



SICOM

UNIT TRUST

Promoted by the SICOM Group

SICOM General Fund

Annual Report

JUNE 2016

SICOM UNIT TRUST - SICOM GENERAL FUND

MANAGER'S REPORT AND FINANCIAL STATEMENTS

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SICOM UNIT TRUST - SICOM GENERAL FUND**MANAGEMENT AND ADMINISTRATION****MANAGER AND REGISTRAR**

SICOM Financial Services Ltd

Directors of SICOM Financial Services Ltd

Bhoojedhur-Obeegadoo K G (Mrs)
Boodhoo B (as from 05 May 2016)
Gopy D K
Nemchand S
Nowbuth R P (up to 15 July 2015)
Sakurdeep S (as from 31 March 2016)
Yip Wang Wing Y S

Registered Office

SICOM Financial Services Ltd
SICOM Building
Sir Celicourt Antelme Street, Port Louis
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Fax : (230) 208 0874
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Website : www.sfsl.mu

TRUSTEE

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

AUDITORS

BDO & Co
10, Frère Félix de Valois Street
Port Louis

BANKER

The Mauritius Commercial Bank Limited
SBI (Mauritius) Limited

SICOM UNIT TRUST - SICOM GENERAL FUND

MANAGER'S INVESTMENT REPORT

We are pleased to present our report of the SICOM General Fund for the financial year ended 30 June 2016.

Investor Profile

The SICOM General Fund is an open-ended Fund, which invests primarily in equities (local and overseas), government stocks/ bonds and cash/ short-term instruments. Investment in the Fund should be regarded as a long-term investment.

The Fund is exposed to a certain number of risks such as fluctuations in the value of investments and currency risks.

Investment Objectives & Approach

The overall objectives of the SICOM General Fund are as follows:

- To maximise returns whilst acting prudently at all times, and
- Diversify its portfolio with a long-term view.

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. 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.

Governance

SICOM General Fund is a Collective Investment Scheme with SICOM Financial Services Ltd 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 unit-holders and ensure that the Manager carries out its duties. Therefore, through this governance structure, the best interests of unit-holders are maintained.

SICOM UNIT TRUST - SICOM GENERAL FUND

Economic and Market Review

The global recovery weakened further during 2015 amid increasing financial turbulence. According to the International Monetary Fund (IMF), the world economy grew by 3.1% with advanced and emerging market and developing economies growing by 1.9% and 4.0% respectively. Growth remained muted in advanced economies, while emerging market and developing economies posted yet another year of decline in growth.

With heightened risk aversion and increasing concerns about the lack of policy space, the valuation of risky assets as well as oil prices dropped sharply in early 2016. However, market sentiment began to improve in mid-February as a result of actions of central banks, and the recovery in financial and oil markets continued through 23 June 2016, as markets assumed the United Kingdom (U.K.) would remain in the European Union (EU). The result of the U.K. referendum caught financial markets by surprise and in its immediate aftermath, equity prices declined worldwide. During the financial year ended 30 June 2016, the S&P 500 recorded a gain of 1.7%, while the MSCI World Index dropped by 4.8%, the MSCI Europe plummeted by 13.9% and the DAX, CAC 40 and Nikkei 225 were down by 11.6%, 11.5% and 23.0% respectively. The MSCI Emerging Markets fell by 14.2% while the MSCI China and MSCI India dropped by 25.3% and 8.0% respectively for the financial year ended 30 June 2016.

According to Statistics Mauritius, the Mauritian economy grew by 3.5% in 2015, lower than the growth of 3.7% in 2014. While the construction sector continued to regress, the tourism, ICT and financial services sectors maintained their growth momentum. The investment rate in 2015 was lower at 17.5% while the saving rate picked up slightly to reach 10.4%. The headline inflation rate for the twelve months ended 30 June 2016 was 0.9%, compared to 1.7% for the corresponding period ended 30 June 2015. For the financial year ended 30 June 2016, the average weighted yield on Treasury Bills increased to reach 2.6% p.a. During the financial year, there was an appreciation of the USD, EUR and NZD compared to the MUR while the local currency appreciated against the GBP, AUD and the ZAR. The SEMDEX dropped by 11.5%, while the DEMEX fell by 6.2% during the financial year ended 30 June 2016.

