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 **SICOM**  
UNIT TRUST  
Promoted by the SICOM Group

ANNUAL REPORT

2022

SICOM Overseas Diversified Fund

**SICOM UNIT TRUST - SICOM OVERSEAS DIVERSIFIED FUND**

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<b>CONTENTS</b>	<b>Pages</b>
MANAGEMENT AND ADMINISTRATION	1
MANAGER'S INVESTMENT REPORT	2 - 5
CORPORATE GOVERNANCE REPORT	6-12
STATEMENT OF COMPLIANCE	13
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS	14 - 15
STATEMENT OF FINANCIAL POSITION	16
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	17
STATEMENT OF CHANGES IN NET ASSETS	18
STATEMENT OF CASH FLOWS	19
NOTES TO THE FINANCIAL STATEMENTS	20 - 37

**MANAGER AND REGISTRAR**

SICOM Financial Services Ltd

*Registered Office*

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**TRUSTEE AND BANKER**

The Mauritius Commercial Bank Limited  
9-15 Sir William Newton Street  
Port Louis

**AUDITOR**

Deloitte  
7th-8th Floor  
Standard Chartered Tower  
19-21 Bank Street  
Cybercity  
Ebène

We are pleased to present our report of the SICOM Overseas Diversified Fund (the "Fund") for the financial year ended 30 June 2022.

### **Investor Profile**

The Fund is designed to give investors a broad exposure to global financial markets. Given that the Fund is diversified across a number of markets and a range of asset classes, it is more suited for investors who are looking for long-term capital appreciation with a moderate income flow.

The Fund is exposed to a certain number of risks such as economic and currency risks as well as to the high volatility of financial markets. The Fund is best suited for investors with at least a 3 to 5 year investment horizon.

### **Investment Objectives & Approach**

The overall objectives of the SICOM Overseas Diversified Fund are as follows:

- To maximise returns over the long term;
- To keep risks at an acceptable level through a diversified portfolio of assets invested globally; and
- To provide a yearly income flow.

The Fund has a globally diversified portfolio and can invest up to 100% of its assets overseas. The financial instruments in which the Fund may invest might include, inter alia, mutual funds and other collective investment schemes, equity and equity linked securities, debt securities, convertible debt securities, bonds, fixed income securities and cash/short term/money market instruments.

SICOM Financial Services Ltd, the Manager of the Fund, has set up an Investment Committee, a sub-Committee of its Board of Directors, to define investment objectives and strategies of the Fund. The investment strategies are based on an in-depth analysis of the current financial market and economic perspectives. Moreover, investment strategy and key investment decisions are made with reference to the overall objectives of the portfolio of the Fund as a whole, available investment opportunities and instruments on financial markets, cash flow availability and the need for diversification of a well-balanced portfolio.

### **Risk Management**

The risk management framework of the Fund aims at reducing the absolute risk of the Fund. This objective is achieved mainly through set investment restrictions as well as specific allowable allocations in respect of asset classes, currencies and geographical location of investments being made so that the portfolio is well diversified. There is a comprehensive analysis of investments made so as to assemble an optimal mix of securities that would yield our targeted risk level.

### **Governance**

SICOM Overseas Diversified Fund is a Collective Investment Scheme with SICOM Financial Services Ltd (The Manager) carrying out the investment function as per the terms and conditions of the Trust Deed. The assets of the Fund are registered in the name of and held by the Trustee whose responsibility is to safeguard unitholders and ensure that the Manager carries out its duties. Therefore, through this governance structure, the best interests of unitholders are maintained.

### **Economic and Market Review**

The financial year ended 30 June 2022 has been characterised by significant changes in the outlook of the global economy following the recovery of economic activities after the abatement of the severity of the Covid-19 infection and thereafter, the emergence of the war in Ukraine, with ensuing consequences across different advanced economies and emerging market and developing economies. In the first half of 2022, heightened economic and investment risks have been observed in the form of prolonged supply chain disruptions, high energy prices, broad inflationary pressures, aggressive tightening of monetary conditions and fears of a global economic contraction. In its latest projections, the International Monetary Fund (IMF) is projecting global growth at 6.1% in 2021, after an estimated contraction of 3.1% in 2020.

**Economic and Market Review (Cont'd)**

The ramifications on economic activities and corporate earnings of the tighter monetary policy from central banks in response to the persistent broad price pressures, increased price volatility and soured market sentiment substantially since the start of 2022. During the financial year ended 30 June 2022, the MSCI World, MSCI Emerging Markets, S&P 500, CAC 40 and DAX recorded losses of 15.6%, 27.2%, 12.0%, 9.0% and 17.7% respectively. The MSCI India and MSCI China plunged by 5.7% and 33.0% respectively.

Following the sharp contraction witnessed in 2020, Statistics Mauritius estimated that the real Gross Domestic Product (GDP) grew by 3.6% in 2021 with the resumption of economic activities across different sectors albeit still below the pre-pandemic level. The saving rate is expected to have decreased in 2021 to reach 11.1% (2020: 11.5%) while the investment rate is expected to have increased to 19.5% in 2021 (2020: 17.1%). Private sector investment, which represented 15.4% of GDP in 2021, is predicted to have expanded by 18.3% in 2021 (2020: -22.7%), while public sector investment, which represented 4.1% of GDP in 2021, grew by 0.1% in 2021 (2020: -34.0%).

The key factors driving global inflation have translated into higher pressures on various components of the domestic Consumer Price Index and resulted in higher inflation rates lately. The headline inflation rate was 8.0% for the twelve months ended 30 June 2022 compared to 2.2% for the corresponding period last year. During the financial year ended 30 June 2022, the MUR appreciated against the GBP, EUR, AUD, YEN and ZAR while it depreciated against the USD, on the back of sustained mismatch of demand and supply of the greenback on the domestic market.

Buoyed by the gradual pickup in economic activities, the full-fledged border reopening and ease in sanitary restrictions, the domestic bourse continued to recover to its pre-COVID level during most part of the financial year under review. However, as from April 2022, the market dropped amid increased selling pressures caused by the uncertainty stemming from the growing risk of recession in developed economies. Over the financial year ended 30 June 2022, the SEMDEX, the SEM-10 and the DEMEX grew by 14.2%, 11.7% and 4.1% respectively

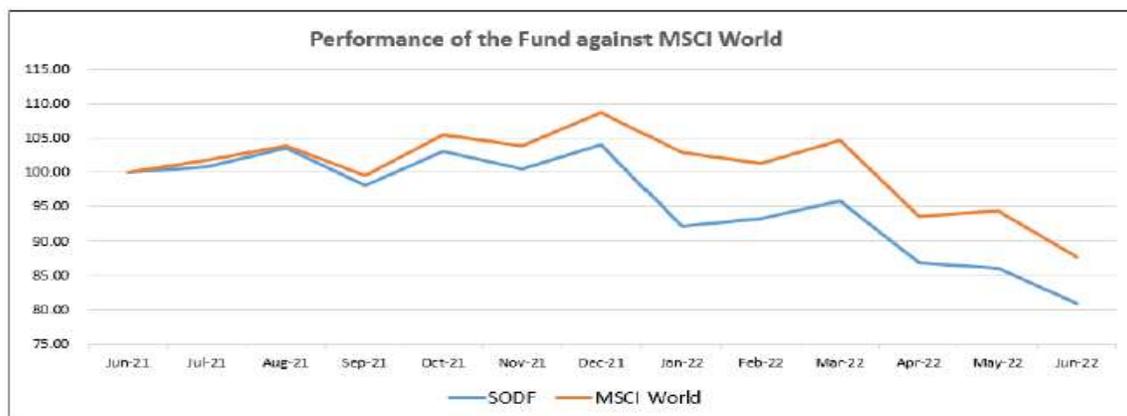
**Fund Review**

**Total Value & Total Assets**

The total value of the SICOM Overseas Diversified Fund was Rs 100.7 million at 30 June 2022 compared to Rs 127.5 million as at 30 June 2021. The total assets of the Fund stood at Rs 105.4 million as at 30 June 2022 as compared to Rs 131.8 million last year. The Net Asset Value per Unit of the Fund was Rs 14.90 as at 30 June 2022 as compared to Rs 18.91 as at 30 June 2021.

