



# ANNUAL REPORT

2020

MUA GENERAL FUND



# CONTENTS

Financial Highlights	1
Manager's Report	4
Corporate Governance Report	10
Auditors' Report	28
Statement Of Financial Position	32
Statement Of Comprehensive Income	33
Statement Of Changes In Equity	34
Statement Of Cash Flows	35
Notes To The Financial Statements	38



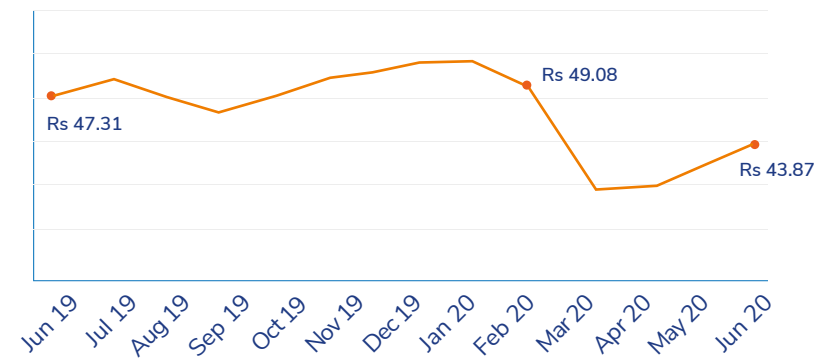
## FINANCIAL HIGHLIGHTS

FOR THE YEAR ENDED 30 JUNE 2020

Key Financial Figures	30 June 2020	30 June 2019
	Rs.	Rs.
Investment revenue	15,863,978	17,295,146
Total income	(23,303,326)	11,113,362
Operating expenses	7,700,775	8,096,825
Net profit / (loss) before tax	(30,976,398)	3,044,149
Comprehensive income / (loss) for the year	(23,768,666)	5,127,719
Net asset value attributable to unitholders	494,003,913	528,413,948
Net asset value per unit (Ex - dividend)	43.87	47.31
<b>Performance Figures</b>	<b>30 June 2020</b>	<b>30 June 2019</b>
	%	%
Net asset value return*	-2.7%	0.8%
Dividend yield	3.0%	4.1%

\* Growth in net asset value plus dividends declared during the year (based on audited accounts)

Evolution of Net Asset Value per unit





MANAGER'S  
**REPORT**

## MANAGER'S REPORT

FOR THE YEAR ENDED 30 JUNE 2020

### Performance Review

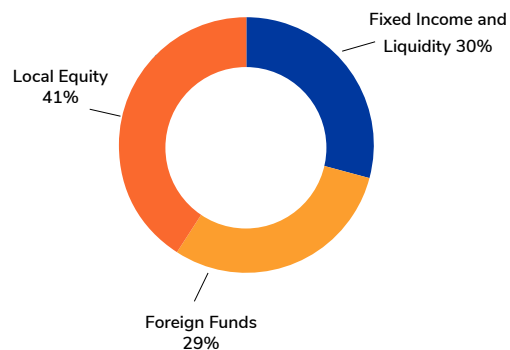
MUA General Fund ("MUA GF") experienced a strong performance during the eight months to February 2020, prior to COVID-19. The adverse negative impact that COVID-19 had on markets impacted the fund performance with net assets declining by -9.1% from March 2020 to June 2020, resulting in an annual performance for the 12 months to 30 June 2020 of -2.7%. The dividend stands at Rs 1.34 with a dividend yield of 3.0% declared during the financial year.

The fund experienced a net loss after tax of Rs 31.0 million compared to a profit of Rs 3.04 million for the previous year due to a fall in market value of the local equity portfolio.

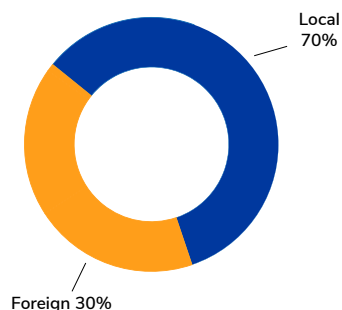
### Portfolio Review

The net asset value of MUA General Fund as at 30 June 2020 stood at Rs.494.0 million, allocated as follows: 41% local equities, 30% fixed income, 30% overseas mutual funds while liquidity was at -0.2%.

Portfolio asset mix as at 30 June 2020



Geographical breakdown as at 30 June 2020

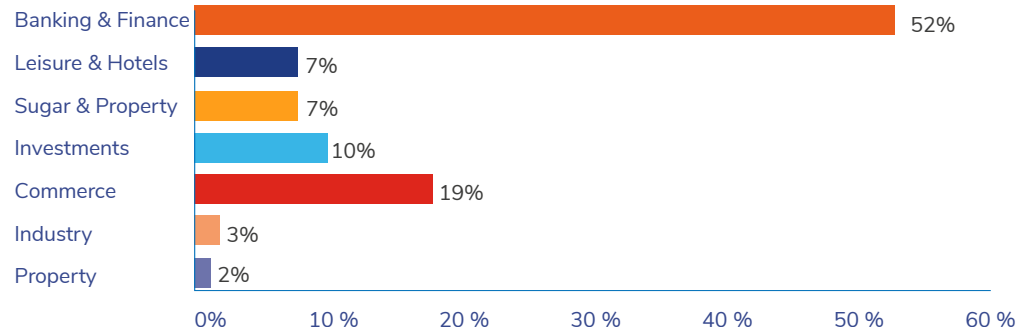


## MANAGER'S REPORT

FOR THE YEAR ENDED 30 JUNE 2020

### Local Portfolio

Representing 70% of MUA General Fund, the local portfolio comprised mainly of listed stocks on the Stock Exchange of Mauritius, and various local fixed income instruments. The average maturity of the fixed income portfolio was 5.7 years and the average yield was 5.8% as at 30 June 2020. The local equity portfolio was diversified across different sectors as illustrated in the graph below.



At financial year-end, the five largest local equity positions are illustrated below:

Security	Sector	Value	% of Local Portfolio
MCB Group Ltd	Banking	Rs. 75.9 M	15.4%
IBL Ltd	Commerce	Rs. 27.2 M	5.5%
MUA Ltd	Insurance	Rs. 16.0 M	3.2%
SBM Holdings Ltd	Banking	Rs. 11.6 M	2.4%
VIVO Energy Ltd	Commerce	Rs. 9.9 M	2.0%

### Foreign Portfolio

The foreign portfolio represented 30% of net asset value as at 30 June 2020, with the following five largest positions:

Security	Region	Value	% of Foreign Portfolio
MSS US Advantage "A"	United States	Rs. 29.6 M	20.3%
Schroder ISF - US Large Cap	United States	Rs. 21.8 M	15.0%
Aberdeen Global Asia - Pacific Equity Fund	Asia	Rs. 21.2 M	14.5%
Bgf-European Equity Income EUR	Europe	Rs. 15.9 M	10.9%
Aberdeen Global Emerging Markets Equity Fund	Emerging markets	Rs. 15.2 M	10.4%

## MANAGER'S REPORT

FOR THE YEAR ENDED 30 JUNE 2020

### Local economy and market

Local economic growth was estimated at 3.7% of GDP in 2019 (2018: 3.8%), with numerous challenges including, the shift of global economic landscape, downside risks regarding the trade tensions between US and China, uncertainties linked to Brexit and climate change. Dominated by subdued economic activity, the National Budget 2019-20 implemented several measures such as minimum wages, free university education, increased pensions, negative income tax and several infrastructure projects, with positive growth estimates of 4.0% for 2020. However, the Mauritian economic performance was dampened by the spread of COVID-19, with lockdown and curfew order imposed locally effective 20 March 2020. Local businesses, mainly tourism sector and manufacturing sectors, have suffered major losses due to a halt in businesses activities, temporary closure of hotels and border, ultimately disrupting supply chains.

Amid the heightened level of uncertainty, the local economy is expected to contract by 10.5%, with a growth rate of -6.8% for 2020 with a possibility to pick up by 5.9% in 2021 (IMF, World Economic Outlook April 20). The National Budget 2020-21 highlighted some fiscal measures together with accommodative monetary policies to support the economic activity. The Bank of Mauritius cut the key repo rate by 50bps to 2.85% in March 2020, followed by another cut of 100bps to 1.85% in April 2020 in an effort to ease monetary conditions following the footsteps of other Central Banks globally. The Bank of Mauritius has set up the Mauritius Investment Corporation (MIC) with an investment of Rs 80bn to support viable and important companies impacted by COVID-19. Headline inflation increased to 1.8% in June 2020 (June 2019: 1.0%) and is forecasted to increase to 4.0% in 2021 with expectation that increase in global food and energy prices will cause further inflationary pressures. Despite the lockdown and curfew order lifted on 31 May 2020, the uncertainty in the local economy still persists.

In the fixed income market, there was a downward shift in the yield curve as yields across all tenors declined significantly by 172bps on average over 12 months ended 30 June 2020. The level of excess liquidity in the system remains high during the period (Rs 61.9bn at end of June 2020). The banks' average savings rate (MCB and SBM) declined to 0.25% from 1.85% in June 2019.

For the year ended 30 June 2020, the SEMDEX lost 21.9% with the main detractors being the hotels stocks, MCB and sugar stocks. Declines were attributable to the negative outlook amidst the COVID-19 crisis, global travel restrictions and as a result, selling pressure from local and foreign investors. Air Mauritius and Pad Co Ltd have been put under voluntary administration with inability to meet their financial obligations. The financial results of several companies were negatively impacted by a significant drop in the profit after tax with a halt in operations, followed by a temporary suspension of the dividend payment. Overall the market tone is pessimistic with low investor sentiment as visibility for resuming tourism industry remains very limited, and leverage of large conglomerates and impact on banks is hard to assess despite the flexibility offered by the Bank of Mauritius in accounting for such exposures in the COVID-19 situation.

### Foreign economy and market

The global economy had slowdown to 3.0% in 2019 and was expected to recover modestly to 3.4% in 2020. This subdued growth was a result of a rise in trade barriers, elevated uncertainty surrounding trade and geopolitics, macroeconomic strain in several emerging market economies, and structural factors, such as low productivity growth and aging demographics in advanced economies.

## MANAGER'S REPORT

FOR THE YEAR ENDED 30 JUNE 2020

### Foreign economy and market (continued)

However, COVID-19 started to dictate the performance of the global economy as from February 2020, with a downward revision in growth rate of -4.9% with a probability of a global recession in the near future. US crude oil plunged into negative territory for the first time on 21 April 2020; due to drastic decline in oil demand globally, failure to reach an agreement between the leading OPEC+ members of Saudi Arabia and Russia and subsequent oil price war. Gold has reached record high levels, backed by the disruption in the economic activities, dampened hopes of economic recovery and the global slump in economic growth. Investors shifted away from risky assets, thus increasing the safe-haven appeal of gold.