SICOM UNIT TRUST - SICOM GENERAL FUND

Fund Review

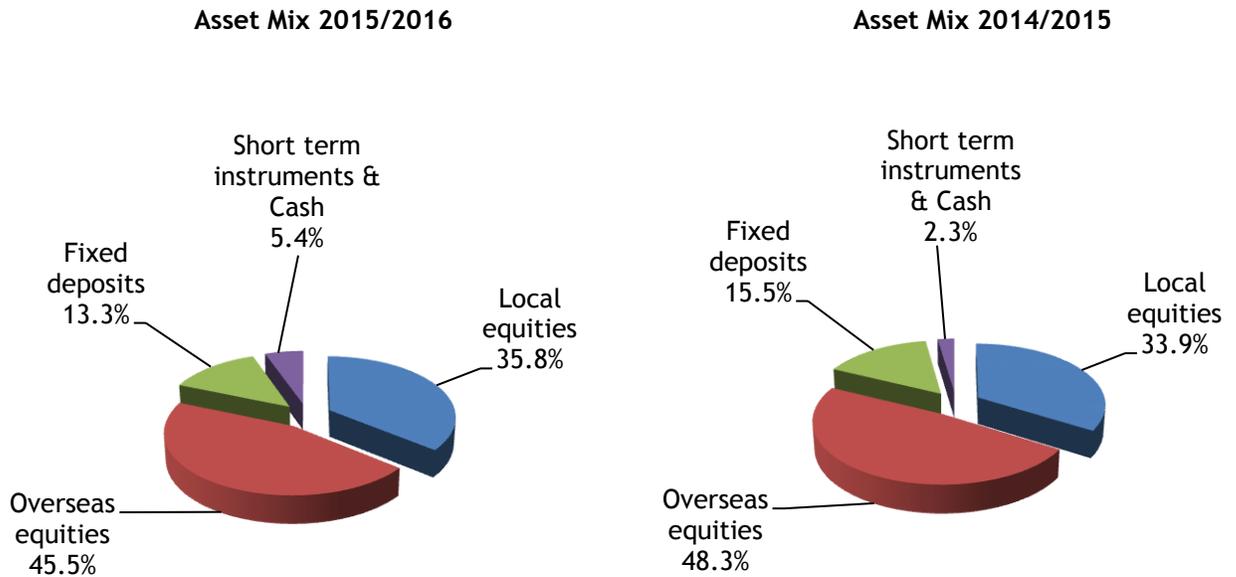
Total Value & Total Assets

As at 30 June 2016, the total value of the SICOM General Fund stood at Rs 146.0 million as compared to Rs 163.1 million last year. The total assets of the Fund decreased over the financial year to reach Rs 152.5 million as at 30 June 2016 as compared to Rs 169.6 million last year. The decrease in total value and total assets were primarily due to the negative performances of local and overseas financial markets.

The return of the Fund although down to 6.9% posted a much better performance than the Semdex which was down by 11.5%.

Asset Mix

The asset mix of the investment portfolio of the Fund as at 30 June 2016 as compared to 30 June 2015 is illustrated below:



SICOM UNIT TRUST - SICOM GENERAL FUND**Investment Income**

During the financial year under review, the gross investment income of SICOM General Fund increased to Rs 8.1 million, as compared to Rs 7.6 million last year on the back of higher dividends from investments made.

Consequently, the net income from operating activities was Rs 6.1 million for the financial year ended 30 June 2016 as compared to Rs 5.6 million last year.

Dividend

The income available for distribution for the financial year ended 30 June 2016 stood at Rs 5.8 million as compared to Rs 5.4 million last year. The dividend per unit stood at Rs 0.5155 for the year under review as compared to Rs 0.4827 last year, that is an increase of 6.8%.

Prospects

The IMF is expecting global growth to remain subdued at 3.1% in 2016, with marginally lower growth in advanced economies and a gradual pickup in growth in emerging and developing economies. Growth in advanced economies is estimated at 1.8% during 2016, somehow negatively impacted by the lower growth expected in the United States as a result of weaker than expected economic activities at the beginning of 2016. Emerging market and developing economies are expected to grow by 4.1% in 2016, probably supported by the better near-term outlook in China due to recent policy support. The outlook for the global economy remains subject to significant risk factors. The vote of U.K. to leave the EU is expected to have considerable negative effects on the European economy and raises serious doubts over the future of both the EU itself and the currency union. Nonetheless, even if the direct economic effects of a Brexit on the rest of Europe are not huge, substantial increase in economic, political and institutional uncertainty and associated financial market volatility could considerably impact business and investor confidence in the short term. Moreover, protracted financial market turbulence and rising global risk aversion, volatility in commodity markets, any disruptive adjustment in China's economy, political divisions within advanced economies and geopolitical tensions continue to threaten global economic growth.

SICOM UNIT TRUST - SICOM GENERAL FUND

In its June 2016 National Account Estimates, Statistics Mauritius has estimated the 2016 GDP forecast at 3.9%. The investment rate in 2016 is expected to increase to 17.9% while the savings rate is projected to reach 11.2%. As a percentage of GDP, private and public sector investments are expected to grow by 3.3% and 14.7% respectively in 2016. With the budgetary measures announced to boost growth, economic activities are expected to pick up during 2016.

Domestically, we shall maintain our prudent selective purchases on the local bourse, geared generally towards attractively priced stocks with reasonable underlying fundamentals.

Internationally, future returns are likely to be more muted given that many assets have had a great run since the financial crisis, on account of quantitative easing and negative interest rate policies, which have inflated financial markets. We expect markets to remain volatile with mixed performances across regions. We shall continue to research for attractive investment opportunities and invest for the long-term in identified markets depending on market conditions.

SICOM UNIT TRUST - SICOM GENERAL FUND**Acknowledgements**

The Directors would like to place on record their appreciation of the support given to the SICOM General Fund by the Financial Services Commission, its valued Unitholders, its Trustee, Registrar, Investment Dealers and the dedication of staff and Management.



SICOM Financial Services Ltd
Manager

Date: 13 SEP 2016

SICOM UNIT TRUST - SICOM GENERAL FUND

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

This report is made solely to the unitholders of SICOM Unit Trust - SICOM General Fund (the "Fund"), as a body. 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 auditors' 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.