**Performance**

The return of the SICOM Overseas Diversified Fund stood at -19.01% for the year under review as compared to the MSCI World Index which fell by 15.61% in USD terms and 12.34% in MUR terms.



**Asset Mix**

The asset mix of the investment portfolio of the Fund as at 30 June 2022 as compared to 30 June 2021 is represented below:



**Investment Income**

Gross investment income for the financial year ended 30 June 2022 was -Rs 16.3 million as compared to Rs 38.7 million last year due to consequent losses on financial assets at FVTPL.

**Dividend**

The income available for distribution for the financial year ended 30 June 2022 stood at Rs 3.8 million compared to Rs 3.3 million as at 30 June 2021. The dividend per unit is Rs 0.5410 for the year under review as compared to Rs 0.4807 per unit last year.

**Prospect**

In 2021, the IMF is projecting the global economy to grow by 6.0% in 2021, mainly attributable to an unprecedented policy response and speedy vaccine rollout. Advanced economies are expected to grow by 5.6% in 2021 based on an accelerated vaccination rollout and the resumption of contact-intensive activities. The emerging market and developing economies are projected to grow by 6.3% but substantial disparities across individual economies are expected due to different paces of the vaccine rollout and policy support. In 2022, the global economy is forecast to grow by 4.9% based on an anticipated additional fiscal support in the United States, with positive spillovers to trading partners. The advanced and emerging and developing economies' growth rate are projected at 4.4% and 5.2% respectively in 2022.

Although growth could turn out to be stronger than projected, key downside risks dominate in the near term in the form of slower-than-anticipated vaccine rollout, rapidly tightening financial conditions amid persisting inflationary pressure and worsening pandemic dynamics. Emerging markets and developing economies could also see their recovery falter as external financial conditions tighten. If vaccine rollout is delayed, the risk that new variants spread amidst the vaccinated population will heighten, leading to possibly a more gradual release in households' excess savings, especially if concerns about employment prospects and income security persist. Finally, social unrest, geopolitical tensions, cyberattacks on critical infrastructure and weather-related natural disasters could further weigh on the recovery.

Depending on market conditions, the core portfolio of the SICOM Overseas Diversified Fund will be consolidated by adding to existing investment holdings boasting a sound performance track record and representing attractive underlying market fundamentals, using a cost-averaging strategy amidst a potentially volatile investment environment. We shall maintain our search for investment themes for the medium to long-term, which could further diversify and add value to the investment portfolio.

#### Acknowledgements

The Manager would like to place on record their appreciation of the support given to the SICOM Overseas Diversified Fund by the Financial Services Commission, its valued Unitholders, its Trustee, Registrar, Stockbrokers, duly authorised Agents and the dedication of staff and Management.



.....  
SICOM Financial Services Ltd  
Manager

Date: 21 SEP 2022

## INTRODUCTION

SICOM Overseas Diversified Fund (the “Fund”) is an open-ended collective investment Scheme established as a unit trust with its registered office situated at SICOM Building, Sir Celicourt Antelme Street, Port Louis. It forms part of the SICOM Group (the “Group”/“SICOM”).

The overall objective of the Fund is to maximise returns whilst acting prudently at all times and diversifying its portfolio with a long-term view.

### 1. GOVERNANCE STRUCTURE

#### 1.1. Adoption of the National Code of Corporate Governance

The Fund does not qualify as a public interest entity as defined under the Financial Reporting Act 2004 but in pursuance to the circular letter CL281021 issued by the Financial Services Commission (the “FSC”) on 28 October 2021, the Fund adopted the National Code of Corporate Governance for Mauritius, 2016 (the “Code”).

SICOM Financial Services Ltd is the Manager (the “Manager”) of the Unit Trust and The Mauritius Commercial Bank Limited is the Trustee (“the Trustee”) and the activities of both parties are guided by the principles laid out in the Trust Deed.

The Board of the Manager (the “Board”) is responsible for leading and controlling the Fund and is committed to high standards of corporate governance. In order to achieve the highest levels of corporate governance, the Board of the Manager has implemented numerous policies and charters which can be viewed on the Manager’s website at [www.sicom.mu](http://www.sicom.mu).

Throughout the year ended 30 June 2022 to the best of the Manager’s knowledge, the Fund has applied the principles set out in the Code and has explained how these have been applied in this Corporate Governance Report.

#### 1.2. Legal and regulatory requirements

The Board is aware of its responsibilities to ensure that the Fund adheres to all relevant legislations and it assumes the responsibility for meeting all legal and regulatory requirements of the Fund.

#### 1.3. Fund’s Trust Deed

The Fund is governed by a Trust Deed. There is no material clause in the Trust Deed which requires disclosure. A copy of the Trust Deed is available upon request to the Manager at the registered office of the Fund.

#### 1.4. Code of Ethics

The Manager’s Codes of Ethics for Directors and Employees were approved by the Board and published on its website. Both Directors and Employees are made aware of the requirements of the respective Code. The Board shall monitor compliance with the Code of Ethics on an ongoing basis.

#### 1.5. Organisational Chart



## **2. THE STRUCTURE OF THE BOARD**

### **2.1. Board Structure**

The Manager is led by a committed and unitary Board, which is collectively and ultimately responsible for the oversight, long-term success, reputation and governance of the organisation.

The Board provides effective leadership and strategic guidance towards the achievement of the Fund's strategy within a framework of robust risk management and sound internal controls, alongside ensuring adherence of the Fund to relevant legal and regulatory requirements. Multiple committees have also been established with clear mandates to assist the Board in the effective performance of its duties.

The Chairperson of the Board is an Independent Non-Executive Director and is seconded in this pivotal role by Executive, Non-Executive and Independent Non-Executive Directors. The Board is led by Mr. O S Mahadu and all the directors currently reside in Mauritius. The Board is supported in its role by the Company Secretary, DTOS Ltd. The profiles of the Directors, Senior Management and Company Secretary is available on the Manager's website.

The Board of the Manager has attempted to strike the right balance and composition to meet the objectives of the organisation. The Board comprises independent directors who do not have any relationships with the majority shareholder. Therefore, there is a sufficient number of directors who do not have any relationship with the organisation.

There also exists a well-established procedure for the appointment of directors which is made in accordance with skills, knowledge and expertise required on the Board. The Corporate Governance, Sustainability and Nomination Committee, established at the level of the Holding Company, has been delegated with the responsibility to consider succession planning for Directors and Senior Executives, as well as the appointment of Directors across the subsidiaries of the Group. Newly appointed directors are provided with an induction pack upon their appointment to provide them with sufficient knowledge and understanding of the Fund and the wider organisation. A performance evaluation of the Board of the Manager is also performed in line with the approach taken at the level of the Holding company.

### **2.2. 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. Specifically, the Trustee has the following main duties:

- Keeping safe custody of Unit Holders accounts;
- Ensuring that all investments of the Unit Trusts are properly executed; and
- Managing the bank accounts of the Unit Trusts.

### **2.3. Role of the Manager**

The Manager manages and administers the Fund for the benefit of the Unitholders in accordance with the Trust Deed. Specifically, the Manager has the following duties:

- Management and administration of all Funds for the benefit of Unit Holders;
- Carrying out and conducting business in an efficient manner;
- Sale and Issue of Units;
- Calculation of pricing for the Funds on a weekly basis; and
- Preparation of Annual Reports for both Funds.

## 2. THE STRUCTURE OF THE BOARD (CONTINUED)

### 2.3 Role of the Manager (continued)

Being set up as a Trust and not a Company, the main roles as described under Principles 2, 3 and 4 of the Code are fulfilled by the Board of the Manager. For more details, reference can be made to the governance documents on the Manager's website, or to the relevant disclosures in its Corporate Governance Report, which is included in the Manager's Annual Report, which is published on its website.

## 3. MANAGER AND TRUSTEE DUTIES, REMUNERATION AND PERFORMANCE

### 3.1.1 Conflict of Interest

The Fund makes every effort to ensure that the Manager and the Trustee declare any interest and report to the Board regarding any related party transactions. An Interest Register is maintained by the Company Secretary and is updated as and when required. The register may be made available to the Unitholders of the Fund upon request to the Company Secretary. It is also to be noted that, at the end of each financial year, directors are requested to fill in a disclosure of interest form.

