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Annual Report



SICOM Overseas
Diversified Fund



20

SICOM UNIT TRUST- SICOM OVERSEAS DIVERSIFIED FUND

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30 JUNE 2020

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MANAGER AND REGISTRAR

SICOM Financial Services Ltd

Registered Office

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Sir Celicourt Antelme Street, Port Louis
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Email Address: sfsl@sicom.mu
Website : www.sfsl.mu

TRUSTEE

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

AUDITORS

Ernst & Young
9th Floor, Tower 1
NeXTeracom
Cybercity
Ebene

BANKER

The Mauritius Commercial Bank Limited

We are pleased to present our report of the SICOM Overseas Diversified Fund (the “Fund”) for the financial year ended 30 June 2020.

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
- 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

According to the International Monetary Fund (IMF), the global economy is estimated to have grown by 2.9% in 2019 as a synchronized slowdown has been noted across different economies as a consequence of rising trade barriers, elevated uncertainty surrounding trade and geopolitics, idiosyncratic factors causing macroeconomic strain in several emerging market economies, and structural factors, such as low productivity growth and aging demographics in advanced economies. The second half of 2019 was dominated by speculation surrounding the **US-China trade dispute which eventually resulted in both parties communicating that a ‘phase one’ deal has been reached**. The absence of inflationary pressures led major central banks to move pre-emptively to reduce downside risks to growth by significantly easing monetary policy almost simultaneously across advanced and emerging markets.

Economic and Market Review (Cont'd)

With the outbreak of the COVID-19 pandemic, economic activity has been severely impacted in the first half of 2020. In fact, the pandemic spread across many countries, necessitating stringent lockdowns, and causing larger disruptions to activity than previously anticipated. This quickly turned into a broad-based aggregate demand shock, compounding near-term supply disruptions due to lockdowns. Mobility became depressed, consumption and services output dropped markedly, domestic activity was disrupted, global trade contracted, and the labour market took a severe hit. As the rate of new daily cases started to slow, economies started to reopen in late in the first half of 2020 and leading economic indicators started to improve, while still being far from pre-COVID activity levels.

After posting their best calendar year performance in 2019 since the aftermath of the financial crisis a decade ago, investors began 2020 with high hopes for strengthening global growth, but soon expectations for returns were dashed by overextended valuations and pockets of geopolitical risk. In late-February, COVID-19 fears took a firm grasp on markets as the pandemic spread across the world, with the ensuing market selloff being one of the sharpest declines in history. However, once daily infection rates peaked in certain large economies, risk appetite returned rapidly benefitting from aggressive easy monetary conditions, sizable fiscal stimulus, low oil prices, pent-up demand, and cheap valuations.

During the financial year ended 30 June 2020, the S&P 500, the Nikkei 225 and the MSCI World Index recorded gains of 5.4%, 4.8% and 1.1% respectively. The MSCI Europe declined by 8.8%, but performances across the main European markets were mixed with CAC 40 and FTSE 100 falling by 10.9% and 16.9% respectively, while DAX dropped by a mere 0.7%. The MSCI Emerging Markets posted a negative return of 5.7%. While the MSCI India declined by 18.2%, the MSCI China posted a positive return of 11.2% for the financial year under review.

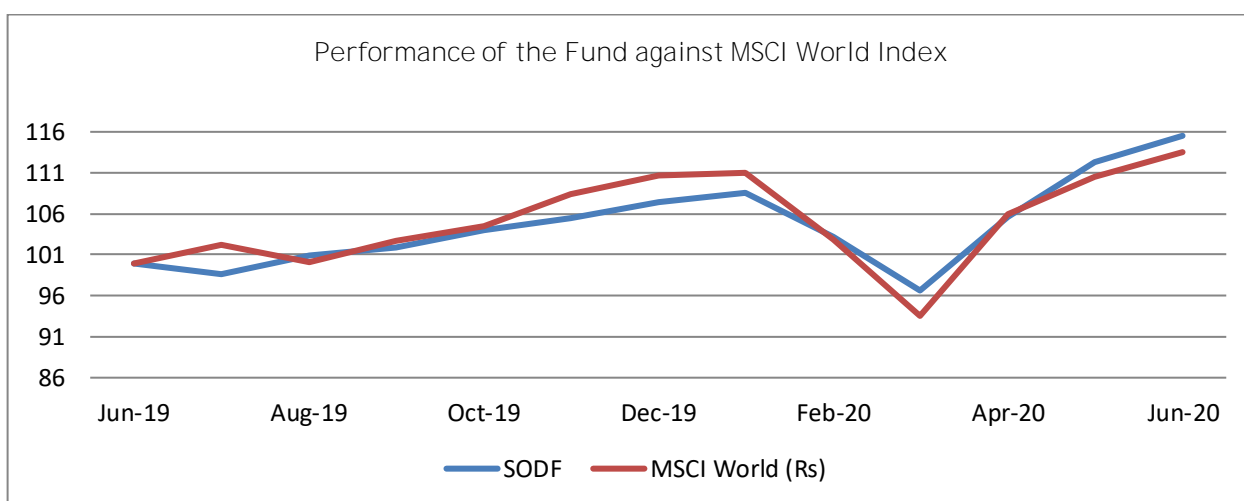
Fund Review

Total Value & Total Assets

The total value of the SICOM Overseas Diversified Fund was Rs 93.2 million at 30 June 2020 compared to Rs 80.9 million as at 30 June 2019. The total assets of the Fund stood at Rs 97.4 million as at 30 June 2020 as compared to Rs 84.1 million last year. The Net Asset Value per Unit of the Fund was Rs 14.07 as at 30 June 2020 as compared to Rs 12.54 as at 30 June 2019.

Performance

The return of the SICOM Overseas Diversified Fund stood at 15.5% for the year under review as compared to the MSCI World Index which increased by 1.1% in USD terms and 13.5% in MUR terms.



Asset Mix

The asset mix of the investment portfolio of the Fund as at 30 June 2020 as compared to 30 June 2019 is represented below:



Investment Income

Gross investment income for the financial year ended 30 June 2020 was Rs 15.1 million as compared to Rs 7.5 million last year due to an increase in foreign exchange gain.

Dividend

The income available for distribution for the financial year ended 30 June 2020 stood at Rs 2.3 million compared to Rs 2.4 million as at 30 June 2019. The dividend per unit is Rs 0.3439 for the year under review as compared to Rs 0.3625 per unit last year.