Report on the Financial Statements

We have audited the financial statements of SICOM Unit Trust - SICOM General Fund on pages 9 to 33 which comprise the statement of financial position at 30 June 2016 and the statement of profit or loss and other comprehensive income, statement of movements in net assets and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Responsibilities of Manager and Trustee

The Manager and Trustee are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in compliance with the requirements of the Trust deed, and for such internal control as the Manager and Trustee determine is necessary to enable the preparation of the financial statements that are free from material misstatements whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Fund's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Manager and Trustee, as well as evaluating the overall presentation of the financial statements.



SICOM UNIT TRUST - SICOM GENERAL FUND

8(a)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

Report on the Financial Statements (Continued)

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements on pages 9 to 33 give a true and fair view of the financial position of the Fund at 30 June 2016, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with requirements of the Trust Deed.


BDO & Co

Chartered Accountants



Port Louis,
Mauritius.

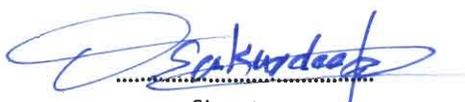
Per Georges Chung Ming Kan FCCA
Licensed by FRC

13 SEP 2016

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2016

	Notes	2016		2015	
		Rs.	% of Fund	Rs.	% of Fund
ASSETS					
Non-current assets					
Mauritian quoted equities	5	54,507,926	37.32	57,420,368	35.21
Mauritian unquoted equities	6	151,631	0.10	-	-
Overseas quoted equities	7	69,368,156	47.50	81,973,588	50.27
		<u>124,027,713</u>	<u>84.92</u>	<u>139,393,956</u>	<u>85.48</u>
Current assets					
Local currency denominated deposits	8	20,208,332	13.84	26,199,982	16.07
Other receivables	9	857,092	0.59	1,182,354	0.73
Foreign currency denominated deposits	10	1,203	-	1,189	-
Bank balances		7,438,144	5.09	2,789,113	1.71
		<u>28,504,771</u>	<u>19.51</u>	<u>30,172,638</u>	<u>18.51</u>
TOTAL ASSETS		<u>152,532,484</u>	<u>104.44</u>	<u>169,566,594</u>	<u>103.99</u>
CURRENT LIABILITIES					
Other payables	11	495,268	0.34	1,006,046	0.62
Dividend payable	12	5,802,869	3.97	5,431,772	3.33
Current tax liabilities	13(i)	187,149	0.13	68,556	0.04
TOTAL CURRENT LIABILITIES		<u>6,485,286</u>	<u>4.44</u>	<u>6,506,374</u>	<u>3.99</u>
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		<u>Rs. 146,047,198</u>	<u>100.00</u>	<u>163,060,220</u>	<u>100.00</u>
NET ASSET VALUE PER UNIT					
- Before distribution		<u>Rs. 13.49</u>		<u>14.97</u>	
- After distribution		<u>Rs. 12.97</u>		<u>14.49</u>	

These financial statements have been approved for issue by the Manager on 13 SEP 2016
Signed on behalf of the Manager by:


Signature
S. Sakurdeep
Name


Signature
D.K. Gopy
Name

The notes on pages 14 to 33 form an integral part of these financial statements.
Auditors' report on pages 8 and 8(a).

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED
30 JUNE 2016

	Notes	2016 Rs.	2015 Rs.
GROSS INVESTMENT INCOME	14	<u>8,060,190</u>	<u>7,592,044</u>
FUND EXPENSES			
Manager's fees	15	(1,572,938)	(1,580,983)
Trustee's fees	16	(240,861)	(232,227)
Auditors' remuneration		(179,400)	(179,400)
Other operating expenses		(14,331)	(38,665)
		<u>(2,007,530)</u>	<u>(2,031,275)</u>
PROFIT FROM OPERATING ACTIVITIES		<u>6,052,660</u>	<u>5,560,769</u>
EQUALISATION	3(d)		
<u>Add:</u> Income received on units created		3,911	56,037
<u>Less:</u> Income paid on units liquidated		(66,538)	(11,687)
		<u>(62,627)</u>	<u>44,350</u>
Profit before taxation		5,990,033	5,605,119
Taxation	13(ii)	(187,134)	(173,009)
Profit after taxation		5,802,899	5,432,110
Income brought forward		822	484
PROFIT FOR DISTRIBUTION		5,803,721	5,432,594
Dividend - distribution to unitholders	12	(5,802,869)	(5,431,772)
PROFIT BEFORE NET UNREALISED GAINS ON INVESTMENTS		852	822
Net (decrease)/increase in fair value of held-for-trading investments		(13,241,921)	12,127,121
(LOSS)/PROFIT AFTER NET (LOSSES)/GAINS ON INVESTMENTS	Rs.	<u>(13,241,069)</u>	<u>12,127,943</u>

The notes on pages 14 to 33 form an integral part of these financial statements.
Auditors' report on pages 8 and 8(a).