### 3.1.2 Remuneration of the Manager

The remuneration of the Manager is 1% of the Net Asset Value of the Fund while that of the Trustee is 0.15% of the Net Asset Value of the Fund. The fees are in accordance with the Trust Deed. Refer to note 16 for details of the Manager's fees.

### 3.1.3 Information security

Information security is a key component of the Manager's overall information security management framework and reflects management intents on information security commitments. The Manager gives high importance in safeguarding data and preserving confidentiality, integrity and availability. The Group's Information Security Policy is a key component of the Group's overall Information Security Management Framework and reflects the commitment of Management to information security. Policies and their related procedures are regularly updated to reflect current requirements and best practices adopted by the Group.

## 4. RISK GOVERNANCE AND INTERNAL CONTROL

### 4.1. Risk Governance

The Board is ultimately responsible for the governance of risk and for determining the nature and extent of the principal risks it is willing to take to achieve the Fund's strategic objectives. It is also responsible for the Fund's system of internal control and for reviewing its effectiveness. Further disclosures with respect to the risk management framework of the Group is included on its website or can be found in the Risk Management Report of the Manager within the Annual Report which is published on its website.

#### 4.1.1. Financial Risks

The financial risks of the Fund have been set out in note 17 to these financial statements.

#### 4.1.2. Non-Financial Risks

- *Political, economic and social risk*

Political, economic and social factors, changes in countries' laws, regulations and the status of those countries' relations with other countries may adversely affect the business of the Fund.

- *Compliance risk*

Compliance risk arises from failure or inability to comply with laws, regulations or codes applicable to the industry. Non-compliance can lead to fines, public reprimands and enforced suspension of operations or, in extreme cases, withdrawal of authorisation to operate. This risk is managed by the Compliance Department of SICOM.

#### 4. RISK GOVERNANCE AND INTERNAL CONTROL (CONTINUED)

##### 4.1.2. Non-Financial Risks (continued)

- *Operational risk*

Operational risk arises from over-reliance on key staff and service providers as well as the risk that security of IT systems is breached leading to disruptions in operations and reputational damage. The Fund has amongst other measures, a business continuity plan in place to manage operational risks.

##### 4.2. Internal Controls

The Board of the Manager is ultimately responsible for implementing, maintaining, monitoring and evaluating the internal control systems.

Nothing has come to the Board's attention, to indicate that there was a material breakdown in the functioning of the Fund's internal controls and systems during the period under review, which would have had a material impact on the business.

There are no significant areas which have not been covered by internal controls and the Board acknowledges that there are no other specific risks in the Fund's system of internal controls.

#### 5. REPORTING WITH INTEGRITY

The Trustee and the Manager are responsible for the preparation of financial statements that fairly present the state of affairs of the Fund in accordance with applicable laws and regulations. The Trust Deed further requires the Manager to prepare the financial statements in accordance with International Financial Reporting Standards for each financial year.

The Manager and Trustee are also responsible for keeping adequate accounting records, explaining the Fund transactions and disclosing, with reasonable accuracy, at any time, the financial position of the Fund.

#### 6. AUDIT

##### 6.1. External Audit

The Fund has appointed Deloitte to perform its external audit for the period 01 July 2021 to 30 June 2022. Audit fees of Rs 210,000 (excluding VAT) are payable to Deloitte for the audit of the financial year ended 30 June 2022 (30 June 2021: Rs 200,000).

The Board of the Manager had recommended the appointment of Deloitte as the External Auditor of the Group for the financial years 30 June 2021-2025 following a tender exercise. This appointment is subject to the approval on an annual basis from the Bank of Mauritius and the Financial Services Commission and approval of the unitholders at the annual general meeting.

No non-audit services, excluding tax services, were provided to the Fund during financial year ended 30 June 2022. Fees for tax compliance services for the year end 30 June 2022 amounted to Rs 53,000 (30 June 2021: Rs 51,000). The provision of non-audit services is subject to a tender process so as to ensure that the nature of the non-audit services, if provided by the External Auditor, could not be perceived as impairing their independence on the external audit exercise.

The Audit Committee of the Manager has discussed the accounting policies for the year under review with the external auditor. The external auditor is also invited to present the audit plan at the start of the audit, as well as the management letter, the report on the conduct of the audit, and any significant matters arising from the audit. No significant issues have been identified in relation to the financial statements for the current and prior years.

##### 6.2. Internal Audit and Compliance

The Manager has a service level agreement with SICOM whereby the latter provides the services of internal audit and compliance, among others. The Manager is assisted in its function of implementing, monitoring and evaluating the compliance controls by the Compliance Department of SICOM.

## 6. AUDIT (CONTINUED)

### 6.2. Internal Audit and Compliance (continued)

The role of the Compliance Department of SICOM is as follows:

- (i) Promoting compliance with the Anti-Money Laundering/Combating Financing Terrorism laws and regulations;
- (ii) Ensuring a speedy and appropriate reaction to any matter in which Money Laundering/Terrorism Financing is suspected; and
- (iii) Providing information on regulatory changes.

The Compliance Department of SICOM reports directly to the Board to maintain their independence and objectivity. There are no restrictions placed over the right of access by the Compliance Department to the records of the Fund and to the management of the Fund.

The Internal Audit function of SICOM is responsible for providing assurance to the Board regarding the implementation, operation and effectiveness of internal controls and risk management but is not responsible for the implementation of the controls. The Internal Audit function has a direct and independent reporting line to the Board and is independent of Management.

The Internal Audit function has unfettered access to the records of the Company or to management and the employees. The role of the function includes:-

- (i) Providing regular assurance on the effectiveness of compliance of AML/CFT procedures in accordance with the Group's framework and the prevailing regulatory requirements.
- (ii) Providing any other independent assurance or consulting service designed to add value to the Company's operations.

The profile of the Internal Auditor is available on the Group's website.

## 7. RELATIONS WITH UNITHOLDERS AND OTHER KEY STAKEHOLDERS

### 7.1. Fund's Unitholders

Refer to notes 15 and 16 in the accompanying financial statements for the details of the unitholders.

### 7.2. Fund's Key Stakeholders

The table below sets out the Fund's main stakeholders and how the Fund responds to their reasonable expectation and interests:

<b>Unitholders:</b>	<p>For the unitholders, the Fund will:</p> <ul style="list-style-type: none"> <li>• Ensure that no contributions will be made to political parties;</li> <li>• Conduct business honestly, fairly and responsibly;</li> <li>• Comply with legislation, industry regulations and prescribed practices;</li> <li>• Generate an attractive and sustainable return;</li> <li>• Not engage in restrictive trade practices and comply with competition laws;</li> <li>• Maintain executive responsibility for decision making on material matters;</li> <li>• Produce accurate and timely accounting statements and unitholder information;</li> <li>• Report developments that may have a material impact on the value of the unitholders' assets;</li> <li>• Strive to expand and maintain the business and profitability of the Fund; and</li> <li>• Take reasonable steps to protect and enhance the Fund's assets.</li> </ul>
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## 7. RELATIONS WITH UNITHOLDERS AND OTHER KEY STAKEHOLDERS (CONTINUED)

### 7.2. Fund's Key Stakeholders (continued)

<b>Potential Clients:</b>	<p>For the potential clients, the Fund will:</p> <ul style="list-style-type: none"> <li>• Act justly, fairly and in the best interests of each individual;</li> <li>• Communicate in an open, timely, honest and transparent manner;</li> <li>• Constantly strive to improve its products and services;</li> <li>• Deal with complaints and enquiries in a prompt and efficient manner;</li> <li>• Protect the confidentiality of information in accordance with the law and prescribed practices;</li> <li>• Render a responsible and effective service;</li> <li>• Report accurately on its performance and prospects; and</li> <li>• Uphold the letter and spirit of agreements it is party to.</li> </ul>
<b>Government and Regulatory Authorities</b>	<p>For the Government and Regulatory Authorities, the Fund will directly or through its Company Secretary:</p> <ul style="list-style-type: none"> <li>• Attend regular meetings with the regulators;</li> <li>• Attend to all written communication with the relevant authorities in a timely manner;</li> <li>• Effect regulatory returns as and when required;</li> <li>• Liaise with the regulators in connection with onsite and offsite supervision;</li> <li>• Seek regulatory approvals as and when necessary;</li> <li>• Comply with acts, regulations and guidelines; and</li> <li>• Ensure there is proper risk management and internal control.</li> </ul>

The Board confirms that the relevant stakeholders have been or will be involved in a dialogue on the Fund's position and its performance and outlook.