Prospect

The IMF is projecting global growth to contract sharply by 4.9% in 2020 as the COVID-19 pandemic is having a severe negative impact on activity with the recovery expected to be more gradual. Advanced economies are foreseen to post a negative growth of 8.0% in 2020 impacted by the deeper hit to activity in the first half and a more gradual recovery in the second half of the year. While the growth in 2020 in emerging market and developing economies is forecast at -3.0% as a group, substantial differences across individual economies can be expected depending on the evolution of the pandemic and the effectiveness of containment strategies, variation in economic structure, reliance on external financial flows, and pre-crisis growth trends. Helped by policy support and accommodating financial conditions, the global economy is projected to grow by 5.4% in 2021 as economic activity normalizes on the back of a gradual improvement in consumption and investment. **The advanced and emerging developing economies' growth rate is projected to strengthen to 4.8% and 5.9% respectively in 2021.**

Even after the severe downgrade to global growth, downside risks to the outlook remain significant. Outbreaks could recur in places that appear to have gone past peak infection, requiring the reimposition of containment measures. Moreover, the effects of the health crisis on economic activity and financial markets could turn out to be stronger and longer lasting, testing the limits of central banks to backstop the financial system and further raising the fiscal burden of the shock. Furthermore, escalating tensions between the United States and China on multiple fronts, frayed relationships among the coalition of oil producers, and widespread social unrest pose additional challenges to the global economy. Nonetheless, the development of a safe and effective vaccine would lift sentiment and could improve growth outcomes. Besides, changes in production, distribution, and payment systems during the pandemic could spur productivity gains.

Prospect (Cont'd)

Depending on market conditions, we shall be consolidating the investment portfolio of SICOM Overseas Diversified Fund by adding to its 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. Moreover, we shall continue to research for attractive investment opportunities and invest for the long-term in identified asset classes.

Acknowledgements

The Directors 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 2020

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.

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 CL280218 issued by the **Financial Services Commission (the “FSC”)** on 28 February 2018, the Fund adopted the National Code of Corporate Governance for Mauritius, (**the “Code”**).

The Board of the Manager (the “Board”) is responsible for leading and controlling the Fund and is committed to high standards of corporate governance.

The Board recognises that it has applied some of the principles of the Code and has explained the application of such principles throughout the reporting period, 1 July 2019 to 30 June 2020. Reasons for the non-application of the other principles have been provided in the Statement of Compliance section.

1.2. Legal and regulatory requirements

The Board of the Manager 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 at the registered office of the Fund.

1.4. Code of Ethics

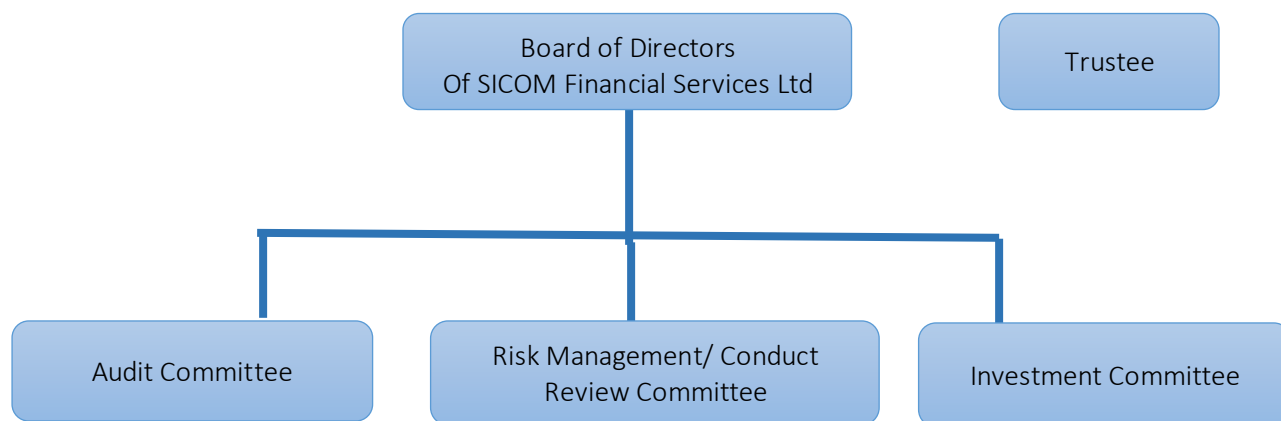
The Manager’s Codes of Ethics for Directors and Employees were approved by the Board of the Manager and published on its website. Both Directors and Employees are made aware of the requirements of the respective Code.

The Board shall monitor compliance with the Code of Ethics on an ongoing basis.

1. GOVERNANCE STRUCTURE (CONTINUED)

1.5. Organisational Chart

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



1.6. Fund's Website

The annual report of the Fund is published on the Manager's website: www.sfsl.mu

2. THE STRUCTURE OF THE BOARD AND ITS COMMITTEES

2.1. Board Structure

The Manager is led by a unitary Board which is collectively responsible for its long term success, reputation and governance.

The Board assumes its responsibility for meeting all legal and regulatory requirements and takes its fiduciary responsibilities with great care and diligence. The roles and responsibilities of the Board are set out in a Board Charter.

The Board of the Manager has approved the following key governance documents which are available on the Manager's website:

- Board Charter;
- Board Committees Charters; and
- **Position Statement of the Chairperson of the Board, Group Chief Executive Officer ("Group CEO") and Company Secretary.**

The Board of the Manager has also approved the following:

- Position Statement of the Chairperson of the Board and the Chairperson of Sub-Committees;
- Code of Ethics for Employees;
- Conflict of Interest and Related Party Transactions Policy;
- Anti-Harassment and Non-Discriminatory Policy;
- Whistleblowing Policy; and
- Remuneration Policy for Directors and Senior Executives.

The Board of the Holding Company of the Manager has added the Group Corporate Governance to the list of governance documents in place.

The Board oversees the general business of the Fund. The Board exercises leadership, enterprise, integrity and judgment in directing the Fund. The delegation of authority to any Committee does not relieve the Board of its responsibilities in respect of the actions and decisions of that Committee.

The Board composition of the Manager as of 30 June 2020 was as follows:

<i>Chairperson</i>	Sakurdeep S
<i>Directors</i>	Bhoojedhur - Obeegadoo K G (Mrs) Bonomaully I (as from 05 February 2020) Chaperon J M C G (up to 19 December 2019) Gopy D K Late Ramdhonee B I R (up to 21 July 2019) Ramdewar N (Mrs) Salemohamed M Y (as from 05 February 2020) Seewoochurn N
<i>Manager</i>	SICOM Financial Services Ltd Sir Celicourt Antelme Street Port Louis
<i>Trustee</i>	The Mauritius Commercial Bank Ltd Sir William Newton Street Port Louis

3. MANAGER APPOINTMENT PROCEDURES

3.1. Board Responsibilities in Manager Appointment, Remuneration and Succession Planning

The Manager has a unitary Board with the right balance of skills, experience and diversity. As at 30 June 2020, out of the seven members of the Board, two (2) were Executive Directors, two (2) were Non- Executive Directors and three (3) were Independent Directors, who were all resident of Mauritius. The Manager complies with the statutory number of directors required and has a Board Charter which is reviewed by the Board as and when required.

