



# ANNUAL **REPORT** 2021

MUA GENERAL FUND





# CONTENTS

Financial Highlights	1
Manager's Report	4
Corporate Governance Report	10
Auditors' Report	44
Statement Of Financial Position	50
Statement Of Comprehensive Income	51
Statement Of Changes In Equity	52
Statement Of Cash Flows	53
Notes To The Financial Statements	54



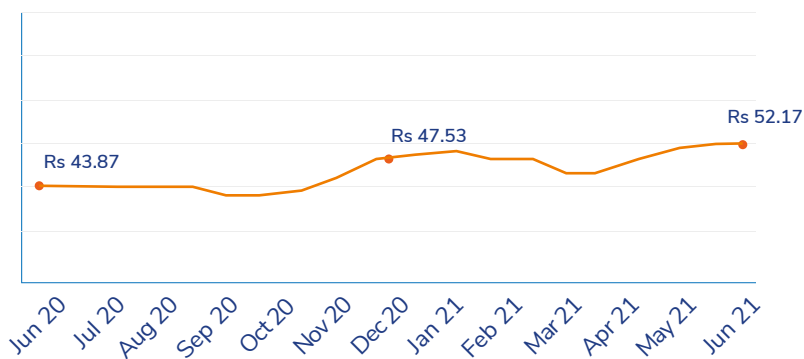
## FINANCIAL HIGHLIGHTS

FOR THE YEAR ENDED 30 JUNE 2021

Key Financial Figures	30 June 2021	30 June 2020
	Rs.	Rs.
Investment revenue	11,354,126	15,863,978
Total income	121,810,561	(23,303,326)
Operating expenses	7,774,244	7,700,775
Net profit / (loss) after tax	113,965,891	(31,448,687)
Comprehensive income / (loss) for the year	107,148,742	(23,768,666)
Net asset value attributable to unitholders	599,267,495	494,003,913
Net asset value per unit (Ex - dividend)	52.17	43.87
	30 June 2021	30 June 2020
	%	%
Net asset value return*	21.3%	-2.7%
Annual Dividend yield	2.0%	3.0%

\* 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 2021

## Performance Review

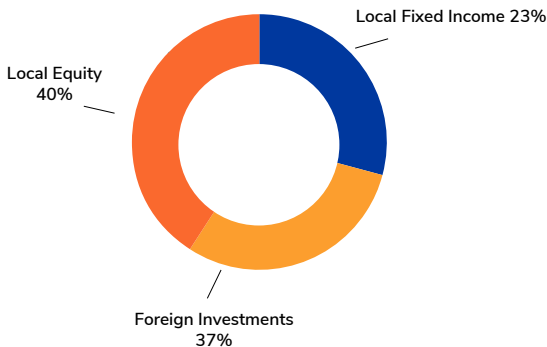
Considering the gloomy year ended 30 June 2020 as a result of the COVID-19 impact, MUA General Fund (MUA GF) rebounded strongly gaining +21.3% for the year ended 30 June 2021. The performance was accelerated by the general optimism prevailing in the market amid an expectation of a return to normality, ongoing effective vaccination programmes and dividend payments of companies in which the fund holds equity investments. The final dividend of the fund stands at Rs 1.06 with an annual dividend yield of 2.0%, with no interim dividend payable in December 2020 in view of the challenging economic conditions.

For the year ended 30 June 2021, the fund realized a net profit after tax of Rs 114 M compared to a loss of Rs 31 M for the comparative period last year due to a boost in market value of the overall portfolio.

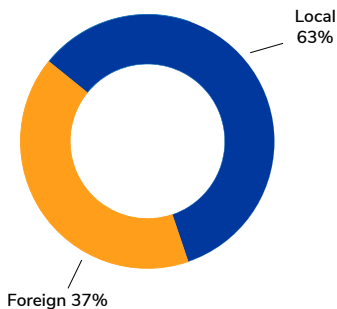
## Portfolio Review

The net asset value of MUA General Fund as at 30 June 2021 stood at Rs 599 M, allocated as follows: 40% local equities, 23% fixed income, 37% foreign mutual funds.