### 7.3. Unitholders' calendar

This Annual Report, including the audited financial statements, will be approved at the next Board meeting of the Manager, which is scheduled for September 2022.

### 7.4. Donations

There were no donations made during the current and prior financial years.

The Directors confirm to the best of their knowledge that they have complied with the above-mentioned requirements in preparing the financial statements.

## 8. TRUSTEE'S AND MANAGER'S RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

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

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

- select suitable accounting policies and apply them on a consistent basis using reasonable and prudent judgement;
- state whether or not the Trust Act 2001, and International Financial Reporting Standards (IFRS) have been adhered to and explain material departures, thereto; and
- 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.

**8. TRUSTEE'S AND MANAGER'S RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS  
(CONTINUED)**

Nothing has come to the Trustee's and 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 supporting by reasonable and prudent judgements and estimated 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.



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For and on behalf of the Manager

Name: SICOM Overseas Diversified Fund

Reporting Period: 30 June 2022

Throughout the year ended 30 June 2022, to the best of the Manager's knowledge, the Fund has complied with all the obligations and requirements of the National Code of Corporate Governance for Mauritius (2016) (the 'Code') in all material aspects, as far as applicable and practical for a Unit Trust.



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For and on behalf of the Manager

## **Independent auditor's report to the Members of SICOM Unit Trust – SICOM Overseas Diversified Fund**

### **Report on the audit of the financial statements**

#### **Opinion**

We have audited the financial statements of **SICOM Unit Trust - SICOM Overseas Diversified Fund** (the "Fund") set out on pages 16 to 37, which comprise the statement of financial position as at 30 June 2022, and the statement of profit or loss and other comprehensive income, statement of changes in net 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 2022, 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.

#### **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 trustee and the manager are responsible for the other information. The other information comprises the management and administration, the manager's investment report, the corporate governance report, and the statement of compliance 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.

#### **Responsibilities of the 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 they are also responsible for such internal control as the trustee and the manager determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

#### **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.

**Independent auditor's report to the Unitholders of  
SICOM Unit Trust – SICOM Overseas Diversified Fund (Continued)**

**Auditor's responsibilities for the audit of the financial statements (continued)**

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.

*Corporate Governance Report*

Our responsibility under the Financial Services Commission Circular Letter CL281021 is to report on the compliance with the Code of Corporate Governance disclosed in the Corporate Governance 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 Corporate Governance Report, the Fund has complied with the requirements of the Code.

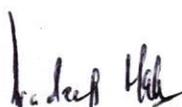
**Use of this report**

This report is made solely to the Fund's unitholders, 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 unitholders 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 unitholders as a body, for our audit work, for this report, or for the opinions we have formed.

  
**Deloitte**

**Chartered Accountants**

21 September 2022

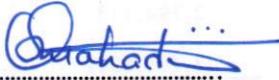
  
**Pradeep Malik, FCA**

**Licensed by FRC**

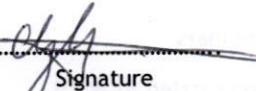
	Notes	2022		2021	
		Rs.	% of Fund	Rs.	% of Fund
<b>ASSETS</b>					
Cash and cash equivalents		6,323,696	6.28	1,650,989	1.29
Investment in equity securities measured at fair value through profit or loss ("FVTPL")	5	99,023,544	98.31	127,567,953	100.04
Investment in debt securities measured at amortised cost	6	-	-	2,396,348	1.88
Other receivables		17,575	0.02	-	-
Current tax asset	9	-	-	198,228	0.16
<b>TOTAL ASSETS</b>		<b>105,364,815</b>	<b>104.61</b>	<b>131,813,518</b>	<b>103.37</b>
<b>LIABILITIES</b>					
Other payables	7	848,355	0.84	963,895	0.76
Current tax liability	9	425	-	-	-
Dividend payable	8	3,793,823	3.77	3,325,855	2.61
<b>TOTAL LIABILITIES</b>		<b>4,642,603</b>	<b>4.61</b>	<b>4,289,750</b>	<b>3.37</b>
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS</b>		<b>100,722,212</b>	<b>100.00</b>	<b>127,523,768</b>	<b>100.00</b>
<b>NET ASSET VALUE PER UNIT</b>					
- Before distribution		<b>14.90</b>		<b>18.91</b>	
- After distribution		<b>14.36</b>		<b>18.43</b>	

These financial statements have been approved and authorised for issue by the Manager on 21 SEP 2022

Signed on behalf of the Manager by:

  
Signature

D.S. Mahadu

  
Signature

C. Chengabroyan

The notes on pages 20 to 37 form an integral part of these financial statements.

SICOM UNIT TRUST - SICOM OVERSEAS DIVERSIFIED FUND  
 STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
 FOR THE YEAR ENDED 30 JUNE 2022

17.

	<u>Notes</u>	<u>2022</u>	<u>2021</u>
		Rs.	Rs.
Net income from financial instruments at FVTPL	11	(16,587,355)	38,211,419
Interest income calculated using the effective interest rate	12 (i)	3,652	980
Other income	12 (ii)	292,464	521,845
		<u>(16,291,239)</u>	<u>38,734,244</u>
<b>FUND EXPENSES</b>			
Manager's fees	13	1,235,028	1,116,490
Trustee's fees	14	185,254	167,527
Auditor's remuneration		298,464	250,019
Other operating expenses		6,100	3,650
		<u>1,724,846</u>	<u>1,537,686</u>
<b>(LOSS)/PROFIT FROM OPERATING ACTIVITIES AND BEFORE TAX</b>		<b>(18,016,085)</b>	<b>37,196,558</b>
Income tax (charge)/credit	10(i)	(214,662)	130,842
<b>Profit for the year before distribution</b>		<b>(18,230,747)</b>	<b>37,327,400</b>
Dividend distribution to unitholders		(3,793,823)	(3,325,855)
<b>Net (loss)/ profit after distribution</b>		<b><u>(22,024,570)</u></b>	<b><u>34,001,545</u></b>
<b>APPROPRIATION OF PROFIT FOR DISTRIBUTION</b>			
<b>PROFIT FOR DISTRIBUTION</b>		<b>(18,230,747)</b>	<b>37,327,400</b>
Unrealised gain on fair value of investments		22,024,302	(34,001,308)
		<u>3,793,555</u>	<u>3,326,092</u>
Income brought forward		558	321
<b>Profit available for distribution</b>		<b>3,794,113</b>	<b>3,326,413</b>
Distribution to unitholders	8	(3,793,823)	(3,325,855)
<b>Profit for distribution carried forward</b>		<b><u>290</u></b>	<b><u>558</u></b>

The notes on pages 20 to 37 form an integral part of these financial statements.

**SICOM UNIT TRUST - SICOM OVERSEAS DIVERSIFIED FUND  
STATEMENT OF CHANGES IN NET ASSETS  
FOR THE YEAR ENDED 30 JUNE 2022**

**18.**

	<u>Notes</u>	<u>2022</u>	<u>2021</u>
		Rs.	Rs.
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS</b>			
Net assets of the Fund at 01 July		<b>127,523,768</b>	93,175,857
Units created		<b>3,090,551</b>	2,005,359
Units liquidated		<b>(1,299,225)</b>	(95,425)
(Loss)/Profit not distributed for the year	15(a)	<b>(22,024,012)</b>	34,001,864
Revaluation gain realised on disposal of equity investments		<b>(6,568,312)</b>	(1,563,566)
Income and distribution account brought forward		<b>(558)</b>	(321)
<b>Net assets of the Fund at 30 June</b>	15(a)	<b><u>100,722,212</u></b>	<b><u>127,523,768</u></b>

The notes on pages 20 to 37 form an integral part of these financial statements.