The Non-Executive Directors come from diverse business backgrounds and they possess the skills, objectivity, integrity, experience and commitment to make sound judgments on various key issues relevant to the business of the Fund. The Non-Executive Directors do not have any involvement in the operations of the Fund, and none of the appointed independent directors were employed by the Fund during the past three years.

Having taken into consideration the varied director profiles that the Fund needs, as per the Board Charter, coupled with the number of Sub-Committees that are presently assisting the Board in the discharge of its responsibilities and the current number of directors with their mix of knowledge, skills and experience, the Board is of opinion that these are sufficient to effectively meet the requirements of the Fund.

Currently, the **Manager's** Board has three (3) committees, namely (i) Risk Management/ Conduct Review Committee, (ii) Audit Committee, (iii) Investment Committee, each comprising of members with a diversity of knowledge and experience in fields relevant to the operations of the Fund such as finance, legal and business administration. Each Board committee has its own charter, approved by the Board of the Manager and which may be reviewed as and when required.

The Chairperson of the Board and the Chairperson of each of the sub-committees are selected for their relevant knowledge and experience in these key governance roles. Their responsibilities have been clearly defined in their respective position statements.

In order to strike gender balance, the Code provides that all organisations should have directors from both genders as members of the Board i.e. at least one (1) male and one (1) female director. As at 30 June 2020, the Board comprised of five (5) male directors and two (2) female directors.

Remuneration

During the year, the three Non-Executive Directors of the Manager received Board fees of Rs 411,673 (2019 - Rs 271,200) and Board Committee fees of Rs 37,000 (2019 - Rs 13,200) respectively. The three independent Directors of the Manager received Board fees of Rs 677,123 (2019 - Rs 958,400) and Board Committee fees of Rs 69,900 (2019 - Rs 59,100) respectively.

The two Executive Directors did not receive any emoluments from the Manager.

The remuneration and benefits paid to the directors have not been disclosed on an individual basis due to the sensitive nature of the information that may result in our organisation losing its competitive advantage in the market.

Succession Planning

The Board ensures that suitable plans are in place for the orderly succession of appointments to the Board and to Senior Management positions in order to maintain an appropriate balance of knowledge, skills and experience on the Board within the Fund.

3.2. Director's Profile **for the Manager's Board**

Subiraj SAKURDEEP (Reappointed on 19 December 2019)

Attorney-at-Law

Subiraj Sakurdeep has been practicing since April 1993 after having completed his Articleship with Attorneys and Senior Attorneys. During his career, he has worked as legal adviser for various District Councils and other companies and entities. Subiraj Sakurdeep has extensive experience in Labour Laws, Matrimonial Cases, recovery of debts, accident cases, Petition for Division-in-kind, encroachment cases and defamation cases.

Karuna G BHOOJEDHUR-OBEEGADOO (Reappointed on 19 December 2019)

Fellow of the Institute of Actuaries, UK
BSc (Hons) in Actuarial Science, London School of Economics and Political Science
Fellow of the Mauritius Institute of Directors

Karuna Bhoojedhur-Obeegadoo was the Group Chief Executive Officer heading the SICOM Group of Companies until her retirement in September 2017. She has also worked with M&G Reinsurance Company in London (now Swiss Re) prior to joining SICOM and was appointed Actuarial Adviser to the National Pensions Fund and member of its Investment Committee.

In the past, she has served as Director on the board of several companies, including State Bank of Mauritius Ltd, National Mutual Fund Ltd, First Republic Fund Ltd, Cyber Properties Investment Ltd, Mauritius Housing Company Ltd, National Housing Development Company Ltd, China Index Fund Ltd and China Actis Ltd. She was also a Founding Member of the National Committee on Corporate Governance and of the Board of Investment.

She is currently a Director on the Board of companies within the SICOM Group and is also a member of the Board of the MCB Group Ltd and of its Remuneration and Corporate Governance Committee.

Ishwarlall BONOMAULLY (Appointed on 5 February 2020)

Fellow of the Association of Chartered Certified Accountants
MSc in Finance (University of Mauritius)

Ishwarlall Bonomaully joined the former Income Tax Department (now Mauritius Revenue Authority) where he was Inspector of Taxes for 4 years. He was also an Accountant at the Management Audit Bureau for 15 years. During his career he has served on different boards of state-owned companies including the Development Bank of Mauritius, State Trading Corporation and ISP Ltd.

Ishwarlall Bonomaully is currently Director at the Ministry of Finance, Economic Planning and Development. He is mainly responsible for the formulation and finalisation of budgets and strategies for different sectors, the compilation of the five-year public sector investment programme and monitoring of capital projects, project appraisal and selection, and procurement policies.

Dev K GOPY (Reappointed on 19 December 2019)

Diplôme d'Etude Approfondies (DEA) in Finance and Maîtrise in Financial Management, Institut d'Administration des Entreprises (IAE), University of Montpellier II, France
Qualified Stockbroker

Dev Gopy joined SICOM in 2001 after working for a leading local banking institution. He is responsible for managing the different funds of the SICOM Group. He is also the head of all operations of Leasing and Unit Trusts businesses transacted by SICOM Financial Services Ltd and the operations of SICOM Global Fund Ltd and SICOM Management Ltd. He currently serves as Executive Director on the Board of SICOM Financial Services Ltd and is also a Director of Cyber Properties Investments Ltd.

Nandita RAMDEWAR (Reappointed on 19 December 2019)

Fellow of the Association of Chartered Certified Accountants
Masters in Business Administration - specialisation in Finance, Manchester Business School
Fellow of the Mauritius Institute of Directors
Member of the International Fiscal Association (Mauritius)

Nandita Ramdewar joined SICOM as Manager (Finance) in 1992 after working for a leading audit firm. Since then, she has been heading several business units of the Group at senior management level and has also acted as the Company Secretary.

She has acquired along the years a broad experience in insurance, strategy, finance, investments, financial services, corporate matters and other fields. In February 2018, she was appointed Deputy Group Chief Executive Officer, besides acting as Chief Finance Officer.

She is acting as Officer-in-Charge since August 2019.

She currently serves as Director on the Boards of SICOM Ltd, SICOM Financial Services Ltd, SICOM Global Fund Limited, SICOM Management Limited and National Housing Development Co Ltd. She has in the past acted as the Chairperson of the Private Secondary Schools Authority and has been a Director of the Stock Exchange of Mauritius Ltd and Central Depository and Settlement Co. Ltd.