Portfolio asset mix  
as at 30 June 2021



Geographical breakdown  
as at 30 June 2021



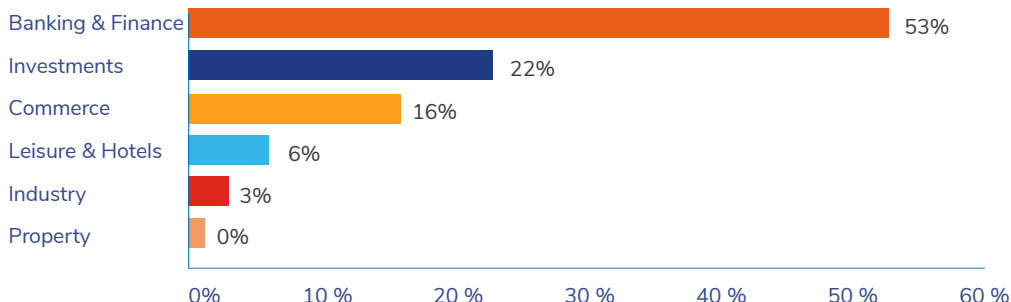


## MANAGER'S REPORT

FOR THE YEAR ENDED 30 JUNE 2021

### Local Portfolio

Representing 63% 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 5.1 years and the average yield was 6.0% as at 30 June 2021 (prevailing equivalent GOM bond yield: 3.1%) The local equity portfolio is diversified across different sectors as illustrated below.



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

Security	Sector	Value	% of Local Portfolio (equities + fixed income)
MCB Group Ltd	Banking	Rs 87.8 M	23.2%
IBL Ltd	Commerce	Rs 26.4 M	7.0%
MUA Ltd	Insurance	Rs 23.8 M	6.3%
SBM Holdings Ltd	Banking	Rs 13.4 M	3.5%
GOM Bond, 15.12.2022	GOM Bond	Rs 12.5 M	3.3%
Total			43.3%

### Foreign Portfolio

The foreign portfolio represented 37% of net asset value as at 30 June 2021, with the following five largest positions:

Security	Region	Value	% of Foreign Portfolio
MSS US Advantage "A"	United States	Rs 45.8 M	20.6%
Schroder ISF - US Large Cap	United States	Rs 34.1 M	15.4%
Aberdeen Global Asia - Pacific Equity Fund	Asia	Rs 31.9 M	14.4%
Aberdeen Global Emerging Markets Equity Fund	Emerging Markets	Rs 24.1 M	10.9%
BGF European Equity Income EUR	Europe	Rs 21.8 M	9.8%
Total			71.1%

## MANAGER'S REPORT

FOR THE YEAR ENDED 30 JUNE 2021

### Local economy and market

The Mauritian economy witnessed a significant downturn in the wake of the nationwide lockdown, surge in COVID-19 cases and the significant difficulties confronting economic sectors amidst little visibility on the operating landscape. The real GDP growth contracted by 15.8% (IMF, WEO April 2021) in 2020, reflecting a slower recovery path amidst the effects of the prolonged closure of the country's international borders. Upon the breakthrough of the vaccines, lift of sanitary curfew, reopening of the borders, measures implemented by the local government in support of households and businesses, the economy is expected to grow by 6.6% in 2021 (IMF, WEO April 2021). However, some of the uncertainties that still linger on the economy are the inclusion of Mauritius on European Union's list of high-risk countries effective 01 October 2020 and the downgrade of Mauritius' rating from Baa1 to Baa2 by Moody's Investors Service on 04 March 2021.

Amidst this challenging economic situation, the National Budget 2021/22 was presented on 11 June 2021, with the objective of accelerating the pace of recovery of the Mauritian economy and build resilience to achieve a long-term sustainable growth path. The authorities are working towards the exit of Mauritius from the European Union's list of high-risk countries. Some of the measures earmarked in the Budget were to stimulate nationwide investments with emphasis laid on construction and infrastructure ventures, support to SMEs, set up of new growth pillars such as biotechnology and pharmaceutical industry, development of circular and green sector with further promotion of digitalization transformation.

The Bank of Mauritius (BOM) maintained the key repo rate at 1.85% since the last Monetary Policy Committee (MPC) held on 04 Nov 2021, considering the current monetary policy stance appropriate and supportive of economic recovery. Headline inflation increased to 2.2% in June 2020 (June 2020: 1.8%) 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.

In the fixed income market, yields started to pick up especially on longer tenors GOM bonds as from May 2021, with 10Yr, 15Yr and 20Yr increasing by 185bps, 190bps and 195bps respectively over the year ended 30 June 2021. The level of excess liquidity in the system remains high during the period (Rs 69.9bn at end of June 2021). The banks' average savings rate (MCB and SBM) remained unchanged at 0.25% over the year under review. The Mauritian Rupee continue to depreciate against USD, EUR and GBP by -5.7%, -11.0% and -16.3% respectively for the year ended 30 June 2021. Moreover, the depreciation was accentuated by the intervention of BOM in the market on 28 June 2021, causing the Mauritian Rupee to depreciate by c. 3.4% against USD.