**SICOM UNIT TRUST - SICOM OVERSEAS DIVERSIFIED FUND**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 JUNE 2022**

**19.**

	Notes	2022 Rs.	2021 Rs.
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
(Loss)/ profit before taxation		(18,016,085)	37,196,558
Adjustments for:			
Interest receivable on treasury bills		(3,652)	(980)
Dividend income		(103,934)	(99,895)
Other income		(292,464)	(521,845)
Gain on disposal of equity investments		(5,333,013)	(4,110,216)
Net decrease/(increase) in fair value of investments	5	22,024,302	(34,001,308)
<b>Operating loss before working capital changes</b>		<b>(1,724,846)</b>	<b>(1,537,686)</b>
Increase in other receivables		(17,575)	-
Decrease in other payables		(115,340)	(946,922)
<b>Cash used in generated from operations</b>		<b>(1,857,761)</b>	<b>(2,484,608)</b>
Distributions to unitholders		(3,325,855)	(2,334,899)
Dividend received		103,934	99,895
Acquisition of equity securities at FVTPL		(5,671,605)	(20,502,685)
Acquisition of debt securities at amortised cost		-	(2,395,368)
Proceeds from sale of equity securities at FVTPL		10,956,413	12,696,982
Proceeds from maturity of debt securities		2,400,000	-
<b>Net cash generated from/(used in) operations</b>		<b>2,605,126</b>	<b>(14,920,683)</b>
Taxation paid		(16,009)	-
<b>Net cash generated from/(used in) operating activities</b>		<b>2,589,117</b>	<b>(14,920,683)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Cash received for units created	15(a)	3,090,551	2,005,359
Cash paid for units liquidated	15(a)	(1,299,225)	(95,425)
<b>Net cash generated from financing activities</b>		<b>1,791,326</b>	<b>1,909,934</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>4,380,443</b>	<b>(13,010,749)</b>
<b>CASH AND CASH EQUIVALENTS AT 1 JULY</b>		<b>1,650,989</b>	<b>14,139,893</b>
Effect of foreign exchange rate changes		292,264	521,845
<b>CASH AND CASH EQUIVALENTS AT 30 JUNE</b>		<b>6,323,696</b>	<b>1,650,989</b>

The notes on pages 20 to 37 form an integral part of these financial statements.

## 1. GENERAL INFORMATION

SICOM Overseas Diversified Fund (“The Fund”) is an open-ended Collective Investment Scheme established as a Unit Trust with its registered office situated at SICOM Building, Sir Celicourt Antelme Street, Port Louis.

It was authorised under Section 3(1)(a) of the Unit Trust Act 1989 and established by a Trust Deed dated 11 June 2001 between SICOM Financial Services Ltd (“The Manager”) and The Mauritius Commercial Bank Limited (“The Trustee”). The SICOM Overseas Diversified Fund is constituted under the SICOM Unit Trust.

A Unit Trust is a Collective Investment Fund requiring two parties, a Manager to carry out the investment function, and a Trustee which performs a fiduciary role on behalf of the investors.

The overall objective of the SICOM Overseas Diversified Fund is to maximise returns whilst acting prudently at all times and diversifying its portfolio with a long-term view.

This Annual Report, including the audited financial statements, will be approved at the next Board meeting of the Manager, which is scheduled for September 2022.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### 2.1 Basis of preparation

The financial statements of SICOM Overseas Diversified Fund have been prepared in accordance with International Financial Reporting Standards (“IFRS”) and in compliance with the requirements of the Trust Deed. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities at fair value through profit or loss. Historical basis is generally based on the fair value of the consideration given in exchange of goods and services.

#### (a) New and revised Standards that are effective but with no material effect on the financial statements

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

IAS 39	Financial Instruments: Recognition and Measurement - Amendments regarding replacement issues in the context of the IBOR reform
IFRS 7	Financial Instruments: Disclosures - Amendments regarding replacement issues in the context of the IBOR reform
IFRS 9	Financial Instruments - Amendments regarding replacement issues in the context of the IBOR reform

#### (b) New and revised Standards and Interpretations in issue but not yet effective

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

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.1 Basis of preparation (continued)

#### (b) New and revised Standards and Interpretations in issue but not yet effective (continued)

IAS 1	Presentation of Financial Statements - Amendment to defer the effective date of the January 2020 amendments (effective 1 January 2023)
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 Errors - Amendments regarding the definition of accounting estimates (effective date 1 January 2023)
IAS 12	Income Taxes - Amendments regarding deferred tax on leases and decommissioning obligations (effective 1 January 2023)
IAS 37	Provisions, Contingent Liabilities and Contingent Assets - Amendments regarding the costs to include when assessing whether a contract is onerous (effective 1 January 2022)
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 Manager anticipates that these standards and interpretation will be applied on their effective dates in future periods. The Manager has not yet assessed the potential impact of the application of these amendments

### 2.2 Foreign currency translation

#### (a) *Functional and presentation currency*

The performance of the Fund is measured and reported to the investors in Mauritian Rupee ("Rs"). The Manager considers the Mauritian Rupee as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The financial statements are presented in Mauritian Rupee, which is the Fund's functional and presentation currency.

#### (b) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency assets and liabilities are translated into the functional currency using the exchange rate prevailing at the statement of financial position date.

Foreign exchange gains and losses arising from translation are included in the statement of profit or loss and other comprehensive income. Foreign exchange gains and losses relating to the financial assets and liabilities carried at fair value through profit or loss are presented in the statement of profit or loss and other comprehensive income within "net income from financial instruments at FVTPL".

### 2.3 Financial assets and liabilities

#### (a) *Recognition and initial measurement*

The Fund initially recognises regular-way transactions in financial assets and financial liabilities at FVTPL on the trade date, which is the date on which the Fund becomes a party to the contractual provisions of the instrument. Other financial assets and financial liabilities are recognised on the date on which they are originated.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Financial assets and liabilities (continued)

(a) *Recognition and initial measurement (continued)*

A financial asset or financial liability is measured initially at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue.

(b) *Classification and subsequent measurement*

**Classification of financial assets**

On initial recognition, the Fund classifies financial assets as measured at amortised cost or FVTPL.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are SPPI.

All other financial assets of the Fund are measured at FVTPL.

**Business model assessment**

In making an assessment of the objective of the business model in which a financial asset is held, the Fund considers all of the relevant information about how the business is managed, including:

- the documented investment strategy and the execution of this strategy in practice. This includes whether the investment strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of The assets;
- how the performance of the portfolio is evaluated and reported to the Fund's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how the investment manager is compensated: e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Fund's continuing recognition of the assets.

The Fund has determined that it has two business models.

- ***Held-to-collect business model***: this includes cash and cash equivalents, investments in treasury bills and other receivables. These financial assets are held to collect contractual cash flow.
- ***Other business model***: this includes investments in overseas quoted securities and Mauritian quoted/unquoted securities. These financial assets are managed and their performance is evaluated, on a fair value basis, with frequent sales taking place.

**Assessment whether contractual cash flows are SPPI**

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Financial assets and liabilities (continued)

(b) *Classification and subsequent measurement (continued)*

**Assessment whether contractual cash flows are SPPI (continued)**

In assessing whether the contractual cash flows are SPPI, the Fund considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Fund considers:

- contingent events that would change the amount or timing of cash flows;
- leverage features;
- prepayment and extension features;
- terms that limit the Fund's claim to cash flows from specified assets (e.g. non-recourse features); and
- features that modify consideration of the time value of money (e.g. periodical reset of interest rates).

**Reclassifications**

Financial assets are not reclassified subsequent to their initial recognition unless the Fund were to change its business model for managing financial assets, in which case all affected financial assets would be reclassified on the first day of the first reporting period following the change in the business model.

There has been no such reclassification during the current and prior year.