STATEMENT OF MOVEMENTS IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2016

	Investments	Other Net Assets	Income and Distribution Account	Total
	Rs.	Rs.	Rs.	Rs.
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT 1 JULY 2015	165,593,939	(2,534,541)	822	163,060,220
MOVEMENT IN UNITS				
Cash receivable for units created	-	3,199,908	-	3,199,908
Cash payable for units liquidated	-	(2,985,122)	-	(2,985,122)
Net cash movement from units	-	214,786	-	214,786
MOVEMENT IN INVESTMENTS				
Cost of investments purchased	32,025,766	(32,025,766)	-	-
Proceeds of investments sold/matured	(39,369,762)	39,369,762	-	-
Net cash movement in investments	(7,343,996)	7,343,996	-	-
GAINS ON DISPOSAL/MATURITY OF INVESTMENTS				
Gains on disposal of shares	3,213,941	(3,213,941)	-	-
Transfer to gross investment income	(3,985,917)	-	-	(3,985,917)
	(771,976)	(3,213,941)	-	(3,985,917)
(Loss)/profit after net (losses)/gains on investments	-	(13,241,921)	852	(13,241,069)
Transfer of net loss on investments	(13,241,921)	13,241,921	-	-
	(13,241,921)	-	852	(13,241,069)
	144,236,046	1,810,300	1,674	146,048,020
Income and distribution account	-	-	(822)	(822)
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT 30 JUNE 2016	Rs. 144,236,046	1,810,300	852	146,047,198

The notes on pages 14 to 33 form an integral part of these financial statements.
Auditors' report on pages 8 and 8(a).

STATEMENT OF MOVEMENTS IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2016

	Investments	Other Net Assets	Income and Distribution Account	Total
	Rs.	Rs.	Rs.	Rs.
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT 1 JULY 2014	136,156,481	15,907,679	484	152,064,644
MOVEMENT IN UNITS				
Cash receivable for units created	-	3,365,910	-	3,365,910
Cash payable for units liquidated	-	(1,078,267)	-	(1,078,267)
Net cash movement from units	-	2,287,643	-	2,287,643
MOVEMENT IN INVESTMENTS				
Cost of investments purchased	54,047,483	(54,047,483)	-	-
Proceeds of investments sold/matured	(36,826,245)	36,826,245	-	-
Net cash movement in investments	17,221,238	(17,221,238)	-	-
GAINS ON DISPOSAL/MATURITY OF INVESTMENTS				
Gains on disposal of shares	3,508,625	(3,508,625)	-	-
Transfer to gross investment income	(3,419,526)	-	-	(3,419,526)
	89,099	(3,508,625)	-	(3,419,526)
Profit after net gains on investments	-	12,127,121	822	12,127,943
Transfer of net gains on investments	12,127,121	(12,127,121)	-	-
	12,127,121	-	822	12,127,943
	165,593,939	(2,534,541)	1,306	163,060,704
Income and distribution account	-	-	(484)	(484)
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT 30 JUNE 2015	Rs. 165,593,939	(2,534,541)	822	163,060,220

The notes on pages 14 to 33 form an integral part of these financial statements.
Auditors' report on pages 8 and 8(a).

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2016

	2016	2015
	Rs.	Rs.
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/profit before taxation (after dividend and net (losses)/gains on investments)	(13,054,757)	12,300,468
Adjustments for:		
Gain on disposal of investments	(3,213,941)	(3,508,625)
Net decrease/(increase) in fair value of HFT investments	13,241,921	(12,127,121)
Distributions to unitholders	5,802,869	5,431,772
Operating profit before working capital changes	2,776,092	2,096,495
Decrease in other receivables	325,262	4,898,568
(Decrease)/ increase in other payables	(510,778)	480,922
CASH GENERATED FROM OPERATING ACTIVITIES	2,590,576	7,475,985
Dividend paid	(5,431,772)	(5,942,539)
Tax paid	(68,541)	(207,536)
Cost of investments purchased	(32,025,766)	(54,047,483)
Proceeds of investments sold/matured	39,369,762	36,826,245
Net cash generated from/(used in) operating activities	4,434,259	(15,895,328)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds on movement in units	214,786	2,287,643
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	4,649,045	(13,607,685)
CASH AND CASH EQUIVALENTS AT 1 JULY	2,790,302	16,397,987
CASH AND CASH EQUIVALENTS AT 30 JUNE	Rs. 7,439,347	2,790,302

The notes on pages 14 to 33 form an integral part of these financial statements.
Auditors' report on pages 8 and 8(a).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

1. GENERAL INFORMATION

SICOM General 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 Ltd (The Trustee). The SICOM General 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 General 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

There are no standards, amendments to published standards and interpretations effective for the first time in the reporting period.

Standards, Amendments to published Standards and Interpretations issued but not yet effective

Certain standards, amendments to published standards and interpretations have been issued that are mandatory for accounting periods beginning on or after January 1, 2016 or later periods, but which the Company has not early adopted.

At the reporting date of these financial statements, the following were in issue but not yet effective:

IFRS 9 Financial Instruments

IFRS 14 Regulatory Deferral Accounts

Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11)

Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)

IFRS 15 Revenue from Contract with Customers

Agriculture: Bearer Plants (Amendments to IAS 16 and IAS 41)

Equity Method in Separate Financial Statements (Amendments to IAS 27)

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)

Annual Improvements to IFRSs 2012-2014 Cycle

Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)

Disclosure Initiative (Amendments to IAS 1)

IFRS 16 Leases

Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12)

Amendments to IAS 7 Statement of Cash Flows

Clarifications to IFRS 15 Revenue from Contracts with Customers

Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

2. STANDARDS, AMENDMENTS TO PUBLISHED STANDARDS AND INTERPRETATIONS EFFECTIVE IN THE REPORTING PERIOD (CONT'D)

Where relevant, the Fund is still evaluating the effect of these Standards, amendments to published Standards and Interpretations issued but not yet effective, on the presentation of its financial statements.

