany		India		China		Mauritius	
	Jun-21	Jun-20	Jun-21	Jun-20	Jun-21	Jun-20	Jun-21	Jun-20	Jun-21	Jun-20
91D	0.05	0.13	-0.67	-0.63	3.80	3.74	-	-	1.01	0.74
182D	0.04	0.16	-0.65	-0.61	3.89	3.75	2.06	-	1.22	0.86
364D	0.08	0.15	-0.66	-0.63	4.19	3.86	2.31	2.09	1.48	1.06
3Y	0.45	0.17	-0.67	-0.72	5.18	4.68	2.75	2.33	2.54	1.56
5Y	0.88	0.30	-0.59	-0.7	5.87	5.35	2.92	2.55	3.12	1.89
10Y	1.47	0.62	-0.26	-0.49	6.62	6.24	3.08	2.85	4.34	2.48
15Y	1.65	0.84	-0.01	-0.31	6.88	6.52	-	-	4.76	2.81
20Y	1.96	1.12	0.06	-0.20	7.00	6.61	3.31	3.45	5.14	3.05

Commodity markets

The S&P GSCI index registered a USD performance of +57.4% over the financial year 2021, mainly led by the rebound in oil prices from about USD 40/Bbl in the mid-2020 to above USD 70/Bbl as at June 2021. Brent and WTI prices rallied by more than 80% during FY21 mainly supported by stronger demand conditions amid easing of lockdown restrictions and supply measures from OPEC. Natural gas gained strongly as demand outpaced supply. Precious metals registered mixed performances with Silver advancing by +43.5% on the back of its dual precious metals and industrial uses while Gold posted -0.6%. Gold initially edged higher as investors hedged against the rising inflation threat but the bull run came to an end with the resurgence of the USD and strong economic data.

Financial markets review (Cont'd)

Commodity markets (Cont'd)

COMMODITIES			
	Jun-21	Jun-20	FY21 (% YoY)
WTI			
\$/Bbl.....	73.47	39.27	+87.1
Brent \$/Bbl.....	75.13	41.15	+82.6
Natural gas USD			
\$/mmBtu.....	3.65	1.75	+108.5
Copper \$/Oz.....	429.65	271.35	+58.3
Silver Spot \$/Oz.....	26.13	18.21	+43.5
Gold Spot \$/Oz.....	1,770.11	1,780.96	-0.6

Forex

The U.S. Dollar Index (DXY) traded sideways over FY21 with the USD initially strengthening on the back of stimulus and higher long-term rates but eventually lost ground against other major currencies as longer US yields eased. The weakening of the dollar was also attributable to investors pricing in an early Fed tightening while the inflation outlook and higher oil prices presented headwinds.

The euro appreciated against the US dollar, buoyed by easing Covid-19 restrictions, rising consumer confidence and the vaccination programme. The pound sterling strengthened, backed by hopes that the UK would ease its lockdown restrictions sooner than expected amid the fast vaccine rollout. The pound was also supported by a post-Brexit trade deal with the EU.

Among Asian markets, the Japanese Yen depreciated against the dollar, unwinding an advance spurred by demand for safe-haven assets during the pandemic. The acceleration in the vaccine rollout across the world drove investors into riskier assets. The CNY strengthened in FY21 driven by a broadening US dollar weakness amid China's strong economic rebound. Robust exports growth resulted in a current account surplus and supported the yuan. The Indian rupee appreciated against the US dollar amid the improved risk appetite in the region. The strengthening of the INR was also attributable to foreign inflows through FDI and FPI.

In Mauritius, the MUR depreciated by 6.2% YoY against the USD; the central bank sold USD 25M at Rs 42.50/USD on 28 June 21 against a sale of USD 25M at Rs 40.70/USD on 10 June 2. The currency continued to be under pressure amid the widening current account deficit and travel restrictions.

FOREX			
	Jun-21	Jun-20	FY21 (% YoY)
Dollar index.....	92.44	97.39	-5.1
EUR-USD.....	1.19	1.12	+5.6
GBP-USD.....	1.38	1.24	+11.5
USD-JPY.....	111.11	107.93	+2.9
USD-CNY.....	6.46	7.07	-8.6
USD-INR.....	74.33	75.51	-1.6
USD-MUR.....	42.65	40.15	+6.2

Market Outlook

The market environment remains highly uncertain with the spread of the delta variant and the rise in inflationary pressures. International equity markets may be entering a phase of transition as earnings, economic growth and policy stimulus peak. Potential headwinds include persistently high inflation, earlier than expected Fed tightening and higher taxes. Internationally, equity allocations are likely to be raised in the "quality factor", that is, investment strategies with focus on companies that exhibit higher profitability, low leverage and consistent earnings. From long-term and strategic perspectives, the foreign equity investments are expected to maintain a sector overweight in technology and a geographic overweight in India.

In terms of domestic equities, the trajectory of recovery in economic activity in 2021 is reliant on tourism given its double digit direct and indirect contributions to economic output. So far, the policymakers have supported the sector through the moratoriums on loans, Government Wage Assistance Scheme and lending from the Mauritius Investment Corporation Ltd. In its last budget, it was announced that as from October 1, there will not be any entry restriction on vaccinated travelers provided that their PCR tests are negative within 72 hours before departure. A prospective rebound in this sector's output during the upcoming peak season is likely to ease pressure on the MUR and on the debt-to-GDP ratio. Unless there is a drastic change in market conditions, the domestic equity strategy is likely to remain constant, that is, overweight select financial and construction-related stocks, control in/direct exposure to the hotel segment and underweight the investment sector.

On the fixed income front, high inflationary pressures and an improving labour market may result in the Fed tapering its monthly asset purchases in 2021. The latest labour market data showed a drop in the unemployment rate; 934,000 jobs were added during the month of July against consensus estimates of 870,000. With 10Y yields increasingly likely to test the 1.60% - 1.70% range by the end of 2021, the Fund is likely to maintain its underweight in international fixed income, especially in a context of weak MUR. Purchase of low-yielding assets denominated in foreign currencies may impact the medium- to long-term performances due to interest rate and re-investment risks. The strategy will involve a relatively low duration while underweighting the high-yield and emerging markets space amid potential tapering.

Domestically, Yields tumbled in July after gaining significant grounds following the issuances of 20Y and 15Y GoM bonds in June. It is expected that the Bank of Mauritius will maintain its accommodative monetary policy amid the uncertainty surrounding the pick-up in economic activity. The pursuit of this policy is likely to be supported by the relatively low reading of 2.6% for headline inflation in July; according to BoM projections, domestic inflation continues to be subject to transitory supply-side pressures and is forecast to stand at about 3.5% for 2021. It is expected that domestic fixed income allocations will maintain a barbell strategy in managing interest rate and re-investment risks. Subject to availability and credit spreads, the exposure to "quality" corporate credit will be increased in the portfolios.

The Trustee and Manager of SBM Universal Fund ("the Fund") are pleased to submit their Corporate Governance Report for the year ended 30 June 2021, inclusive of other statutory disclosures.

INTRODUCTION

SBM Universal Fund was authorised by the Financial Services Commission under the Unit Act, 1989 as amended, and established as a Unit Trust by a trust deed of the SBM Unit Trust dated 7 June 2002 between SBM Mauritius Asset Managers Ltd (The manager) and Sun Insurance Co. Ltd (The Trustee) and subsequently governed by the Supplemental Deed dated 30 November 2012, Supplemental Deed No. 1 dated 14 November 2013 and Supplemental Deed No. 2 dated 20th October 2017.

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.

However, following a restructuring exercise, the Fund has been restructured under the SBM Investment Unit Trust, whilst keeping their investment objectives and strategies by a Supplemental Deed of Amendment of the Trust Deed of the SBM Investment Unit Trust dated 31 December 2019 between the Manager and DTOS Trustees Ltd.

