



SICOM
General Fund

ANNUAL
REPORT

2018

SICOM UNIT TRUST - SICOM GENERAL FUND

ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2018

SICOM UNIT TRUST - SICOM GENERAL FUND
MANAGER'S REPORT AND AUDITED FINANCIAL STATEMENTS

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MANAGEMENT AND ADMINISTRATION

MANAGER AND REGISTRAR

SICOM Financial Services Ltd

Directors of SICOM Financial Services Ltd

Mr Sakurdeep S (Chairman)
Mrs Bhoojedhur-Obeegadoo K G
Mr Chaperon J M C G (as from 22 December 2017)
Mr Gopy D K
Mr Hussenee N E S S (up to 27 August 2018)
Mr Nemchand S (up to 26 September 2017)
Mr Ramdhonee B I R
Mr Seewoochurn N (as from 23 October 2017)
Mr Yip Wang Wing Y S, C.S.K (up to 04 July 2017)

Registered Office

SICOM Financial Services Ltd
SICOM Building
Sir Celicourt Antelme Street, Port Louis
Telephone : (230) 203 8420
Fax : (230) 208 0874
Email Address: sfsl@sicom.intnet.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 General Fund (the "Fund") for the financial year ended 30 June 2018.

Investor Profile

The SICOM General Fund is an open-ended Fund, which invests primarily in equities (local and overseas), government stocks/ bonds and cash and 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.

Economic and Market Review

According to the International Monetary Fund, global growth is projected to rise to 3.9% in 2018, supported by strong momentum, favourable market sentiment, accommodative financial conditions, expansionary fiscal policy in the United States and partial recovery of commodity prices, though the pace of the expansion has become less synchronized across countries and risks to the outlook are mounting. Economic activity in both advanced economies and emerging and developing economies is forecast to remain strong at 2.4% and 4.9% respectively in 2018. Within advanced economies, prompted by the substantial fiscal stimulus and the already-robust private demand and falling unemployment rate, higher growth rate is expected in the United States, while lower growth rates are expected in the euro area and Japan. Among emerging market and developing economies, although financial conditions remain generally still supportive, growth is becoming more uneven, reflecting the combined influences of rising oil prices, higher yields in the United States, dollar appreciation, escalating trade tensions and domestic idiosyncratic factors.

In both advanced and emerging and developing economies, headline inflation has been lifted as a result of the increase in fuel prices. Overall, the balance of risks has shifted to the downside, both in the near term and medium term, as the possibility of more buoyant growth than forecast has faded given softer economic activities in the first quarter in several large economies and tighter financial conditions in some vulnerable economies.

Economic and Market Review (Cont'd)

While major markets were buoyant in the second half of 2017, bouts of volatility were witnessed over the first half of 2018 as macro uncertainty heightened and financial conditions tightened. During the financial year ended 30 June 2018, the S&P 500 and the MSCI World Index recorded a gain of 12.2% and 9.0% respectively. The MSCI Europe, CAC 40, FTSE 100 and Nikkei 225 were up by 2.4%, 4.0%, 4.4% and 11.3% respectively, while the DAX contracted by 0.2% during the same period. Similarly, the MSCI Emerging Markets, MSCI China and MSCI India rose by 5.8%, 19.0% and 5.0% respectively.

According to Statistics Mauritius, the domestic economy grew at a rate of 3.8% in 2017, same as in 2016. Growth in 2017 was supported by robust performances of all major sectors of the Mauritian economy, in particular financial and insurance activities, wholesale and retail trade, accommodation and food service activities and construction. Savings rate for 2017 is estimated to be around 10.6% of GDP, while the investment rate rose to 17.3%, supported by increased levels of private and public sector investments. The headline inflation rate was 4.3% for the twelve months ended 30 June 2018 compared to 2.4% for the corresponding period ended 30 June 2017. During the financial year ended 30 June 2018, there was an appreciation of the USD, GBP, EUR and YEN compared to the MUR while the local currency appreciated against the AUD, NZD and ZAR. The SEMDEX, SEM-10 and the DEMEX gained by 5.7%, 4.4% and 12.6% respectively over the financial year ended 30 June 2018.

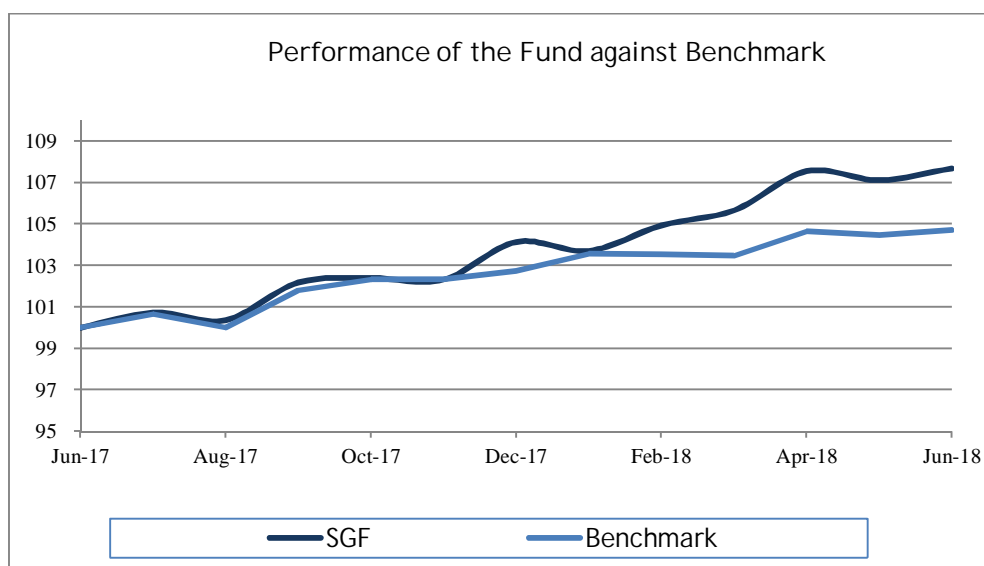
Fund Review

Total Value & Total Assets

As at 30 June 2018, the total value of the SICOM General Fund stood at Rs 164.0 million as compared to Rs 156.7 million last year. The total assets of the Fund increased over the financial year to reach Rs 173.2 million as at 30 June 2018 as compared to Rs 165.3 million last year. The increase in total value and total assets were primarily due to the positive performances of local and overseas financial markets.