## MANAGER'S REPORT

FOR THE YEAR ENDED 30 JUNE 2021

### Local economy and market (continued)

The local market remained clouded by a heightened level of uncertainty despite the easing of restrictions on 31 May 2020, with the SEMDEX delivering a negative performance of -11.7% from June 2020 to October 2020. As from November 2020, the breakthroughs of COVID-19 vaccines improved investor and consumer confidence which somehow stabilized the market. However, the surge in COVID-19 cases locally with a renewed lockdown effective 10 March 2021 till 30 April 2021 halted the operational activities of most sectors with a slowdown in economic recovery. Nonetheless, the local index, SEMDEX, gained 12.1% for the year ended 30 June 2021 amid the prevailing optimism towards a return to an economic normality and dividend payout announced by most listed companies (notably MCB). For the period under review, the main contributors under the SEMDEX were MCBG (+15.7%), Alteo Group (+69.7%) and Ciel Ltd (+46.6%), with main detractors being, IBL Ltd (-3.1%), BlueLife Ltd (-45.7%) and Harel Mallac Ltd (-44.4%). Upon announcement made on 11 June 2021 regarding the reopening of the borders effective 15 July 2021, the hotel sector stocks picked up strongly on average delivering an annual performance of +14.1%. The operators of the tourism sector anticipate a slow pick up initially with expectation their operational activities to reach pre-COVID-19 levels by end of 2023.

The local growth outlook is dependent on the extent of the recovery in the tourism sector, pace of implementation of envisioned infrastructure projects and initiatives to further gear up the investment facilitation framework.

## MANAGER'S REPORT

FOR THE YEAR ENDED 30 JUNE 2021

### Foreign economy and market

Over the year ended 30 June 2021, global equities moved steadily higher with MSCI ACWI gaining 37.2% (USD terms) and 45.4% (MUR terms), backed by the successful roll-out of the vaccination programmes (notably in advanced economies), expectations of an economic recovery, continuous extensive policy support, high inflation expectations and positive earnings results. While uncertainty remains substantial, global activity and growth is projected to rebound in 2021, where the pace of recovery will depend on the success of vaccination programmes and opening of markets. According to the latest report released by IMF, the global growth outlook was revised up to 6.6% in 2021 from -3.3% in 2020, with emerging and developing Asia leading the growth outlook at an upward revision to 8.6% in 2021 from -1.0% in 2020.

The United states economy is expected to reach pre-COVID-19 level this year despite the rise in DELTA variants of the COVID-19 virus, owing to a strong momentum in the second half 2020 and additional support such as fiscal packages amounting to USD 1.9 trillion in December 2020 and anticipated infrastructure program of USD 1.0 trillion in view to modernise roads, bridges, and internet network. S&P continued to thrive higher at 38.7% (USD terms) and 47.1% (MUR terms), supported by cyclical sectors (financial, industrials and materials) followed by growth stocks such as technology. The technology stocks suffered massive sell-off in May 2021 post reaching all-time high since 2020, as investors shift their interest from technology stocks to those stocks that shall rebound amid an economic recovery, Joe Biden's new investment ban on Chinese firms and capital gain tax hike. However, U.S. Treasury yields moved higher after the Federal Reserve (Fed) announced higher inflation expectations and target interest rates to near zero. On the other side, the euro area economy contracted by 0.6% in the first quarter of 2021 post a decline of -6.8% in 2020, amid a surge in infections prompted renewed COVID-related restrictions in some countries. With the vaccination gaining momentum and slow reopening of some economies, the Euro Stoxx 50 managed to stabilise at 25.7% (USD terms) and 41.3% (MUR terms) for the year under review.

While advanced economies managed to somehow stabilise, the pandemic continued to exert a substantial toll on other large emerging market and developing economies with a varied pace of recovery. China, Korea, and Taiwan responded swiftly to control the initial outbreak and has been opened for several quarters – are now dampened with renewed COVID-19 cases, new regulations on technology stocks and US ban on several firms. India suffered its steepest contraction on record as the strict lockdown restrictions dented both consumer and business spending. Despite the slow recovery, MSCI Emerging Markets posted an annual performance of 38.1% (USD terms) and 46.5% (MUR terms).

## MANAGER'S REPORT

FOR THE YEAR ENDED 30 JUNE 2021

### 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  
22 July 2021





CORPORATE GOVERNANCE  
**REPORT**

## CORPORATE GOVERNANCE REPORT

FOR THE YEAR ENDED 30 JUNE 2021

### GROUP PROFILE

MUA General Fund ("MUA GF" or "the Fund") is a Public Interest Entity as defined by the Financial Reporting Act 2004.

MUA GF is an open-ended collective Investment Scheme which is constituted under the MUA 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 "CIS Manager" or "Manager of the Fund") and SBM Bank (Mauritius) Limited (The "Trustee"). The address of its registered office is 2nd Floor, Barkly Wharf, Caudan, Port Louis.