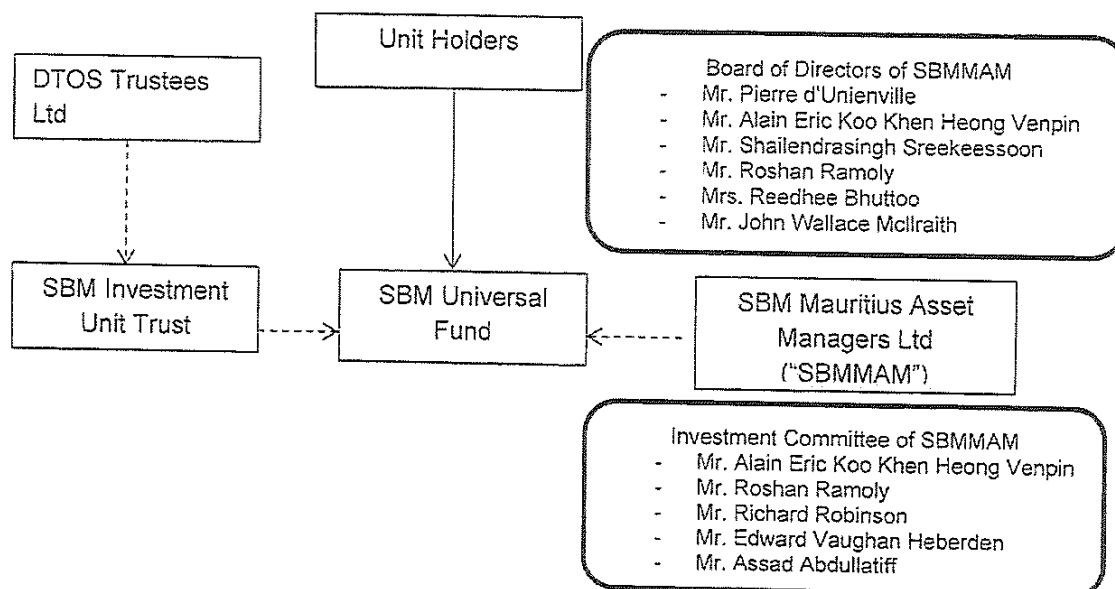
The Fund's objective is to maximise returns on a long-term basis and to provide regular income to its unitholders whilst keeping a balanced-risk strategy.

The Fund is a public interest entity as defined under the Financial Reporting Act 2004.

INTRODUCTION

SBM Universal Fund's corporate governance framework includes its Trustee, Investment Committee, Manager, the board of the Manager, Unitholders, and other stakeholders.

The organisation's structure is as follows:



INTRODUCTION (CONTINUED)

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 Unitholders 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;
- The National Code of Corporate Governance for Mauritius 2016 (the "Code");
- The Trust Act, 2001;
- The Securities Act, 2005; and
- The Securities (Collective Investment Schemes and Closed-end Funds) Regulations, 2008.

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.

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 Fund's business.

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

TRUST DEED AND SUPPLEMENTAL DEEDS

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:

TRUST DEED AND SUPPLEMENTAL DEEDS (CONTINUED)

No Unitholder 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 Unitholders 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 Unitholder is entitled to any distribution as approved and declared by the Manager as per provisions of the Trust Deed.

THE TRUSTEE AND THE MANAGER

Corporate Profile of the Trustee – DTOS Trustees Ltd

DTOS Trustees Ltd is a private company incorporated in Mauritius on 23rd 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 Unitholders 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 Unitholders of the Fund.

Corporate Profile of the Manager – SBM MAM

SBM Mauritius Asset Managers Ltd ("SBM MAM") is licensed and regulated by the Financial Services Commission of Mauritius and holds a CIS Manager license. It is 100% owned by SBM Capital Markets Ltd. SBM MAM offers investment management services across a number of asset classes including equities, fixed income, private and alternative investments.

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 Unitholders of the Fund in accordance with the Trust Deed and Prospectus of the Fund.

THE TRUSTEE AND THE MANAGER (CONTINUED)

Role of the Manager and its obligations (continued)

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 Unitholders.

- **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.

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.

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 20 to the Financial Statements.

Information, information technology and information security policy

The Trustee and Manager confirm that information, information technology and information security policy exist 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.

RISK GOVERNANCE AND INTERNAL CONTROL (CONTINUED)

RISK MANAGEMENT (CONTINUED)

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.

RISK GOVERNANCE AND INTERNAL CONTROL (CONTINUED)

RISK MANAGEMENT (CONTINUED)

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

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.

REPORTING WITH INTEGRITY (CONTINUED)

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') of the SBM Group has its own permanent Internal Audit function reporting to the Risk Committee of SBM (NBFC) Holdings Ltd, the holding Company of NBFC. 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 Risk Committee. The Head of Internal Audit has regular access to the Trustee and Manager and the chairperson of the Risk Committee. There were no restrictions on access by the internal auditors to records or members of the management team.

AUDIT (CONTINUED)

Internal Audit (continued)

The Audit and Risk Committees of NBFC are chaired by a Chartered Accountant and the Committee comprises of independent members with more than 30 years' experience in the Financial Services industry. The Risk Committees reviews and approves Internal Audit's plan and resources and evaluates the effectiveness of the function. The Audit and Risk Committees ensure 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 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 Risk Committee and the Chief Executive Officer. Any deviation in policies and non-performance of internal controls are duly

reported and discussed at Risk Committee level. 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 2021. The Trustee and Manager assess and review on a regular basis the independence of the external auditor.

The fees paid for audit services for the year ended 30 June 2021 were Rs. 119,375 (period 2020: Rs. 77,259). The external auditors did not provide any non-audit services during the financial year.

RELATIONS WITH SHAREHOLDERS AND OTHER KEY STAKEHOLDERS

SHAREHOLDING

Holding Structure – 30 June 2021

As at 30 June 2021, the Fund had issued 12,665,496.11 units for a total fund size of Rs. 393,017,446. The NAV per unit of the Fund as at 30 June 2021 was Rs. 31.0306.

The NAV per unit for the past five years are as follows:

Year	NAV per unit
June 2016	24.63
June 2017	26.66
June 2018	27.56
June 2019	27.34
June 2020	26.41
June 2021	31.03

RELATIONS WITH SHAREHOLDERS AND OTHER KEY STAKEHOLDERS (CONTINUED)

SHAREHOLDING (CONTINUED)

Unitholders' Relations and Communication

Unitholders 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 1,044 Unitholders as at 30 June 2021. A breakdown of the category of Unitholders and the unit ownership as at 30 June 2021 are set out below:

Market Value (MUR)	Number of Unitholders	Number of shares owned	% Holdings
0-59,999	391	227,801.58	1.80%
60,000 - 99,999	80	196,700.85	1.55%
100,000 - 124,999	41	151,500.94	1.20%
125,000 - 199,999	91	466,377.73	3.68%
200,000 - 499,999	262	2,645,775.23	20.89%
500,000 - 999,999	115	2,594,780.97	20.49%
1M - 1,499,999	26	992,391.71	7.84%
1.5M - 1,999,999	8	441,777.18	3.49%
2M - 2,999,999	12	934,755.04	7.38%
3M - 5,999,999	8	1,067,169.88	8.43%
6M - 10M	7	1,688,766.40	13.33%
10M-20 M	3	1,257,698.92	9.93%
Total	1,044	12,665,496.43	100.00%

Unitholders' Agreement

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

Unitholders' Calendar

The Fund has planned the following forthcoming events:

Reporting date	30 June 2021
Publication of year end results	Within 90 days from end of 30 June 2021
Declaration of dividend	Within 3 months from end of 30 June 2021

Dividend Policy

The objective of the fund is to pay 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.