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 General 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 that held-for-trading financial assets are stated at their fair value and held-for-maturity securities are carried out at amortised cost.

(b) Financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when the Fund has become party to the contractual provisions of the financial instruments.

Financial assets

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL) and 'held-for-maturity'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

(i) *Effective interest method*

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant year. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or where appropriate, a shorter period.

(ii) *Financial assets at FVTPL*

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- on initial recognition it is a part of an identified portfolio of financial instruments that the Fund manages together and has any recent actual pattern of short-term profit-taking.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

2. STANDARDS, AMENDMENTS TO PUBLISHED STANDARDS AND INTERPRETATIONS EFFECTIVE IN THE REPORTING PERIOD (CONT'D)**Financial assets (cont'd)****(b) Financial instruments (cont'd)****(ii) *Financial assets at FVTPL (cont'd)***

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Fund's documented risk management and investment strategy, and information about the grouping is provided internally on that basis.

Financial assets at FVPTL are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend on the financial asset. Fair value is determined in the manner described in note 3(g).

(iii) *Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Fund's management has positive intention and ability to hold to maturity. Held-to-maturity investments are recognised initially at fair value plus directly attributable transaction costs. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method less impairment.

(iv) *Impairment of financial assets*

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets. If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(b) Financial instruments (cont'd)****Financial assets (cont'd)****(v) 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 borrowings 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(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. 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*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.

(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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(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

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 and brokers. Transaction 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

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.

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:

(a) 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.

(b) Held-to-maturity investments

The Fund follows the guidance of International Accounting Standards (IAS) 39 - "Recognition and Measurement" on classifying non-derivative financial assets with fixed or determinable payments and fixed maturity as held-to-maturity. This classification requires significant judgement. In making this judgement, the Fund evaluates its intention and ability to hold such investments to maturity.

If the Fund fails to keep these investments to maturity other than for specified circumstances as explained in IAS 39, it will be required to reclassify the whole class as available-for-sale. The investments would therefore be measured at fair value not amortised cost.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

5. MAURITIAN QUOTED EQUITIES

(a) The movement in investments is as follows:

	2016	2015
	Rs.	Rs.
<i>Fair value through profit or loss - held for trading investments</i>		
At 1 July	57,420,368	49,294,609
Additions	5,310,918	9,922,123
Disposals	(468,700)	(5,796,560)
Fair value (losses)/gains	(7,754,660)	4,000,196
At 30 June	Rs. 54,507,926	57,420,368

(b) The Fund investments are summarised as follows:

	2016	2015	% of Fund	
	Rs.	Rs.	2016	2015
(i) <i>Official market</i>				
<u>Sector</u>				
Banking and Insurance	23,245,202	27,324,692	15.92	16.77
Leisure and Hotels	6,262,408	6,069,291	4.29	3.72
Investment	10,681,972	9,864,172	7.31	6.05
Industry	3,055,820	2,584,536	2.09	1.59
Commerce	3,968,862	3,502,100	2.72	2.15
Sugar	12,500	14,600	0.01	0.01
	47,226,764	49,359,391	32.34	30.27
(ii) <i>Development Enterprise Market</i>				
<u>Sector</u>				
Investment	614,028	1,712,132	0.42	1.05
Banking and Insurance	3,504,700	3,227,100	2.39	1.97
Leisure and Hotels	1,329,334	1,498,045	0.91	0.92
Sugar	57,500	65,000	0.04	0.04
Industry	1,775,600	1,558,700	1.22	0.96
	7,281,162	8,060,977	4.98	4.94
	Rs. 54,507,926	57,420,368	37.32	35.21

The Mauritian quoted equities are stated at fair values, based on values of the Stock Exchange of Mauritius at 30 June 2016.

6. MAURITIAN UNQUOTED EQUITIES

(a) The movement in investments is as follows:

	2016	2015
	Rs.	Rs.
<i>Fair value through profit or loss - held for trading investments</i>		
At 1 July	-	3,296,724
Additions	112,566	57,892
Disposals	-	(3,354,616)
Fair value gains	39,065	-
At 30 June	Rs. 151,631	-

The Mauritian unquoted equities are stated at fair values, based on bid prices of the units of the funds published at 30 June 2016.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

7. OVERSEAS QUOTED EQUITIES

(a) The movement in investments is as follows:

	2016	2015
	Rs.	Rs.
<i>Fair value through profit or loss - held for trading investments</i>		
At 1 July	81,973,588	63,903,257
Additions	6,393,949	17,867,486
Disposals	(13,473,055)	(7,924,080)
Fair value (losses)/gains	(5,526,326)	8,126,925
At 30 June	Rs. 69,368,156	81,973,588

The overseas equities are stated at fair values, based on bid prices of the units of the funds published at 30 June 2016.

(b) The Fund investments are summarised as follows:

	2016	2015	% of Fund	
	Rs.	Rs.	2016	2015
JP Morgan Fleming Fund	4,019,029	4,838,524	2.75	2.97
LIM Asia Arbitrage Fund Inc	8,558,671	11,223,018	5.86	6.88
St James's Place	27,970,193	36,314,019	19.15	22.27
Merrill Lynch	17,229,720	20,093,512	11.80	12.32
Morgan Stanley	6,844,962	3,543,355	4.69	2.17
I PRO Fund	1,642,931	1,964,877	1.12	1.21
IMARA African Fund	2,596,341	3,462,387	1.78	2.12
ACM India Focus Fund	506,309	533,896	0.35	0.33
Rs.	69,368,156	81,973,588	47.50	50.27

The overseas equities are stated at fair value based on values of the overseas markets on 30 June 2016.