Performance

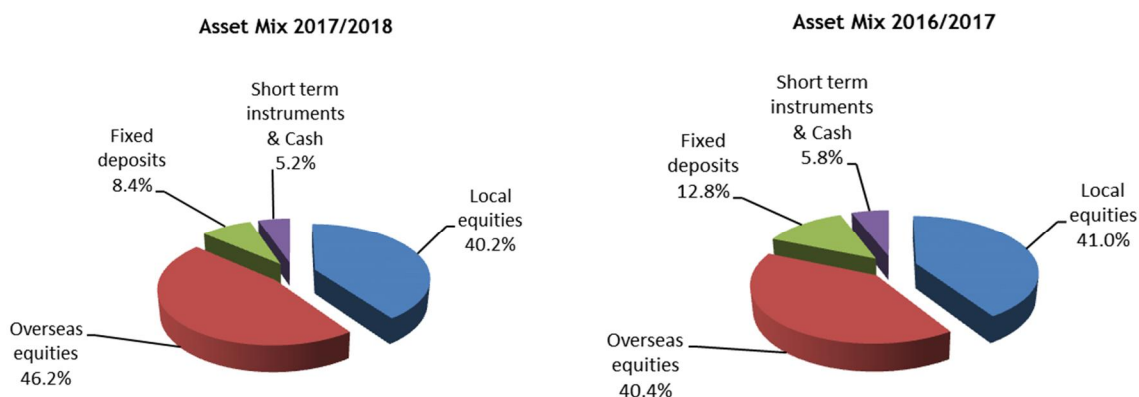
The return of the Fund stood at 7.70% for the year under review and outperformed its benchmark as detailed below:



Fund Review (Cont'd)

Asset Mix

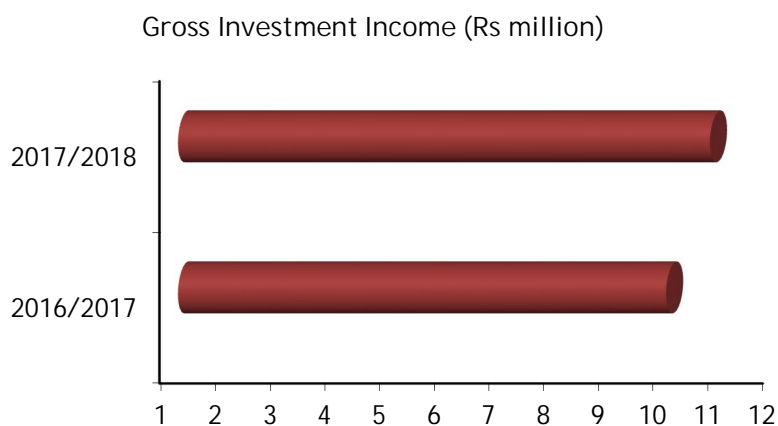
The asset mix of the investment portfolio of the Fund as at 30 June 2018 as compared to 30 June 2017 is illustrated below:



Investment Income

During the financial year under review, the gross investment income of SICOM General Fund increased to Rs 10.7 million, as compared to Rs 9.9 million last year, that is an increase of 8.1%, on the back of higher gains from disposal of shares.

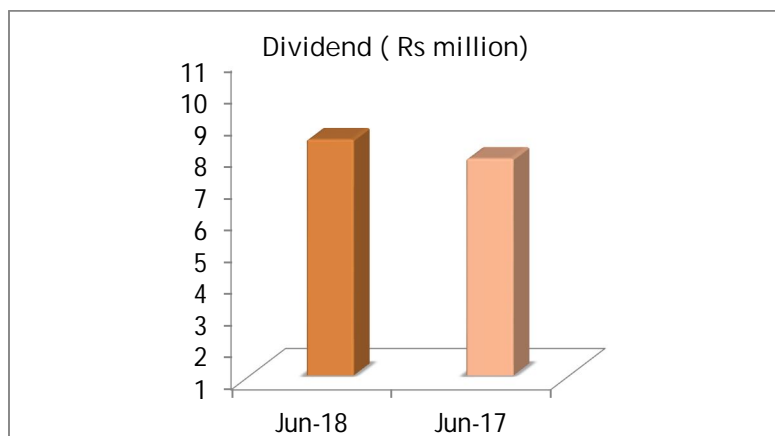
Consequently, the net income from operating activities was Rs 8.6 million for the financial year ended 30 June 2018 as compared to Rs 7.9 million last year, implying a growth of 8.9%.



Fund Review (Cont'd)

Dividend

The income available for distribution for the financial year ended 30 June 2018 stood at Rs 8.4 million as compared to Rs 7.8 million last year. The dividend per unit stood at Rs 0.7240 for the year under review as compared to Rs 0.6891 last year, which is an increase of 5.1%.