Advanced economies are projected to decline by -8.0% in 2020, compared to 1.7% in 2019. Weaker-than-expected domestic demand and slower imports signalled a slowdown in US economic activity. Equity markets faced volatility and selling pressure as the number of COVID-19 cases and deaths increased exponentially. Shares prices of major energy companies, airlines, cruise lines and hotel operators' plunged as hospitality and travel industries were negatively impacted by the spread of the pandemic. The US Federal Reserve Bank and the European Central Bank cut rates to near zero in an effort to ease monetary conditions and stimulate economies. Major central banks continued to inject liquidity to bail out the economy with a major stimulus package of US\$ 2Trn announced by US Federal Reserve on 25 March 2020. The U.K. government debt grew above 100% of gross domestic product, reflecting a major drop in economic output, a plunge in tax revenue and massive support package by authorities to save jobs and keep businesses afloat. The S&P 500 gained 5.4% (USD terms) over 12 months ended 30 June 2020, backed by the strong gains of technology stocks and positive numbers of the US job markets.

Emerging and developing economies are projected to decline by -3.0% in 2020, 6.7% lower than in 2019. The outbreak continues to overburden on the weak public health systems in many emerging economies, leading to the prospect of prolonged economic damage.

### Prospects

For the coming year, MUA General Fund's balanced asset allocation strategy, as well as growth and regular income objectives, will remain unchanged. Focus will be placed on diversification and quality holdings based on the current volatile situation. The Fund shall aim to maintain its policy of paying dividends twice a year in June and December.

We would like to highlight that factsheets will continue to be published on a monthly basis on MUA Ltd website, [www.mua.mu](http://www.mua.mu).

MUA Mutual Fund Ltd  
Fund Manager  
August 04 2020



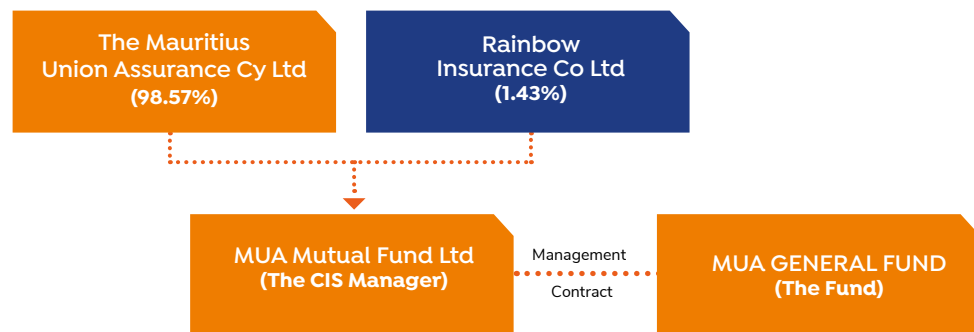


CORPORATE GOVERNANCE  
**REPORT**

## CORPORATE GOVERNANCE REPORT

FOR THE YEAR ENDED 30 JUNE 2020

### HOLDING STRUCTURE



MUA General Fund (the “Fund”) is an open-ended Collective Investment Scheme (“CIS”) which is constituted under the NMF Unit Trust. It was incorporated under the Unit Trust Act 1989 (as repealed by the Trust Act 2001) and established by a Trust Deed dated 30 May 1990 made between The National Mutual Fund Ltd (now known as MUA Mutual Fund Ltd) (the “CIS Manager”) and SBM Bank (Mauritius) Limited (The “Trustee”).

The Fund’s investment activities are managed by the CIS Manager and the major shareholder of the investment manager is The Mauritius Union Assurance Cy Ltd (MUA).

### Organisation and Management of the CIS

#### The CIS Manager and Principal Distributor

The MUA Mutual Fund Ltd  
2nd Floor, Barkly Wharf  
Le Caudan Waterfront  
Port Louis, Mauritius

The MUA Mutual Fund Ltd was incorporated on July 09, 1987 as a joint venture between local private insurance companies and some government controlled companies in an attempt to encourage savings among the Mauritian population. It later obtained a CIS Manager License on July 09, 2010, under the Securities (Collective Investment Schemes and Closed-end Funds) Regulations 2008 Act.

#### Removal of Manager

As specified in the Trust Deed dated May 30, 1990, the manager shall cease to hold office as Manager of the Trust if

- I. The Manager is removed from office by the Supreme Court pursuant to section 19 of the Unit Trust act 1989, or
- II. Approval of the Trust Scheme is revoked under section 14 of the Act;
- III. Winding up proceedings are instituted against the Manager.

## CORPORATE GOVERNANCE REPORT

FOR THE YEAR ENDED 30 JUNE 2020

### Replacement of Manager

As specified in the Trust Deed dated 30th May 1990 (clause 10.11.4), a new Manager shall be appointed by the Trustee. If the Trustee fails to do so within three months of the vacancy or retirement first occurring, a new Manager may be appointed by Extraordinary Resolution and following compliance with section 13 of the Act.

### The Trustee

SBM Bank (Mauritius) Ltd  
10th floor, Henessy Tower  
Pope Henessy Street  
Port Louis, Mauritius

Established in 1973, SBM Bank (Mauritius) Ltd, previously known as State Bank of Mauritius Ltd, is one of the leading banks in Mauritius with a domestic market share of above 20 per cent in both advances and deposits as at December 2019. SBM Bank (Mauritius) Ltd caters to the needs of different customer segments, both retail and corporate, through the provision of several products and services, which include deposits, lending, trade finance, cards, leasing, treasury, as well as a range of payment services. The Bank has developed multichannel capabilities including a wide distribution network of 40 service units, as well as ATMs, POS, e-Commerce, mobile banking and internet banking platforms.

SBM Bank (Mauritius) Ltd is ultimately held by SBM Holdings Ltd, one of the largest listings on the Official Market of the Stock Exchange of Mauritius with a market capitalisation of MUR 19.6 billion as at December 2019.

### Replacement of Trustee

The power of appointing a new Trustee of the Trust shall be vested in the Manager. No person shall be appointed as a new Trustee unless qualified to act as such pursuant to section 9 of the Act. If the Manager fails or refuses to appoint a new Trustee, such new Trustee may be appointed by an Extraordinary Resolution following compliance with section 13 of the Act.

### The Custodian

SBM Bank (Mauritius) Limited  
State Bank Tower  
1, Queen Elizabeth II Avenue  
Port Louis, Mauritius

### Replacement of Custodian

The power of replacing the Custodian shall be vested in the Trustee, subject to approval by the Financial Services Commission.

### The Auditor

Ernst & Young  
Level 9, Tower 1,  
NexTeracom, Cybercity,  
Ebene, Mauritius



## CORPORATE GOVERNANCE REPORT

FOR THE YEAR ENDED 30 JUNE 2020

### Organisation and Management of the CIS (continued)

#### Termination of the Trust

The Trustee may terminate the Trust upon the happening of the following events:-

I. If the Manager goes into liquidation (other than voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the Trustee) or if a receiver is appointed for the undertaking of the Manager or any part thereof; or

II. If it becomes illegal or in the opinion of the Trustee impracticable or inadvisable to continue the Trust;

III. If the Holders resolve that the trust be terminated.

#### Board of Directors

The Scheme does not have its own Board of Directors. However, all decisions relative to MUA General Fund are taken by the CIS Manager's Board with the approval of the Trustee. The Manager's Board is composed of four Executive Directors and one Non-Executive Director. The Board is chaired by a Non-Executive Director.

### Members of the Board of Directors of the CIS Manager

#### i. Bruno de Froberville

Chairman and Non-Executive Director  
Citizen and Resident of Mauritius

**Appointed:** September 2015

**Qualifications:** MBA from the University of Birmingham (UK), Bachelor in Science with a Major in Marketing from Louisiana State University (USA).

#### Skills & experience:

- Experienced professional in the property and building sector.
- General Manager and owner of Square Lines Ltd, a property development company.

Board Committee membership: Audit Committee; Assets and Liabilities Committee.

Directorship in listed companies: Director of Mauritius Freeport Development Ltd, MUA Ltd

## CORPORATE GOVERNANCE REPORT

FOR THE YEAR ENDED 30 JUNE 2020

#### ii. Bertrand Casteres

Executive Director and Group CEO of MUA  
Citizen and Resident of Mauritius

**Appointed:** April 2013

**Qualifications:** Master's degree in applied mathematics, actuarial science and finance and Executive MBA from HEC Paris (France).

#### Skills & experience:

- Worked in the internal audit department of Aviva Europe as audit senior manager in the financial management and actuarial audit department, conducting internal audit reviews in actuarial processes across Aviva's European subsidiaries.
- Involved in the implementation of Solvency II EU Directive within the Aviva Group.
- Joined MUA in January 2012 as head of internal audit and was appointed CEO in 2015.

Board Committee memberships: Assets and Liabilities Committee.

Directorship in listed companies: MUA Ltd.

#### iii. Naresh Gokulsing

Executive Director and Managing Director MUA Life Ltd & MUA Pension Ltd  
Citizen and Resident of Mauritius

**Appointed:** February 2012

**Qualifications:** BA in Accounting and Finance from the University of Leeds (UK); MBA from Warwick Business School (UK); Fellow Member of the Association of Chartered Certified Accountants (FCCA).

#### Skills & experience:

- Started his career with PwC in 1993.
- Joined the Cim Group in 1997 as Head of Research and General Manager of Cim Stockbrokers; then became Head of Finance of Cim Insurance, Chief Operating Officer and Executive Director of Cim Insurance and Cim Life, and finally Managing Director of Cim Property Fund, where he launched Ascencia Ltd.
- Joined MUA in 2012 and was appointed Managing Director of the Life subsidiary in Mauritius in 2015.

Board Committee memberships: none.

Directorship in other listed companies: none.

## CORPORATE GOVERNANCE REPORT

FOR THE YEAR ENDED 30 JUNE 2020

### iv. Jérôme Katz

Executive Director and Head of Group Strategy & Investment of MUA  
Citizen and Resident of Mauritius

**Appointed:** March 2015

**Qualifications:** Master in Management ESCP Europe (Paris, France).

#### Skills & experience:

- Started his career with the American bank JPMorgan in Paris in 2006.
- Joined Feber Associates (now part of MUA) in 2009 as the Manager. He now oversees the group strategy with extensive involvement in the African subsidiaries, strategic marketing and digitalisation and also supervises all the group's investment and asset management activities.

Board Committee memberships: none.

Directorship in other listed companies: none.

### v. Sin Cham (Laval) Foo-Kune

Executive Director and Group CFO of MUA  
Citizen and Resident of Mauritius

**Appointed:** November 2017

**Qualifications:** Bachelor of Commerce and Bachelor of Accountancy from the University of the Witwatersrand (Johannesburg, South Africa); Chartered Accountant South Africa, RIMAP Certified Risk Professional (Federation of European Risk Management Associations); Executive Development Programme at Stanford University Graduate School of Business (USA).

#### Skills & experience:

- Started his professional career in South Africa with Levenstein & Partners, Symo Corporation Ltd, then IBM (South Africa).
- Joined La Prudence (Mauricienne) Assurances Ltée (now part of MUA) in 1998 as Finance Manager and became in charge of the Finance and Accounting department of MUA in 2010.
- Broad experience in finance, accounting, reserving, reinsurance and insurance.

Board Committee memberships: none.

Directorship in other listed companies: none.

#### Executive Directors' Service Contracts

- The Executive Directors have no fixed term contracts.