For financial year 30 June 2020, it was agreed to payout an amount of MUR (4,759,328.91) as dividend which resulted in a dividend per unit of MUR 0.3622.

OTHER STATUTORY DISCLOSURES

SIGNIFICANT CONTRACTS

The following agreements have been approved by the Trustee and Manager and are still effective as at end of the financial year 2020-2021:

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

Employee Share Option Scheme

The Fund has no share option plans.

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

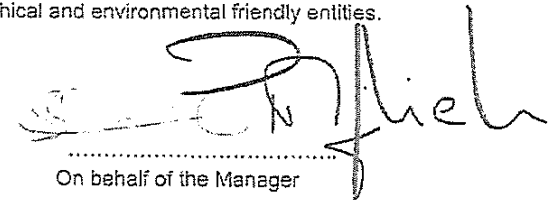
Under regulatory supervision of the Financial Services Commission, all officers and agents of the Fund are expected to maintain a high level of ethics in their behaviour and business transactions. The transactions of the Fund are carried out as per its Manager's and Fund Administrator's Code of Business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

On behalf of the Trustee and Manager


Subsidiary

On behalf of the Trustee

Date:


On behalf of the Manager

Trustee's and Manager's Responsibilities in respect of the Financial Statements

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 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, they have:

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

The Trustee and Manager are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Fund and to enable them to ensure that the financial statements comply with the 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 International Financial Reporting Standards. They are also responsible for safeguarding the assets of the Fund and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

On behalf of the Trustees and Manager

On behalf of the Trustee

Date:

Subramanyam
23 SEP 2021

[Signature]
On behalf of the Manager

STATEMENT OF COMPLIANCE

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

Name of PIE: The SBM Universal Fund

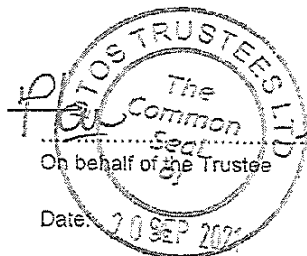
Reporting Period: Year ended 30 June 2021

We, the Trustee and Manager of the SBM Universal 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 has 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, SBM Mauritius Asset Managers Ltd, as described above.

On behalf of the Trustee and Manager

 *[Signature]*
On behalf of the Trustee
Date: 20 SEP 2021

[Signature]
On behalf of the Manager

**Independent auditor's report to the Members of
SBM Universal Fund**

4

Report on the audit of the financial statements

Opinion

We have audited the financial statements of **SBM Universal Fund** (the "Fund") set out on pages 6 to 38, which comprise the statement of financial position as at 30 June 2021, and the statement of profit or loss and other comprehensive income, statement of changes in net assets 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 2021, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and comply with the requirements of the Mauritius Companies Act 2001 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 Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the International Ethics Standard Board for Accountants' *Code of Ethics for Professional Accountants (including International Independence Standards)* (the "IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The directors are responsible for the other information. The other information comprises the Corporate Information, the 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 and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, 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 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 Mauritius Companies Act 2001 and the Financial Reporting Act 2004 and they are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the 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 directors 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.

**Independent auditor's report to the Members of
SBM Universal Fund (Cont'd)**

5

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 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 those charged with governance 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.

Report on other legal and regulatory requirements

Mauritius Companies Act 2001

In accordance with the requirements of the Mauritius Companies Act 2001, we report as follows:

- we have no relationship with, or interest in, the Fund other than in our capacity as auditor and tax advisor;
- we have obtained all information and explanations that we have required; and
- in our opinion, proper accounting records have been kept by the Fund as far as appears from our examination of those records.

Use of this report

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



Deloitte

Chartered Accountants

20 September 2021



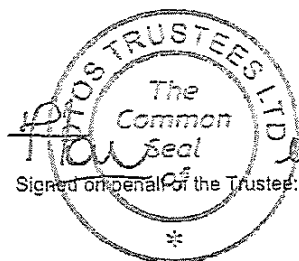
LLK An Hee, FCCA
Licensed by FRC

SBM UNIVERSAL FUND
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021

6.

	Notes	2021 MUR	2020 MUR
ASSETS			
Cash and cash equivalents		18,576,538	27,329,463
Other receivables	6	1,380,161	556,018
Financial assets at fair value through other comprehensive income	7	296,925,521	264,654,256
Financial assets held at amortised cost	8	77,351,732	65,243,964
		<u>394,233,952</u>	<u>357,783,701</u>
LIABILITIES			
Other payables	11	1,140,356	1,059,112
Income tax liability	12(a)	76,150	(459,678)
		<u>1,216,506</u>	<u>599,434</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS			
Redeemable units	5(a)	138,274,240	161,990,443
Retained earnings		3,063,370	4,760,472
Fair value reserve		250,245,953	189,229,727
Other reserve		1,433,883	1,203,625
	5	<u>393,017,446</u>	<u>357,184,267</u>
TOTAL EQUITY AND LIABILITIES		<u>394,233,952</u>	<u>357,783,701</u>

Approved by the Trustee and the Manager and authorised for issue on20 SEP 2021...



Signed on behalf of the Manager:

The notes on pages 10 to 38 form part of these financial statements.

SBM UNIVERSAL FUND
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2021

7.

		Year ended 30 June 2021	Period from 01 January 2020 to 30 June 2020
	Notes	MUR	MUR
INCOME			
Dividend income	7(a)	3,522,139	1,011,423
Interest income	13	4,990,823	2,129,926
Net foreign exchange gain		230,258	1,203,625
Other income		-	44,139
		<u>8,743,220</u>	<u>4,389,113</u>
FUND EXPENSES			
Manager's fees	14	3,613,963	1,802,435
Administrator's fees	18	451,745	225,304
Registry fees	16	451,745	225,303
Trustee's fees	15	313,186	155,530
Custodian fees	17	352,635	273,487
Auditor's fees		119,375	77,259
Legal & professional fees		81,462	66,263
Sundry expenses		34,938	6,986
Expected credit losses	9	(251,454)	(319,400)
Provision no longer required written back		-	(211,437)
		<u>5,167,595</u>	<u>2,301,730</u>
PROFIT BEFORE TAX		3,575,625	2,087,383
Income tax expense	12 (b)	(282,140)	(114,959)
PROFIT FOR THE YEAR/ PERIOD		3,293,485	1,972,423
OTHER COMPREHENSIVE INCOME			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Net fair value gain/ (loss) on financial assets at FVOCI	7	61,015,226	(20,157,756)
CHANGE IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS		<u>64,308,711</u>	<u>(18,185,332)</u>

The notes on pages 10 to 38 form part of these financial statements.

SBM UNIVERSAL FUND
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 30 JUNE 2021

8.

		Redeemable units	Retained earnings	Non-distributable income Fair value reserve	Other reserve	Total
		MUR	MUR	MUR	MUR	MUR
	Note					
At 01 January 2020- b/f from UF- Unit trust		176,499,953	3,990,673	209,388,483	-	389,879,109
Issue of units		943,823	-	-	-	943,823
Redemption of units		(15,453,333)	-	-	-	(15,453,333)
Change in net assets attributable to holders of redeemable units for the period		-	1,972,423	(20,157,756)	-	(18,185,332)
Foreign exchange gain transfer*		-	(1,203,625)	-	1,203,625	-
As at 30 June 2020		<u>161,990,443</u>	<u>4,759,472</u>	<u>189,230,727</u>	<u>1,203,625</u>	<u>357,184,266</u>
At 01 July 2021		161,990,443	4,759,472	189,230,727	1,203,625	357,184,267
Issue of units		3,490,582	-	-	-	3,490,582
Redemption of units		(27,206,785)	-	-	-	(27,206,785)
Change in net assets attributable to holders of redeemable units for the year		-	3,293,485	61,015,226	-	64,308,711
Distribution to unitholders	24		(4,759,329)			(4,759,329)
Foreign exchange gain transfer *		-	(230,258)	-	230,258	-
As at 30 June 2021		<u>138,274,240</u>	<u>3,063,370</u>	<u>250,245,953</u>	<u>1,433,883</u>	<u>393,017,446</u>

* Note:

As per the Fund's prospectus, capital gains arising from changes in the value of investments, both realised and unrealised are credited to the non-distributable reserves and shall not be available for distribution as dividends. Capital losses arising from changes in the value of investment 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 10 to 38 form part of these financial statements.