Prospects


In 2018, Statistics Mauritius expects real GDP growth of 3.9% on the basis of information gathered on key sectors of the economy and taking into account policy measures announced in the budget 2018/2019. In fact, higher growth rate is expected from sectors such as construction, wholesale & retail trade, information and communication, and public administration and defence. The investment rate in 2018 is expected to decrease slightly to 17.2% while the saving rate is projected to continue to slide to reach 10.4%. Private sector investment is expected to contract by 3.6% in 2018 compared to the 7.3% growth in 2017, while a rebound of 23.7% is anticipated in public sector investment after a contraction of 2.9% in 2017.

The global GDP growth should remain strong over the rest of 2018, due to healthy growth in household consumption and business investment. Nonetheless, the pace of expansion in some economies appears to have peaked and growth has become less synchronized across countries. Inflation is likely to trend towards 2% in most advanced economies, but will do so at different rates. Monetary policy is shifting and financial conditions are tightening as U.S. rates rise. The balance of risks has shifted further to the downside, both in the short term and medium term. Those downside risks becoming more salient include the possibilities of escalating and sustained trade actions, and of tighter global financial conditions.

Domestically, the local equity portfolio will be reviewed taking into account the earning prospects and outlook of the companies. Globally, we remain pro-risk but have tempered that stance given the uneasy equilibrium between rising macro uncertainty and strong corporate earnings. Global markets could still push higher before facing headwinds later in the year as interest rates rise, inflation picks up and profit margins come under pressure from rising labour costs. Against such a backdrop, global diversification and active management would be important tactics for investors seeking to capture returns while managing downside risk. Depending on market conditions, we shall continue to research for attractive investment opportunities and invest for the long term in identified markets.

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: 24 SEP 2018

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SICOM UNIT TRUST - SICOM GENERAL FUND

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of SICOM Unit Trust - SICOM General Fund (the "Fund") set out on pages 8 to 31 which comprise the statement of financial position as at 30 June 2018, 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 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 General Fund as at 30 June 2018, 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), 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, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed 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.

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.

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional 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.

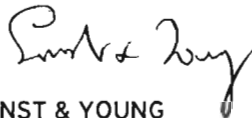
INDEPENDENT AUDITOR'S REPORT

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

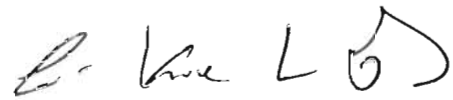
Report on the Audit of the Financial Statements (Continued)

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



LI KUNE LAN POOKIM, F.C.A, F.C.C.A.
Licensed by FRC

Date: 24 SEP 2018

SICOM UNIT TRUST - SICOM GENERAL FUND
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2018

8.

	Notes	2018		2017	
		Rs.	% of Fund	Rs.	% of Fund
ASSETS					
Non-current assets					
Mauritian quoted equities	5	69,629,049	42.47	67,634,770	43.15
Mauritian unquoted equities	6	165,415	0.10	151,631	0.10
Overseas quoted equities	7	79,985,052	48.77	66,815,117	42.63
		<u>149,779,516</u>	<u>91.34</u>	<u>134,601,518</u>	<u>85.88</u>
Current assets					
Local currency denominated deposits	8	14,565,222	8.88	21,193,909	13.52
Other receivables	9	767,047	0.47	690,309	0.44
Foreign currency denominated deposits	10	-	-	1,159	-
Bank balances		8,047,201	4.91	8,849,840	5.65
		<u>23,379,470</u>	<u>14.26</u>	<u>30,735,217</u>	<u>19.61</u>
TOTAL ASSETS		<u>173,158,986</u>	<u>105.60</u>	<u>165,336,735</u>	<u>105.49</u>
CURRENT LIABILITIES					
Other payables	11	703,809	0.43	672,246	0.43
Dividend payable	12	8,417,020	5.13	7,842,870	5.00
Current tax liabilities	13(i)	70,193	0.04	92,439	0.06
TOTAL CURRENT LIABILITIES		<u>9,191,022</u>	<u>5.60</u>	<u>8,607,555</u>	<u>5.49</u>
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		<u>163,967,964</u>	<u>100.00</u>	<u>156,729,180</u>	<u>100.00</u>
NET ASSET VALUE PER UNIT					
- Before distribution		<u>14.83</u>		<u>14.46</u>	
- After distribution		<u>14.10</u>		<u>13.77</u>	

These financial statements have been approved for issue by the Manager on ... 24 SEP 2018

Signed on behalf of the Manager by:


Signature

S. Sakurdeep


Signature

D.K. Gopy

The notes on pages 13 to 31 form an integral part of these financial statements.
Auditors' report on pages 7 to 7(b).

SICOM UNIT TRUST - SICOM GENERAL FUND
 STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
 FOR THE YEAR ENDED 30 JUNE 2018

9.

	Notes	2018 Rs.	2017 Rs.
GROSS INVESTMENT INCOME	14	10,681,935	9,926,378
FUND EXPENSES			
Manager's fees	15	(1,645,672)	(1,554,633)
Trustee's fees	16	(246,851)	(233,195)
Auditors' remuneration		(207,000)	(186,300)
Other operating expenses		(11,886)	(7,668)
		<u>(2,111,409)</u>	<u>(1,981,796)</u>
PROFIT FROM OPERATING ACTIVITIES		<u>8,570,526</u>	<u>7,944,582</u>
EQUALISATION	3(d)		
<u>Add</u> : Income received on units created		901	441
<u>Less</u> : Income paid on units liquidated		<u>(6,853)</u>	<u>(10,356)</u>
		<u>(5,952)</u>	<u>(9,915)</u>
Profit before taxation		8,564,574	7,934,667
Income Tax Expense	13(ii)	<u>(147,376)</u>	<u>(92,439)</u>
Profit after taxation		8,417,198	7,842,228
Income brought forward		<u>210</u>	<u>852</u>
PROFIT FOR DISTRIBUTION		8,417,408	7,843,080
Dividend - distribution to unitholders	12	<u>(8,417,020)</u>	<u>(7,842,870)</u>
PROFIT BEFORE NET UNREALISED GAINS ON INVESTMENTS		388	210
Net increase in fair value of investments		<u>9,379,418</u>	<u>15,502,684</u>
PROFIT AFTER NET GAINS ON INVESTMENTS		<u><u>9,379,806</u></u>	<u><u>15,502,894</u></u>

The notes on pages 13 to 31 form an integral part of these financial statements.
 Auditors' report on pages 7 to 7(b).