## CORPORATE GOVERNANCE REPORT

FOR THE YEAR ENDED 30 JUNE 2020

### Directorships in other Listed Companies / Subsidiaries of other Listed Companies

- Bruno de Froberville is a director of Mauritius Freeport Development Co Ltd and MUA Ltd.
- Bertrand Casteres is a director of MUA Ltd.

### Committees of the Board of the CIS Manager

The Board of the CIS Manager has not set up any committee of its own since the parent company already has an Audit Committee, a Risk Committee, a Corporate Governance, Nomination & Remuneration Committee and an Asset and Liability Committee. These committees address all issues pertaining to subsidiaries. Also given the size of the Company and the Board no sub-committees have been established.

The current composition of these committees is as follows:

- Audit Committee: Mushtaq Oosman (Chairman), Catherine Mc Ilraith and Bruno de Froberville.
- Risk Committee: Alfred Bouckaert (Chairman), Dominique Galea, Mushtaq Oosman and Olivier de Grivel.
- Corporate Governance, Nomination & Remuneration Committee: Catherine Mc Ilraith (Chair), Melanie Faugier, Dominique Galea, Vincent Ah Chuen and Mushtaq Oosman.
- Assets & Liabilities Committee: Alfred Bouckaert (Chairman), Dominique Galea, Bruno de Froberville, Bertrand Casteres, Olivier de Grivel, Sin Cham (Laval) Foo-Kune and Ashraf Musbally.

### Company Secretary of the CIS Manager

The Company Secretariat function has been entrusted to Mr. Soundararajen (Yourven) Ramsamy. Mr. Ramsamy is a Fellow member of the Association of Chartered Certified Accountants (FCCA) and reckons more than 15 years' experience as Company Secretary. He plays a key role in the application of corporate governance in the Company and ensures that the Company complies with its constitution and all relevant statutory and regulatory requirements, codes of conduct and rules established by the Board. He provides guidance to the board as a whole and to directors individually as to how their responsibilities should be discharged in the best interests of the Company. He advises the board on matters of ethics and good governance and is the focal point of contact within the Company for shareholders.

### Portfolio Manager

#### Candyce Ross

Candyce holds a Bachelor of Economics and Bachelor of Commerce from the University of Western Australia and has professional experience in Australia, Mauritius and the UK. During her time working for a FTSE 250 Real Estate Investment Trust in London she was involved in numerous corporate and investment activities including property acquisitions, private placement, rights issues, real estate asset management and strategy. Prior to starting at MUA, Candyce held the position of Investment and Corporate Advisory Manager at Grit Real Estate Income Group in Mauritius where she project managed the listing of the company on the London Stock Exchange and was involved in numerous corporate activities, real estate acquisitions and investor relations.

## CORPORATE GOVERNANCE REPORT

FOR THE YEAR ENDED 30 JUNE 2020

### Principal Functions

In relation to the management of the Scheme, the CIS Manager carries out the following activities:

- i. All administrative services required by the Scheme,  
Responsible Persons: Soundararajen (Yourven) Ramsamy, Pradesh Kumar Baboolall,  
Toolcymanie (Brinda) Ramsamy and Farook Sahabooleea;
- ii. Provision of registrar and transfer facilities,  
Responsible Person: Farook Sahabooleea;
- iii. Distribution of the securities of the Scheme,  
Responsible Persons: Soundararajen (Yourven) Ramsamy and Shabeneez Nahaul;
- iv. Maintaining accounting records of the Scheme,  
Responsible Person: Pradesh Kumar Baboolall; under the supervision of Soundararajen  
(Yourven) Ramsamy
- v. Giving investment advice in relation to the Scheme,  
Responsible Persons: Soundararajen Ramsamy and Shabeneez Nahaul

### Investment Objectives and Practices and Financial Characteristics

#### Investment Objective

The investment objective of MUA General Fund is to achieve long term capital appreciation and generate consistent dividend income.

#### Investment Policy

Investment will be made in equities, fixed-interest securities and other assets and will be well diversified across economic sectors. Part of the investment will be made overseas. Cash or cash equivalents may be held as necessary in order to enable units to be redeemed or for the efficient management of the Scheme in accordance with its objective.

#### Investment Risks

The unit holder should be aware that any investment carries a level of risk that generally reflects its potential for reward. Neither the Manager or the Trustee, nor any other functionary guarantees the performance of the Funds, the attainment of the stated objective, or the repayment of capital.

- I. **Market risk:** The value of the Fund's assets will fluctuate as a result of changes in market prices of the underlying securities of the funds, whether these changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded on the market.
- II. **Inflation risk:** Inflation erodes the real value of all investments and changes in the anticipated rate of inflation could lead to capital losses in the Fund's investments.
- III. **Exchange rate risk:** Fluctuations in exchange rates may affect the value of foreign currency denominated investments held by the Fund when translated into Mauritian Rupees.

## CORPORATE GOVERNANCE REPORT

FOR THE YEAR ENDED 30 JUNE 2020

**IV. Country risk:** Given that a significant portion of the Fund's assets is invested locally, the performance of the Fund is also subject to specific risks pertaining to Mauritius, especially risks linked to the economic development of the country, prevailing political and social uncertainties and stock market conditions.

**V. Foreign Investment risk:** The Fund invests in foreign markets and thus its performance also depends on the economic conditions and unpredictable developments in those markets. Any risk related to foreign investments is also reflected in the fluctuations of the exchange rates, termed as exchange rate risk which has been explained above.

**VI. Liquidity risk:** Cash flow requirements may force the Fund to realize assets on poor investment terms either because of assets are not marketable or because the asset values are temporarily depressed. Cash flow projections are of a great help in managing this risk.

**VII. Interest rate risk:** Fluctuations in interest rates may lead to lower interest income and capital value of an investment.

**VIII. Credit risk:** The Fund invests in fixed income securities and funds. It thus faces the risk that a borrower defaults or delays capital or interest payments. This risk is mitigated through adequate credit analysis of debt-instrument issuers and deposit-takers. Downgrade risk also exists when a specific debt instrument or borrower has its rating lowered by an independent credit rating institution. Such downgrade risk reduces investor interest in the security or borrower's securities, leading to fall in price.

**IX. Concentration Risk:** The Fund may hold relatively large positions in certain investments, and may be significantly exposed to a specific geographic region, asset class, economic sector, market and currency. Such investments may carry a higher risk to capital.

**X. Performance Risk:** Past performance should not be viewed as a guide to or indicator of future performance. The value of investments and the income derived from them can go up or down

**XI. Tax Risk:** Any tax treatment detailed in this prospectus may change and any implied tax benefits may vary between investors and may change in the future.

### Investment Restrictions and Practices

The Fund intends to invest strictly according to its Investment Mandate, which is in accordance with the rules and regulations governing Collective Investment Schemes in Mauritius.

#### Investment restrictions

The Fund undertakes not to:

- I. purchase a security, other than a debt security issued by the Government of Mauritius or the government of any other country, if, immediately after the purchase, more than 10% of its net assets, taken at market value at the time of purchase, would be invested in securities of that issuer;

## CORPORATE GOVERNANCE REPORT

FOR THE YEAR ENDED 30 JUNE 2020

### Investment restrictions (continued)

- II. purchase a security of an issuer where, immediately after the purchase, the Fund would hold more than 10% of a class of securities of that issuer;
- III. purchase real estate;
- IV. purchase a mortgage;
- V. purchase a security for the purpose of exercising control or management of the issuer of that security;
- VI. purchase an illiquid asset, if, immediately after the purchase more than 10% of the net assets of the Fund, taken at market value at the time of purchase, would consist of illiquid assets;
- VII. purchase or sell derivatives, except within the limits established by the Commission or, in the case of a specialized fund authorized by the Commission;
- VIII. purchase or sell a physical commodity, including precious metals, except in the case of a specialized CIS authorized by the Commission.

### Investment practices

The Fund undertakes not to:

- I. borrow money or provide for the creation of any encumbrance on its assets except in the two following situations:
  - i. the transaction is a temporary measure to accommodate requests for the redemption of securities of the collective investment scheme (CIS) while the CIS effects an orderly liquidation of its assets, and, after giving effect to the transaction, the outstanding amounts of all borrowings of the CIS does not exceed 5% of the net assets of the CIS taken at market value at the time of borrowing;
  - ii. the encumbrance secures a claim for the fees and expenses of the custodian or a sub-custodian for services rendered in that capacity;
- II. subscribe securities offered by a company under formation;
- III. engage in the business of underwriting or marketing securities of any other issuer;
- IV. lend money, securities or other assets;
- V. guarantee securities or obligations of another person;
- VI. purchase or sell securities other than through market facilities where these securities are normally bought and sold unless the transaction price approximates the prevailing market price or is negotiated on an arm's length basis;
- VII. purchase a security from, or sell a security to, one of the following persons:
  - i. the CIS manager or the custodian;
  - ii. an officer of the CIS manager or the custodian;
  - iii. an affiliate of a person referred to in the above two subparagraphs, unless the purchase or sale to the affiliate is carried out at arm's length.
- VIII. invest in aggregate more than 5% of its net asset value in the shares of other collective investment schemes;
- IX. acquire more than 10% of the shares of any single collective investment scheme.

## CORPORATE GOVERNANCE REPORT

FOR THE YEAR ENDED 30 JUNE 2020

### Type of Investors

The profile of a unit trust investor is one who has both sufficient capital and an attitude to investment which enables one to accept short term fluctuations in the value of their capital.

Particularly suitable for:

- I. Investors wanting capital growth or a combination of income and capital growth
- II. Investors willing to tolerate a certain amount of capital risk.
- III. Investors who can commit money for the medium to long-term.
- IV. Investors seeking a cost effective access to local and overseas markets.

### Valuation

As specified in the Trust Deed (1990), the Manager shall carry out the valuation of all or any of the Assets of the Fund on any Business Day at a time to be determined by the Manager and agreed by the Trustee'. As such, the valuation for the MUA General Fund (previously known as NMF General Fund) is carried out on a weekly basis, on Wednesdays. The Manager deems right to value the Fund on a weekly basis as prices do not normally change significantly on a day-to-day basis.

### Distributions

In compliance with the Trust Deed, all net income must be distributed as dividend.

Distributions of income are made twice yearly to holders of units registered on the following dates: 30 June and 31 December. The Scheme distributes the whole of its available net income to unit holders after deducting fees, charges and other expenses and adjusting for any tax liabilities or refunds.

Units are quoted ex-distribution on the first day of a new half-year. The payment dates will take place within two months after the half year ends. Payment will be made to the order of the holder or in the case of joint holders, the first named on the Register. Distribution needs not be in cash only but may be made by issue of additional units that will rank pari passu with existing units.