Muhammad Yoosuf SALEMOHAMED (Appointed on 5 February 2020)

Muhammad Yoosuf Sale mohamed started his career in a chartered accountant firm where he obtained training in Accounting and Auditing. He joined a vertically integrated textile manufacturing company as accountant in 1975 and ended his career there as General Manager.

He is a past president of the Mauritius Chamber of Commerce and Industry, past Chairman of the Mauritius College of the Air, past Chairman of Enterprise Mauritius and past president of the MEPPA (now Business Mauritius Provident Association). He has also been a Director of the Development Bank of Mauritius Ltd, Air Mauritius Limited and an Adviser to the Ministry of Commerce and Industry.

He is currently a Board member of the Islamic Cultural Centre Trust Fund Board.

Nankumar SEEWOCHURN (Reappointed on 19 December 2019)

Diploma in Financial Management, University of Mauritius

Nankumar Seewoosurn reckons more than 20 years of service in the Public Service and has served different Ministries as well as a Mauritius Diplomatic Mission overseas. He has also been a board member of different statutory bodies and served on different Committees.

Nankumar Seewoosoorun is currently Assistant Permanent Secretary at the Ministry of Financial Services and Good Governance.

Theresa M. LEE SHING PO

Company secretary
Attorney-at-Law

Theresa Lee Shing Po was admitted as Attorney-at-Law in 1986. She had her private practice and also worked in an international accounting and auditing firm, as well as at the Attorney General's Office. She joined SICOM in 2000 as Legal Officer and set up in the Legal Department, a recovery unit and a fixed and floating charge unit responsible for the in-house preparation of charges. She is presently the Senior Executive Officer - Legal, responsible for the overall operational and strategic functions of the Legal Department and advises the Group in all legal matters. She acts as Company Secretary to SICOM, SICOM General Insurance Ltd and SICOM Financial Services Ltd.

Profile of SICOM Financial Services Ltd Management

Moorganaden (Ruben) CHADIEN

Manager

*Fellow of the Association of Chartered Certified Accountants
Masters in Business Administration, University of Surrey, UK*

Moorganaden Chadien joined SICOM in 1994, where he gathered experience in different departments before moving to SICOM Financial Services Ltd during its setting-up in 2000. He has over the years achieved a rich experience in deposit taking, leasing and unit trust administration. He is presently the Manager of SICOM Financial Services Ltd where he is responsible for the day-to-day operations of the Company.

Deputy Manager

Ameerah KASENALLY-BOODOO

Deputy Manager

*BSc (Honours) in Economics, London School of Economics and Political Science
Masters in Business Administration, University of Birmingham*

Ameerah Kasenally-Boodoo joined SICOM in 2003 where she worked in the Investment Department before moving to SICOM Financial Services Ltd in 2008. She is currently the Deputy Manager and is assisting in the **running of the Company's operations.**

4. MANAGER AND TRUSTEE DUTIES, REMUNERATION AND PERFORMANCE

4.1 **Manager's and Trustee's** Duties

Manager

The Manager has the following main duties:

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

4. MANAGER AND TRUSTEE DUTIES, REMUNERATION AND PERFORMANCE (CONTINUED)

Trustee

The Trustee has the following main duties:

- Shall keep safe custody of Unit Holders accounts
- Ensure that all investments of the Unit Trusts are properly executed
- Manage the bank accounts of the Unit Trusts

The Manager and the Trustee are aware of their legal duties.

4.2 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 Shareholders 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.

4.3 Remuneration Policy

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.

4.4 Information, Information Technology and Information Security Governance

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.

5. RISK GOVERNANCE AND INTERNAL CONTROL

5.1. 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**.

5.1.1. Financial Risks

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

5.1.2. 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.

5.2. Internal Controls

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

6. REPORTING WITH INTEGRITY

The Manager is 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's transactions and disclosing, with reasonable accuracy, at any time, the financial position of the Fund.

7. AUDIT

7.1. External Audit

The Fund has appointed Ernst & Young to perform its external audit for the period 01 July 2019 to 30 June 2020. Audit fees of Rs 176,400 (excluding VAT) are payable to Ernst & Young for the audit of the financial year ended 30 June 2020.

Ernst & Young is subject to re-appointment at the next annual general meeting of shareholders of the Fund.

No non-audit services, excluding tax services, were provided to the Fund during financial year ended 30 June 2020.

7.2. 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 following are examples of risk areas for the Fund:

Type	Risks
Financial	<ul style="list-style-type: none"> Liquidity and cash flow management.
Operational	<ul style="list-style-type: none"> The risk of over-reliance on key staff and service providers. The risk that security of IT systems is breached leading to disruptions in operations and reputational damage.
Compliance	<ul style="list-style-type: none"> The risk of non-compliance with the regulatory framework resulting in reputational damage and fines. The risk that data privacy related regulation is not complied with resulting in dissatisfaction of the owners of the data and reputational damage.

The Manager is assisted in its function of implementing, monitoring and evaluating the compliance controls by the Compliance Department of SICOM.

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;
- (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.

8. RELATIONS WITH UNITHOLDERS AND OTHER KEY STAKEHOLDERS

8.1. Fund's Unitholders

Number of units in issue as at 30 June 2020: 6,789,470

8.2. 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:

Unitholders:	<p>For the unitholders, the Fund will:</p> <ul style="list-style-type: none"> • Ensure that no contributions will be made to political parties; • Conduct business honestly, fairly and responsibly; • Comply with legislation, industry regulations and prescribed practices; • Generate an attractive and sustainable return; • Not engage in restrictive trade practices and comply with competition laws; • Maintain executive responsibility for decision making on material matters; • Produce accurate and timely accounting statements and unitholder information; • Report developments that may have a material impact on the value of the unitholders' assets; • Strive to expand and maintain the business and profitability of the Fund; and • Take reasonable steps to protect and enhance the Fund's assets.
Potential Clients:	<p>For the potential clients, the Fund will:</p> <ul style="list-style-type: none"> • Act justly, fairly and in the best interests of each individual; • Communicate in an open, timely, honest and transparent manner; • Constantly strive to improve its products and services; • Deal with complaints and enquiries in a prompt and efficient manner; • Protect the confidentiality of information in accordance with the law and prescribed practices; • Render a responsible and effective service; • Report accurately on its performance and prospects; and • Uphold the letter and spirit of agreements it is party to.
Future Employees and Management:	<ul style="list-style-type: none"> • Not applicable
Government and Regulatory Authorities	<p>For the Government and Regulatory Authorities, the Fund will directly or through its Company Secretary:</p> <ul style="list-style-type: none"> • Attend regular meetings with the regulators; • Attend to all written communication with the relevant authorities in a timely manner; • Effect regulatory returns as and when required; • Liaise with the regulators in connection with onsite and offsite supervision; • Seek regulatory approvals as and when necessary; • Comply with acts, regulations and guidelines; and • Ensure there is proper risk management and internal control.