	Investments	Other Net Assets	Income and Distribution Account	Total
	Rs.	Rs.	Rs.	Rs.
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT 1 JULY 2017	155,795,428	933,542	210	156,729,180
MOVEMENT IN UNITS				
Cash receivable for units created	-	4,752,315	-	4,752,315
Cash payable for units liquidated	-	(1,301,204)	-	(1,301,204)
Net cash movement from units	-	3,451,111	-	3,451,111
MOVEMENT IN INVESTMENTS				
Cost of investments purchased	39,884,612	(39,884,612)	-	-
Proceeds of investments sold/matured	(42,253,692)	42,253,692	-	-
Net cash movement in investments	(2,369,080)	2,369,080	-	-
GAINS ON DISPOSAL/MATURITY OF INVESTMENTS				
Gains on disposal of shares	7,130,896	(7,130,896)	-	-
Transfer to gross investment income	(5,591,923)	-	-	(5,591,923)
	1,538,973	(7,130,896)	-	(5,591,923)
Profit after net gains on investments	-	9,379,418	388	9,379,806
Transfer of net gains on investments	9,379,418	(9,379,418)	-	-
	9,379,418	-	388	9,379,806
Income and distribution account	164,344,739	(377,163)	598	163,968,174
	-	-	(210)	(210)
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT 30 JUNE 2018	164,344,739	(377,163)	388	163,967,964

The notes on pages 13 to 31 form an integral part of these financial statements.

Auditors' report on pages 7 to 7(b).

	Investments	Other Net Assets	Income and Distribution Account	Total
	Rs.	Rs.	Rs.	Rs.
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT 1 JULY 2016	144,236,046	1,810,300	852	146,047,198
MOVEMENT IN UNITS				
Cash receivable for units created	-	3,472,859	-	3,472,859
Cash payable for units liquidated	-	(1,791,183)	-	(1,791,183)
Net cash movement from units	-	1,681,676	-	1,681,676
MOVEMENT IN INVESTMENTS				
Cost of investments purchased	47,272,405	(47,272,405)	-	-
Proceeds of investments sold/matured	(51,147,768)	51,147,768	-	-
Net cash movement in investments	(3,875,363)	3,875,363	-	-
GAINS ON DISPOSAL/MATURITY OF INVESTMENTS				
Gains on disposal of shares	6,433,797	(6,433,797)	-	-
Transfer to gross investment income	(6,501,736)	-	-	(6,501,736)
	(67,939)	(6,433,797)	-	(6,501,736)
Profit after net gains on investments	-	15,502,684	210	15,502,894
Transfer of net gains on investments	15,502,684	(15,502,684)	-	-
	15,502,684	-	210	15,502,894
Income and distribution account	-	-	(852)	(852)
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AT 30 JUNE 2017	155,795,428	933,542	210	156,729,180

The notes on pages 13 to 31 form an integral part of these financial statements.
Auditors' report on pages 7 to 7(b).

SICOM UNIT TRUST - SICOM GENERAL FUND
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2018

12.

	2018	2017
	Rs.	Rs.
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation (after dividend and net gains on investments)	9,526,972	15,594,481
Adjustments for:		
Gain on disposal of investments	(7,130,896)	(6,433,797)
Net increase in fair value of investments	(9,379,418)	(15,502,684)
Distributions to unitholders	8,417,020	7,842,870
Operating profit before working capital changes	1,433,678	1,500,870
(Increase)/decrease in other receivables	(76,738)	166,783
Increase in other payables	31,563	176,978
CASH GENERATED FROM OPERATING ACTIVITIES	1,388,503	1,844,631
Dividend paid	(7,842,870)	(5,802,869)
Tax paid	(169,622)	(187,149)
Cost of investments purchased	(39,884,612)	(47,272,405)
Proceeds of investments sold/matured	42,253,692	51,147,768
Net cash used in operating activities	(4,254,909)	(270,024)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds on movement in units	3,451,111	1,681,676
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	(803,798)	1,411,652
CASH AND CASH EQUIVALENTS AT 1 JULY	8,850,999	7,439,347
CASH AND CASH EQUIVALENTS AT 30 JUNE	8,047,201	8,850,999

The notes on pages 13 to 31 form an integral part of these financial statements.
Auditors' report on pages 7 to 7(b).

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

2.1 CHANGES IN ACCOUNTING POLICIES

The following standards, amendments to existing standards and interpretations were in issue but not yet effective. They are mandatory for accounting periods beginning on the specified dates, but the Company has not early adopted them and intends to adopt those standards when they become effective.