The table below shows the amount of dividend paid by the MUA General Fund for the last 3 years:

Last 3 Financial Years Annual Distributions	
Financial Year	Dividend/Unit (Rs)
01.07.18 to 30.06.19	1.93
01.07.17 to 30.06.18	2.01
01.07.16 to 30.06.17	2.00

## CORPORATE GOVERNANCE REPORT

FOR THE YEAR ENDED 30 JUNE 2020

### Performance

Financial Year ending 30 June	Beginning NAV/Unit (Rs)	Distributions/Unit	Ending NAV/Unit (Rs)	Total Return (%)
2019	48.78	1.93	47.31	0.94
2018	48.68	2.01	48.78	4.33
2017	44.38	2.00	48.68	14.20

Financial Year Ending 30 June	Beginning Net Asset Value (Rs '000)	Value of Net Units created (Rs '000)	Results (Rs '000)	Distributions (Rs '000)	Ending Net Asset Value (Rs '000)
2019	551,290	(6,194)	5,128	21,810	528,414
2018	546,698	3,482	23,788	22,678	551,290
2017	486,356	12,772	69,998	22,428	546,698

### Tax Status

- I. Taxation of the Unit Trust
  - The Unit Trust shall be liable to corporate tax at the rate of 15%; and
  - Any net gains on realization of investments made by the Unit Trust shall be exempt from income tax
- II. Taxation of the Unit holder
  - Dividend income in any income year shall be exempt from income tax.
  - Net gains on the redemption of units in any income year shall be exempt from income tax.

## CORPORATE GOVERNANCE REPORT

FOR THE YEAR ENDED 30 JUNE 2020

### Unit Holder Analysis as at June 30 2020

Range	No. Of Unit Holders	No. Of Units	% Of Funds	% Of Unit Holders
Up to 1,000	3,222	1,002,827.0993	8.91	68.67
More than 1,000 to 5,000	1,093	2,545,680.2206	22.61	23.29
More than 5,000 to 10,000	224	1,534,957.8808	13.63	4.77
More than 10,000 to 25,000	119	1,743,899.9324	15.49	2.54
More than 25,000 to 50,000	22	700,928.1781	6.22	0.47
More than 50,000 to 100,000	6	359,690.1797	3.19	0.13
More than 100,000 to 1,000,000	5	1,315,262.4666	11.68	0.11
Over 1,000,000	1	2,056,766.7673	18.27	0.02
<b>Total</b>	<b>4,692</b>	<b>11,260,012.7248</b>	<b>100.00</b>	<b>100.00</b>

### Category of Unit Holders as at June 30 2020

Unit Holders Type	No. Of Unit Holders	No. Of Units	% Of Funds
Individuals	4,656	7,693,976.8454	68.33
Corporate Bodies and Others	36	3,566,035.8794	31.67
<b>Total</b>	<b>4,692</b>	<b>11,260,012.7248</b>	<b>100.00</b>

### Unit price of the Fund for the past three years

Date	Issue Price (Rs.)	BID Price (Rs.)
June 30 2019	47.31	46.84
June 30 2018	48.78	48.30
June 30 2017	48.68	48.19

Net Asset Value as at 30 June 2020: Rs. 43.87

### Related party transactions

For related party transactions, please refer to Note 19 of the Financial Statements.

## CORPORATE GOVERNANCE REPORT

FOR THE YEAR ENDED 30 JUNE 2020

### Auditors

The fees paid by the CIS to the auditor for audit and other services (tax computation) were:

	2020		2019	
	Audit Rs	Other Rs	Audit Rs	Other Rs
Ernst & Young	171,580	40,250	168,130	40,250
	<b>171,580</b>	<b>40,250</b>	<b>168,130</b>	<b>40,250</b>

In line with the requirements of the Financial Reporting Act 2004 regarding rotation of auditors, another audit firm will be appointed for the Group as from financial year ending 30 June 2021.

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

### Sustainability Reporting

The Fund recognises that it operates within a social and economic community and as such is committed, when taking decisions and carrying out its activities, to take into account not only the economic viability but also the environmental consequences and social implications.

#### Ethics

The Fund has adhered to the Code of Ethics of its CIS Manager set out at Group Level. This Code goes beyond the legal minimum and outlines core principles that should guide business conducts. It is based on the Group's corporate values which are essential for us to maintain the reputation of trust and reliability that has been forged over the years. The Code of Ethics establishes standards for behaviour and provides guidance as to ethical dilemmas or conflicts of interest faced at work.

The Code of Ethics was reviewed and updated early 2015 and a Prevention of Money Laundering Policy and a Gift policy inserted.

All employees have taken cognizance of the Code and have pledged to abide by its contents.

#### Environment, Health & Safety

Environmental implications are taken into account before operational and strategic decisions are taken, even if it is an additional cost for the Company.

A Health and Safety procedure has been formulated and posted on the Group's intranet. It explains and demonstrates the Company's attitude towards health and safety as well as the steps, arrangements and systems the Company has put in place to ensure compliance with health and safety legislation.

## CORPORATE GOVERNANCE REPORT

FOR THE YEAR ENDED 30 JUNE 2020

### Sustainability Reporting (continued)

#### Environment, Health & Safety (continued)

As required by the health and safety legislation, a corporate Safety, Health and Welfare Committee has been constituted at Group level. It meets once every two months and one of its main objectives is to create greater awareness among staff of the need for a safe and healthy work environment.

Employees also get regular training on the handling of fire extinguishers, on evacuation simulation exercises and first aid care. Activities such as fire warden training, first aid training, tai chi and zumba classes were organized for the benefit of the staff.

#### Corporate Social Responsibility

CSR activities are organised at Group level and are guided for the most part by the Group's corporate mission statement and values.

#### Reporting with Integrity

The Board of the CIS Manager is responsible for the preparation of financial statements that fairly present the state of affairs of the Company in accordance with applicable laws and regulations. Company law further requires the Directors to prepare the financial statements in accordance with International Financial Reporting Standards for each financial year.

The Board of the CIS Manager is also responsible for keeping adequate accounting records, explaining the Company's transactions and disclosing, with reasonable accuracy, at any time, the financial position of the Company. The Directors have the duty to safeguard the Company's assets and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### Time-table of important upcoming events

August 2020	Approval of audited accounts for MUA General Fund Declaration of final dividend for MUA General Fund
February 2021	Approval of half-year accounts for MUA General Fund Declaration of interim dividend for MUA General Fund



## CORPORATE GOVERNANCE REPORT

FOR THE YEAR ENDED 30 JUNE 2020

### Statement of Responsibilities

#### Financial Statements

The Manager and Trustee of the MUA General Fund are required by the Companies Act 2001 to prepare financial statements for each financial year, which present a true and fair view of the financial position of the Fund at the end of the financial year and of the results of its operations for the year then ended. They are responsible for the integrity of these financial statements and for the objectivity of any other information presented therein.

The Manager and Trustee confirm that in preparing these financial statements they have:

- (i) selected suitable accounting policies that are compliant with International Financial Reporting Standards and applied them consistently
- (ii) made judgments and estimates that are reasonable and prudent
- (iii) prepared the financial statements on a going concern basis
- (iv) kept proper accounting records which disclose with reasonable accuracy at any time the financial position of the Fund
- (v) taken appropriate measures to safeguard the assets of the Fund through the application of appropriate internal control and risk management systems and procedures
- (vi) taken reasonable steps for the prevention and detection of fraud and other irregularities.

#### Internal Control

The Manager and Trustee are responsible for the Fund's systems of internal control. The systems have been designed to provide them with reasonable assurance that assets are safeguarded, that transactions are authorised and properly recorded and that material errors and irregularities are either prevented or detected within a reasonable time. An internal audit and a risk and compliance function have been established at Group level to assist management in the effective discharge of its responsibilities. Internal audit reviews business controls on an on-going basis, is independent of management and reports directly to the Group's Audit & Risk Committee.

#### Risk Management

Through the Group's Audit & Risk Committee, the Manager and Trustee are made aware of the risk areas that affect the Fund and ensure that Management has taken appropriate measures to mitigate these risks.

#### Code of Corporate Governance

The Manager and Trustee ensure that the principles of good governance are applied and have strived to comply in all material respects with the principles of the Code.

Approved on 10 September 2020 and signed on its behalf by:

  
Manager



  
Trustee

MUA GENERAL FUND

## CORPORATE GOVERNANCE REPORT

FOR THE YEAR ENDED 30 JUNE 2020

### STATEMENT OF COMPLIANCE

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

Name of Public Interest Entity: MUA General Fund  
Reporting Period: Year ended 30 June 2020

We, the Manager and Trustee of MUA General Fund, confirm that, to the best of our knowledge, the Fund has not complied with some of the principles of the Code of Corporate Governance, for the reasons stated below:

Areas of non-application of the Code		Explanation for non-application
Principle 1 Governance Structure	<ul style="list-style-type: none"> <li>Board Charter</li> </ul>	<ul style="list-style-type: none"> <li>The CIS Manager will adopt a board charter during the next financial year.</li> <li>Company's website: The CIS Manager does not have a dedicated website given the scope of its services.</li> </ul>
Principle 2 Structure of Board and its Committees	<ul style="list-style-type: none"> <li>Reassessment of Charter</li> <li>Status of Directors</li> <li>Board Committees</li> </ul>	<ul style="list-style-type: none"> <li>The CIS Manager intends to reassess its charter, once adopted, on a yearly basis.</li> <li>Whilst the New Code recommends a board composition where a majority of directors shall be independent and non-executive to have a balance of power, the Board of the CIS Manager considers that given its size and the scope of activities of the company, the appointment of additional directors is not justified at this stage.</li> <li>The CIS Manager does not have sub-committees to its Board as the Board is not of sufficient size.</li> </ul>
Principle 3 Director Appointment Procedures	<ul style="list-style-type: none"> <li>Succession Planning</li> <li>Biographies of the Directors and Company Secretary on website</li> </ul>	<ul style="list-style-type: none"> <li>The Board of the CIS Manager intends to develop a succession plan for the Company during the next financial year.</li> <li>Company's website: The CIS Manager does not have a dedicated website given the scope of its services.</li> </ul>
Principle 4 Duties, Senior Executive Remuneration and Performance	<ul style="list-style-type: none"> <li>Evaluation of Board Performance</li> <li>Remuneration of Director</li> </ul>	<ul style="list-style-type: none"> <li>An evaluation of the CIS Manager Board performance will be conducted during the next financial year.</li> <li>For confidentiality purposes and commercial sensitivity, the remuneration on an individual basis has not been disclosed.</li> </ul>

Manager  
Date: 10 September 2020







Trustee

MUA GENERAL FUND



**AUDITORS'  
REPORT**

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MUA GENERAL FUND

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

#### Opinion

We have audited the financial statements of MUA General Fund (the "Fund") set out on pages 3 to 30 which comprise the statement of financial position as at 30 June 2020, and the statement of profit or loss and other comprehensive income, statement of changes in equity 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 the Fund as at 30 June 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements of the Company and in Mauritius, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Other Information

The Manager and Trustee are responsible for the other information. The other information comprises the Corporate Governance Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information (except the Corporate Governance Report) 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.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MUA GENERAL FUND

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (continued)

#### Corporate Governance report

The Manager and Trustee are responsible for preparing the Corporate Governance Report. Our responsibility under the Financial Services Commission' Circular Letter CL280218 is to report on the compliance with the Code of Corporate Governance (the "Code") disclosed in the Corporate Governance Report and assess the explanations given for non-compliance with any requirement of the Code. From our assessment of the disclosures made on corporate governance in the Corporate Governance Report, the Fund has complied with the requirements of the Code.