The Fund's investment activities are managed by the CIS Manager, MUA Mutual Fund Ltd (the 'Company' or the Manager') and the majority shareholder of the investment manager is The Mauritius Union Assurance Cy. Ltd (MUA), ultimately wholly owned by MUA Ltd ('MUA' or 'the ultimate holding company'), and as such forms part of the MUA Group of Companies (the 'Group' or 'MUA Group').

The Board of Directors ('Board') of the CIS Manager is committed to uphold the highest standards of integrity, accountability and transparency in the governance of the Fund and acknowledges its responsibility for applying and implementing the eight principles set out in the National Code of Corporate Governance 2016 ('the Code') as explained in the Annual Report.

### PRINCIPLE 1: GOVERNANCE STRUCTURE

#### 1.1. The Role of the Board

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

The Board is responsible for leading effectively the Company and the Funds under its management by establishing strategies and policies to enhance the long-term value for its shareholders and other stakeholders.

The Board validates and monitors strategies, policies and business plans as well as considers all statutory matters, including the approval of financial statements, the declaration of dividends, the review of the Fund's performance through budgets and forecasts and the Managing Director's report. It also ensures that all legal and regulatory requirements are met.

#### 1.2. Charters and Code of Ethics

The CIS Manager's Board is committed in doing business within high standards of conduct and ethical behaviour which are fundamental to the preservation of the MUA group reputation and to the success of its operations. The Board has approved its charter, as well as a Code of Ethics for directors. Moreover, MUA Group Code of Ethics is also applied at the Company's level and the Funds it manages.



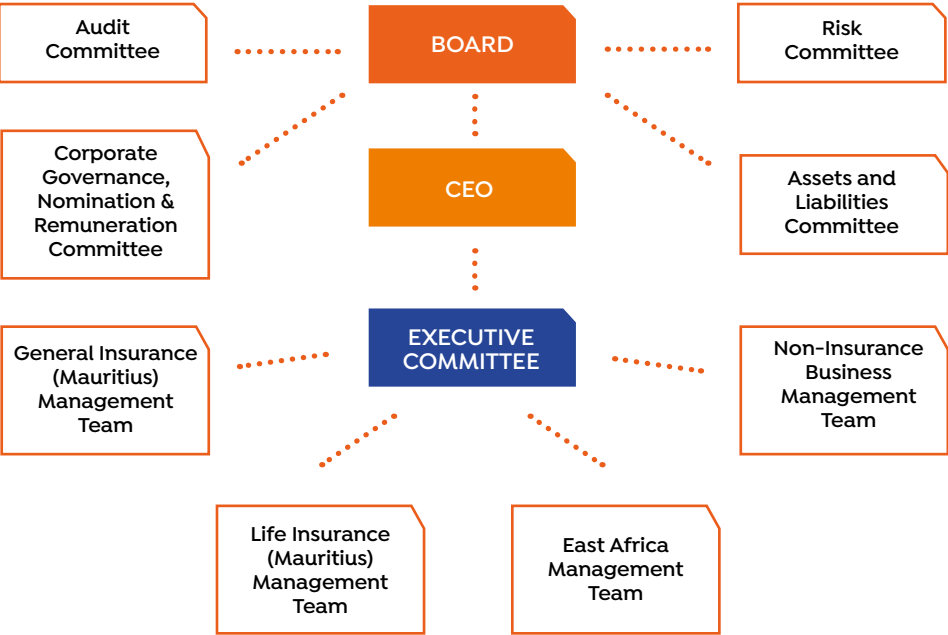
CORPORATE GOVERNANCE REPORT

FOR THE YEAR ENDED 30 JUNE 2021

1.3. Organisational Chart and Statement of Accountabilities

The CIS Manager operates within the Group with a defined governance framework, clear lines of authority, accountability and responsibility as illustrated in the chart below.

The Board of the Manager of the Fund has approved the positions statements of Key Governance positions such as: the Chairman, the Managing Director and the Company Secretary as well as the Organisational Chart and statement of accountabilities.



The Organisational Chart of the Manager of the Fund (CIS Manager) replicates the Group Organisational Chart and accountabilities.

## CORPORATE GOVERNANCE REPORT

FOR THE YEAR ENDED 30 JUNE 2021

### Organisation and Management of the CIS

#### The CIS Manager and Principal Distributor

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

MUA Mutual Fund Ltd was incorporated on 09 July 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 09 July 2010, under the Securities (Collective Investment Schemes and Closed-end Funds) Regulations 2008 Act.