2.2 ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

	Effective for accounting period beginning on or after
<u>New or revised standards</u>	
IFRS 9 Financial Instruments	01-Jan-18
IFRS 15 Revenue from Contracts with Customers	01-Jan-18
IFRS 16 Leases	01-Jan-19
IFRS 17 Insurance Contracts	01-Jan-21
IFRIC Interpretation 22 Foreign Currency	01-Jan-18
<u>Amendments</u>	
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	Deferred indefinitely
Transfers of Investment Property (Amendments to	01-Jan-18
Classification and Measurement of Share-based Payment Transactions (Amendments to	01-Jan-18
Clarifications to IFRS 15 'Revenue from Contracts with Customers'	01-Jan-18
Applying IFRS 9 'Financial Instruments' with IFRS 4 'Insurance Contracts' (Amendments	01-Jan-18
IFRS 1 First-time Adoption of International Financial Reporting Standards - Deletion of short-term exemptions for first-time adopters	01-Jan-18
IAS 28 Investments in Associates and Joint Ventures - Clarification that measuring investees at fair value through profit or loss is an investment - by - investment choice	01-Jan-18
IFRIC Interpretation 23 Uncertainty over Income Tax Treatments	01-Jan-19
Prepayment Features with Negative Compensation (Amendments to IFRS 9)	01-Jan-19

2.2 ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (CONT'D)

The new standards and interpretations that are expected to have an impact are disclosed below.

IFRS 9 Financial Instruments – Classification and measurement of financial assets, Accounting for financial liabilities and derecognition

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement and will be effective as from 1 January 2018. IFRS 9 includes requirements for the classification and measurement of financial assets and liabilities, impairment of financial assets and hedge accounting. The impairment requirements will lead to significant changes in the accounting for financial instruments for the Company. The Company will not restate comparatives on initial application of IFRS 9 on 1 January 2018 but will provide detailed transitional disclosures in accordance with the amended requirements of IFRS 7 Financial Instruments: Disclosures. Any change in the carrying value of financial instruments upon initial application of IFRS 9 will be recognised in equity.

IFRS 9 introduces new requirements for classifying and measuring financial assets, as follows:

(a) Classification and measurement of financial assets

IFRS 9 will require financial assets to be classified on the basis of two criteria:

- 1) The business model within which financial assets are managed; and
- 2) Their contractual cash flow characteristics (whether the cash flows represent 'solely payments of principal and interest').

Financial assets will be measured at amortised cost if they are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and their contractual cash flows represent solely payments of principal and interest.

Financial assets will be measured at fair value through other comprehensive income if they are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and their contractual cash flows represent solely payments of principal and interest.

Other financial assets are measured at fair value through profit and loss. There is an option to make an irrevocable election for non-traded equity investments to be measured at fair value through other comprehensive income, in which case dividends are recognised in profit or loss, but gains or losses are not reclassified to profit or loss upon derecognition and impairment is not recognised in profit or loss.

The accounting for financial liabilities is largely unchanged.

An assessment of potential changes to financial assets has been conducted, including an assessment of business models across various portfolios, and a review of contractual cash flow features for complex financial assets.

The initial application of the Company's new classification and measurement policies on 1 January 2018 is not expected to result in any material changes to the measurement of the Company's financial assets and financial liabilities.

2.2 ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (CONT'D)

IFRS 9 Financial Instruments – Classification and measurement of financial assets, Accounting for financial liabilities and derecognition (Cont'd)

(b) Impairment

IFRS 9 introduces a revised impairment model which requires entities to recognise Expected Credit Losses ('ECL') based on unbiased forward-looking information. This replaces the existing IAS 39 incurred loss model which only recognises impairment if there is objective evidence that a loss is already incurred and would measure the loss based on the most probable outcome. The IFRS 9 impairment model will be applicable to all financial assets at amortised cost, lease receivables, debt financial assets at fair value through other comprehensive income, loan commitments and financial guarantee contracts. This presents a change from the scope of the IAS 39 impairment model which excludes loan commitments and financial guarantee contracts (these were covered by IAS 37: Provisions, Contingent Liabilities and Contingent Assets).

The measurement of expected credit loss will involve increased complexity and judgement including estimation of probabilities of default, loss given default, a range of unbiased future economic scenarios, estimation of expected lives, estimation of exposures at default and assessing increases in credit risk.

Exposures would be divided into 3 stages as follows:

Stage 1: Exposures for where a significant increase in credit risk has not occurred since origination. For these exposures a 12 months expected credit loss will be recognised.

Stage 2: Exposures for which a significant increase in credit risk has occurred since origination. The Bank will assess whether a significant increase in credit risk has occurred based on qualitative and quantitative drivers; as well as exposures that are more than 30 days past due contractual payment date. Lifetime expected credit losses will be recognised for these assets.

Stage 3: Exposures which meet the definition of default. The Company has aligned its definition of default with the guideline issued by the Bank of Mauritius on Credit Impairment Measurement and Income Recognition, which considers exposures that are more than 90 days past due, forbearance, as well as indicators that an exposure is unlikely to pay. Lifetime expected credit losses will be recognized for these assets.

The revised impairment model is expected to have a material financial impact on the recognition of impairment

- The removal of the emergence period that was necessitated by the incurred loss model of IAS 39. All stage 1 assets will carry a 12 months expected credit loss provision. This differs from IAS 39 where unidentified impairments were typically measured with an emergence period of between 3 to 12 months.
- The provisioning for lifetime expected credit losses on stage 2 assets; where some of these assets would not have attracted a lifetime expected credit loss measurement per IAS 39.
- The implementation of a default definition for exposures that are more than 90 days past due, as well as for certain indicators that an exposure or obligor is unlikely to pay.
- The inclusion of forecasted macroeconomic scenarios into the expected credit losses of a portfolio;
- The inclusion of expected credit losses on items that typically would not have been impaired under IAS 39, such as loan commitments.

The impact of IFRS 9 is currently being assessed by the Company.

Hedge accounting

As IFRS 9 does not change the general principles of how an entity accounts for effective hedges, this will not have an impact on the Company as it does not have any hedge.

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 for financial assets at fair value through profit or loss are stated at their fair value and loans and receivables are carried 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.