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.

The Fund shall arrange for adoption of these financial statements by the shareholders through an annual general meeting.

STATEMENT OF COMPLIANCE

Name: SICOM Overseas Diversified Fund

Reporting Period: 30 June 2020

Throughout the year ended 30 June 2020, to the best of the Board's knowledge, the Fund has applied most of the recommendations of the Code and measures will be taken, during the next financial year, to address the parts which have not been complied with during this financial year.


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 17 to 36 which comprise the statement of financial position as at 30 June 2020, and the statement of profit or loss and other comprehensive income, statement of changes in net assets and statement of cash flows for the year then ended, and notes to the financial statements, including significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of SICOM Unit Trust - SICOM Overseas Diversified Fund as at 30 June 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Mauritius, 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 Manager is responsible for the other information. The other information comprise the Manager's Investment 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 (Except on the Corporate Governance Report).

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

Corporate Governance report

The Directors are responsible for preparing the Corporate Governance Report. Our responsibility under the Financial Services Commission' Circular Letter CL280218 is to report on the compliance with the Code of Corporate Governance (the "Code") 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.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SICOM UNIT TRUST - SICOM OVERSEAS DIVERSIFIED FUND (CONTINUED)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Responsibilities of the Manager for the Financial Statements

The Manager is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as 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 Manager is 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 Manager either intend to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.
- Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SICOM UNIT TRUST - SICOM OVERSEAS DIVERSIFIED FUND (CONTINUED)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Use of our report

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



ERNST & YOUNG
Ebène, Mauritius



PATRICK NG TSEUNG, A.C.A.
Licensed by FRC

Date: **21 SEP 2020**

SICOM UNIT TRUST- SICOM OVERSEAS DIVERSIFIED FUND
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2020

17.

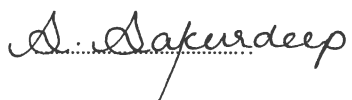
	Notes	2020		2019	
		Rs.	% of Fund	Rs.	% of Fund
ASSETS					
Bank balances		14,139,893	15.18	5,816,825	7.19
Foreign currency denominated deposits	6(b)	-	-	4,801,950	5.93
Overseas quoted securities	5	83,214,292	89.31	68,919,383	85.15
Local currency denominated deposits/Treasury Bills	6(a)	-	-	4,450,871	5.50
Other receivables	7	-	-	1,079	0.00
Income tax recoverable	10	67,386	0.07	90,796	0.11
TOTAL ASSETS		97,421,571	104.56	84,080,904	103.88
LIABILITIES					
Other payables	8	1,910,815	2.05	734,070	0.90
Dividend payable	9	2,334,899	2.51	2,408,875	2.98
TOTAL LIABILITIES		4,245,714	4.56	3,142,945	3.88
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		93,175,857	100.00	80,937,959	100.00
NET ASSET VALUE PER UNIT					
- Before distribution		14.07		12.54	
- After distribution		13.72		12.18	

These financial statements have been approved for issue by the Manager on 2.1 SEP. 2020

Signed on behalf of the Manager by:


Signature


Signature





The notes on pages 21 to 36 form an integral part of these financial statements.
Auditors' report on pages 16 to 16(b).

SICOM UNIT TRUST - SICOM OVERSEAS DIVERSIFIED FUND
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2020

18.

	Notes	2020 Rs.	2019 Rs.
Realised Gain on Disposal of Assets		2,201,947	2,990,205
Net Loss on Financial Assets at FVTPL		11,497,105	4,086,708
Other Income		<u>1,409,673</u>	<u>510,158</u>
	12	<u>15,108,725</u>	<u>7,587,071</u>
FUND EXPENSES			
Manager's fees	13	858,995	776,186
Trustee's fees	14	128,804	116,428
Auditors' remuneration		262,450	217,350
Other operating expenses		<u>3,350</u>	<u>5,500</u>
		<u>1,253,599</u>	<u>1,115,464</u>
PROFIT FROM OPERATING ACTIVITIES		13,855,126	6,471,607
EQUALISATION	3(d)		
<u>Add:</u> Income received on units created		49	147
<u>Less:</u> Income paid on units liquidated		<u>(99)</u>	<u>(685)</u>
		<u>(50)</u>	<u>(538)</u>
Profit before taxation		13,855,076	6,471,069
Income tax (charge)/credit	11(i)	<u>(23,410)</u>	<u>25,049</u>
Profit for the year before distribution		13,831,666	6,496,118
Dividend distribution to unitholders		<u>(2,334,899)</u>	<u>(2,408,875)</u>
Net Profit after distribution		<u>11,496,767</u>	<u>4,087,243</u>
APPROPRIATION OF PROFIT FOR DISTRIBUTION			
PROFIT FOR DISTRIBUTION		13,831,666	6,496,118
Unrealised gain on fair value of investments		<u>(11,497,105)</u>	<u>(4,086,708)</u>
		<u>2,334,561</u>	<u>2,409,410</u>
Income brought forward		<u>659</u>	<u>123</u>
Profit Available for distribution		2,335,220	2,409,533
Distribution to unitholders	9	<u>(2,334,899)</u>	<u>(2,408,875)</u>
Profit for distribution carried forward		<u>321</u>	<u>659</u>

The notes on pages 21 to 36 form an integral part of these financial statements.
Auditors' report on pages 16 to 16(b).

SICOM UNIT TRUST - SICOM OVERSEAS DIVERSIFIED FUND
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 30 JUNE 2020

19.

	<u>2020</u>	<u>2019</u>
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS	Rs.	Rs.
Net assets of the Fund at 01 Jul	80,937,959	77,789,707
Units created	2,055,294	2,188,246
Units liquidated	(257,720)	(613,230)
Profit not distributed for the year	11,497,424	4,087,366
Realised loss on disposal of securities	(1,056,441)	(2,514,007)
Income and distribution account	(659)	(123)
Net assets of the Fund at 30 June	<u>93,175,857</u>	<u>80,937,959</u>

The notes on pages 21 to 36 form an integral part of these financial statements.
Auditors' report on pages 16 to 16(b).

**SICOM UNIT TRUST - SICOM OVERSEAS DIVERSIFIED FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2020**

20.