#### Removal of Manager

As specified in the Trust Deed and the Supplemental Deed, 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 21 of the Trust Act 2001, or

II. Approval of the Trust Scheme is revoked under section 48 of the Act;

III. Winding up proceedings are instituted against the Manager.

#### Replacement of Manager

As specified in the Trust Deed (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 the Trust Deed.

#### The Trustee

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

## CORPORATE GOVERNANCE REPORT

FOR THE YEAR ENDED 30 JUNE 2021

### The Trustee

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 around 27.5 per cent for advances as at December 2020. 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 around 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 10.9 billion as at December 2020.

### 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) Ltd  
SBM 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

PricewaterhouseCoopers,  
PwC Centre,  
Avenue de Telfair,  
Telfair 80829,  
Moka,  
Republic of Mauritius

## CORPORATE GOVERNANCE REPORT

FOR THE YEAR ENDED 30 JUNE 2021

### 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 five Non- Executive Directors and one Executive Director. The Board is chaired by a Non-Executive Director.

### 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 Ramsamy, Pradesh Kumar Baboolall, Toolcymanie 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 Ramsamy and Shabeneez Nahaul;
- iv. Maintaining accounting records of the Scheme,  
Responsible Person: Pradesh Kumar Baboolall; under the supervision of Soundararajen Ramsamy
- v. Giving investment advice in relation to the Scheme,  
Responsible Persons: Soundararajen Ramsamy and Shabeneez Nahaul

# CORPORATE GOVERNANCE REPORT

FOR THE YEAR ENDED 30 JUNE 2021

## 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 Funds' 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.

**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 is invested 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.

## CORPORATE GOVERNANCE REPORT

FOR THE YEAR ENDED 30 JUNE 2021

**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, 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 rules and regulations.

#### 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 5% of its net assets, taken at market value at the time of purchase, would be invested in securities of that issuer, unless authorized by the Commission;
- 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;

## CORPORATE GOVERNANCE REPORT

FOR THE YEAR ENDED 30 JUNE 2021

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 specialised CIS authorised by the Commission.

The complete set of Investment restrictions to which the Fund is subject is also available in the Investment Mandate.

### 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 2021

### 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 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.

### Statement of Accountabilities

MUA General Fund is led by the effective and highly committed Board of Directors of its CIS Manager who possesses the appropriate skills, knowledge, experience, and independence to enable them to discharge their duties and responsibilities in the most effective way. The Board is well aware of its responsibility to maintain a high standard of corporate governance. As outlined in the above visual, the Company operates within a wellstructured and defined governance framework, with clearly articulated lines of responsibility. Where appropriate, the Board of the CIS Manager can delegate that authority whilst retaining effective control. However, the Board remains fully accountable and responsible for the performance of MUA General Fund, at every level of the business.



## CORPORATE GOVERNANCE REPORT

FOR THE YEAR ENDED 30 JUNE 2021

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 (ALCO). All these committees operate within approved terms of reference and are mandated to provide guidance to the Board. The Group CEO leads the work of a number of the committees, and there are appropriate reporting mechanisms in place to escalate their recommendations to the Board.

## PRINCIPLE 2: STRUCTURE OF BOARD AND COMMITTEES

### 2.1 Board size and structure

The Company's constitution stipulates that the Board shall consist of a minimum of five directors. As at 30 June 2021, the Company was headed by a unitary Board consisting of six directors, five of whom are non-executives and one executive. Five out of six directors do not have relationship with the organisation and the majority shareholders.

The directors come from different professional backgrounds with varied skills, expertise and strong business experience. Considering the Company's operations, the Board is satisfied that its actual size and composition is well balanced for it to assume fully its responsibilities while discharging its duties effectively.

Mrs Mehtab Aly and Mr Dean Ah Low have been appointed as Non-Executive Directors on 05 May and 24 June 2021 respectively.

Directors	Category	Gender	Date of initial Appointment	Board Attendance
Bertrand Casteres	NED	M	April 2013	4 / 4
Sin Cham Foo-Kune *	NED	M	November 2017	3 / 3
Bruno de Froberville (Chairman)	NED	M	September 2015	4 / 4
Naresh Gokulsing	NED	M	February 2012	4 / 4
Jérôme Katz	ED	M	March 2015	4 / 4
Mehtab Aly	NED	F	May 2021	1 / 1
Dean Ah Low	NED	M	June 2021	N/A

Definitions: NED: Non-Executive Director  
IND: Independent Non-Executive Director  
ED: Executive Director

\* Mr. Foo-Kune resigned on 25 March 2021.

The profiles of the Directors are disclosed on pages 23 to 26 of the Annual Report.

## CORPORATE GOVERNANCE REPORT

FOR THE YEAR ENDED 30 JUNE 2021

### 2.2 The 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.

### 2.3 Board and Committees Processes

Annual calendar of board and committee meetings of the Group are set well in advance. Board and Committees meetings are held at least four times a year. Additional meetings may be convened to deliberate urgent matters. Certain decisions are taken by way of written resolutions.