#### Responsibilities of the Manager and Trustee for the Financial Statements

The Manager and Trustee are 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 directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

#### 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 Company's internal control.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MUA GENERAL FUND (CONTINUED)

### Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager and Trustee.
- Conclude on the appropriateness of the Manager's and Trustee'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 Company'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 Company 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 directors 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 MUA GENERAL FUND (CONTINUED)

### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

#### 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, 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: 28 September 2020

## STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2020

	Notes	2020 Rs.	2019 Rs.
<b>ASSETS</b>			
Cash and cash equivalents	18(b)	7,754,122	9,482,886
Receivables	8	482,891	763,859
Held For Trading financial assets			
- Portfolio of local securities	6	201,617,386	276,626,476
- Portfolio of overseas securities	7	146,005,245	127,344,179
Financial assets at fair value through OCI	5	149,722,208	131,975,033
<b>Total assets</b>		<b>505,581,852</b>	<b>546,192,433</b>
<b>LIABILITIES</b>			
Payables	9	2,945,527	2,690,009
Distribution to Unitholders	12	8,511,444	15,088,476
Current tax liabilities	13(iii)	120,968	-
<b>Total liabilities</b>		<b>11,577,939</b>	<b>17,778,485</b>
<b>EQUITY AND RESERVES</b>			
Redeemable Units		159,309,435	154,864,027
Distributable reserve		221,303,971	226,611,761
Fair value reserve		17,006,458	9,326,637
Retained earnings		96,384,049	137,611,523
Net assets attributable to holders of redeemable Units	16	494,003,913	528,413,948
<b>Total equity and liabilities</b>		<b>505,581,852</b>	<b>546,192,433</b>
<b>Net asset value per Unit (Ex-div)</b>	16	<b>43.87</b>	<b>47.31</b>

These financial statements have been approved for issue by the Manager and the Trustee on: 10 September 2020

Manager 

Trustee 

The notes on pages 7 to 30 form an integral part of these financial statements.  
Auditors' report on pages 2 to 2(b).

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2020

	Notes	2020 Rs.	2019 Rs.
<b>INCOME</b>			
Investment revenue	10	15,863,978	17,295,146
Net change on financial assets at fair value through profit or loss	7(iii)	(39,167,304)	(6,157,125)
Net foreign exchange (loss)/gain			(24,659)
<b>Total income</b>		<b>(23,303,326)</b>	<b>11,113,362</b>
<b>EXPENSES</b>			
Manager's fees	14	6,514,989	6,950,768
Trustee's fees	15	150,000	150,000
Professional fees		725,595	733,479
Other expenses	11	310,191	262,578
<b>Total operating expenses</b>		<b>7,700,775</b>	<b>8,096,825</b>
<b>EQUALISATION</b>			
Income received on Units created		134,433	104,570
Income paid on Units redeemed		(106,730)	(76,958)
		27,703	27,612
<b>Net profit before taxation</b>		<b>(30,976,398)</b>	<b>3,044,149</b>
Income tax	13(i)	(472,289)	-
<b>Net profit for the year</b>		<b>(31,448,687)</b>	<b>3,044,149</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
<i>Item that will not be reclassified to profit or loss in subsequent years</i>			
Fair value gain on available for sale financial assets	5(b)	-	-
Debt instruments at FVOCI			
Fair value gain	5(a)	7,679,821	2,083,570
Total other comprehensive income, net of taxes		7,679,821	2,083,570
<b>Total comprehensive income for the year, net of tax</b>		<b>(23,768,866)</b>	<b>5,127,719</b>

The notes on pages 7 to 30 form an integral part of these financial statements.  
Auditors' report on pages 2 to 2(b).



## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2020

	Notes	Redeemable Units	Retained earnings	Fair value reserve (Note 5)	Distributable reserve	Total
		Rs.	Rs.	Rs.	Rs.	Rs.
<b>Balance at July 1, 2019</b>		154,864,027	137,611,523	9,326,638	226,611,761	528,413,949
Profit for the year		-	(31,448,687)	-	-	(31,448,687)
Other comprehensive income		-	-	7,679,821	-	7,679,821
Total comprehensive income		-	(31,448,687)	7,679,821	-	(23,768,866)
Units created	16(a)	32,138,427	-	-	-	32,138,427
Units redeemed	16(a)	(27,693,022)	-	-	-	(27,693,022)
Transfer of realised profit		-	(2,060,172)	-	2,060,172	-
Dividend	12	-	(7,718,617)	-	(7,367,958)	(15,086,575)
<b>Balance at June 30, 2020</b>		<b>159,309,432</b>	<b>96,384,047</b>	<b>17,006,459</b>	<b>221,303,975</b>	<b>494,003,913</b>
<b>Balance at July 1, 2019</b>		161,057,860	148,724,520	7,243,068	234,264,230	551,289,678
Effect of adopting IFRS 9						
Profit for the year		-	3,044,149	-	-	3,044,149
Other comprehensive income		-	-	2,083,570	-	2,083,570
Total comprehensive income		-	3,044,149	2,083,570	-	5,127,719
Units created	16(a)	31,654,255	-	-	-	31,654,255
Units redeemed	16(a)	(37,848,088)	-	-	-	(37,848,088)
Transfer of realised profit		-	(4,931,215)	-	4,931,215	-
Dividend	12	-	(9,225,931)	-	(12,583,684)	(21,809,615)
<b>Balance at June 30, 2019</b>		<b>154,864,027</b>	<b>137,611,523</b>	<b>9,326,638</b>	<b>226,611,761</b>	<b>528,413,949</b>

The notes on pages 7 to 30 form an integral part of these financial statements.  
Auditors' report on pages 2 to 2(b).

## STATEMENT OF CASH FLOWS THE YEAR ENDED JUNE 30, 2020

	Notes	2020 Rs.	2019 Rs.
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	18(a)	(7,164,286)	(8,946,259)
Dividend paid		(21,663,608)	(11,357,214)
Tax paid	13	(321,521)	(616,402)
Cash generated from operations		(29,149,415)	(20,919,875)
Purchase of investments		(40,772,106)	(12,387,739)
Proceeds from sale of investment		47,799,476	24,616,933
Dividend received		8,824,017	9,955,463
Interest received		7,322,186	7,243,118
<b>Net cash generated from operating activities</b>		<b>23,173,573</b>	<b>29,427,775</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Net cash movement from Units created		32,138,427	19,873,698
Net cash movement from Units redeemed		(27,693,019)	(37,925,046)
Net cash generated from financial activities		4,445,408	(18,051,348)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(1,530,434)</b>	<b>(9,543,448)</b>
Effect of exchange rate changes on cash and cash equivalents		-	-
<b>CASH AND CASH EQUIVALENTS AT JULY 1</b>		<b>9,284,556</b>	<b>18,828,004</b>
<b>CASH AND CASH EQUIVALENTS AT JUNE 30</b>	18(b)	<b>7,754,122</b>	<b>9,284,556</b>

The notes on pages 7 to 30 form an integral part of these financial statements.  
Auditors' report on pages 2 to 2(b).





**NOTES TO THE  
FINANCIAL STATEMENT**

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

### 1. CORPORATE INFORMATION

MUA General Fund (the "Fund") is an open-ended collective Investment Scheme which is constituted under the NMF Unit Trust. It is incorporated under the Unit Trust Act 1989 as repealed by the Trust Act 2001 and established by a Trust Deed dated 30 May 1990 made between The National Mutual Fund Ltd (the "Manager") and SBM Bank (Mauritius) Limited (The "Trustee"). The address of its registered office is 2nd Floor, Barkly Wharf, Caudan, Port Louis.

The Fund's objective is to produce both income and capital growth from a diversified portfolio of assets. Investments are mostly in equities and fixed interest securities in the domestic and in the major international stock markets.

The Fund's investment activities are managed by the Investment Manager.

### 2. SIGNIFICANT ACCOUNTING POLICIES

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

#### a) Statement of compliance

The financial statements are prepared in accordance with and comply with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

#### b) Basis of preparation

The financial statements are prepared under the historical cost basis, except for held for trading financial assets at fair value through OCI and investment properties that have been measured at fair value.

The financial statements are presented in Mauritian Rupees (MUR) and all values are rounded to the nearest rupee, except when otherwise indicated.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### c) Foreign currency

##### *Functional and presentation currency*

The financial statements are presented in Mauritian Rupees ("MUR") which is also the currency of the primary economic environment in which the Fund operates (functional currency). The Fund determines its own functional currency and items included in the financial statements of the Fund are measured using that functional currency.

##### *Transactions and balances*

Foreign currency transactions are accounted for at the exchange rates prevailing at the date of the transactions. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rate at the date when the fair value was determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income (OCI) or profit or loss are also recognised in OCI or profit or loss respectively).

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

#### d) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits that will flow to the Fund and the revenue can be reliably measured, regardless of the payments being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The specific recognition criteria described below must also be met before revenue is recognised.

##### *Dividend income*

Dividend income and other distributions are recorded when the right to receive payment is established.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### d) Revenue recognition (continued)

##### Interest income

Interest income is recognised in the statement of comprehensive income for all interest-bearing financial instruments and for all financial instruments measured at amortised cost, using the effective interest rate (EIR). The EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset.

#### e) Taxes

##### Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

##### Deferred tax

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### e) Taxes (continued)

##### Deferred tax (continued)

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

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred income tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred income tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### f) Financial instruments

Financial assets and liabilities are recognised on the statement of financial position when the Fund has become party to the contractual provisions of the financial instruments. Except where stated separately, the carrying amount of the Fund's financial instruments approximate their fair values.

#### i) Financial assets

In accordance with IFRS 9, the Fund classifies its financial assets and financial liabilities at initial recognition into the categories of financial assets and financial liabilities discussed below:

In applying that classification, a financial asset or financial liability is considered to be held for trading if:

(a) It is acquired or incurred principally for the purpose of selling or repurchasing it in the near term

Or

(b) On initial recognition, it is part of a portfolio of identified financial instruments that are managed together and for which, there is evidence of a recent actual pattern of short-term profit-taking

Or

(c) It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument)

#### **Financial assets**

The Fund classifies its financial assets as subsequently measured at amortised cost, debt instruments at fair value through OCI or measured at fair value through profit or loss on the basis of both:

- the entity's business model for managing the financial assets
- the contractual cash flow characteristics of the financial asset

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### f) Financial instruments (continued)

#### i) Financial assets (continued)

#### Financial assets measured at amortised cost

A debt instrument is measured at amortised cost if it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Fund includes in this category receivables and cash and cash equivalents.

#### Debt instruments at FVOCI

The Fund applies the new category under IFRS 9 of debt instruments measured at FVOCI when both of the following conditions are met:

- the instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets
- the contractual terms of the financial assets meet the SPPI test

FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in OCI. Interest income and foreign exchange gains and losses are recognised in profit or loss in the same manner as for financial assets measured at amortised cost. The ECL calculation for debt instruments at FVOCI is explained in note 2.1. Where the Fund hold more than one investment in the same security, they are deemed disposed of on a first-in first out basis. On derecognition, cumulative gains or losses previously recognised in OCI are reclassified from OCI to profit or loss.