SBM UNIVERSAL FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2021

9.

		Year ended 30 June 2021	Period from 01 January 2020 to 30 June 2020
	Notes	MUR	MUR
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		3,575,625	2,087,383
<i>Adjustments for</i>			
Dividend income	7(a)	(3,522,139)	(1,011,423)
Interest income	13	(4,990,823)	(2,129,926)
Expected credit losses	9	(251,454)	(319,400)
Net foreign exchange gain		(230,258)	(1,203,625)
Provision no longer required written back		-	(211,437)
Operating loss before working capital changes		(5,419,049)	(2,788,428)
Decrease in other receivables		169,804	26,687,942
Increase/ (decrease) in other payables		81,244	(2,125,762)
Purchase of financial assets held at FVOCI	7	(81,472,152)	(53,528,330)
Purchase of financial assets held at Amortised cost	8	(36,844,140)	(59,824,650)
Disposal proceeds from financial assets at FVOCI	7	110,481,793	36,284,074
Maturity proceeds from financial assets at amortised cost	8	20,000,000	86,588,776
Interest received		9,712,970	1,044,830
Dividend received		2,528,192	622,435
Net cash generated from operations		19,238,662	32,960,887
Income tax paid	12(a)	(123,867)	-
Income tax refund from MRA	12(a)	562,125	-
Additional tax paid on MRA assessment	12(b)	(184,570)	-
NET CASH GENERATED FROM OPERATING ACTIVITIES		19,492,350	32,960,887
CASH FLOWS FROM FINANCING ACTIVITIES			
Issue of units		3,490,582	943,823
Redemption of units		(27,206,785)	(15,453,333)
Dividend distribution		(4,759,329)	-
NET CASH FLOW USED IN FINANCING ACTIVITIES		(28,475,532)	(14,509,510)
NET (DECREASE)/ INCREASE IN CASH AND CASH		(8,983,182)	18,451,377
Effect of foreign exchange gain on cash and cash equivalents		230,258	1,203,625
CASH AND CASH EQUIVALENTS AT START OF YEAR/ PERIOD		27,329,463	7,674,461
CASH AND CASH EQUIVALENTS AT END OF YEAR /PERIOD		18,576,538	27,329,463

The notes on pages 10 to 38 form part of these financial statements.

1 LEGAL FORM AND PRINCIPAL ACTIVITY

SBM Universal Fund ("the Fund") was authorised by the Financial Services Commission under the Unit Trust Act 1989 (repealed and replaced by the Trust Act 2001) and established as a Unit Trust by a Trust Deed dated 7 June 2002 between SBM Mauritius Asset Managers Ltd ("The Manager") and Sun Insurance Co Ltd ("The Trustee").

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.

SBM Universal Fund operated as a domestic Fund until 31 December 2019. On 01 Jan 2020, a restructuring exercise was performed whereby all the assets and liabilities previously held under SBM Universal Fund Ltd were transferred to a Sub Fund of SBM Investment Unit Trust known as "SBM Universal Fund", pursuant to a Supplement of the Trust being executed between the Trustee and the Manager.

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

2 APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)

In the current year, the Fund has applied all 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 2020.

2.1 NEW AND REVISED STANDARDS IN ISSUE BUT NOT YET EFFECTIVE

Standards and amendments to existing standards effective 1 July 2020

The following relevant revised standard has been applied in these financial statements. Their applications have not had any material impact on the amounts reported for current and prior years.

IAS 1	Presentation of Financial Statements - Amendments regarding the definition of material
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors - Amendments regarding the definition of material
IAS 39	Financial Instruments: Recognition and Measurement - Amendments regarding pre-replacement issues in the context of the IBOR reform
IFRS 7	Financial Instruments: Disclosures - Amendments regarding pre-replacement issues in the context of the IBOR reform
IFRS 9	Financial Instruments - Amendments regarding pre-replacement issues in the context of the IBOR reform
Conceptual Framework	Amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32 to update those pronouncements with regards to references to and quotes from the framework or to indicate where they refer to a different version of the Conceptual Framework

2.2 NEW AND REVISED STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

New standards, amendments and interpretations effective after 1 July 2020 and have not been early adopted

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:

2 APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (CONTINUED)

2.2 NEW AND REVISED STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (CONTINUED)

New standards, amendments and interpretations effective after 1 July 2020 and have not been early adopted (Continued)

IAS 1	Presentation of Financial Statements - Amendments regarding the classification of liabilities (effective 1 January 2023)
IAS 1	Presentation of Financial Statements - Amendments regarding the disclosure of accounting policies (effective 1 January 2023)
IAS 8	Accounting Policies, Changes in Accounting Estimates and Error - Amendments regarding the definition of accounting estimates (effective 1 January 2023)
IAS 12	Income taxes - Amendments regarding deferred tax on leases and decommissioning obligations (effective 1 January 2023)
IAS 39	Financial Instruments: Recognition and Measurement - Amendments regarding replacement issues in the context of the IBOR reform (effective 1 January 2021)
IFRS 7	Financial Instruments: Disclosures - Amendments regarding replacement issues in the context of the IBOR reform (effective 1 January 2021)
IFRS 9	Financial Instruments - Amendments resulting from replacement issues in the context of the IBOR reform (effective 1 January 2021)
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. No potential impact is expected upon 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.

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.

3 ACCOUNTING POLICIES (CONTINUED)

3.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Foreign currency translation (Continued)

Transactions and balances (Continued)

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

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

The gain or loss arising on retranslation of non-monetary items is treated in line with 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

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

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

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

3 ACCOUNTING POLICIES (CONTINUED)

3.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Taxes (Continued)

Deferred tax (Continued)

- 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.

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.

As a result of the adoption of IFRS 9, the Fund has adopted consequential amendments to IAS 1 Presentation of Financial Statements, which require:

- Impairment of financial assets to be presented in a separate line item in the statement of comprehensive income; and
- Separate presentation in the statement of profit or loss and other comprehensive income of interest revenue calculated using the effective interest method.

3 ACCOUNTING POLICIES (CONTINUED)

3.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments (Continued)

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 has applied the practical expedient; 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.

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 of equity instruments and for debt instruments on settlement 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 OCI with recycling of cumulative gains and losses (debt instruments)

Financial assets at amortised cost

This category is the most relevant to the Fund. 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; and
- 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.

3 ACCOUNTING POLICIES (CONTINUED)

3.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments (Continued)

Financial assets (Continued)

Subsequent measurement (Continued)

Financial assets at amortised cost (Continued)

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 fixed deposits.

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 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 quoted bonds and listed equity investments and equity-related 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 ACCOUNTING POLICIES (CONTINUED)

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.

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 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.

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 ACCOUNTING POLICIES (CONTINUED)

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 is required to assess 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 are deducted from the gross carrying amount of assets.

Write-off policy

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows. Financial assets written off may still be subject to enforcement activities under the Fund's recovery procedures. Any recoveries made are recognised in profit or loss.

Financial liabilities

Initial recognition and measurement

Financial liabilities comprise of other payables, which are measured at amortised cost.

Subsequent measurement

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

Other payables

Accounts payable are stated at their amortised cost using the effective interest method.

3 ACCOUNTING POLICIES (CONTINUED)

3.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments (Continued)

Financial liabilities (Continued)

Subsequent measurement (Continued)

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the interest rate, transaction costs and other premium or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

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

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

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

An analysis of fair value instruments and further details as to how they are measured are provided in Note 8.