8. LOCAL CURRENCY DENOMINATED DEPOSITS

	2016	2015
	Rs.	Rs.
<i>Held-to-maturity financial assets</i>		
At 1 July	26,199,982	19,661,891
Additions	20,208,332	26,199,982
Maturity	(26,199,982)	(19,661,891)
At 30 June	Rs. 20,208,332	26,199,982

These consist of deposits with local banks and other financial institutions with interest rates in the range of 3.10 % to 4.80% (2015: 3.25 % to 5.00%) per annum maturing between July 2016 to April 2017.

9. OTHER RECEIVABLES

	2016	2015	% of Fund	
	Rs.	Rs.	2016	2015
Interest receivable on deposits	456,255	541,865	0.31	0.33
Dividend receivable on equities	400,837	640,489	0.28	0.40
Rs.	857,092	1,182,354	0.59	0.73

The carrying amount of other receivables approximates their fair values and are denominated in Mauritian rupee.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

9. OTHER RECEIVABLES (CONT'D)

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

10. FOREIGN CURRENCY DENOMINATED DEPOSITS

These comprise of the following:

			% of Fund	
	2016	2015	2016	2015
	Rs.	Rs.		
Cash and cash equivalents				
Call deposits denominated in USD and GBP	Rs. 1,203	1,189	-	-

11. OTHER PAYABLES

			% of Fund	
	2016	2015	2016	2015
	Rs.	Rs.		
Management fees	263,919	420,274	0.18	0.26
Trustee's fees	39,588	58,120	0.03	0.04
Auditors' remuneration	179,400	172,500	0.12	0.11
Printing	-	39,000	-	0.02
Payable to unitholders	-	296,600	-	0.18
Other fees	12,361	19,552	0.01	0.01
Rs.	495,268	1,006,046	0.34	0.62

The carrying amount of other payables approximates their fair values.

12. DIVIDEND - DISTRIBUTION TO UNITHOLDERS

	2016	2015
	Rs.	Rs.
Final distribution of Re 0.5155 (2015: Re 0.4827) per unit	Rs. 5,802,869	5,431,772

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

13. TAXATION

Income tax is calculated at the rate of 15% (2015: 15%) on net profit before taxation as adjusted for income tax purposes.

(i) Tax liability

	2016	2015
	Rs.	Rs.
At 1 July	68,556	103,083
Tax paid during the year	(68,541)	(103,084)
(Over)/under provision in previous years	(15)	1
Provision for the year	187,149	173,008
Tax paid under APS	-	(104,452)
At 30 June	Rs. 187,149	68,556

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

13. TAXATION (CONT'D)

(ii) Tax expense	2016	2015
	Rs.	Rs.
Provision for the year	187,149	173,008
(Over)/under provision in previous years	(15)	1
Tax charge	Rs. 187,134	173,009

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

	2016	2015
	Rs.	Rs.
Profit before taxation	5,990,033	5,605,119
Tax calculated at 15% (2015: 15%)	898,505	840,768
Tax effects of:		
- Expenses not deductible for tax purposes	184,298	126,791
(Over)/under provision in previous years	(15)	1
- Income not subject to tax	(895,654)	(794,551)
Tax charge	Rs. 187,134	173,009

14. GROSS INVESTMENT INCOME

	2016	2015
	Rs.	Rs.
<u>Loans and receivables</u>		
Interest on deposits	918,688	980,752
<u>Cash and cash equivalents</u>		
Interest and net exchange losses/gains on bank balances	370,063	443,660
<u>Held for trading</u>		
Gain on disposal of investments	3,213,941	3,508,625
Dividend on Mauritian equities	2,894,833	1,788,381
Dividend on overseas securities	662,665	870,626
	6,771,439	6,167,632
Tax charge	Rs. 8,060,190	7,592,044

15. 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.

16. 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

17. UNITS

(a) Movements in units during the year:

	2016		2015	
	No. of Units	Rs.	No. of Units	Rs.
Net assets of the Fund at 1 July	11,252,893.89	163,060,220	11,088,895.69	152,064,644
Units created	221,094.41	3,199,908	241,961.41	3,365,910
Units liquidated	(217,211.06)	(2,985,122)	(77,963.21)	(1,078,267)
Revaluation gain realised on disposal of investments	-	(3,985,917)	-	(3,419,526)
Profit not distributed for the year	-	(13,241,069)	-	12,127,943
Income and distribution account brought forward	-	(822)	-	(484)
Net assets of the Fund at 30 June	11,256,777.24	146,047,198	11,252,893.89	163,060,220

(b) Net asset value per unit:

	2016		2015	
	Rs.	Rs.	Rs.	Rs.
NAV per unit (cum-div)	Rs. 13.49		Rs. 14.97	
NAV per unit (ex-div)	Rs. 12.97		Rs. 14.49	

(c) Prices per unit:

	2016		2015	
	Rs.	Rs.	Rs.	Rs.
Issue price (cum-div)	Rs. 13.64		Rs. 15.31	
Re-purchase price (cum-div)	Rs. 12.92		Rs. 14.60	