The Board will review Board and Committees' charter on an annual basis upon recommendation of MUA Corporate Governance, Nomination and Remuneration Committee.

### 2.4 Board Committees

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 (ALCO). These committees address within its terms of reference all corporate governance issues of its subsidiary, MUA Mutual Fund Ltd, the CIS Manager. These committees assist the directors in the discharge of their duties through a comprehensive evaluation of specific issues.

The compositions of these committees as at 30 June 2021 were as follows:

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

## CORPORATE GOVERNANCE REPORT

FOR THE YEAR ENDED 30 JUNE 2021

### PRINCIPLE 3: DIRECTOR APPOINTMENT PROCEDURES

#### 3.1 Appointment and re-election of directors

According to the Constitution of the CIS Manager, directors are appointed by Shareholders' ordinary resolution. Moreover, to be in line with the National Code of Corporate Governance, the Board has adopted the Group Nomination Policy which defines the election and re-election processes:

- Directors are appointed on a yearly basis at the annual meeting of shareholders. Each director is elected by a separate resolution.

The process of selection and nomination of candidates as directors and the process for re-election of directors is entrusted to MUA Corporate Governance, Nomination and Remuneration Committee.

#### 3.2 Directors' Profiles

**Bruno DE FROBERVILLE**

**Non-Executive Director & Chairman**

Citizen and Resident of Mauritius

##### **Qualifications:**

MBA from the University of Birmingham (UK), a 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 memberships: Assets and Liabilities Committee

Directorship in other listed companies: Director of MFD Group Limited, MUA Ltd

## CORPORATE GOVERNANCE REPORT

FOR THE YEAR ENDED 30 JUNE 2021

### Bertrand CASTERES

**Non-Executive Director and Group CEO of MUA**

Citizen and Resident of Mauritius

#### **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 other listed companies: MUA Ltd.

### Sin Cham FOO-KUNE

**Non -Executive Director and Group CFO of MUA**

Citizen and Resident of Mauritius

#### **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 Senior Manager in charge of the Finance and Accounting department of MUA in 2010.
- Broad experience in finance, accounting, reserving, reinsurance and insurance.

Board Committee memberships: Assets and Liabilities Committee.

Directorship in other listed companies: none.

## CORPORATE GOVERNANCE REPORT

FOR THE YEAR ENDED 30 JUNE 2021

### Naresh GOKULSING

**Non-Executive Director and Managing Director of MUA Life Ltd and MUA Pension Ltd**

Citizen and Resident of Mauritius

#### **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 career with PwC in 1993.
- Worked for Cim Group as from 1997 as Head of Research and General Manager of Cim Stockbrokers then as Head of Finance of Cim Insurance, Chief Operating Officer and Executive Director of Cim Insurance and Cim Life and as Managing Director of Cim Property Fund where he launched Ascencia Ltd.
- Joined MUA in 2012 and was appointed Managing Director of MUA Life Ltd in 2015 and MUA Pension Ltd in 2017.

Board Committee memberships: none.

Directorship in other listed companies: none

### Jérôme KATZ

**Executive Director and Head of Group Strategy & Investment of MUA**

Citizen and Resident of Mauritius

#### **Qualifications:**

Master in Management ESCP Europe (Paris, France)

#### **Skills & Experience:**

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

Board Committee memberships: none.

Directorship in other listed companies: none.

## CORPORATE GOVERNANCE REPORT

FOR THE YEAR ENDED 30 JUNE 2021

**Mehtab ALY**

**Non-Executive Director and Group CFO of MUA**

Citizen and Resident of Mauritius

### **Qualifications:**

Master in Business Administration from the Université de Bordeaux IV (France)

### **Skills & Experience:**

- Mergers and acquisitions specialist with more than 10 years' experience in corporate valuation issues, deal structuring, raising finance and corporate restructuring, also expert in stock exchange related matters, from IPOs and takeovers to de-listings.
- Worked for more than 15 years at PwC.
- Joined MUA in 2016 as Head of Mergers & Acquisitions and appointed Group CFO in April 2021.

Board Committee memberships: Assets and Liabilities Committee.

Directorship in other listed companies: none.

**Dean AH LOW**

**Non-Executive Director and Treasury & Accounts Manager of MUA**

Citizen and Resident of Mauritius

### **Qualifications:**

Bachelor of Economic Science from the University of Witwatersrand, Johannesburg

### **Skills & Experience:**

- Joined MUA as Accounts Supervisor - Finance Department in 1991.
- Was promoted Treasury & Accounts Manager in 2003

Board Committee memberships: none..