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 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); and
- 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).

3 ACCOUNTING POLICIES (CONTINUED)

3.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments (Continued)

Financial liabilities (Continued)

Determination of fair value (Continued)

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

(d) Revenue recognition under IFRS 9

(i) *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.

(f) Redeemable units

Classification of redeemable units

Redeemable units are classified as equity instruments when:

- The redeemable shares 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 shares 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 ACCOUNTING POLICIES (CONTINUED)

3.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Redeemable units (Continued)

Classification of redeemable units (Continued)

The Fund classified its redeemable units as equity as it meets the above features and also the Fund does not have any contractual obligation to repurchase or redeem for cash or other financial asset.

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 shares are accounted for as equity transactions.

Upon issuance of units, 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.

(g) Related parties

Parties are considered to be related to the Fund if they have the ability, directly or indirectly, to control the Fund or exercise significant influence over the Fund. Related parties may be individuals or other entities.

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.

(c) *Business model assessment*

Classification and measurement of financial assets depends on the results of the SPPI and the business model test (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.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjournment to the carrying amounts of assets and liabilities within the next financial year, are discussed below. The company 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 company. 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. (Note 9)

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.

5. CAPITAL MANAGEMENT (CONTINUED)

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. The redeemable participating units have been classified as equity.

Unitholders have undivided rights in the Fund pro-rata to the number of Units held by them.

Upon the Fund being terminated, the Fund shall sell all the Fund property vested in it in accordance with the terms of the Trust Deed. It shall apply the proceeds of the sale to repay any liability by the Fund and shall distribute all net cash proceeds to the Unitholders pro-rata to their number of Units after deduction of expenses as provided for in the Trust Deed.

Unitholders shall be entitled to vote at meetings of Unitholders.

The following matters shall require a meeting of Unitholders:

- termination of the Trust by Extraordinary Resolution,
- appointment of a new Manager or Trustee in the case the Manager has retired and has not been replaced by the Trustee or in case the Trustee has retired and has not been replaced by the Manager.

(a) Movement in units during the year/ period

	2021		2020	
	No. of units	MUR	No. of units	MUR
At start of year/ period	13,520,458	161,990,443	14,058,474	176,499,953
Units created	130,926	3,490,582	35,693	943,823
Units liquidated	(985,887)	(27,206,785)	(573,709)	(15,453,333)
At end of year/ period	<u>12,665,497</u>	<u>138,274,240</u>	<u>13,520,458</u>	<u>161,990,443</u>

(b) Net asset value / Unit

	2021	2020
Net Asset Value	<u>393,017,446</u>	<u>357,184,267</u>
Units	<u>12,665,497</u>	<u>13,520,458</u>
Net Asset Value per unit	<u>31.03</u>	<u>26.42</u>

(c) Prices per unit

	2021	2020
Issue price (MUR)	<u>31.34</u>	<u>26.68</u>
Repayment price (MUR)	<u>30.72</u>	<u>26.15</u>

6. OTHER RECEIVABLES

	2021	2020
	MUR	MUR
Dividend receivable	1,309,623	315,676
Disposal proceeds receivable	46,157	212,280
Prepayments	24,381	28,062
	<u>1,380,161</u>	<u>556,018</u>

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

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	EQUITY AND EQUITY-RELATED		DEBT	TOTAL
	Local	Foreign	Local	
	MUR	MUR	MUR	MUR
Local and foreign investments				
Balance b/f from SBM Unit Trust (01 January 2020)	165,391,846	89,688,286	12,494,724	267,574,856
Additions	9,954,653	31,068,338	12,505,339	53,528,330
Disposals	(19,798,454)	(16,485,620)	-	(36,284,074)
Interest accrued	-	-	(6,088)	(6,088)
Expected credit losses (Note 9)	-	-	(1,012)	(1,012)
Net fair value loss	(32,463,771)	12,408,863	(102,847)	(20,157,755)
At 30 June, 2020	<u>123,084,274</u>	<u>116,679,867</u>	<u>24,890,115</u>	<u>264,654,256</u>
At 01 July, 2020	123,084,274	116,679,867	24,890,115	264,654,256
Reclassification	(16,508,389)	16,508,389	-	-
Additions	21,238,770	31,581,032	28,652,350	81,472,152
Disposals	(15,870,027)	(84,611,766)	(10,000,000)	(110,481,793)
Interest accrued	-	-	270,935	270,935
Expected credit losses (Note 9)	-	-	(5,255)	(5,255)
Net fair value gain	<u>19,908,216</u>	<u>41,421,611</u>	<u>(314,601)</u>	<u>61,015,226</u>
At 30 June, 2021	<u>131,852,844</u>	<u>121,579,133</u>	<u>43,493,544</u>	<u>296,925,521</u>

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (CONTINUED)

(a) Equity and equity-related financial assets measured at FVOCI

	2021		2020	
	Fair value	Dividend	Fair value	Dividend
	MUR	Income	MUR	Income
		MUR		MUR
Lavestone	-	8,288	588,448	8,289
ABC Banking Corporation Limited	776,480	-	816,600	-
Air Mauritius Ltd	22,040	-	22,040	-
Ascencia Ltd	8,808,800	96,096	4,921,280	-
CIEL Limited	643,691	-	906,937	20,849
CIM Financial Services Ltd	3,156,430	-	1,907,484	-
Gamma Civic Ltd	6,342,300	205,146	2,546,200	131,700
IBL Ltd	10,158,018	23,524	12,139,697	96,624
Innodis Ltd	5,539,680	36,931	5,293,472	104,638
Lux Island Resorts Ltd	3,517,800	-	2,984,600	-
MOB Ltd	44,229,549	1,174,594	33,255,468	-
Mauritius Oil Refineries Ltd	1,244,350	-	1,520,050	-
MUA Ltd	5,243,700	125,840	2,584,400	22,720
New Mauritius Hotels Ltd	2,383,896	(62,955)	2,358,714	-
NMHI Preference shares equity	2,367,966	-	2,750,940	62,955
Omnican Ltd	-	-	366,062	-
Phoenix Beverages Ltd	6,090,000	129,920	2,271,800	29,600
Rogers And Co Ltd	2,407,790	-	2,353,068	-
SBM Holdings Ltd	13,764,429	-	9,427,623	-
Semaris Ltd	484,785	-	507,870	-
Sun Resorts Ltd	2,342,156	-	2,317,724	-
United Basalt Products	3,510,477	72,755	3,116,382	46,079
The Lux Collective Ltd	246,426	-	246,426	-
ALTEO LIMITED	-	-	-	46,592
ENL Limited	-	-	-	37,980
SBM India Fund Class A	8,573,081	-	4,910,769	-
SBM Capital Protected Note	-	-	6,400,000	-
SBM Africa Value Fund Class A	-	-	62,231	-
Afreximbank_AEIB MP Equity	-	1,145,935	16,508,389	-
Financial Select Sector SPDR	2,213,706	5,869	-	-
Technology Select Sector SPDR EUR	2,227,631	-	753,268	16,835
Invesco Dynamic Software ETF	3,835,395	-	5,678,209	1,898
Invesco S&P 500 Low Volatility ETF	-	-	-	19,350
iShares MSCI World ETF	33,454,259	315,825	31,680,426	220,410
iShares U.S. Medical Devices	3,777,036	8,382	3,817,454	2,116
PIMCO GIS-INCOME FUND-EEHA	-	-	10,035,528	-
Fast Europe "A" Acc	5,233,247	13,977	-	-
Vanguard S&P 500 ETF	19,323,893	190,326	18,275,707	112,281
Vanguard Utilities ETF (US)	-	31,685	2,550,786	30,508
Fidelity Funds - European Dynamic	10,359,887	-	8,175,761	-
Fidelity Funds - Asia Pacific	12,484,631	-	7,986,576	-
Jupiter European Growth "A" USD	1,271,591	-	-	-
T Rowe Price Global Focused Growth	11,545,909	-	-	-
T Rowe Price US Smaller Companies	2,501,391	-	-	-
MSS US Advantage "A"	13,349,555	-	13,305,966	-
MSS Global Advantage "A" Acc	-	-	14,419,165	-
	<u>253,431,977</u>	<u>3,522,139</u>	<u>239,764,141</u>	<u>1,011,423</u>