#### Financial assets measured at fair value through profit or loss (FVPL)

A financial asset is measured at fair value through profit or loss if:

(i) Its contractual terms do not give rise to cash flows on specified dates that are solely payments of principal and interest (SPPI) on the principal amount outstanding

Or

(ii) It is not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell

Or

(iii) At initial recognition, it is irrevocably designated as measured at FVPL when doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

The Fund includes in this category investment in equity securities and mutual funds.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### f) Financial instruments (continued)

#### ii) Financial liabilities

This category includes all financial liabilities, other than those measured at fair value through profit or loss. The Fund includes in this category other short-term payables and distribution to unit holders.

##### *Initial recognition and measurement*

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Fund determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

The Fund's financial liabilities include payables and distribution to unitholders.

##### *Subsequent measurement*

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

#### Loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the statement of comprehensive income when the liabilities are derecognised as well as through the effective interest rate method (EIR) amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR.

##### *Derecognition*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of comprehensive income.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### f) Financial instruments (continued)

#### iii) Offsetting of financial investments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

#### iv) Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Fund.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Fund uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### f) Financial instruments (continued)

#### iv) Fair value of financial instruments (Continued)

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

External valuers are involved for the valuation of investment properties. Involvement of external valuers is decided upon annually by the valuation committee after discussion with and approval by the Fund's audit committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Valuers are normally rotated every three years. The valuation committee decides, after discussions with the Fund's external valuers, which valuation techniques and inputs to use for each case.

#### g) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise of cash at bank. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash which are subject to an insignificant risk of change in value.

For the purpose of statement of cash flows, cash and cash equivalents consist of cash and short term deposits as define above, net of outstanding bank overdraft.

#### h) Equalisation

Accrued income included in the issue and repurchase of prices of Units is dealt with in the statement of comprehensive income of comprehensive income.

#### i) Transactions costs

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

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### j) Provisions

Provisions are recognised when the Fund has a present obligation (legal or constructive) as a result of a past event, 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. Where the Fund expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

#### k) Related parties

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

#### l) Share capital

##### *Classification of redeemable units*

Redeemable units are classified as equity instruments when:

- The redeemable units entitle the holder to a pro rata share of the Fund's net assets in the event of the Fund's liquidation.
- The redeemable units are in the class of instruments that is subordinate to all other classes of instruments.
- All redeemable units in the class of instruments that is subordinate to all other classes of instruments have identical features.
- The redeemable units do not include any contractual obligation to deliver cash or another financial asset other than the holder's rights to a pro rata share of the Fund's net assets.
- The total expected cash flows attributable to the redeemable units over the life of the instrument are based substantially on the profit or loss, the change in the recognised net assets or the change in the fair value of the recognised and unrecognised net assets of the Fund over the life of the instrument.



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### l) Share capital (continued)

In addition to the redeemable units having all the above features, the Fund must have no other financial instrument or contract that has:

Total cash flows based substantially on the profit or loss, the change in the recognised net assets or the change in the fair value of the recognised and unrecognised net assets of the Fund.

The Fund continuously assesses the classification of the redeemable units. If the redeemable units cease to have all the features or meet all the conditions set out to be classified as equity, the Fund will reclassify them as financial liabilities and measure them at fair value at the date of reclassification, with any differences from the previous carrying amount recognised in equity. If the redeemable units subsequently have all the features and meet the conditions to be classified as equity, the Fund will reclassify them as equity instruments and measure them at the carrying amount of the liabilities at the date of the reclassification.

The issuance, acquisition and cancellation of redeemable units are accounted for as equity transactions.

Upon issuance of units, the consideration received is included in equity.

Transaction costs incurred by the Fund in issuing or acquiring its own equity instruments are accounted for as a deduction from equity to the extent that they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

No gain or loss is recognised in profit or loss on the purchase, sale, issuance or cancellation of the Fund's own equity instruments.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### m) Net gain or loss on financial assets and liabilities at fair value through profit or loss

This item includes changes in the fair value of financial assets and liabilities held for trading or designated upon initial recognition as 'at fair value through profit or loss' and excludes interest and dividend income and expenses.

Unrealised gains and losses comprise changes in the fair value of financial instruments for the period and from reversal of prior period's unrealised gains and losses for financial instruments which were realised in the reporting period.

Realised gains and losses on disposals of financial instruments classified as 'at fair value through profit or loss' are calculated using the Average method. They represent the difference between an instrument's initial carrying amount and disposal amount, or cash payments or receipts made on derivative contracts (excluding payments or receipts on collateral margin accounts for such instruments).

#### n) Comparatives

Where necessary, comparative figures have been refunded or restated to conform to the current year's presentation.

### 2.1 CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the previous financial year and there were new standards effective for financial year starting on or after 1 January 2019 and non of these had an impact on the financial statements of the Fund.

### 3. ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

There are new standards, amendments to existing standards and interpretations were in issue but not yet effective. The Fund would adopt these standards, if applicable, when they become effective. No early adoption of these standards and interpretations is intended by the Board of Trustees.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

### 4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Fund's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

In the process of applying the Fund's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the financial statements:

#### Judgments

##### *Determination of functional currency*

The determination of functional currency of the Fund is critical since recording of transactions and exchange differences arising thereon are dependent on the functional currency selected. As described in Note 2, the manager and the Trustee have considered those factors therein and have determined that the functional currency of the Fund is the MUR.

##### *Going concern*

The Manager and the Trustee has made an assessment of the Fund's ability to continue as a going concern and is satisfied that the Fund has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Fund's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

### 5. FINANCIAL INVESTMENTS

#### (a) Financial assets at fair value through OCI

Debt instruments classified as financial assets at fair value through OCI

	2020	2019
	Rs	Rs
Government bonds- Non listed	110,690,378	83,608,408
Corporate bonds- Listed	39,031,830	48,366,625
	<u>149,722,208</u>	<u>131,975,033</u>

The table below shows movement in the gross carrying amount. ECL has been assessed to be very insignificant and no adjustment has been recorded.

	Stage 1 collective	Total
	Rs	Rs
At July 1, 2018	128,794,898	128,794,898
Additions	7,000,000	7,000,000
Matured during the year	(6,000,000)	(6,000,000)
Increase in fair value	2,083,570	2,083,570
Interest received	(2,096,673)	(2,096,673)
Accrued interest	2,193,238	2,193,238
<b>At June 30, 2019</b>	<b>131,975,033</b>	<b>131,975,033</b>
Additions	20,153,350	20,153,350
Matured during the year	(10,000,000)	(10,000,000)
Increase in fair value	7,679,821	7,679,821
Interest received	(2,193,238)	(2,193,238)
Accrued interest	2,107,242	2,107,242
<b>At June 30, 2020</b>	<b>149,722,208</b>	<b>149,722,208</b>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

### 5. FINANCIAL INVESTMENTS (CONTINUED)

The quoted securities are fair valued using the market price available on the stock market and the unquoted securities are fair valued based on benchmark prices of similar debt securities that are quoted on the local official market.

The quoted debt securities are classified as level 1 in the fair value hierarchy and the unquoted debt securities as Level 2, since the fair values are derived from observable market data (Note 20.3).

### 6. PORTFOLIO OF LOCAL SECURITIES

(i) Held-For-Trading	Official list	Development & Enterprises Market	Total
	Rs.	Rs.	Rs.
At July 1, 2019	267,937,534	8,688,942	276,626,476
Additions	16,422,297	4,196,459	20,618,756
Disposals	(35,739,136)	(169)	(35,739,305)
Decrease in fair value of investments	(52,582,105)	(7,306,442)	(59,888,547)
<b>At June 30, 2020</b>	<b>196,038,590</b>	<b>5,578,790</b>	<b>201,617,380</b>
At July 1 2018	285,829,033	16,236,040	302,065,073
Additions	5,010,653	377,086	5,387,739
Disposals	(18,616,933)	-	(18,616,933)
Increase/(decrease) in fair value of investments	(4,285,219)	(7,924,184)	(12,209,403)
<b>At June 30 2019</b>	<b>267,937,534</b>	<b>8,688,942</b>	<b>276,626,476</b>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

### 6. PORTFOLIO OF LOCAL SECURITIES (CONTINUED)

(ii) Details of securities:	2020	2019
	Rs	Rs
BANKING & FINANCE	104,098,096	129,254,264
COMMERCE	37,941,555	29,458,404
INDUSTRY	6,508,611	6,871,778
PROPERTY DEVELOPMENT	3,826,302	1,154,843
INVESTMENTS	-	66,218,707
LEISURE & HOTELS	14,453,730	37,020,246
SUGAR	34,789,086	6,648,237
<b>TOTAL VALUE OF LOCAL SECURITIES</b>	<b>201,617,380</b>	<b>276,626,476</b>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

### 7. PORTFOLIO OF OVERSEAS SECURITIES

	2020	2019
	Rs.	Rs.
<b>(i) Held-For-Trading</b>		
At July1,	127,344,179	119,802,296
Additions	-	-
Disposals	-	-
Increase in fair value	18,661,066	7,541,883
<b>At June 30,</b>	<b>146,005,245</b>	<b>127,344,179</b>

#### (ii) Details of securities:

	2020	2019
	Rs	Rs
Aberdeen Global - Asia Pacific Equity Fund	21,187,412	14,514,409
Aberdeen Global - Emerging Markets Equity Fund	15,206,382	18,961,621
Stewart Investors Global Emerging markets Leaders "A"	13,816,358	15,273,105
BGF-European Equity Income	15,850,285	14,133,733
BGF-EuropeanFund-a2-eur	6,487,629	5,289,235
BGF Continental European Notes	8,054,380	6,622,863
Schroder ISFOUS Large Cap	21,836,884	18,227,736
FIDELITY AMERICA "A"	13,920,410	14,315,679
MSS US ADVANTAGE "A"	29,645,505	20,005,798
	<b>146,005,245</b>	<b>127,344,179</b>

#### (iii) Net change in fair value of financial assets at fair value through profit or loss

	2020	2019
	Rs	Rs
<b>Local securities</b>		
Realised gain	2,060,172	(1,489,601)
Unrealised loss	(59,888,542)	(12,209,404)
<b>Overseas securities</b>		
Realised	-	-
Unrealised gain	18,661,066	7,541,882
<b>Net losses</b>	<b>39,167,304</b>	<b>6,157,123</b>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

### 8. RECEIVABLES

	2020	2019
	Rs	Rs
Dividend receivable on HFT financial assets	390,222	621,959
Other	2,669	51,900
Prepayments	90,000	90,000
	<b>482,891</b>	<b>763,859</b>

Dividend are receivable within 30 days and the credit risk has been assessed to be low hence no ECL has been recognised.