**Subsequent measurement of financial assets**

<b>Financial assets at FVTPL</b>	<p>These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income and expense and foreign exchange gains and losses, are recognised in profit or loss in 'net income from financial instruments at FVTPL' in the statement of profit or loss and other comprehensive income.</p> <p>Investment in Mauritian quoted equities, unquoted equity and overseas quoted securities are included in this category.</p>
<b>Financial assets at amortised cost</b>	<p>These assets are subsequently measured at amortised cost using the effective interest method. Interest income is recognised in 'interest income calculated using the effective interest method', foreign exchange gains and losses are recognised in 'other expenses/other income' and impairment is recognised in 'impairment losses on financial instruments' in the statement of profit or loss and other comprehensive income. Any gain or loss on derecognition is also recognised in profit or loss.</p> <p>Cash and cash equivalents, investment in treasury bills and other receivables are included in this category.</p>

**Financial liabilities - Classification, subsequent measurement and gains and losses**

Financial liabilities are classified as measured at amortised cost or FVTPL.

A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains or losses, including any interest, are recognised in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Financial assets and liabilities (continued)

(b) *Classification and subsequent measurement (continued)*

**Financial liabilities - Classification, subsequent measurement and gains and losses (continued)**

Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss.

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 through the expected life of the financial liability, or, where appropriate, a shorter period.

Any gain or loss on derecognition is also recognised in profit or loss.

(c) *Fair value estimation*

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and trading securities) are based on quoted market prices at the close of trading on the reporting date.

The Fund utilises the last traded market price for both financial assets and financial liabilities where the last traded price falls within the bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Manager will determine the point within the bid-ask spread that is most representative of fair value.

The fair value of financial assets and liabilities that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. The Fund uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Valuation techniques used include the use of comparable recent ordinary transactions between market participants, reference to other instruments that are substantially the same, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity-specific inputs.

The Fund measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

- Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical instruments.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and whose unobservable inputs have a significant effect on the instrument's valuation.

The Fund recognises transfers between levels of the fair value hierarchy as at the end of the reporting period during which the change has occurred.

There have been no transfers in the levels of the fair value hierarchy during the current and prior year.

(d) **Impairment**

The Fund recognises loss allowances for expected credit losses ("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-month ECLs:

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Financial assets and liabilities (continued)

(d) *Impairment (continued)*

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

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

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

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

- the borrower is unlikely to pay its credit obligations to the Fund in full, without recourse by the Fund to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

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

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Fund is exposed to credit risk.

*Write-off*

The gross carrying amount of a financial asset is written off when the Fund has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. There has been no write-off during the current and prior accounting periods.

(e) *Derecognition*

The Fund derecognises regular-way sales of financial assets using trade date accounting. A financial asset is derecognised when the contractual rights to the cash flows from the asset expire, or the Fund transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Fund neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset that is derecognised) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss. Any interest in such transferred financial assets that is created or retained by the Fund is recognised as a separate asset or liability.

The Fund derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**2.3 Financial assets and liabilities (continued)**

**(f) Offsetting**

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Fund has a legally enforceable right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously. Income and expenses are presented on a net basis for gains and losses from financial instruments at FVTPL and foreign exchange gains and losses.

**2.4 Cash and cash equivalents**

Cash and cash equivalents comprise deposits with banks and highly liquid financial assets with maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value.

**2.5 Accrued expenses**

Accrued expenses are recognised initially at fair value and subsequently stated at amortised cost using the effective interest method.

**2.6 Units**

Units issued by the Fund are recorded at the proceeds received net of direct issue costs. They are redeemable at any time at the option of the unitholder for cash and do not have a par value and an unlimited number of units may be issued. The units are financial liabilities and therefore the net assets attributable to unitholders are classified within liabilities in the statement of financial position and distributions to unitholders are included as dividend in profit or loss.

**2.7 Distributions payable to unitholders**

Proposed distributions to unitholders are recognised in profit or loss when they are appropriately authorised and the decision is deemed irrevocable. The distribution on the units is recognised as dividend in profit or loss.

**2.8 Change in net assets attributable to unitholders**

Income not distributed is included in net assets attributable to unitholders. Movements in net assets attributable to unitholders are recognised in the statement of changes in equity.

**2.9 Dividend income**

Dividend income is recognised when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Fund, and the amount of the dividend can be measured reliably.

**2.10 Transaction costs**

Transaction costs are costs incurred to acquire financial assets or liabilities at fair value through profit or loss. They include fees and commissions paid to agents, advisers, brokers and dealers. Transaction costs, when incurred, are immediately recognised in profit or loss as an expense.

**2.11 Equalisation**

Accrued income included in the issue and repurchase prices of units are dealt with in profit or loss.

**2.12 Interest income**

Interest is recognised on a time-proportionate basis using the effective interest method. Interest income includes interest from cash and cash equivalents and treasury bills at amortised cost.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.13 Provisions

A provision is recognised when there is a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each financial reporting date and adjusted to reflect the current best estimate.

### 2.14 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Fund's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Fund supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

## 3. ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements in accordance with IFRS requires management to exercise judgement in the process of applying the accounting policies. It also requires the use of accounting estimates and assumptions that may affect the reported amounts and disclosures in the financial statements. Judgements and estimates are continuously evaluated and are based on historical experience and other factors, including expectations and assumptions concerning future events that are believed to be reasonable under the circumstances. The Fund makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

Areas where management has applied a higher degree of judgement that have a significant effect on the amounts recognised in the financial statements, or estimations and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

#### *Functional currency*

The Manager considers the Mauritian Rupee the currency that most faithfully represents the economic effect of the underlying transactions, events and conditions. The euro is the currency in which the Fund measures its performance and reports its results, as well as the currency in which it receives subscriptions from its investors.

#### *Business model assessment*

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

4. CATEGORIES OF FINANCIAL INSTRUMENTS

<u>30 June 2022</u>	Amortised cost	FVTPL
	Rs.	Rs.
<i>Financial assets</i>		
Investment in equity securities	-	99,023,544
Investment in debt securities	-	-
Cash and cash equivalents	6,323,696	-
Other receivables	17,575	-
<i>Financial liabilities</i>		
Other payables	848,355	-
Dividend payable	3,793,823	-
 <u>30 June 2021</u>		
<i>Financial assets</i>		
Investment in equity securities	-	127,567,953
Investment in debt securities	2,396,348	-
Cash and cash equivalents	1,650,989	-
Other receivables	-	-
<i>Financial liabilities</i>		
Other payables	963,895	-
Dividend payable	3,325,855	-

5 INVESTMENT IN EQUITY SECURITIES MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS ("FVTPL")

- (a) The movement in investment in equity securities measured at FVTPL comprising overseas investments is as follows:

	<u>2022</u>	<u>2021</u>
	Rs.	Rs.
At 1 July	127,567,953	83,214,292
Additions	5,671,605	20,502,685
Disposals	(5,623,400)	(8,586,766)
Realised fair value gain on disposal of equity securities	(6,568,312)	(1,563,566)
Unrealised fair value (loss)/gain	<u>(22,024,302)</u>	<u>34,001,308</u>
<b>At 30 June</b>	<b><u>99,023,544</u></b>	<b><u>127,567,953</u></b>

- (b) FVTPL investments are denominated in the following currency:

	<u>2022</u>	<u>2021</u>
	Rs.	Rs.
United States Dollar (USD)	<u>99,023,544</u>	<u>127,567,953</u>

- (c) The Fund investments are summarised as follows:

	<u>2022</u>	2021	<u>% of Fund</u>	
			<u>2022</u>	<u>2021</u>
	Rs.	Rs.		
Mature Market	28,379,997	32,273,630	28.18	25.31
Mutual Funds:				
Equity Funds	54,124,701	74,101,368	53.73	58.11
Mixed Allocation Funds	<u>16,518,846</u>	<u>21,192,955</u>	<u>16.40</u>	<u>16.62</u>
	<b><u>99,023,544</u></b>	<b><u>127,567,953</u></b>	<b><u>98.31</u></b>	<b><u>100.034</u></b>

The overseas securities are stated at fair values, based on traded prices of the units of the funds published at 30 June 2022 and 2021.