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (CONTINUED)

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

	Fair value 2021 MUR	Fair value 2020 MUR	Maturity dates
SBM BOND 6.00 03/10/24	9,706,365	1,925,750	Mar-24
CIM Financial Services Ltd_CFSL 4% 31/07/2025	15,249,589	-	Jul-25
FTPT 3.20% 27/04/26	3,017,049	-	Apr-26
SBM MUR Note 5.75% Class A2 Series Bond	12,501,627	12,499,939	Jun-28
FTPT 3.55% 27/04/28	3,018,914	-	Apr-28
OMNICANE BOND_6.8%_060616	-	10,464,426	Jun-28
	<u>43,493,544</u>	<u>24,890,115</u>	
Total financial assets measured at fair value through other comprehensive income	<u>296,925,521</u>	<u>264,654,256</u>	

(c) Financial assets measured at FVOCI can be further analysed as follows:

	Local Equity MUR	Foreign Equity MUR	Local Debt MUR	Total MUR
<u>At 30 June 2021</u>				
<i>Equity and Equity-related</i>				
Listed equity securities	126,695,649	121,579,133	-	248,274,782
Unlisted equity securities	5,157,195	-	-	5,157,195
<i>Debt</i>				
Listed bond securities	-	-	43,493,544	43,493,544
	<u>131,852,844</u>	<u>121,579,133</u>	<u>43,493,544</u>	<u>296,925,521</u>
<u>At 30 June 2020</u>				
<i>Equity and Equity-related</i>				
Listed equity securities	111,712,275	116,679,867	-	228,392,142
Unlisted equity securities	11,371,999	-	-	11,371,999
<i>Debt</i>				
Listed bond securities	-	-	24,890,115	24,890,115
	<u>123,084,274</u>	<u>116,679,867</u>	<u>24,890,115</u>	<u>264,654,256</u>

(d) Financial assets held at FVOCI can be analysed into:

	2021 MUR'000	2020 MUR'000
Non-current	296,925,521	264,654,256
Current	-	-
	<u>296,925,521</u>	<u>264,654,256</u>

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 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 investments under this category.

8. FINANCIAL ASSETS HELD AT AMORTISED COST

	2021 MUR	2020 MUR
Balance b/f from SBM Unit Trust	-	90,862,897
At 01 July	65,243,964	-
Additions	36,844,140	59,824,650
Maturity	(20,000,000)	(86,588,776)
Net interest amortised	(4,993,081)	953,957
Allowance for expected credit loss (Note 9)	256,709	320,412
Unrealised gain/(loss)	-	(129,176)
At 30 June	77,351,732	65,243,964

(a) Financial assets at amortised cost can be analysed as follows:

Term deposits with other financial institutions

	Interest rate	Maturity	2021 MUR	2020 MUR
La Prudence Leasing Co Ltd 3.50%	3.50%	30-Apr-2022	10,350,997	-
MAUTN 0.72% 12/06/2022	0.72%	12-Jun-2022	9,934,207	-
MAURCN 1.6% 06/07/2023	1.60%	06-Jul-2023	10,071,690	-
SIT_7 YR 6.50%_250424	6.50%	25-Apr-2024	20,107,270	20,071,914
Bank One Limited - 5% Notes	5.00%	22-Jun-2030	10,009,630	9,997,941
Ascencia Ltd_4.15% 29122030_T2	4.15%	29-Dec-2030	4,987,768	-
Ascencia Ltd_5.20% 29122030_T2	5.20%	29-Dec-2030	4,988,055	-
MAURGB 4.17% 05/28/41	4.17%	28-May-2041	6,902,115	-
La Prudence Leasing Co Ltd 3.50%	3.50%	30-Apr-2020	-	9,968,644
MHC LTD 6.75 % 16/10/15	3.95%	28-Sept-2020	-	25,205,465
			77,351,732	65,243,964

(b) Financial assets at amortised cost are further analysed as follows:

	2021 MUR'000	2020 MUR'000
Non-current	57,066,528	30,069,854
Current	20,285,204	35,174,110
	77,351,732	65,243,964

9. ALLOWANCE FOR EXPECTED CREDIT LOSSES (ECLs)

	ECL on instruments at FVOCI MUR	ECL on instruments at amortised cost MUR	TOTAL ECL MUR
At 01 January 2020	113,525	794,627	908,152
Movement during the period	1,012	(320,412)	(319,400)
At 30 June 2020	114,537	474,215	588,752
At 01 July 2020	114,537	474,215	588,752
Movement during the year	5,255	(256,709)	(251,454)
At 30 June 2021	119,792	217,506	337,298

All financial assets are classified under stage 1 at reporting date (2020: Stage 1).

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).

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 MUR	Level 2 MUR	Level 3 MUR	Total MUR
<i>Financial assets at fair value through other comprehensive income</i>				
Equity investments	126,695,649	126,489,902	246,426	253,431,977
Debt investments	22,207,992	21,285,552	-	43,493,544
At 30 June 2021	<u>148,903,641</u>	<u>147,775,454</u>	<u>246,426</u>	<u>296,925,521</u>
Equity investments	111,712,275	127,805,440	246,426	239,764,141
Debt investments	14,425,689	10,464,426	-	24,890,115
At 30 June 2020	<u>126,137,964</u>	<u>138,269,866</u>	<u>246,426</u>	<u>264,654,256</u>

There has been no transfers between levels.

Concentration of equity price risk

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

	2021		2020	
	MUR	%	MUR	%
Local investments				
Banks, insurance and other finance	67,170,588	50.94%	47,991,775	47.23%
Industrial sector	17,187,127	13.04%	9,454,432	9.31%
Commerce sector	15,697,698	11.91%	17,433,369	17.16%
Leisure and Hotels sector	10,858,244	8.24%	10,658,604	10.49%
Sugar sector	-	0.00%	366,062	0.36%
Investment sector	11,216,590	8.51%	7,862,796	7.74%
Transport Sector	22,040	0.02%	-	0.00%
Others	9,700,557	7.36%	7,837,000	7.71%
	<u>131,852,844</u>	<u>100.00%</u>	<u>101,604,038</u>	<u>100.00%</u>

10. FAIR VALUE MEASUREMENT HIERARCHY (CONTINUED)

Concentration of equity price risk (Continued)

	2021		2020	
	MUR	%	MUR	%
Foreign investments				
Basic Materials	4,838,202	4%	3,773,430	2.73%
Communications	16,338,876	13%	15,366,444	11.12%
Consumer, Cyclical	9,901,449	8%	10,234,599	7.41%
Consumer, Non-cyclical	29,590,637	24%	26,204,912	18.97%
Diversified	23,820	0%	26,116	0.02%
Energy	2,184,583	2%	4,039,762	2.92%
Financial	19,450,059	16%	32,164,302	23.28%
Government	11,510	0%	373,698	0.27%
Industrial	12,124,506	10%	7,646,908	5.53%
Utilities	2,111,618	2%	4,355,448	3.15%
Others	25,003,873	21%	33,974,484	24.60%
	<u>121,579,133</u>	<u>100%</u>	<u>138,160,103</u>	<u>100.00%</u>

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

	2021		2020	
	MUR	%	MUR	%
Local and foreign investments				
Mauritius	131,852,844	52.03%	101,604,885	42.38%
United States of America	112,650,104	44.45%	129,983,495	54.21%
Luxembourg	8,929,029	3.52%	8,175,761	3.41%
	<u>253,431,977</u>	<u>100.00%</u>	<u>239,764,141</u>	<u>100.00%</u>

11. OTHER PAYABLES

	2021	2020
	MUR	MUR
Manager's fees	313,260	311,913
Trustee's fees	54,152	186,564
Auditors' fees	126,500	123,625
Administrator's fees	39,157	38,989
Registry fees	39,157	38,989
Custodian's fees	30,283	30,048
Entry and exit fee	1,689	11,376
Tax filing fees	20,700	14,950
Redemption payable	177,766	43,327
Unclaimed dividends for prior years	329,067	244,238
Other professional fees	8,625	15,093
	<u>1,140,356</u>	<u>1,059,112</u>

The carrying amount of other payables approximate their fair value.