Directorship in other listed companies: none.

## CORPORATE GOVERNANCE REPORT

FOR THE YEAR ENDED 30 JUNE 2021

### Senior Management

The Executive Committee of MUA Group has been constituted to manage business issues, opportunities and threats that have cross-divisional implications or are considered as material and/or sensitive for MUA Group. The Committee is the executive decision-making body of the MUA Group and it acts as the primary forum through which decisions of a transverse nature are taken. To effectively address matters of relevance to its duties and responsibilities, the Committee has set up appropriate management sub-committees which provide comprehensive evaluation on key issues for members of the Executive Committee to reach informed decisions.

All the directors of the CIS Manager, except its Chairman, form part of the Executive Committee.

### 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 2021

### 3.3 Induction of directors

An Induction program is available for Non-Executive Directors on their first appointment with the aim of getting promptly acquainted with the CIS Manager and the schemes it manages, and obtaining insights of the business, environment and market in which the Company evolves.

### 3.4 Professional Development and Training

In 2020, Directors were invited to attend a training session on accounting standard IFRS 17 and a session on digitalization in insurance business.

Going forward MUA Corporate Governance, Nomination and Remuneration Committee will conduct an annual review to identify areas where the Board members require further training or education as recommended by the Corporate Governance, Nomination and Remuneration Committee.

### 3.5 Succession Planning

The Board assumes responsibility for succession planning of board members and of key management personnel so as to maintain an appropriate balance of knowledge, skills and experience required to ensure stability and sustainability of the Group. In 2020, a succession plan was presented to the Corporate Governance, Nomination and Remuneration Committee of MUA Ltd for the Group.

## PRINCIPLE 4: DIRECTORS DUTIES, REMUNERATION AND PERFORMANCE

### 4.1 Legal Duties

Directors are made aware of their legal duties in the induction program they benefit on first appointment. The Board Charter includes a summary of legal duties under various relevant enactments.



## CORPORATE GOVERNANCE REPORT

FOR THE YEAR ENDED 30 JUNE 2021

### 4.2 Conflicts of Interests, Related Party Transactions and Share dealing

Group Conflicts of Interests and Related Party Transactions Policy, as approved by the Board, provide clear guidance on procedures to follow when any occurrence that may lead to a conflict of interest arise.

Being a subsidiary of a company listed on the SEM, directors adhered to Share Dealing Policy in respect of shares of the holding company as provided in the Group Share Dealing Policy. Declarations made by directors, if any, are entered in the Register of Interests which is maintained by the Company Secretary of MUA Ltd and is available to the shareholder upon written request.

At the beginning of each meeting of the Board of the CIS Manager, the Chairman invites the directors to declare any potential source of conflicts of interests, or any share dealings to be thereafter recorded in the Register of Interests. Apart share dealing in the shares of the ultimate holding company, no entries had been made in the Register of Interests in 2021.

Moreover, the Board will regularly monitor and evaluate compliance with the Code of Ethics.

### 4.3 Directors' Interest in the shares of the Company as at 30 June 2021

At 30 June 2021, the directors held the following interests in shares of MUA Ltd, the CIS Manager's parent. Since the majority of the shares of the CIS Manager are held by MUA Ltd, all the holdings below represent an indirect shareholding of the directors in the CIS Manager.

Name of Directors	Indirect Interest Percentage
BERTRAND CASTERES	0.06
BRUNO DE FROBERVILLE	1.71
NARESH GOKULSING	0.42
JEROME KATZ	0.15
MEHTAB ALY	0.02
DEAN AH LOW	0.01

## CORPORATE GOVERNANCE REPORT

FOR THE YEAR ENDED 30 JUNE 2021

### 4.4 Board Evaluation

In accordance with the Board Charter, a Board and Committee Evaluation process had been conducted end 2019 at the level of the holding Company MUA Ltd by its Company Secretary, by way of questionnaires and encompassed the Board and Committees of all subsidiaries. Findings have been addressed in 2020 by MUA CGNRC, and subsequently submitted to the respective Boards for action if any. Evaluation is performed on an Ad-hoc basis.

### 4.5 Remuneration

MUA Corporate Governance, Nomination and Remuneration Committee reviews on an annual basis the adequacy of MUA Mutual Fund's directors' and senior executives' remuneration. A benchmarking exercise had been entrusted in 2018 to Korn Ferry to review adequacy of Top Management's remuneration resulting in certain realignment.

No director's fees were paid to any board member of the CIS Manager during the year under review.