	Notes	2020	2019
		Rs.	Rs.
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation (after dividend and net gains on investments)		11,520,176	4,062,193
Adjustments for:			
Gain on disposal of investment securities		(2,201,947)	(2,990,205)
Net increase in fair value of HFT investments	5	(11,497,105)	(4,086,708)
Distribution to unitholders	9	2,334,899	2,408,875
Operating profit/(loss) before working capital changes		156,023	(605,845)
Decrease in other receivables		2,959	33,191
Increase in other payables		1,176,745	297,420
Cash generated from/(used in) operations		1,335,727	(275,234)
Dividend paid		(2,408,875)	(2,571,498)
Tax paid	11	-	(22,290)
Cost of investments purchased		(14,529,298)	(15,571,617)
Proceeds of investments sold/matured		22,127,940	20,513,544
Net cash generated from operating activities		6,525,494	2,072,905
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash received for units created	15(a)	2,055,294	2,188,246
Cash paid for units liquidated	15(a)	(257,720)	(613,230)
Net cash generated from financing activities		1,797,574	1,575,016
NET INCREASE IN CASH AND CASH EQUIVALENTS		8,323,068	3,647,921
CASH AND CASH EQUIVALENTS AT 1 JULY		5,816,825	2,168,904
CASH AND CASH EQUIVALENTS AT 30 JUNE		14,139,893	5,816,825

The notes on pages 21 to 36 form an integral part of these financial statements.
Auditors' report on pages 16 to 16(b).

1. GENERAL INFORMATION

SICOM Overseas Diversified 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 which was repealed and replaced by the Securities (Amendment) Act 2007 and established by a Supplemental Trust Deed dated 31 May 2006 between SICOM Financial Services Ltd (The Manager) and The Mauritius Commercial Bank Ltd (The Trustee).

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.

2. STANDARDS, AMENDMENTS TO PUBLISHED STANDARDS AND INTERPRETATIONS EFFECTIVE IN THE REPORTING PERIOD

2.1 CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted in these financial statements are consistent with those of the previous financial year and there were new and amended IFRS that were effective from 1 July 2019 none of which had an impact on the financial statements of the Company.

2.2 ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

There are standards, amendments to existing standards and interpretations that were in issue but not yet effective and none of these are expected to have an impact on the financial statements of the Company.

3. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted 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.

(a) Basis of preparation

The financial statements of SICOM Overseas Diversified Fund comply with the Trust Deed and have been prepared in accordance with International Financial Reporting Standards (IFRS). Where necessary, comparative figures have been amended to conform with change in presentation in the current year. The financial statements are prepared under the historical cost convention except for financial assets at fair value through profit or loss are stated at their fair value.

(b) Financial instruments

Initial recognition, classification 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 Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the Company 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. Trade receivables that do not contain a significant financing component are measured at the transaction price determined under IFRS 15.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Financial instruments (continued)

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

The Company'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.

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

Subsequent measurement

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

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

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Company. The Company 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

Financial assets at amortised cost are subsequently measured using the effective interest (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 Company's financial assets at amortised cost includes other receivables (Note 5), and investment in bonds and deposits.

Financial assets at fair value through profit or loss (FVTPL)

This category has two sub-categories: 'financial assets held for trading and those designated at fair value through profit or loss at inception'. A financial asset is classified into the 'financial assets at fair value through profit or loss category at inception if acquired principally for the purpose of selling in the short term, if it forms part of a portfolio of financial assets in which there is evidence of short-term profit-taking, or if so designated by management. The Company has classified its investment in equity securities as financial assets at fair value through profit or loss and these are managed on a fair value basis.

These investments are initially recorded at fair value. Subsequent to initial recognition, they are re-measured at fair value. Changes in fair value are recorded in net gain/ (loss) on financial assets at fair value through profit or loss').

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Financial instruments (Continued)

(i) *Impairment of financial assets*

Overview of the ECL principles

The adoption of IFRS 9 has fundamentally changed the Company's loss impairment method by replacing IAS 39's incurred loss approach with a forward-looking ECL approach. The Company has been recording the allowance for expected credit losses on other debt financial assets not held at FVPL, in this section all referred to as 'financial instruments'. Equity instruments are not subject to impairment under IFRS 9.

The Company has invested in investment grade term deposits and hold these with reputable financial institutions. The credit risk have been assessed as low and ECL assessed to be insignificant.

(ii) *Derecognition of financial assets*

The Fund derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Fund neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Fund recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Fund retains substantially all the risks and rewards of ownership of a transferred financial asset, the Fund continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities

Financial liabilities are classified as other financial liabilities.

Other financial liabilities

Other financial liabilities, including net assets attributable to unitholders and other payables, are initially measured at fair value, net of transaction costs. Subsequently they are measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

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.

(i) *Derecognition of financial liabilities*

The Fund derecognises financial liabilities when, and only when, the Fund's obligations are discharged, cancelled or they expire.

(ii) *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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Dividend and interest income

Interest receivable from bank, foreign deposits, loan and treasury bills are credited to profit or loss on an accrual basis using effective interest method. Dividends receivable from securities are accounted for in profit or loss when the right for payment is established.

(d) Equalisation

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

(e) Taxation

- (i) Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 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 reporting date.

- (ii) *Deferred tax*

Deferred taxation is provided on the comprehensive basis using the liability method. Deferred tax liabilities are recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Deferred income tax is determined using tax rates that have been enacted or substantively enacted at the reporting date and are expected to apply on the period when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised.

(f) Foreign currency translation

Monetary assets and monetary liabilities denominated in foreign currencies at the end of the reporting period are translated into Mauritian rupees at the rate of exchange ruling at that date. Any exchange gains or losses arising are recognised in profit or loss. Foreign currency transactions are converted into Mauritian rupees at the exchange rate ruling at the dates of the transactions.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date of the transactions.

Translation differences on non-monetary items, such as equities held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on non-monetary items, such as equities classified as available-for-sale financial assets, are included in the fair value reserve in equity.

(g) Fair value

Except where stated elsewhere, the carrying amounts of the Fund's financial assets and financial liabilities approximate their fair values due to the short-term nature of the balances involved.

The fair value of the financial instruments traded in active markets is based on quoted market prices at the reporting date. The quoted market price used for financial assets and financial liabilities is the current market price.

(h) 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.

(i) Cash and cash equivalents

Cash and cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. They are measured at fair value, based on the relevant exchange rates at the reporting date.

(j) Related parties

Related parties are individuals and companies where the individual or company has the ability directly or indirectly, to control the other party or exercise significant influence over the other party in making operating and financial decisions.

(k) Transactions costs

Transactions 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 and brokers. Transactions costs, when incurred, are immediately recognised in profit or loss as an expense.

(l) 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.

(m) Increase/decrease 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 movements in net assets.

4. 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.

4. ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

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:

Units in issue

The Fund has classified the units in issue as financial liabilities on the basis that apart from the contractual obligation to redeem the units, the Fund has a contractual obligation to distribute income to the unitholders either by way of dividend, bonus issue or in whatever form the Manager may think fit.