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

12 TAXATION

Income tax is calculated at the rate of 15% (2020: 15%) on profit for the year as adjusted for income tax purposes.

(a) Income tax liability/ (recoverable)

	2021 MUR	2020 MUR
At 01 July	(459,678)	-
Balance b/f from SBM Unit trust	-	(159,347)
Charge for the year/ period	76,150	114,959
Tax paid during the year/ period	(123,867)	-
Tax recoverable from MRA	-	(660,372)
Tax refund from MRA	562,125	-
Reversal of tax not recoverable	98,247	245,082
Overprovision of prior year	(76,827)	-
At 30 June	76,150	(459,678)

(b) Reconciliation of tax charge

	2021 MUR	2020 MUR
Profit before tax	3,575,625	2,087,383
Tax reconciliation at the tax rate of 15% (2020: 15%)	536,344	313,107
<i>Tax effect of:</i>		
Exempt income	(1,075,860)	(416,126)
Non-taxable income	(34,539)	(187,165)
Non deductible expenses	650,205	379,627
Withholding tax suffered	-	25,516
Reversal of tax not recoverable	98,247	-
Overprovision of prior year	(76,827)	-
Additional tax paid on MRA assessment	184,570	-
Tax expense	282,140	114,959
Tax charge for the year	76,150	114,959
Overprovision of prior year	(76,827)	-
Reversal of tax not recoverable	98,247	-
Additional tax paid on MRA assessment	184,570	-
Tax expense	282,140	114,959

13. INTEREST INCOME AT EIR

	2021	2020
	MUR	MUR
Interest on debt securities	4,990,823	2,129,926

14. MANAGER'S FEES

Manager's fees are computed daily based on 1% p.a of net asset value (2020: 1% p.a of NAV) of the Fund and are payable monthly in arrears.

15. TRUSTEE'S FEES

Trustee's fees are computed daily based on 0.085% p.a of net asset value (2020: 0.085% p.a of NAV) of the Fund plus VAT are payable monthly in arrears.

16. REGISTRY'S FEES

Registry's fees are computed daily based on 0.125% p.a of net asset value (2020: 0.125% p.a of NAV) of the Fund are payable monthly in arrears.

17. CUSTODIAN'S FEES

Custodian's fees are computed daily based on 0.06% p.a of investment value (2020: 0.06% p.a of investment value) of the Fund plus transaction charges of MUR 100 for each local trade and EUR 20 for each foreign trade (2020: MUR 100 for each local trade and EUR 20 for each foreign trade) and are payable monthly in arrears.

18. ADMINISTRATOR'S FEES

Administrator's fees are computed daily based on 0.125% p.a of net asset value (2020: 0.125% p.a of NAV) of the Fund are payable monthly in arrears.

19. ENTRY FEE AND EXIT FEE

On the issue of units, an entry fee of 1% of the net assets value (2020: 1% p.a of NAV) of the Fund per unit is paid by the unitholder to the Fund and, on the repurchase of units, an exit fee of 1% of the net asset value (2020: 1% p.a of NAV) of the Fund per unit is paid by the unitholder to the Fund. The sums collected are then remitted to the Manager.

20. RELATED PARTY DISCLOSURES

During the year ended 30 June 2021 and period ended 30 June 2020, the Fund transacted with related entities. Details of the nature, volume of transactions and balances with the entities are shown below.

	Balances with related		Fund Expenses	
	2021	2020	Year ended 30 June 2021	Period from 01 January 2020 to 30 June 2020
	MUR	MUR	MUR	MUR
<u>SBM Mauritius Asset Managers Ltd</u>				
Manager's fees payable	313,260	311,913	-	-
Manager's fees	-	-	3,613,963	1,802,435
Entry and exit fees payable	1,689	11,376	-	-

20. RELATED PARTY DISCLOSURES (CONTINUED)

	Balances with related parties		Fund Expenses	
	2021	2020	Year ended 30 June 2021	Period from 01 January 2020 to 30 June 2020
	MUR	MUR	MUR	MUR
<u>SBM Fund Services Ltd</u>				
Administrator's fees payable	39,157	38,989		
Administrator's fees			451,745	225,304
Registry fees payable	39,157	38,989		
Registry fees			451,745	225,303
<u>DTOS Trustees Ltd</u>				
Trustee's fees payable	54,152	186,564		
Trustee's Fees			313,186	155,530
<u>SBM Bank (Mauritius) Ltd</u>				
Custodian fees payable	30,283	30,048		
Custody fees			352,635	273,487
Balances held with Bank	18,576,538	27,329,463		
Bank charges on bank balances			5,383	6,875
<u>Investment in ultimate holding company</u>				
SBM Holdings Ltd	9,427,823	9,427,823		
Interest income			172,013	-
<u>Investment in other related parties</u>				
SBM India Fund	4,910,769	4,910,769		
SBM Africa Value Fund Class A	-	62,231		
SBM Capital Protected Note	-	6,400,000		

No compensation was paid to key management personnel during the year (period ended 30 June 2020: Nil)

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 payable.

21. FINANCIAL INSTRUMENTS

21.1 Financial risk management

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

21. FINANCIAL INSTRUMENTS (CONTINUED)

21.2 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 instrument are disclosed in note 3 to the financial statements.

21.3 Categories of financial instruments

	2021 MUR	2020 MUR
Financial assets		
Financial assets at fair value through other comprehensive income	296,925,521	264,654,256
Financial assets held at amortised cost	77,351,732	65,243,964
Cash and cash equivalents at amortised cost	18,576,538	27,329,463
Other receivables at amortised cost	1,355,780	527,956
	<u>394,209,571</u>	<u>357,755,639</u>
Financial liabilities		
Other payables at amortised cost	<u>1,140,356</u>	<u>1,059,112</u>

21.4 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.

21.5 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.

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:

	2021		2020	
	Financial assets MUR	Financial liabilities MUR	Financial assets MUR	Financial liabilities MUR
Mauritius Rupee	267,978,745	1,140,356	234,084,705	1,059,112
United States Dollar	116,384,719	-	112,891,903	-
Euro	9,771,056	-	10,716,059	-
British Pounds	75,025	-	62,972	-
Australian Dollar	26	-	-	-
	<u>394,209,571</u>	<u>1,140,356</u>	<u>357,755,639</u>	<u>1,059,112</u>

21. FINANCIAL INSTRUMENTS (CONTINUED)

21.5 Risk management (Continued)

Foreign currency sensitivity analysis

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.

	2021		2020	
	Increase/ Decrease percentage MUR	Effect on profit before tax and equity MUR	Increase/ Decrease percentage MUR	Effect on profit before tax and equity MUR
United States Dollar	10%	(11,638,472)	10%	(11,289,190)
	-10%	11,638,472	-10%	11,289,190
Euro	10%	(977,106)	10%	(1,071,606)
	-10%	977,106	-10%	1,071,606
British Pounds	10%	(7,503)	10%	(6,297)
	-10%	7,503	-10%	6,297
Australian Dollar	10%	(3)	10%	-
	-10%	3	-10%	-

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	2021	Change in price by	2020
	%	MUR	%	MUR
Profit before tax	+ 5	14,846,276	+ 5	13,232,713

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.