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

- 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

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).

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Financial instruments (Cont'd)

Financial assets (Cont'd)

(iii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate.

(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.

(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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Financial instruments (Cont'd)

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,

(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.

(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

(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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Foreign currency translation (Cont'd)

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

(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

(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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(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.

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.

5. MAURITIAN QUOTED EQUITIES

(a) The movement in investments is as follows:

	2018	2017
	Rs.	Rs.
<i>Financial assets at fair value through profit or loss</i>		
At 1 July	67,634,770	54,507,926
Additions	2,302,999	3,044,160
Disposals	(5,441,500)	-
Fair value gain	5,132,780	10,082,684
At 30 June	<u>69,629,049</u>	<u>67,634,770</u>

(b) The Fund investments are summarised as follows:

	2018	2017	% of Fund	
	2018	2017	2018	2017
	Rs.	Rs.		
(i) <i>Official market</i>				
<u>Sector</u>				
Banking and Insurance	27,672,950	27,853,667	16.88	17.76
Leisure and Hotels	8,915,720	6,828,823	5.44	4.36
Investment	15,312,946	15,404,663	9.34	9.83
Industry	4,182,422	3,580,053	2.55	2.28
Commerce	7,177,813	5,627,930	4.38	3.59
Sugar	9,000	12,800	0.01	0.01
	<u>63,270,851</u>	<u>59,307,936</u>	<u>38.60</u>	<u>37.83</u>
(ii) <i>Development Enterprise Market</i>				
<u>Sector</u>				
Investment	1,079,278	806,544	0.66	0.51
Banking and Insurance	3,861,000	3,817,000	2.35	2.44
Leisure and Hotels	1,352,670	1,450,440	0.82	0.93
Sugar	65,250	63,250	0.04	0.04
Industry	-	2,189,600	-	1.40
	<u>6,358,198</u>	<u>8,326,834</u>	<u>3.87</u>	<u>5.32</u>
	<u>69,629,049</u>	<u>67,634,770</u>	<u>42.47</u>	<u>43.15</u>

The Mauritian quoted equities are stated at fair values, based on values of the Stock Exchange of Mauritius at 30 June 2018.

6. MAURITIAN UNQUOTED EQUITIES

(a) The movement in investments is as follows:

	2018	2017
	Rs.	Rs.
<i>Financial assets at fair value through profit or loss</i>		
At 1 July	151,631	151,631
Additions	-	-
Fair value gain	13,784	-
At 30 June	<u>165,415</u>	<u>151,631</u>

The Mauritian unquoted equities are stated at fair values, based on bid prices of the units of the funds published at 30 June 2018.

7. OVERSEAS QUOTED EQUITIES

(a) The movement in investments is as follows:

	2018	2017
	Rs.	Rs.
<i>Financial assets at fair value through profit or loss</i>		
At 1 July	66,815,117	69,368,156
Additions	19,960,591	13,034,336
Disposals	(11,023,510)	(21,007,375)
Fair value gains/(losses)	4,232,854	5,420,000
At 30 June	<u>79,985,052</u>	<u>66,815,117</u>

The overseas equities are stated at fair values, based on bid prices of the units of the funds published at 30 June 2018.

(b) The Fund investments are summarised as follows:

	2018	2017	% of Fund	
	Rs.	Rs.	2018	2017
Mature Market	6,534,424	3,878,596	3.99	2.47
Alternatives-Hedge Funds	8,541,145	8,472,652	5.21	5.41
Mutual Funds:				
Equity Funds	55,911,121	49,320,925	34.08	31.47
Mixed Allocation Funds	8,998,362	5,142,944	5.49	3.28
	<u>79,985,052</u>	<u>66,815,117</u>	<u>48.77</u>	<u>42.63</u>

The overseas equities are stated at fair value based on values of the overseas markets on 30 June 2018.

8. LOCAL CURRENCY DENOMINATED DEPOSITS

	2018	2017
	Rs.	Rs.
<i>Financial assets at amortised cost</i>		
At 1 July	21,193,909	20,208,332
Additions	17,621,024	31,193,909
Maturity	(24,249,711)	(30,208,332)
At 30 June	<u>14,565,222</u>	<u>21,193,909</u>

These consist of deposits with local banks and other financial institutions with interest rates in the range of 2.05% to 3.75% (2017: 2.45% to 3.85%) per annum maturing between September 2018 to April 2019.

9. OTHER RECEIVABLES

	2018	2017	% of Fund	
	Rs.	Rs.	2018	2017
Interest receivable on deposits	212,649	220,653	0.13	0.14
Dividend receivable on equities	554,398	469,656	0.34	0.30
	<u>767,047</u>	<u>690,309</u>	<u>0.47</u>	<u>0.44</u>

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

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.

10. FOREIGN CURRENCY DENOMINATED DEPOSITS

These comprise of the following:

			% of Fund	
	2018	2017	2018	2017
	Rs.	Rs.		
Cash and cash equivalents				
Call deposits denominated in USD and GBP	-	1,159	-	-

11. OTHER PAYABLES

			% of Fund	
	2018	2017	2018	2017
	Rs.	Rs.		
Manager's fees	428,566	410,692	0.26	0.26
Trustee's fees	64,285	61,604	0.04	0.04
Auditors' remuneration	207,000	186,300	0.13	0.12
Other fees	3,958	13,650	0.00	0.01
	<u>703,809</u>	<u>672,246</u>	<u>0.43</u>	<u>0.43</u>

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

12. DIVIDEND - DISTRIBUTION TO UNITHOLDERS

	2018	2017
	Rs.	Rs.
Final distribution of Re0.7240 (2017: Re 0.6891) per unit	<u>8,417,020</u>	<u>7,842,870</u>

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% (2017: 15%) on net profit before taxation as adjusted for income tax purposes.