5. OVERSEAS QUOTED SECURITIES

Financial Assets at Fair Value through Profit or Loss (FVTPL)

(a) The movement in investments is as follows:

<i>Fair value through</i>	<u>2020</u>	<u>2019</u>
	Rs.	Rs.
At 1 July	68,919,383	72,309,465
Additions	9,659,844	-
Disposals	(6,862,040)	(7,476,790)
Fair value	<u>11,497,105</u>	<u>4,086,708</u>
At 30 June	<u>83,214,292</u>	<u>68,919,383</u>

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

	<u>2020</u>	<u>2019</u>
	Rs.	Rs.
(c) United States Dollar (USD)	<u>83,214,292</u>	<u>68,919,383</u>

	<u>2020</u>	<u>2019</u>	<u>% of Fund</u>	
	Rs.	Rs.	<u>2020</u>	<u>2019</u>
Mature Market	16,069,606	8,429,737	17.25	10.42
Mutual Funds:				
Equity Funds	51,215,518	43,419,984	54.96	53.64
Mixed Allocation Funds	<u>15,929,168</u>	<u>17,069,662</u>	<u>17.10</u>	<u>21.09</u>
	<u>83,214,292</u>	<u>68,919,383</u>	<u>89.31</u>	<u>85.15</u>

The overseas securities are stated at fair value based on the net asset value per share published as at 30 June 2020.

6 (a). DEBT INSTRUMENT AT AMORTISED COST

LOCAL CURRENCY DENOMINATED DEPOSITS/TREASURY BILLS

	2020	2019
	Rs.	Rs.
Financial assets at amortised cost		
At 1 July	-	6,239,882
Additions	-	6,320,673
Maturity	-	(12,560,555)
At 30 June	-	-
TREASURY BILLS	2020	2019
	Rs.	Rs.
Financial assets at amortised cost		
At 1 July	4,450,871	-
Additions	-	4,450,871
Maturity	(4,450,871)	-
At 30 June	-	4,450,871

6 (b). FOREIGN CURRENCY DENOMINATED DEPOSITS

These comprise of the following:

	2020	2019	% of Fund	
	2020	2019	2020	2019
	Rs.	Rs.		
<u>Cash and cash equivalents</u>				
Call deposits denominated in USD				
At 1 July	4,801,950	4,801,950	-	5.93
Additions	4,869,450			
Maturity	(9,671,400)			
At 30 June	-	4,801,950	-	5.93

7. OTHER RECEIVABLES

	2020	2019	% of Fund	
	2020	2019	2020	2019
	Rs.	Rs.		
Interest receivable on	-	1,079	0.00	0.00
	-	1,079	0.00	0.00

The carrying amount of other receivables approximates their fair value. The classes within other receivables do not contain impaired assets. The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The Fund does not hold any collateral as security.

8. OTHER PAYABLES

			% of Fund	
	2020	2019	2020	2019
	Rs.	Rs.		
Manager's fees	420,109	448,113	0.45	0.55
Trustee's fees	10,242	67,217	0.01	0.08
Auditors' remuneration	262,450	217,350	0.28	0.27
Payables for investment in shar	1,210,847	-	1.30	-
Other fees	7,167	1,390	0.01	0.00
	<u>1,910,815</u>	<u>734,070</u>	<u>2.05</u>	<u>0.90</u>

The carrying amount of other payables approximates their fair value due to their short term nature.

9. DIVIDENDS PAYABLE - DISTRIBUTION TO UNITHOLDERS

	2020	2019
	Rs.	Rs.
Distribution of Re 0.3439 (2019: Re 0.3625) per unit	<u>2,334,899</u>	<u>2,408,875</u>

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

10. INCOME TAX RECOVERABLE

	2020	2019
	Rs.	Rs.
At 1 July	90,796	43,457
Charged/(Credited) to profit or loss (note 11(i))	(23,410)	25,049
Tax paid previous year	-	22,290
At 30 June	<u>67,386</u>	<u>90,796</u>

11. TAXATION

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

	2020	2019
(i) Income tax charge/(credit)	Rs.	Rs.
Underprovision in previous year	90,796	65,747
Deferred tax (note 10)	(67,386)	(90,796)
To profit or loss	<u>23,410</u>	<u>(25,049)</u>

11. TAXATION (CONTINUED)

- (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:

	<u>2020</u>	<u>2019</u>
	Rs.	Rs.
Profit for the year	<u>13,855,076</u>	<u>6,471,069</u>
Tax calculated at 15% (2019: 15%)	2,078,261	970,660
Tax effects of:		
- Exempt Income	(330,293)	(1,061,537)
- Income not subject to tax	(1,724,558)	81
-(Over)/under provision in previous year	<u>-</u>	<u>65,747</u>
Tax credit	<u>23,410</u>	<u>(25,049)</u>

12. INVESTMENT INCOME

	<u>2020</u>	<u>2019</u>
	Rs.	Rs.
<u>Loans and receivables</u>		
Interest on deposits	112,563	111,193
<u>Cash and cash equivalents</u>		
Interest and net exchange losses/gains on bank balances	1,186,675	261,938
<u>Held for trading</u>		
Dividend on overseas securities	110,435	137,027
Profit on disposal of overseas securities	2,201,947	2,990,205
Fair Value Adjustment	<u>11,497,105</u>	<u>4,086,708</u>
	<u>15,108,725</u>	<u>7,587,071</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 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:

	2020		2019	
	No. of Units	Rs.	No. of Units	Rs.
Net assets of the Fund at 01-Jul	6,645,173.19	80,937,959	6,518,371.54	77,789,707
Units created	164,188.98	2,055,294	180,780.08	2,188,246
Units liquidated	(19,891.20)	(257,720)	(53,978.43)	(613,230)
Profit not distributed for the year	-	11,497,424	-	4,087,366
Realised loss on disposal of securities	-	(1,056,441)	-	(2,514,007)
Income and distribution account	-	(659)	-	(123)
Net assets of the Fund at 30 June	6,789,470.97	93,175,857	6,645,173.19	80,937,959

(b) Net asset value per unit:

	2020	2019
	Rs.	Rs.
NAV per unit (cum-div)	14.07	12.54
NAV per unit (ex-div)	13.72	12.18

(c) Prices per unit at 2020 and 2019 (valuation dates)

	2020	2019
	Rs.	Rs.
Issue price (cum-div)	14.20	12.80
Re-purchase price (cum-div)	13.51	12.15

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

	2020	2019
	Rs.	Rs.
Units in Fund held at fair value		
At 1 July (ex-div)	43,683,540	41,656,621
Additions	1,342,462	1,414,878
Change in fair value	7,107,627	1,954,503
At end (cum-div)	52,133,629	45,026,002
Dividend payable	(1,310,484)	(1,342,462)
At 30 June (ex-div)	50,823,145	43,683,540
Dividend payable to investment manager's holding company	1,310,484	1,342,462