The following table analyses the Fund's interest rate risk exposure:

	2021	2020
	MUR	MUR
Variable rate asset		
Local bonds	9,706,365	27,136,215
Fixed rate assets		
Local bonds	84,230,899	62,997,864
Government bonds	26,908,012	-
	111,138,911	62,997,864

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

21. FINANCIAL INSTRUMENTS (CONTINUED)

21.5 Risk management (Continued)

Interest rate sensitivity analysis

The sensitivity analysis below assesses the impact of a change in interest rate over a 12-month period.

	Change in interest rate	2021	2020
	%	MUR	MUR
Profit before tax	+ 1	97,064	271,362

A decrease in interest rate by 1% would have resulted in an equal but opposite impact on profit before tax and equity.

21.6 Credit risk

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss for the Fund 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 FVOCI.

At 30 June 2021, the total financial assets at amortised cost was **MUR 77,351,732** (2020: MUR 65,243,964), on which a loss allowance of **MUR 217,506** (2020: MUR 474,215) has been provided.

The total financial assets through other comprehensive income was **MUR 43,493,544** (2020: MUR 24,890,115) on which a loss allowance of **MUR 119,792** (2020: MUR 114,537) has been 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 year.

Impairment on cash and cash equivalents 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. The Fund has assessed that ECL on cash and cash equivalents is not considered to be material.

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% to 65%. 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:

21. FINANCIAL INSTRUMENTS (CONTINUED)

21.6 Credit risk (continued)

2021	Rating	PD_1	LGD_1	MUR
<i>Financial assets under amortised cost</i>				
Government bonds	Baa2	0.0013	45%	16,097
Deposit with financial institutions	A+	0.0006	45%	2,665
Local bonds	A1 - Unrated	0.0072 - 0.0137	37% - 41%	198,743
<i>Corporate Bond under FVOCI</i>				
Deposit with financial institutions	Ba2	0.0083	45%	83,134
Local bonds	AAA - Aa3	0.0043	37% - 41%	36,658
TOTAL				337,298
2020				
<i>Financial assets under amortised cost</i>				
Deposit with financial institutions	Baa1	0.0083	45%	19,885
Local bonds	Unrated	0.0159 - 0.1948	41%-45%	248,429
<i>Corporate Bond under FVOCI</i>				
Local bonds	Unrated	0.0159	41%	320,438
TOTAL				588,752

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 were **MUR 253,431,977** (2020: MUR 239,764,141) under IFRS 9 represents the Fund's maximum exposure to credit risk on financial instruments not subject to IFRS 9 impairment requirements under respective reporting.

21.7 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 units earlier than expected. The Fund is exposed to cash redemptions of its redeemable units on a regular basis. Units are redeemable at the holder's option based on the Fund's NAV per unit at the time of redemption, calculated in accordance with the Fund's prospectus. However, the Manager may limit the total number of units in the Fund that may be redeemed on any business day to 10% of the outstanding units in the Fund.

- 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.

21. FINANCIAL INSTRUMENTS (CONTINUED)

21.7 Liquidity risk (Continued)

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.

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.

	Less than 1 year	1 to 2 years	2 to 5 years	Over 5 years	No stated maturity	Total
2021	MUR	MUR	MUR	MUR	MUR	MUR
Cash and cash equivalents	18,576,538	-	-	-	-	18,576,538
Other receivables	1,355,780	-	-	-	-	1,355,780
Financial assets at FVOCI	-	-	27,973,003	15,520,541	253,431,977	296,925,521
Financial assets at amortised cost	20,285,204	30,178,960	-	26,887,568	-	77,351,732
Total financial assets	40,217,522	30,178,960	27,973,003	42,408,109	253,431,977	394,209,571
Other payables	1,140,356	-	-	-	-	1,140,356
Total financial liabilities	1,140,356	-	-	-	-	1,140,356
Liquidity gap	39,077,166	30,178,960	27,973,003	42,408,109	253,431,977	393,069,215
	Less than 1 year	1 to 2 years	2 to 5 years	Over 5 years	No stated maturity	Total
2020	MUR	MUR	MUR	MUR	MUR	MUR
Cash and cash equivalents	27,329,463	-	-	-	-	27,329,463
Other receivables	527,956	-	-	-	-	527,956
Financial assets at FVOCI	-	-	14,425,690	10,464,425	239,764,141	264,654,256
Financial assets at amortised cost	35,174,110	-	20,071,914	9,997,941	-	65,243,964
Total financial assets	63,031,529	-	-	-	239,764,141	357,755,639
Other payables	1,059,112	-	-	-	-	1,059,112
Total financial liabilities	1,059,112	-	-	-	-	1,059,112
Liquidity gap	61,972,417	-	-	-	239,764,141	356,696,527

21. FINANCIAL INSTRUMENTS (CONTINUED)

21.8 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. The Fund shall not invest more than 20% of its Net asset Value in securities issued by 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.

22. COVID 19 IMPACT ASSESSMENT

The global public health crisis, the Covid-19, led to the shutdown of the global economy and prompted a global equity market collapse in March 2020. The global policy response to cushion the coronavirus shock has been unprecedented in terms of speed and size as policymakers supported the economies by committing to keep rates low and enabling an increasingly accommodative monetary as well as fiscal

The pandemic's near-term evolution, containment measures, positive vaccine developments, dovish central banks, however, improved market sentiment and pushed equity markets to all-time highs by the end of financial year 2021. While the unprecedented policy response was needed to cushion the adverse impacts of the Covid-19, the monetary and fiscal policies along with supply-chain disruptions raised inflationary pressures. Extended high inflation rates may impact the path of interest rates, and hence equity and debt markets, but drastic policy changes are not expected in the near-term.

While markets have rebounded strongly in FY21, the potential impacts from further spread of the virus despite the vaccination roll-outs are difficult to assess and may vary across countries, markets and sectors. Any public health emergency, including any outbreak of Covid-19 mutations 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. 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 Universal Fund, its strategic allocation is 40% domestic fixed income, 30% international equities and 30% domestic equities. The impact of Covid-19 on investment value

Fixed income securities

Although Mauritius was downgraded by international agencies, 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 capital losses are based on the rating of GoM which remains investment grade.

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 capital 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.

22. COVID 19 IMPACT ASSESSMENT (CONTINUED)

Equities

Listed equities and equity-related securities are valued at fair value using quoted prices. The economic impact of Covid-19 is generally reflected in market price of those securities. Depending on the sector and geography in which the companies, the Covid-19 had different magnitude on stock prices. Given the diversification strategy, the risk is not concentrated and the portfolio impact is relatively lower compared to concentrated strategies. As part of its process, the prices of those securities are closely monitored. Since the Fund is invested in listed securities and mutual funds, the Manager does not anticipate funding liquidity and asset liquidity risks in the current conditions.

The Fund did not experience any disruption in terms of the operations during the year due to the work-from-home practices from the different functionaries. There was no increase in direct costs as conditions under the existing contractual agreements continued to prevail.

Overall, the Fund has not been impacted in terms of significant redemptions. The Investment Manager monitors closely the liquidity position of the Fund.

23. COMPARATIVES

The comparative figures relate to the period from 01 January 2020 to 30 June 2020. The figures disclosed in the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cashflows for the period ended 30 June 2020 are therefore not comparable.

24. DISTRIBUTION TO UNITHOLDERS

During the year ended 30 June 2021, the Fund made distributions to unitholders for FY 2021 amounting to **MUR 4,759,329** (2020: Nil).

25. EVENTS AFTER REPORTING DATE

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 2021.