(i) Current tax liability	2018	2017
	Rs.	Rs.
At 1 July	92,439	187,149
Tax paid during the year	(169,622)	(187,149)
Under provision in previous year	77,183	-
Provision for the year	<u>70,193</u>	<u>92,439</u>
At 30 June	<u>70,193</u>	<u>92,439</u>
(ii) Income tax expense	2018	2017
	Rs.	Rs.
Provision for the year	70,193	92,439
Under provision in previous year	<u>77,183</u>	<u>-</u>
Tax charge	<u>147,376</u>	<u>92,439</u>

13. TAXATION (CONT'D)

(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:

	2018	2017
	Rs.	Rs.
Profit before taxation	8,564,574	7,934,667
Tax calculated at 15% (2017: 15%)	1,284,686	1,190,200
Tax effects of:		
- Expenses not deductible for tax purposes	214,657	177,497
- Under provision in previous year	77,183	-
- Income not subject to tax	(1,429,150)	(1,275,258)
Tax charge	<u>147,376</u>	<u>92,439</u>

14. GROSS INVESTMENT INCOME

	2018	2017
	Rs.	Rs.
<i>Loans and receivables</i>		
Interest on deposits	490,827	629,803
<i>Cash and cash equivalents</i>		
Interest and net exchange gains on bank balances	483,625	343,316
<i>Held for trading</i>		
Gain on disposal of investments	7,130,896	6,433,797
Dividend on Mauritian equities	2,396,771	2,067,924
Dividend on overseas securities	179,816	451,538
	<u>9,707,483</u>	<u>8,953,259</u>
	<u>10,681,935</u>	<u>9,926,378</u>

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.

17. UNITS

(a) Movements in units during the year:

	2018		2017	
	No. of Units	Rs.	No. of Units	Rs.
Net assets of the Fund at 1 July	11,381,324	156,729,180	11,256,777	146,047,198
Units created	335,926.75	4,752,315	257,241.95	3,472,859
Units liquidated	(91,531.87)	(1,301,204)	(132,695.18)	(1,791,183)
Revaluation gain realised on disposal of investments	-	(5,591,923)	-	(6,501,736)
Profit/(loss) not distributed for the year	-	9,379,806	-	15,502,894
Income and distribution account brought forward	-	(210)	-	(852)
Net assets of the Fund at 30 June	<u>11,625,719</u>	<u>163,967,964</u>	<u>11,381,324</u>	<u>156,729,180</u>

(b) Net asset value per unit:

	2018	2017
	Rs.	Rs.
NAV per unit (cum-div)	<u>14.83</u>	<u>14.46</u>
NAV per unit (ex-div)	<u>14.10</u>	<u>13.77</u>

(c) Prices per unit:

	2018	2017
	Rs.	Rs.
Issue price (cum-div)	<u>15.01</u>	<u>14.71</u>
Re-purchase price (cum-div)	<u>14.33</u>	<u>13.97</u>

18. RELATED PARTY DISCLOSURES

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

(a) Investment Manager's Holding Company

	2018	2017
	Rs.	Rs.
Units in Fund held at end of year (fair value)	<u>59,662,645</u>	<u>55,772,006</u>
At 1 July (ex-div)	53,114,127	48,414,345
Additions	2,348,304	1,820,006
Change in fair value	<u>4,200,214</u>	<u>5,537,655</u>
At 30 June (cum-div)	59,662,645	55,772,006
Dividend payable	<u>(2,912,728)</u>	<u>(2,657,879)</u>
At 30 June (ex-div)	<u>56,749,917</u>	<u>53,114,127</u>

18. RELATED PARTY DISCLOSURES (CONT'D)

(b) Investment Manager's shareholders (excluding the Holding Company)

(i) Units in Fund held at end of year (fair value)	<u>2,966,000</u>	<u>2,891,967</u>
At 1 July (ex-div)	2,754,147	2,594,832
Change in fair value	<u>211,853</u>	<u>297,135</u>
At 30 June (cum-div)	2,966,000	2,891,967
Dividend payable to the shareholders	<u>(144,800)</u>	<u>(137,820)</u>
At 30 June (ex-div)	<u>2,821,200</u>	<u>2,754,147</u>

(c) Investment Manager

(i) Units in Fund held at end of year (fair value)	<u>18,898,907</u>	<u>17,773,082</u>
(ii) Investment Manager's fees	<u>1,645,672</u>	<u>1,554,633</u>
(iii) Dividend payable to the Manager	<u>970,412</u>	<u>889,429</u>
(iv) Outstanding balances payable:		
- Manager's fees	428,566	410,692
- Entry and exit fees	<u>2,658</u>	<u>1,600</u>
	<u>431,224</u>	<u>412,292</u>
	<u>2018</u>	<u>2017</u>
	Rs.	Rs.

(d) Trustee

(i) Balances with local bank (Trustee)	<u>8,047,201</u>	<u>8,849,840</u>
(ii) Trustee's fees	<u>246,851</u>	<u>233,195</u>
(iii) Interest income from Trustee	<u>82,635</u>	<u>149,466</u>
(iv) Bank charges	<u>8,936</u>	<u>5,519</u>
(v) Outstanding balances payable:		
- Trustee's fees	<u>64,285</u>	<u>61,604</u>

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.

19. FINANCIAL RISK MANAGEMENT (CONT'D)

19.1 Financial risk factors (Cont'd)

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% increase/decrease in prices of securities.