16. RELATED PARTY DISCLOSURES (CONTINUED)

	2020	2019
	Rs.	Rs.
(b) <u>Investment manager</u>		
(i) Units in Fund held at end of year (fair value)	<u>17,431,946</u>	<u>15,035,530</u>
(ii) Investment Manager's fees	<u>858,995</u>	<u>776,186</u>
(iii) Dividend payable to Manager	<u>436,828</u>	<u>447,487</u>
(iv) Outstanding balances payable:		
- Manager's fees	<u>420,109</u>	<u>448,113</u>
(c) <u>Trustee</u>		
(i) Trustee's fees	<u>128,804</u>	<u>116,428</u>
(ii) Interest income on balances and deposits with local bank (Trustee)	<u>-</u>	<u>419</u>
(iii) Bank charges	<u>1,950</u>	<u>2,200</u>
(iv) Balances and deposits with local bank (Trustee)	<u>14,139,893</u>	<u>5,816,825</u>
(v) Outstanding balances payable:		
- Trustee's fees	<u>10,242</u>	<u>67,217</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 foreign currency risk, interest rate risk and market price risk), credit and counterparty risk and liquidity 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 arising 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.

17. FINANCIAL RISK MANAGEMENT (CONTINUED)

17.1 Financial risk factors (continued)

(i) Market price risk (continued)

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

	<u>2020</u>	<u>2019</u>
	Rs.	Rs.
<i>Increase/decrease of 5% in the prices of securities</i>		
Increase/decrease in net assets attributable to Unitholders	<u>4,160,715</u>	<u>3,445,969</u>

(ii) Foreign currency risk

The Fund has deposits and overseas investments denominated in USD and GBP. 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:-

Assets	<u>2020</u>	<u>2019</u>
	Rs.	Rs.
Concentration of assets under:		
USD	92,535,586	72,527,117
GBP	-	93,992
	<u>92,535,586</u>	<u>72,621,109</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 and GBP.

	<u>2020</u>	<u>2019</u>
	Rs.	Rs.
<i>Increase/decrease of 5% in rate of exchange</i>		
Increase/decrease in net assets attributable to Unitholders	<u>4,626,779</u>	<u>3,631,055</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 equity securities. The Fund seeks to mitigate its exposure to credit and counterparty risk by placing its cash and transacting its securities with reputable financial institutions.

(v) Liquidity risk

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 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.

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 assets.

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 2020. Based on the projected business operations, interest income, and dividend income, Management does not expect any liquidity concerns in the foreseeable future.

17. FINANCIAL RISK MANAGEMENT (CONTINUED)

17.1 Financial risk factors (Continued)

(v) Liquidity risk (Continued)

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

At 30 June 2020	Less than 1 month	1 to 3 Months	3 months to 1 year	No Stated Maturities	Total
	Rs.	Rs.	Rs.	Rs.	Rs.
Financial assets					
<u>Held for trading</u>					
Overseas quoted securities	-	-	-	83,214,292	83,214,292
All the quoted investments are classified as held-for-trading					
<u>Cash and cash equivalents</u>					
Bank balances	14,139,893	-	-	-	14,139,893
Total financial assets	14,139,893	-	-	83,214,292	97,354,185
Financial Liabilities					
Other payables	1,910,815	-	-	-	1,910,815
Dividend payable	-	2,334,899	-	-	2,334,899
Net assets attributable to unitholders	-	-	-	93,175,857	93,175,857
Total financial liabilities	1,910,815	2,334,899	-	93,175,857	97,421,571
Total liquidity gap	12,229,078	(2,334,899)	-	(9,961,565)	(67,386)
At 30 June 2019	Less than 1 month	1 to 3 Months	3 months to 1 year	No Stated Maturities	Total
	Rs.	Rs.	Rs.	Rs.	Rs.
Financial assets					
<u>Held for trading</u>					
Overseas quoted equities	-	-	-	68,919,383	68,919,383
All the quoted investments are classified as held-for-trading	-	2,086,231	2,364,640	-	4,450,871
Local deposits		4,801,950			4,801,950
Other receivables		1,079	-		1,079
<u>Cash and cash equivalents</u>					
Bank balances	5,816,825	-	-	-	5,816,825
Total financial assets	5,816,825	6,889,260	2,364,640	68,919,383	83,990,108

17. FINANCIAL RISK MANAGEMENT (CONTINUED)

17.1 Financial risk factors (Continued)

(v) Liquidity risk (Continued)

At 30 June 2019	Less than 1 month	1 to 3 Months	3 months to 1 year	No Stated Maturities	Total
	Rs.	Rs.	Rs.	Rs.	Rs.
Financial Liabilities					
Other payables	734,070	-	-	-	734,070
Dividend payable	-	2,408,875	-	-	2,408,875
Net assets attributable to unitholders	-	-	-	80,937,959	80,937,959
Total financial liabilities	<u>734,070</u>	<u>2,408,875</u>	<u>-</u>	<u>80,937,959</u>	<u>84,080,904</u>
Total liquidity gap	<u>5,082,755</u>	<u>4,480,385</u>	<u>2,364,640</u>	<u>(12,018,576)</u>	<u>(90,796)</u>

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.

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

At 30 June 2020

Assets	Level 1
	Rs.
Financial assets held-for-trading	
- Overseas quoted equities	<u>83,214,292</u>

At 30 June 2019

Assets	Level 1
	Rs.
Financial assets held-for-trading	
- Overseas quoted equities	<u>68,919,383</u>

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. EVENTS AFTER REPORTING DATE

Investment securities

Investment securities comprise of financial instruments at FVTPL (shares quoted on the Stock Exchange of Mauritius, shares issued by unquoted companies, quoted overseas shares).

Considering the disruptive effects of COVID-19 and its ensuing implications on the economy and market, we expect the interest rate and price risks related to our investments to increase in the foreseeable future. Investment income is projected to decrease on the back of lower interest income and dividend income. The heightened volatility that markets have experienced in H1 2020 is expected to prevail in the coming months as the market continues to digest post COVID-19 business results and country reports, as well as keep an eye on the evolution on the pandemic and accompanying support measures provided by Governments. While the domestic equity market did not pick up after the Financial Year end, the overseas equity markets have continued to recover following the easing of global lockdown restrictions and extensive monetary easing. However, there is a risk of a correction given how fast global equity markets have recovered amidst an environment still clouded with uncertainties.

With limited visibility on the progression of the pandemic in the world, the level of financial, economic, and business uncertainty is higher at the current juncture. Management has taken proactive measures to ensure that there is close monitoring of the existing investments and their issuers, cash management is actively pursued and diversification across issuers, asset classes and within each asset class is maintained.



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