### 9. PAYABLES

	2020	2019
	Rs	Rs
Uncleared distribution	1,640,931	1,350,768
Other creditors and accruals	467,497	614,338
Repayment of units	111,702	10,418
Amount due to related parties (Note 19)	725,397	714,482
	<b>2,945,527</b>	<b>2,690,006</b>

The carrying amounts of payables approximate their fair values.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

### 10. INVESTMENT REVENUE

	2020	2019
	Rs	Rs
Dividends on held For trading financial assets	8,592,280	9,955,464
Interest income	7,271,698	7,339,681
	<u>15,863,978</u>	<u>17,295,145</u>

### 11. OTHER EXPENSES

	2020	2019
	Rs	Rs
Bank charges	18,076	48,511
Licence fees	90,000	75,000
Printing	202,115	139,067
	<u>310,191</u>	<u>262,578</u>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

### 12. DIVIDEND - DISTRIBUTION TO UNITHOLDERS

	2020	2019
	Rs	Rs
Interim distribution of Rs. 0.58 (2019: Rs. 0.58) per Unit	6,575,132	6,721,139
Final distribution of Rs. 0.10 (2019: Rs. 0.22) per Unit	1,143,485	2,504,792
Distribution of capital gains of Rs. 0.66 (2019: Rs. 1.13) per Unit	7,367,958	12,583,684
Amount payable at end of reporting period	8,511,443	15,088,476
Total dividend for the year	<u>15,086,575</u>	<u>21,809,615</u>

The final distribution is recognised as a liability and as a deduction from equity in the year to which it relates.

### 13. TAXATION

#### (i) Income tax

Income tax has been charged on the net income of the Fund, as adjusted for tax purposes, at the rate of 15% (2019: 15%) as follows:

	2020	2019
	Rs	Rs
Provision for current year	120,968	-
Taxation charge	472,289	-
Amounts recognised in statement of comprehensive income	<u>472,289</u>	<u>-</u>



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

### 13. TAXATION (CONTINUED)

#### (ii) Tax reconciliation

	2020	2019
	Rs	Rs
<b>Net profit before taxation</b>	<b>(30,976,398)</b>	3,044,149
Tax at the rate of 15% (2019: 15%)	(4,646,460)	456,622
Tax effects of:		
- Expenses not deductible for tax purposes	16,009	938,796
- Income not subject to tax	5,883,808	(456,066)
- Underprovision/Unutilised tax losses	351,321	101,600
- Exempt income	(2,181,609)	(1,493,319)
- Expenses attributable to exempt income	1,049,220	452,367
<b>Taxation expense</b>	<b>472,289</b>	-

#### (iii) Tax liability

	2020	2019
	Rs	Rs
At July 1	-	616,402
Underprovision	351,321	-
Income tax expense for the year	120,968	-
Income tax paid during the year	(351,321)	(616,402)
<b>At June 30</b>	<b>120,968</b>	-

#### (iv) Deferred tax

The Fund had no deferred tax asset/liability at June 30, 2020 and at June 30, 2019.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

### 14. MANAGER'S FEES

	2020	2019
	Rs	Rs
These comprise fees payable to:		
- MUA Mutual Fund Ltd	6,514,989	6,950,768
	<b>6,514,989</b>	<b>6,950,768</b>

Manager's fees payable to the Fund's Investment Manager, MUA Mutual Fund Ltd is based on 1.25% of the Net Asset Value of the Fund. The fees which are calculated on a weekly basis are payable monthly in arrears.

### 15. TRUSTEE'S FEES

Trustee's fees payable to SBM Bank (Mauritius) Limited are at a flat rate of Rs 150,000 annually. The fees are payable half yearly in arrears.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

### 16. UNITS

#### (a) Movements in Units during the year:-

	2020		2019	
	Units	Rs.	Units	Rs.
Number of Units at July 1	11,168,388	528,413,949	11,300,411	551,289,678
Units created	683,883	32,138,427	647,884	31,654,255
Units redeemed	(592,266)	(27,693,019)	(779,907)	(37,848,088)
Total comprehensive income	-	(23,768,866)	-	5,127,719
Dividend	-	(15,086,578)	-	(21,809,615)
Number of Units at June 30	11,260,005	494,003,913	11,168,388	528,413,949

#### (b) Net asset value per Unit:

	2020	2019
	Rs.	Rs.
Ex-div	43.87	47.31

#### (c) Prices per Unit at June 30 (valuation date):

	2020	2019
	Rs.	Rs.
Issue price	43.87	47.31
Repurchase price	43.43	46.84

(d) The Units are issued and redeemed at the Unitholder's option at prices based on the value of the Fund's net assets at the time of issue/redemption. The Units are entitled to dividends.

### 17. ENTRY FEE AND EXIT FEE

On the issue of Units, there is no entry fee (2019: nil) and on the repurchase of Units, an exit fee of 1% (2019: 1%) of the capital and income values of the Units is paid by the Unitholder to the Fund. The sums collected are then remitted to the Manager.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

### 18. NOTES TO THE STATEMENT OF CASH FLOWS

	Notes	2020	2019
		Rs	Rs
(a) Cash generated from operations			
Net profit before taxation		(30,976,398)	3,044,149
Adjustments for:			
Dividend income	10	(8,592,280)	(9,955,464)
Interest income	10	(7,271,698)	(7,339,681)
Net increase/(decrease) in fair value of HFT investments			-
- Local securities	7	59,888,542	12,209,403
- Overseas securities	7	(18,661,066)	(7,541,883)
Net realised gain on disposal		(2,060,172)	-
Net loss/(gain) on foreign exchange		-	-
Income equalisation		(27,703)	(27,612)
		(7,700,775)	(9,611,088)
<b>Changes in working capital</b>			
(Increase) / decrease in receivables		280,968	362,159
(Decrease) / increase in payables		255,521	302,670
<b>Cash generated from operations</b>		<b>(7,164,286)</b>	<b>(8,946,259)</b>
(b) Cash and cash equivalents			

For the purposes of the statement of cash flows, cash and cash equivalents comprise the following balances:

	2020	2019
	Rs	Rs
Cash at bank	7,754,122	9,482,886
<b>Total</b>	<b>7,754,122</b>	<b>9,482,886</b>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

### 19. RELATED PARTY DISCLOSURES

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

	2020	2019
	Rs.	Rs.
(i) <u>Outstanding balances</u>		
Payable to related parties:		
MUA Property Trust	53,100	22,000
MUA Mutual Fund Ltd	597,297	617,482
SBM Bank (Mauritius) Limited	75,000	75,000
	<u>725,397</u>	<u>714,482</u>
The amount due to related parties are interest free, unsecured and repayable on demand.		
Bank balances and short term deposits with the trustee:		
SBM Bank (Mauritius) Ltd	<u>1,171,110</u>	<u>8,320,887</u>
(ii) <u>Manager's fees to:</u>		
MUA Mutual Fund Ltd	<u>6,514,989</u>	<u>6,950,768</u>
(iii) <u>Professional fees to:</u>		
SBM Bank (Mauritius) Limited	<u>599,940</u>	<u>636,922</u>
(iv) <u>Interest income and dividend income from:</u>		
SBM Bank (Mauritius) Limited	<u>809,043</u>	<u>1,122,690</u>
(v) <u>Bank charges payable to:</u>		
SBM Bank (Mauritius) Limited	<u>5,572</u>	<u>45,655</u>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

### 20. FINANCIAL RISK MANAGEMENT

#### 20.1 Financial risk factors

The Fund's activities expose it to a variety of financial risks:

- market risk (including equity price risk, currency risk and cash flow interest rate risk;
- credit risk; and
- liquidity risk.

The Fund's overall risk management programme seeks to maximise the returns derived for the level of risk to which the Fund is exposed and seeks to minimise potential adverse effects on the Fund's financial performance. The Fund's policy allows it to use an appropriate investment strategy to both moderate and create certain risk exposures.

All securities investments present a risk of loss of capital. The maximum loss of capital on equity securities is limited to the fair value of those positions.

The Fund's Investment Manager is responsible for identifying and controlling risks. The Manager and Trustee supervises the Investment Manager and is ultimately responsible for the overall risk management of the Fund.

The Fund uses different methods to measure and manage the various types of risk to which it is exposed; these methods are explained below.

#### (a) Market risk

Market risk is the risk that the fair value of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices.

The maximum risk resulting from financial instruments equals their fair value.

#### (i) Equity price risk

Equity price risk is the risk of unfavorable changes in the fair values of equities. The equity price risk exposure arises from the Fund's investments in equity securities. The Fund manages this risk by investing in a variety of stock exchanges and by limiting exposure to a single industry sector to 30% of the total investment portfolio.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

### 20. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 20.1 Financial risk factors (continued)

##### (a) Market risk (continued)

##### (i) Equity price risk (continued)

The Fund is exposed to equity securities price risk. This arises from investments held by the Fund for which prices in the future are uncertain.

Where non-monetary financial instruments - for example, equity securities - are denominated in currencies other than the Mauritian rupee, the price initially expressed in foreign currency and then converted into Mauritian rupees will also fluctuate because of changes in foreign exchange rates.

'Foreign exchange risk' below sets out how this component of price risk is managed and measured.

The Fund's policy is to manage price risk through diversification and selection of securities and other financial instruments within specified limits set by the Management.

60% of the net assets attributable to unitholders is expected to be invested in local equity securities. 30% of the net assets attributable to unitholders is expected to be in fixed income instruments (local & foreign) and the balance in overseas equity securities.

A summary analysis of investments by industry and geography is presented in Notes 6 and 7.

At June 30, the fair value of equities and debt exposed to price risk was as follows:

	Fair value	
	2020	2019
	Rs.	Rs.
Equity securities held for trading:		
-Mauritian securities (SEM & DEM)	201,617,386	276,626,476
-International securities (Overseas Mutual Funds)	146,005,245	127,344,179
-Debt securities at FVOCI	149,722,208	131,975,033
<b>Total</b>	<b>497,344,839</b>	<b>535,945,688</b>

The Fund also manages its exposure to price risk by analysing the investment portfolio by industrial sector. The Fund's policy is to concentrate the investment portfolio in sectors where management believe the Fund can maximise the returns derived for the level of risk to which the Fund is exposed.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

### 20. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 20.1 Financial risk factors (continued)

##### (a) Market risk (continued)

##### (i) Equity price risk (continued)

The table below is a summary of the significant sector concentrations within the portfolio of Mauritian securities.

Sector	At June 30,	
	2020	2019
	Fund's equity portfolio	Fund's equity portfolio
	(%)	(%)
Banking & finance	52%	47%
Commerce	19%	11%
Industry	3%	2%
Property	2%	0%
Investments	0%	24%
Leisure & hotels	7%	13%
Sugar	17%	2%
<b>Total</b>	<b>100%</b>	<b>100%</b>

The Fund had concentrations in individual equity positions exceeding 30% of total investment in Mauritian securities in Banking and Finance and Investments.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

### 20. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 20.1 Financial risk factors (continued)

##### (a) Market risk (continued)

##### (i) Equity price risk (continued)

###### Sensitivity analysis

Management's best estimate of the effect on profit or loss and other comprehensive income for a year due to a possible change in equity indices, with all other variables held constant is indicated in the table below. An equivalent decrease in each of the indices shown below would have resulted in an equivalent, but opposite, impact.

The analysis is based on the assumption that the fair value had increased/decreased by 5%. An equivalent decrease would have resulted in an equivalent, but opposite, impact.