18. RELATED PARTY TRANSACTIONS

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

(a) Investment Manager's Holding Company

	2016		2015	
	Rs.	Rs.	Rs.	Rs.
Units in Fund held at end of year (fair value)	Rs. 50,337,984		54,299,751	
At 1 July (ex-div)	52,549,519		48,140,454	
Additions	1,533,369		1,096,479	
Change in fair value	(3,744,904)		5,062,818	
At 30 June (cum-div)	50,337,984		54,299,751	
Dividend payable	(1,923,639)		(1,750,232)	
At 30 June (ex-div)	Rs. 48,414,345		52,549,519	

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

18. RELATED PARTY TRANSACTIONS (CONT'D)	2016	2015
	Rs.	Rs.
<u>(b) Investment Manager's shareholders (excluding the Holding Company)</u>		
(i) Units in Fund held at end of year (fair value)	Rs. <u>2,697,932</u>	<u>2,994,643</u>
At 1 July (ex-div)	2,898,103	2,743,106
Change in fair value	<u>(200,171)</u>	251,537
At 30 June (cum-div)	2,697,932	2,994,643
Dividend payable to the shareholders	<u>(103,100)</u>	(96,540)
At 30 June (ex-div)	Rs. <u>2,594,832</u>	<u>2,898,103</u>
<u>(c) Investment Manager</u>		
(i) Units in Fund held at end of year (fair value)	Rs. <u>16,254,276</u>	<u>17,702,125</u>
(ii) Investment Manager's fees	Rs. <u>1,572,938</u>	<u>1,580,983</u>
(iii) Dividend payable to the Manager	Rs. <u>646,035</u>	<u>589,683</u>
(iv) Outstanding balances payable:		
- Manager's fees	263,919	420,274
- Entry and exit fees	312	7,801
	Rs. <u>264,231</u>	<u>428,075</u>
<u>(d) Trustee</u>		
(i) Balances with local bank (Trustee)	Rs. <u>7,173,756</u>	<u>2,539,181</u>
(ii) Trustee's fees	Rs. <u>240,861</u>	<u>232,227</u>
(iii) Interest income from Trustee	Rs. <u>112,691</u>	<u>444,090</u>
(iv) Bank charges	Rs. <u>24,767</u>	<u>7,616</u>
(v) Outstanding balances payable:		
- Trustee's fees	Rs. <u>39,588</u>	<u>58,120</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

19. FINANCIAL RISK MANAGEMENT

19.1 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:

(a) Market price risk

The Fund trades in securities quoted on the Stock Exchange of Mauritius and overseas 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% and 10% increase/decrease in prices of securities.

	<u>2016</u>	<u>2015</u>
	Rs.	Rs.
<i>Increase/decrease of 5% in the prices of securities</i>		
Increase/decrease in net assets attributable to Unitholders	Rs. <u>6,201,386</u>	<u>6,969,698</u>
<i>Increase/decrease of 10% in the prices of securities</i>		
Increase/decrease in net assets attributable to Unitholders	Rs. <u>12,402,771</u>	<u>13,939,396</u>

(b) Foreign currency risk

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

	<u>2016</u>	<u>2015</u>
	Rs.	Rs.
Assets		
Concentration of assets under:		
US Dollars	43,545,501	46,161,689
GBP	27,970,246	36,314,140
	Rs. <u>71,515,747</u>	<u>82,475,829</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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

19. FINANCIAL RISK MANAGEMENT (CONT'D)

19.1 Financial risk factors (cont'd)

(b) Foreign currency risk (cont'd)**Liabilities (cont'd)**

The following table details the Fund's sensitivity to a 5% and 10% increase/decrease of the Rupee against the USD and GBP.

	<u>2016</u>	<u>2015</u>
	Rs.	Rs.
<i>Increase/decrease of 5% in rate of exchange</i>		
Increase/decrease in net assets attributable to Unitholders	Rs. <u>3,575,787</u>	<u>4,123,792</u>
<i>Increase/decrease of 10% in rate of exchange</i>		
Increase/decrease in net assets attributable to Unitholders	Rs. <u>7,151,575</u>	<u>8,247,583</u>

(c) Interest rate risk

The Fund is exposed to interest rate fluctuations on the international and domestic markets. The Manager monitors closely interest rate trends and related impact on investment income for performance evaluation and better fund management.

The interest rate profile of the Fund at 30 June was:

Financial assets	<u>2016</u>	<u>2015</u>
	% p.a	% p.a
<i>Loans and receivables</i>		
Fixed deposits	3.10 to 4.80	3.25 to 5.00
<i>Cash and cash equivalents</i>		
Bank balances	<u>1.75 to 2.75</u>	<u>3.00</u>

Financial liabilities

None of the Fund's financial liabilities are interest bearing.

The following table details the Fund's sensitivity to a 5% and 10% increase/decrease of the rate of interest of financial assets.

	<u>2016</u>	<u>2015</u>
	Rs.	Rs.
<i>Increase/decrease of 5% in interest rate</i>		
Increase/decrease in net assets attributable to Unitholders	Rs. <u>6,527</u>	<u>4,184</u>
Increase/decrease in profit available for distribution to Unitholders	Rs. <u>6,527</u>	<u>4,184</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

19. FINANCIAL RISK MANAGEMENT (CONT'D)

19.1 Financial risk factors (cont'd)

(c) Interest rate risk (cont'd)

Financial liabilities (cont'd)	2016	2015
<i>Increase/decrease of 10% in interest rate</i>	Rs.	Rs.
Increase/decrease in net assets attributable to Unitholders	Rs. 13,054	8,367
Increase/decrease in profit available for distribution to Unitholders	Rs. 13,054	8,367

The increase or decrease in the interest rate sensitivity is due to fluctuations in bank balances at 30 June 2016 as compared to 30 June 2015.