6. INVESTMENT IN DEBT SECURITIES MEASURED AT AMORTISED COST

	<u>2022</u>	<u>2021</u>
	Rs.	Rs.
At 1 July	2,396,348	-
Additions	-	2,395,368
Interest receivable	3,652	980
Redemption at maturity	<u>(2,400,000)</u>	<u>-</u>
<b>At 30 June</b>	<b><u>-</u></b>	<b><u>2,396,348</u></b>

The breakdown of the investments is as follows:

	<u>Maturity date</u>	<u>Yield rate</u>	<u>Rs.</u>
Bank of Mauritius Treasury Bills	03-Sep-21	0.50%	2,400,000

Management has assessed the impact of ECLs on the above investments as not being material in the prior year.

7. OTHER PAYABLES

	2022	2021	% of Fund	
			2022	2021
	Rs.	Rs.		
Manager's fees	469,676	584,422	0.47	0.46
Trustee's fees	70,451	87,663	0.07	0.07
Auditor's remuneration	298,464	284,251	0.29	0.22
Other fees	9,764	7,559	0.01	0.01
	<u>848,355</u>	<u>963,895</u>	<u>0.84</u>	<u>0.76</u>

The carrying amount of other payables approximates their fair value due to their short term nature. These payables are non interest bearing and usually settled within 3 months.

8. DIVIDEND PAYABLE

	2022	2021
	Rs.	Rs.
Distribution of Rs 0.5410 (2021: Rs 0.4807) per unit	<u>3,793,823</u>	<u>3,325,855</u>

Distribution is recognised as a liability because in accordance with its Trust Deed, the Fund has to distribute its net income.

9. CURRENT TAX (LIABILITY)/ASSET

	2022	2021
	Rs.	Rs.
At 1 July	198,228	67,386
Taxation paid during the year	16,009	-
(Charged)/Credited to profit or loss (note 10(i))	<u>(214,662)</u>	<u>130,842</u>
At 30 June	<u>(425)</u>	<u>198,228</u>

10. TAXATION

Income tax is calculated at the rate of 15% on the net income of the Fund as adjusted for income tax purposes.

	2022	2021
	Rs.	Rs.
(i) <i>Income tax component</i>		
(Charge) /Credit for the year	<u>(214,662)</u>	<u>130,842</u>

(ii) The tax on the Fund's profit before tax differs from the theoretical amount that would arise using basic tax rate of the Fund as follows:

	2022	2021
	Rs.	Rs.
Profit for the year	<u>(18,016,085)</u>	<u>37,196,558</u>
Tax calculated at 15% (2021: 15%)	<u>(2,702,413)</u>	<u>5,579,484</u>
Tax effects of:		
- Non deductible expenses	3,563,861	100,689
- Foreign Tax	(1,192)	(16,010)
- Income not subject to tax	(843,822)	(5,795,005)
- Under provision in tax for last year	198,228	-
Tax credit	<u>214,662</u>	<u>(130,842)</u>

11. NET INCOME FROM FINANCIAL INSTRUMENTS AT FVTPL

	2022	2021
	Rs.	Rs.
Dividend income on equity instruments	103,934	99,895
Gain on disposal equity instruments - Note (a)	5,333,013	4,110,216
Unrealised (loss)/gain on fair value of equity investments - Note (b)	<u>(22,024,302)</u>	<u>34,001,308</u>
	<u><u>(16,587,355)</u></u>	<u><u>38,211,419</u></u>

(a) The realised gain from financial instruments at FVTPL represents the difference between the carrying amount of a financial instrument at the beginning of the reporting period, or the transaction price if the was purchased in the current reporting period, and the consideration received on disposal.

(b) The unrealised gain/loss represents the difference between the carrying amount of a financial instrument at the beginning of the period, or the transaction price if it was purchased in the current reporting period, and its carrying amount at the end of the reporting period.

12 (i) INTEREST INCOME CALCULATED USING THE EFFECTIVE INTEREST RATE

	2022	2021
	Rs.	Rs.
Interest in debt securities measured at amortised cost	<u>3,652</u>	<u>980</u>

12 (ii) OTHER INCOME

	2022	2021
	Rs.	Rs.
Foreign exchange differences	<u>292,464</u>	<u>521,845</u>

13. MANAGER'S FEES

Manager's fees are paid to SICOM Financial Services Ltd based on 1% p.a of the Net Asset Value of the Fund. The fees which are calculated on a daily basis and are payable monthly in arrears.

14. TRUSTEE'S FEES

Trustee's fees are paid to The Mauritius Commercial Bank Limited based on 0.15% p.a of the Net Asset Value of the Fund. The fees are calculated on a daily basis and are payable monthly in arrears.

15. UNITS

(a) Movements in units during the year:

	2022		2021	
	No. of Units	Rs.	No. of Units	Rs.
Net assets of the Fund at 01 July	6,921,036	127,523,768	6,789,471	93,175,857
Units created	164,075	3,090,551	137,582	2,005,359
Units liquidated	(72,500)	(1,299,225)	(6,017)	(95,425)
Profit not distributed for the year	-	(22,024,012)	-	34,001,864
Realised gain on disposal of assets held at FVTPL	-	(6,568,312)	-	(1,563,566)
Income and distribution account	-	(558)	-	(321)
<b>Net assets of the Fund at 30 June</b>	<u><u>7,012,611</u></u>	<u><u>100,722,212</u></u>	<u><u>6,921,036</u></u>	<u><u>127,523,768</u></u>

15. UNITS (CONTINUED)

(b)	Net asset value per unit:		
		<u>2022</u>	<u>2021</u>
		Rs.	Rs.
	NAV per unit (cum-div)	<u>14.90</u>	<u>18.91</u>
	NAV per unit (ex-div)	<u>14.36</u>	<u>18.43</u>
(c)	Prices per unit at 2022 and 2021 (valuation dates)		
		<u>2022</u>	<u>2021</u>
		Rs.	Rs.
	Issue price (cum-div)	<u>15.96</u>	<u>18.61</u>
	Re-purchase price (cum-div)	<u>15.50</u>	<u>17.73</u>

16. RELATED PARTY DISCLOSURES

(a) The Fund is making the following disclosures in accordance with IAS 24 (Related Party Disclosures):

(i) Investment manager's holding company

		<u>2022</u>	<u>2021</u>
		Rs.	Rs.
	Units in Fund held at fair value		
	At 1 July (ex-div)	70,236,301	50,823,145
	Additions	1,875,107	1,310,484
	Change in fair value	<u>(12,492,274)</u>	<u>19,977,779</u>
	At end (cum-div)	59,619,134	72,111,408
	Dividend payable	<u>(2,164,112)</u>	<u>(1,875,107)</u>
	<b>At 30 June (ex-div)</b>	<u><b>57,455,022</b></u>	<u><b>70,236,301</b></u>
	Dividend payable to investment manager's holding company	<u>2,164,112</u>	<u>1,875,107</u>

(b) Investment manager

(i)	Units in Fund held at end of year (fair value)	<u>19,151,673</u>	<u>23,965,842</u>
(ii)	Investment Manager's fees	<u>1,235,028</u>	<u>1,116,490</u>
(iii)	Dividend payable to Manager	<u>721,371</u>	<u>625,036</u>
(iv)	Outstanding balances payable:		
	- Manager's fees	<u>469,676</u>	<u>584,422</u>

(c) Trustee

(i)	Trustee's fees	<u>185,254</u>	<u>167,527</u>
(ii)	Bank charges	<u>2,200</u>	<u>1,850</u>
(iii)	Balances and deposits with local bank (Trustee)	<u>6,323,701</u>	<u>1,650,989</u>
(iv)	Outstanding balances payable:		
	- Trustee's fees	<u>70,451</u>	<u>87,663</u>

17. FINANCIAL RISK MANAGEMENT

17.1 Financial risk factors

The Fund's activities expose it to a variety of financial risks: market risk (including market price risk, foreign currency risk, interest rate risk and ), liquidity risk and credit and counterparty risk. The Fund's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Fund's financial performance.

A description of the significant risk factors is given below:

(i) Market price risk

The Fund trades in overseas quoted securities.

All securities investment present a risk of loss of capital. The Fund's investment securities are susceptible to market price risk from uncertainties about future prices of the instruments. The Fund Manager moderates this risk through a careful selection of securities, investment diversification and by having investment limits. The maximum risk resulting from investment securities is determined by the fair value of the financial instruments. The Fund's overall market positions are monitored on a regular basis by the Fund Manager.