Categories of investments:	Change in equity price	Effect on equity and on profit and loss / other comprehensive income	
		2020	2019
		Rs.	Rs.
Debt instrument at FVOCI	+5%	10,080,869	6,598,752
Held-for-trading	+5%	17,381,132	20,198,533

##### (ii) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Fund invests in securities and other investments that are denominated in currencies other than the Mauritian Rupees. Accordingly, the value of the Fund's assets may be affected favourably or unfavourably by fluctuations in currency rates and therefore the Fund will necessarily be subject to foreign exchange risks.

The Fund is exposed to foreign exchange risks with respect to United States Dollar (USD), Pound Sterling (GBP) and Euro (EUR). Appropriate diversification is ensured through the approved by the Fund's Investment Committee.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

### 20. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 20.1 Financial risk factors (continued)

##### (a) Market risk (continued)

##### (ii) Currency risk (continued)

The following table indicates the currencies to which the Fund had significant exposure at June 30, on its monetary financial assets. The analysis calculates the effect of a reasonably possible movement of the currency rate against the Mauritian Rupee on equity and on profit or loss with all other variables held constant. An equivalent decrease would have resulted in an equivalent, but opposite, impact.

Currency	Change in currency rate	Effect on equity and profit for the year (relates to monetary financial instruments)	
		2020	2019
		Rs.	Rs.
USD	10%	10,179,660	8,602,524
GBP	10%	1,381,636	1,527,311
EUR	10%	3,039,229	2,604,583

The Fund does not hedge its exposure to foreign exchange rate movements.

##### Currency profile

The currency profile of the Fund's financial assets and liabilities at June 30, is summarised below:

	Concentration of Foreign exchange exposure		Assets	
	2020	2019	2020	2019
			Rs.	Rs.
Mauritian Rupee	71%	77%	359,093,711	416,158,246
United States Dollar	20%	16%	101,796,598	86,025,242
Pound Sterling	3%	3%	13,816,358	15,273,105
Euro	6%	5%	30,392,294	26,045,832
	100.00%	100.00%	505,098,961	543,502,425

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

### 20. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 20.1 Financial risk factors (continued)

##### (a) Market risk (continued)

##### Currency profile (continued)

All of the Fund's financial liabilities are denominated in Mauritian Rupees, the Fund's functional and presentation currency. Therefore, the Fund is not exposed to foreign currency fluctuations on its financial liabilities.

##### (iii) Cash flow and interest rate risk

Interest rate risk arises from the effects of fluctuations in the prevailing levels of markets interest rates on the fair value of financial assets and liabilities and future cash flow. The Fund holds fixed interest securities that expose the Fund to interest rate risk. The Fund also holds cash and cash equivalents that expose the Fund to cash flow interest rate risk. The Fund's policy is to hold no more than 30% of the Fund's net assets attributed to Unitholders in short-duration fix-to-float bonds.

At June 30, 2020, if interest rates on USD-denominated assets had been lower/higher by 10 basis points with all other variables held constant, the increase in net assets attributable to Unitholders would have been lower/higher by an insignificant amount (2019: nil) and therefore no sensitivity analysis has been disclosed. This primarily arises from the increase/decrease in the fair value of variable interest debt securities.

##### (b) Credit risk

The Fund is exposed to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The main concentration to which the Fund is exposed arises from the Fund's investments in debt securities. The Fund is also exposed to counterparty credit risk on cash and cash equivalents and receivable balances.

All transactions in listed securities are settled/paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation.

It is the Fund's policy to enter into financial instruments with reputable counterparties.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

### 20. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 20.1 Financial risk factors (continued)

##### (b) Credit risk (continued)

The maximum exposure to credit risk before any credit enhancements at June 30, is the carrying amount of the financial assets as set out below.

	2020	2019
	Rs	Rs
Interest bearing debt securities	149,722,208	131,975,033
Cash and cash equivalents	7,754,122	9,482,886
Receivables	392,891	673,859
<b>Total</b>	<b>157,869,221</b>	<b>142,131,778</b>

As at 30 June 2020	< 1 month	1 to 3 months	> 3 months to < 1 year	1 to 5 years	Total
	Rs.	Rs.	Rs.	Rs.	Rs.
Financial assets					
Interest bearing debt securities	-	-	1,503,145	148,219,063	149,722,208
Cash and cash equivalents	7,754,122	-	-	-	7,754,122
Receivables	392,891	-	-	-	392,891
<b>Total financial assets</b>	<b>8,147,013</b>	<b>-</b>	<b>1,503,145</b>	<b>148,219,063</b>	<b>157,869,221</b>

As at 30 June 2019	< 1 month	1 to 3 months	> 3 months to < 1 year	1 to 5 years	Total
	Rs.	Rs.	Rs.	Rs.	Rs.
Financial assets					
Interest bearing debt securities	-	-	-	131,975,033	131,975,033
Cash and cash equivalents	9,482,886	-	-	-	9,482,886
Receivables	673,859	-	-	-	673,859
<b>Total financial assets</b>	<b>10,156,745</b>	<b>-</b>	<b>-</b>	<b>131,975,033</b>	<b>142,131,778</b>

None of these assets are past due or impaired.

The clearing and depository operations for the Fund's transactions in local securities are concentrated with the Central Depository & Settlement Co Ltd.



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

### 20. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 20.1 Financial risk factors (continued)

##### (c) Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

The Fund is exposed to daily cash redemptions of Units. Its policy is therefore to invest the majority of its assets in investments that are traded in an active market and can be readily disposed. Only a limited proportion of its assets in investments are not actively traded on a stock exchange.

The Fund's listed securities are considered readily realisable, as the majority are listed on the Stock Exchange of Mauritius

The Fund may periodically invest an insignificant amount in unlisted equity investments and bonds that are not traded in an active market. As a result, the Fund may not be able to redeem quickly its investments in these instruments at an amount close to their fair value to meet its liquidity requirements, or be able to respond to specific events such as deterioration in the creditworthiness of any particular issuer.

The table below analyses the Fund's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

Units are redeemed on demand at the holder's option (Note 16). However, the Investment Manager does not envisage that the contractual maturity disclosed in the table above will be representative of the actual cash outflows, as holders of these instruments typically retain them for the medium to long term.

The Fund manages its liquidity risk by investing predominantly in securities that it expects to be able to redeem within 7 days or less. The following are the Fund's contractual maturities of financial liabilities:

As at 30 June 2020	< 1 Month	1 to 3 months	Total
Financial liabilities	Rs.	Rs.	Rs.
Payables	-	2,945,527	2,945,527
Distribution to unit holders	8,511,444	-	8,511,444
Total financial liabilities	8,511,444	2,945,527	11,456,971

As at 30 June 2019	< 1 Month	1 to 3 months	Total
Financial liabilities	Rs.	Rs.	Rs.
Payables	-	2,690,009	8,070,027
Distribution to unit holders	15,088,476	-	45,265,428
Total financial liabilities	15,088,476	2,690,009	35,556,970

MUA GENERAL FUND

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

### 20. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 20.2 Capital risk management

The capital of the Fund is represented by the net assets attributable to Unitholders. The amount of net asset attributable to Unitholders can change significantly on a daily basis as the Fund is subject to daily subscriptions and redemptions at the discretion of Unitholders. The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns for Unitholders and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Fund.

In order to maintain or adjust the capital structure, the Fund's policy is to perform the following:

- Monitor the level of daily subscriptions and redemptions relative to the assets it expects to be able to redeem within 7 days and adjust the amount of distributions the Fund pays to Unitholders.
- Redeem and issue new Units in accordance with the constitutional documents of the Fund, which require certain minimum subscriptions.

The Trustee and Investment Manager monitor capital on the basis of the value of net assets attributable to Unitholders.

#### 20.3 Fair value of financial instruments

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

The fair value of financial assets traded in active markets (such as trading securities) is based on quoted market prices at the close of trading on the year end date. The quoted market price used for financial assets held by the Fund is the current bid price.

The fair value of financial assets that are not traded in an active market is determined by using valuation techniques. The Fund uses a variety of methods and makes assumptions that are based on market conditions existing at each year end date.

Valuation models are used primarily to value unlisted equity, debt securities and other debt instruments for which markets were or have been inactive during the financial year. Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions.

MUA GENERAL FUND

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

### 20. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 20.3 Fair value of financial instruments (continued)

##### Fair value hierarchy

IFRS 13 requires disclosures relating to fair value measurements using a three-level fair value hierarchy. The level within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement. Assessing the significance of a particular input requires judgement, considering factors specific to the asset or liability. The following table shows financial instruments recognised at fair value, categorised between those whose fair value is based on:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' requires significant judgement by the Fund. The Fund considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

##### Recurring fair value measurements of assets

The following table analyses within the fair value hierarchy the Fund's financial assets (by class) measured at fair value at June 30, 2020:

As at 30 June 2020	Level 1	Level 2	Level 3	Total
Assets	Rs.	Rs.	Rs.	Rs.
Financial assets held for trading:				
- Equity securities - Local	201,617,380	-	-	201,617,380
- Equity securities - overseas	-	146,005,245	-	146,005,245
Debt securities at FVOCI	39,031,830	110,690,378	-	149,722,208
<b>Total assets</b>	<b>240,649,210</b>	<b>256,695,623</b>	<b>-</b>	<b>497,344,833</b>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

### 20. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 20.3 Fair value of financial instruments (continued)

##### Fair value hierarchy (continued)

##### Recurring fair value measurements of assets (continued)

At 30 June 2020	Level 1	Level 2	Level 3	Total
Assets	Rs.	Rs.	Rs.	Rs.
Financial assets held for trading:				
- Equity securities - Local	276,626,476	-	-	276,626,476
- Equity securities - overseas	-	127,344,178	-	127,344,178
Debt securities at FVOCI	30,523,760	101,451,273	-	131,975,033
<b>Total assets</b>	<b>307,150,236</b>	<b>228,795,451</b>	<b>-</b>	<b>535,945,687</b>

##### Valuation techniques

##### Listed equity securities and debt securities

When fair values of publicly traded equity securities, managed funds and derivatives are based on quoted market prices, or binding dealer price quotations, in an active market for identical assets without any adjustments, the instruments are included within Level 1 of the hierarchy. The Fund values these investments at bid price for long positions and ask price for short positions.

##### Unlisted debt securities

The Fund invests in debt securities and government bonds and treasury securities. In the absence of a quoted price in an active market, they are valued using observable inputs such as recently executed transaction prices in securities of the issuer or comparable issuers and yield curves. Adjustments are made to the valuations when necessary to recognise differences in the instrument's terms. To the extent that the significant inputs are observable, the Fund categorises these investments as Level 2.

##### Investment in unit trusts

The fund invests in a portfolio of overseas funds. In the absence if a quoted price in an active market, they are valued using the net asset value (NAV) of these funds as at reporting date. The Fund categorises these investments as Level 2.

##### Transfer between levels

There were no transfers between levels during the year under review.

### 21. EVENTS AFTER REPORTING DATE.

There has been no material events or transactions after year end which might require adjustments or disclosures to the financial statements.



2nd Floor Barkly Wharf  
Caudan Waterfront,  
Port Louis, Mauritius  
T 230 212 2520  
BRN C10006190

**FOR MORE INFORMATION PLEASE VISIT**



[mua.mu](http://mua.mu)