	<u>2018</u>	<u>2017</u>
<i>Increase/decrease of 5% in the prices of securities</i>	Rs.	Rs.
Increase/decrease in net assets attributable to Unitholders	<u>7,488,976</u>	<u>6,730,076</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>2018</u>	<u>2017</u>
Assets	Rs.	Rs.
Concentration of assets under:		
US Dollars	83,969,698	60,235,922
GBP	<u>8,725,737</u>	<u>12,361,944</u>
	<u>92,695,435</u>	<u>72,597,866</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>2018</u>	<u>2017</u>
<i>Increase/decrease of 5% in rate of exchange</i>	Rs.	Rs.
Increase/decrease in net assets attributable to Unitholders	<u>4,634,772</u>	<u>3,629,893</u>

19. FINANCIAL RISK MANAGEMENT (CONT'D)

19.1 Financial risk factors (Cont'd)

(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	2018	2017
	% p.a	% p.a
<u>Loans and receivables</u>		
Fixed deposits	2.05 to 3.75	2.45 to 3.85
<u>Cash and cash equivalents</u>		
Bank balances		
MUR	<u>1.80</u>	<u>1.30 to 2.30</u>
USD	<u>0.88</u>	<u>1.30 to 2.30</u>

Financial liabilities

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

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

	2018	2017
	Rs.	Rs.
<i>Increase/decrease of 5% in interest rate</i>		
Increase/decrease in net assets attributable to Unitholders	<u>6,585</u>	<u>3,394</u>
Increase/decrease in profit available for distribution to Unitholders	<u>6,585</u>	<u>3,394</u>

The increase or decrease in the interest rate sensitivity is due to fluctuations in bank balances at 30 June 2018 as compared to 30 June 2017.

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.

19. FINANCIAL RISK MANAGEMENT (CONT'D)

19.1 Financial risk factors (Cont'd)

(d) Liquidity risk (Cont'd)

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

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.

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

At 30 June 2018	Less than 1 month	1 to 3 months	3 months to 1 year	No stated maturities	Total
	Rs.	Rs.	Rs.	Rs.	Rs.
Assets					
<i>Held for trading</i>					
Mauritian quoted equities	-	-	-	69,629,049	69,629,049
Mauritian unquoted equities	-	-	-	165,415	165,415
Overseas quoted equities	-	-	-	79,985,052	79,985,052
	-	-	-	149,779,516	149,779,516
Local currency denominated deposits	-	6,124,643	8,440,579	-	14,565,222
Other receivables	-	648,319	118,728	-	767,047
	-	6,772,962	8,559,307	-	15,332,269
<i>Cash and cash equivalents</i>					
Foreign currency denominated deposits	-	-	-	-	-
Bank balances	8,047,201	-	-	-	8,047,201
	8,047,201	-	-	-	8,047,201
Total assets	8,047,201	6,772,962	8,559,307	149,779,516	173,158,986
Liabilities					
Other payables	703,809	-	-	-	703,809
Dividend payable	-	8,417,020	-	-	8,417,020
Net assets attributable to unitholders	-	-	-	163,967,964	163,967,964
Total liabilities	703,809	8,417,020	-	163,967,964	173,088,793
Total liquidity gap	7,343,392	(1,644,058)	8,559,307	(14,188,448)	70,193

19. FINANCIAL RISK MANAGEMENT (CONT'D)

19.1 Financial risk factors (Cont'd)

(d) Liquidity risk (Cont'd)

At 30 June 2017	Less than 1 month	1 to 3 months	3 months to 1 year	No stated maturities	Total
	Rs.	Rs.	Rs.	Rs.	Rs.
Assets					
<i>Held for trading</i>					
Mauritian quoted equities	-	-	-	67,634,770	67,634,770
Mauritian unquoted equities	-	-	-	151,631	151,631
Overseas quoted equities	-	-	-	66,815,117	66,815,117
	-	-	-	134,601,518	134,601,518
Local currency denominated deposits	-	10,040,562	11,153,347	-	21,193,909
Other receivables	-	542,846	147,463	-	690,309
	-	10,583,408	11,300,810	-	21,884,218
<i>Cash and cash equivalents</i>					
Foreign currency denominated deposits	1,159	-	-	-	1,159
Bank balances	8,849,840	-	-	-	8,849,840
	8,850,999	-	-	-	8,850,999
Total assets	8,850,999	10,583,408	11,300,810	134,601,518	165,336,735
Liabilities					
Other payables	672,246	-	-	-	672,246
Dividend payable	-	7,842,870	-	-	7,842,870
Net assets attributable to unitholders	-	-	-	156,729,180	156,729,180
Total liabilities	672,246	7,842,870	-	156,729,180	165,244,296
Total liquidity gap	8,178,753	2,740,538	11,300,810	(22,127,662)	92,439

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 hierarchy

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 financial assets at fair value through profit or loss.

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 2018	Level 1	Level 2	Total
	Rs.	Rs.	Rs.
Assets			
Financial assets held-for-trading			
- Mauritian quoted equities	69,629,049	-	69,629,049
- Mauritian unquoted equities	-	165,415	165,415
- Overseas quoted equities	79,985,052	-	79,985,052
	<u>149,614,101</u>	<u>165,415</u>	<u>149,779,516</u>
At 30 June 2017	Level 1	Level 2	Total
	Rs.	Rs.	Rs.
Assets			
Financial assets held-for-trading			
- Mauritian quoted equities	67,634,770	-	67,634,770
- Mauritian unquoted equities	-	151,631	151,631
- Overseas quoted equities	66,815,117	-	66,815,117
	<u>134,449,887</u>	<u>151,631</u>	<u>134,601,518</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

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

20. EVENTS AFTER REPORTING DATE

Subsequent to the year end and through the date on which the financial statements were authorised for issue, there were no events that require disclosure or adjustments in these financial statements.



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