The interest rate sensitivity analysis excludes:

- Fixed deposits which have fixed interest rates and will not be affected by fluctuations in the level of interest rates.
- Foreign currency denominated deposits as no interest is paid by Banks for small foreign currency balances.

(d) 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 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.

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 financial assets and trading liabilities at fair values, categorised by the earlier of contractual re-pricing or maturity dates.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

19. FINANCIAL RISK MANAGEMENT (CONT'D)

19.1 Financial risk factors (cont'd)

(d) Liquidity risk (cont'd)

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

At 30 June 2016	Less than 1 month Rs.	1 to 3 months Rs.	3 months to 1 year Rs.	1 to 5 years Rs.	On- Demand Rs.	Total Rs.
Assets						
<i>Held for trading</i>						
Mauritian quoted equities	-	-	-	-	54,507,926	54,507,926
Mauritian unquoted equities	-	-	-	-	151,631	151,631
Overseas quoted equities	-	-	-	-	69,368,156	69,368,156
	-	-	-	-	124,027,713	124,027,713
Local currency denominated deposits	4,000,000	-	16,208,332	-	-	20,208,332
Other receivables	176,318	400,837	279,937	-	-	857,092
	4,176,318	400,837	16,488,269	-	-	21,065,424
<i>Cash and cash equivalents</i>						
Foreign currency denominated deposits	1,203	-	-	-	-	1,203
Bank balances	7,438,144	-	-	-	-	7,438,144
	7,439,347	-	-	-	-	7,439,347
Total assets	Rs. 11,615,665	400,837	16,488,269	-	124,027,713	152,532,484
Liabilities						
Other payables	495,268	-	-	-	-	495,268
Dividend payable	-	5,802,869	-	-	-	5,802,869
Net assets attributable to unitholders	-	-	-	-	146,047,198	146,047,198
Total liabilities	Rs. 495,268	5,802,869	-	-	146,047,198	152,345,335
Total interest sensitivity gap	Rs. 11,120,397	(5,402,032)	16,488,269	-	(22,019,485)	187,149

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

19. FINANCIAL RISK MANAGEMENT (CONT'D)

19.1 Financial risk factors (cont'd)

(d) Liquidity risk (cont'd)

At 30 June 2015	Less than 1 month Rs.	1 to 3 months Rs.	3 months to 1 year Rs.	1 to 5 years Rs.	On- Demand Rs.	Total Rs.
Assets						
<i>Held for trading</i>						
Mauritian quoted equities	-	-	-	-	57,420,368	57,420,368
Overseas quoted equities	-	-	-	-	81,973,588	81,973,588
	-	-	-	-	139,393,956	139,393,956
Local currency denominated deposits	4,000,000	6,400,000	15,799,982	-	-	26,199,982
Other receivables	190,685	645,048	346,621	-	-	1,182,354
	4,190,685	7,045,048	16,146,603	-	-	27,382,336
<i>Cash and cash equivalents</i>						
Foreign currency denominated deposits	1,189	-	-	-	-	1,189
Bank balances	2,789,113	-	-	-	-	2,789,113
	2,790,302	-	-	-	-	2,790,302
Total assets	Rs. 6,980,987	7,045,048	16,146,603	-	139,393,956	169,566,594
Liabilities						
Other payables	1,006,046	-	-	-	-	1,006,046
Dividend payable	-	5,431,772	-	-	-	5,431,772
Net assets attributable to unitholders	-	-	-	-	163,060,220	163,060,220
Total liabilities	Rs. 1,006,046	5,431,772	-	-	163,060,220	169,498,038
Total interest sensitivity gap	Rs. 5,974,941	1,613,276	16,146,603	-	(23,666,264)	68,556

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

19. FINANCIAL RISK MANAGEMENT (CONT'D)

19.1 Financial risk factors (cont'd)

(e) 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.

19.2 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.

Financial instruments that trade in markets that are not considered to be active but are valued based on observable inputs such as quoted market prices, dealer quotations or alternative pricing sources are classified within level 2. These include Mauritian unquoted equities. As level 2 investments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information.

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

At 30 June 2016	Level 1	Level 2	Total
	Rs.	Rs.	Rs.
Assets			
Financial assets held-for-trading			
- Mauritian quoted equities	54,507,926	-	54,507,926
- Mauritian unquoted equities	-	151,631	151,631
- Overseas quoted equities	69,368,156	-	69,368,156
Rs.	<u>123,876,082</u>	<u>151,631</u>	<u>124,027,713</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

19. FINANCIAL RISK MANAGEMENT (CONT'D)

19.2 Fair value estimation (cont'd)

At 30 June 2015	Level 1	Level 2	Total
	Rs.	Rs.	Rs.
Assets			
Financial assets held-for-trading			
- Mauritian quoted equities	57,420,368	-	57,420,368
- Overseas quoted equities	81,973,588	-	81,973,588
Rs.	<u>139,393,956</u>	<u>-</u>	<u>139,393,955</u>

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

During the year, the Fund has made no transfer between Level 1 and Level 2.



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