The following table details the Fund's sensitivity to a 5% increase/decrease in the prices of securities.

	<u>2022</u>	<u>2021</u>
	Rs.	Rs.
<i>Increase/decrease of 5% in the prices of securities</i>		
Increase/decrease in net assets attributable to Unitholders	<u>4,951,177</u>	<u>6,378,398</u>

(ii) Foreign currency risk

The Fund has overseas investments and cash at bank denominated in USD. The Manager monitors the Fund's currency position on a regular basis. The carrying amount of the Fund's foreign currency denominated assets and liabilities at the reporting date are as follows:-

<b>Assets</b>	<u>2022</u>	<u>2021</u>
	Rs.	Rs.
Concentration of assets under:		
USD	<u>99,023,544</u>	<u>127,567,953</u>

**Liabilities**

The Fund has no foreign currency denominated liabilities.

Consequently the fund is exposed to risks that the exchange rate of the Rupee relative to those other currencies may change in a manner which has an adverse effect on the reported value of that portion of the Fund's assets which is denominated in currencies other than the Rupee.

The following table details the Fund's sensitivity to a 5% increase/decrease of the Rupee against the USD.

	<u>2022</u>	<u>2021</u>
	Rs.	Rs.
<i>Increase/decrease of 5% in rate of exchange</i>		
Increase/decrease in net assets attributable to Unitholders	<u>4,951,177</u>	<u>6,378,398</u>

17. FINANCIAL RISK MANAGEMENT (CONTINUED)

17.1 Financial risk factors (continued)

(iii) Interest rate risk

The Fund is not exposed to interest rate fluctuations on the international and domestic markets.

(iv) Credit and counterparty risk

Credit risk is the risk of financial loss to the Fund if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

Financial instruments which potentially expose the Fund to credit and counterparty risk consist principally of cash and cash equivalents and investments in securities and treasury bills. The Fund seeks to mitigate its exposure to credit and counterparty risk by placing its cash and transacting its securities with reputable financial institutions. Hence the impact of ECLs is minimal on those balances for both current and prior years.

17.1.1 Maximum credit exposure

The maximum exposure to credit risk at the reporting date without taking account of any collateral held and other credit enhancements is as disclosed below:

	<u>2022</u>	<u>2021</u>
	Rs.	Rs.
Cash and cash equivalents	6,323,696	1,650,989
Investment in debt securities measured at amortised cost	-	2,396,348
Other receivables	17,575	-
	<u>6,341,271</u>	<u>4,047,337</u>

Due to the short term nature of the above financial assets, the carrying amount approximates their fair value.

(v) Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivery of cash or another financial asset.

The Fund is exposed to daily cash redemptions of units and to repayment of other financial liabilities. Redemptions of units are permitted weekly. The Fund's other financial liabilities have contractual repayment ranging from on demand to six months. It therefore invests mostly in assets that are easily convertible into cash.

The liquidity position of the Fund has remained strong as at 30 June 2022. Based on the projected business operations, interest income, and dividend income, Management does not expect any liquidity concerns in the foreseeable future.

The Manager monitors the Fund's liquidity position on a regular basis. The Fund does not anticipate any significant liquidity concerns in funding redemption requests and other liabilities.

17. FINANCIAL RISK MANAGEMENT (CONTINUED)

17.1 Financial risk factors (Continued)

(v) Liquidity risk (continued)

The Fund manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of the financial assets and liabilities. It includes the Fund's assets and trading liabilities at fair values, categorised by the earlier of contractual re-pricing or maturity dates.

The liquidity position of the Fund has remained strong as at 30 June 2022. Based on the projected business operations, interest income, and dividend income, Management does not expect any liquidity concerns in the foreseeable future.

The maturity profile of the financial instruments is summarised as follows:

At 30 June 2022	On Demand	1 to 3 Months	3 months to 1 year	No Stated Maturities	Total
	Rs.	Rs.	Rs.	Rs.	Rs.
<b>Financial assets</b>					
Overseas quoted securities at FVTPL	-	-	-	99,023,544	99,023,544
Other receivables		17,575			17,575
Cash and cash equivalent at amortised cost	6,323,696	-	-	-	6,323,696
<b>Total financial assets</b>	<b>6,323,696</b>	<b>17,575</b>	<b>-</b>	<b>99,023,544</b>	<b>105,364,815</b>
<b>Financial Liabilities</b>					
Other payables	848,355	-	-	-	848,355
Dividend payable	-	3,793,823	-	-	3,793,823
Net assets attributable to unitholders	-	-	-	100,722,212	100,722,212
<b>Total financial liabilities</b>	<b>848,355</b>	<b>3,793,823</b>	<b>-</b>	<b>100,722,212</b>	<b>105,364,390</b>
<b>Total liquidity gap</b>	<b>5,475,341</b>	<b>(3,776,248)</b>	<b>-</b>	<b>(1,698,668)</b>	<b>425</b>
<b>At 30 June 2021</b>					
	On Demand	1 to 3 Months	3 months to 1 year	No Stated Maturities	Total
	Rs.	Rs.	Rs.	Rs.	Rs.
<b>Financial assets</b>					
Overseas quoted securities at FVTPL	-	-	-	127,567,953	127,567,953
Treasury bills at amortised cost	-	2,396,348	-	-	2,396,348
Cash and cash equivalent at amortised cost	1,650,989	-	-	-	1,650,989
<b>Total financial assets</b>	<b>1,650,989</b>	<b>2,396,348</b>	<b>-</b>	<b>127,567,953</b>	<b>131,615,290</b>

17. FINANCIAL RISK MANAGEMENT (CONTINUED)

17.1 Financial risk factors (Continued)

(v) Liquidity risk (Continued)

At 30 June 2021

	On Demand	1 to 3 Months	3 months to 1 year	No Stated Maturities	Total
	Rs.	Rs.	Rs.	Rs.	Rs.
<b>Financial Liabilities</b>					
Other payables	963,895	-	-	-	963,895
Dividend payable	-	3,325,855	-	-	3,325,855
Net assets attributable to unitholders	-	-	-	127,523,768	127,523,768
<b>Total financial liabilities</b>	<b>963,895</b>	<b>3,325,855</b>	<b>-</b>	<b>127,523,768</b>	<b>131,813,518</b>
<b>Total liquidity gap</b>	<b>687,094</b>	<b>(929,507)</b>	<b>-</b>	<b>44,185</b>	<b>(198,228)</b>

17.2 Fair value estimation

The fair value of financial instruments traded in active markets is based on quoted market price at the end of the reporting period. A market is regarded as active if quoted prices are readily available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions. The quoted market price used for financial assets held by the Fund is the last traded price. These instruments are included in level 1. Instruments included in level 1 comprise primarily quoted equity investments classified as held-for-trading and measured at fair value through profit or loss.

The fair value hierarchy of the Fund's financial assets (by class) measured at fair value is analysed as follows:

At 30 June 2022

Assets	Level 1
	Rs.
Investment in equity securities measured at FVTPL	
- Overseas quoted equities	<b>99,023,544</b>

At 30 June 2021

Assets	Level 1
	Rs.
Investment in equity securities measured at FVTPL	
- Overseas quoted equities	<b>127,567,953</b>

Investments whose values are based on quoted market prices in active markets, and therefore classified within level 1, include overseas quoted equities. The Fund does not adjust the quoted price for these instruments.

The nominal value less estimated credit adjustments of other receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Fund for similar financial instruments.

**18. CAPITAL RISK MANAGEMENT**

The Fund is not subject to externally imposed capital requirements. The investment objective of the Fund is to achieve attractive risk-returns through a combination of long term capital appreciation and current income by making portfolio investments. The Fund's objective to manage capital are:

- (i) To make investment as per the prospectus and;
- (ii) To maintain sufficient liquidity to meet the expenses of the Fund and the meet redemption request as they arise.

**19. EVENTS AFTER REPORTING DATE**

Subsequent to 30 June 2022 and through the date on which the financial statements were authorised for issue, management evaluated that there were no events that require disclosure or adjustments in these financial statements.



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