### 4.6 Information, Information Technology and Information Security Governance

#### 4.6.1 Information Technology

With the protection of the confidentiality and availability of information being critical to the smooth running of our activities, MUA continuously seeks to foster a robust IT platform that upholds the security and performance of its IT systems in adherence with regulatory and industry norms. In this respect, the Group has implemented an Information Security management system, including information security policies, based on internationally accepted standards and best practices to regulate the use, security standards, control and access rights within its IT infrastructure and systems. An Information Security Policy is in place and forms part of the Information Security framework that has been implemented. Matters relating to Information Security are overseen by the board through the Risk Committee.

The Information Security management system is being implemented, monitored and updated as needed by the Group's information Security department. The information security policies are available on the Group's intranet with staff being made aware of relevant requirements through regular awareness sessions. MUA continues to invest in information technology to enhance its operational resilience.

The Audit Committee of the holding company reviews on an annual basis the budget of expenditure on information technology for recommendation to the Board. Investment in information technology and IT security is ongoing and the Group has a well-established and effective process in place for approval of all major investments.

## CORPORATE GOVERNANCE REPORT

FOR THE YEAR ENDED 30 JUNE 2021

### 4.6.2 Data Protection

In compliance with the EU General Data Protection Regulations ("GDPR") and the Data Protection Act 2017 ("DPA"), MUA has approved a Data Protection Policy ("Policy") with a view to promoting a privacy culture within the Group and ensuring that all clusters, business units and employees protect the privacy of personal information of individuals in their daily operations including procedures for personal data breach; the escalation process when discovering a breach and the procedures to notify the relevant authorities.

The Policy defines the MUA's requirements regarding the collection, storage, use, transmission, disclosure to third parties and retention of personal information. The Policy is used as a general guideline to the clusters and business units, which remain responsible for ensuring strict compliance while collecting personal information without derogating from the core principles of the DPA.

Arziana Koyroo, Compliance Specialist, who forms part of the Legal & Compliance team of MUA, has been appointed Data Protection Officer ("DPO"). The main duties of the DPO are to monitor compliance and provide advice on the Act as well as to coordinate the reply with the supervisory authority.

## PRINCIPLE 5: RISK GOVERNANCE AND INTERNAL CONTROL

### 5.1 Risk Management

The Board of directors of the CIS Manager of the Trust is responsible for the governance of risk and ultimately responsible for the setting up and monitoring of the risk management process.

All significant areas are covered by appropriate and adequate internal controls and the internal controls are reviewed as and when required to cater for changes in the level of risks.

The terms of reference of MUA Risk Committee which covers its subsidiary, MUA Mutual Fund Ltd, comprise of:

- reviewing the Group's risk appetite and future risk strategy for economic capital, liquidity and reputation and also for operational risks;
- reviewing the Group's risk profile against risk appetite, effectiveness of risk management framework;
- reviewing scenarios and stress tests which the Group uses to assess the adequacy of its economic and regulatory capital and liquidity; and
- managing MUA risk policies.

## CORPORATE GOVERNANCE REPORT

FOR THE YEAR ENDED 30 JUNE 2021

During the year under review this committee's main areas of focus were:

- Quarterly Risk reports;
- Risk Management Framework (RMF) in line with the Insurance Risk Management Rules (2016) Implementation;
- Reinsurance Risk;
- Business Continuity Plan;
- Data Protection; and
- Cyber security.

### 5.2 Whistleblowing Policy

MUA Group is committed to the highest possible standards of openness, integrity and accountability. In line with that commitment, MUA has implemented a Whistleblowing Policy, whereby an alternative reporting process is established for use by all employees in strict confidence, without the risk of subsequent retaliation, victimisation, discrimination or disadvantage.

The Whistleblowing Policy is available on the MUA Group's intranet and it has been designed in such a way to assist employees who have concerns about any aspect which involves malpractices or unethical issues, to come forward and voice out those concerns anonymously in writing or electronically via MUA Group's Whistleblowing Portal or verbally with their immediate supervisor/manager or their superior officer.

If for any reason, they feel that their immediate management is involved, employees are encouraged to approach a more senior level of management, e.g.: the designated person within the Internal Audit department, the Money Laundering Reporting Officer (depending on the nature of the complaint) or they may address their report to the Group CEO.

## PRINCIPLE 6: REPORTING WITH INTEGRITY

The directors reaffirm their responsibility for preparing the annual report including the annual financial statements in compliance with International Financial Reporting Standards and the Companies Act 2001, and considers the annual report, taken as a whole, fair balanced and understandable. The Board confirms its commitment in providing therein necessary information for shareholders and stakeholders to assess the Company's position, performance and outlook.

### 6.1 Sustainability

Sustainability of MUA Group (including the CIS Manager) relies on three primary pillars: Business Resilience, Shared Value and Environmental Impact.

MUA Group recognises that it operates across a broad cross-section of communities and it is committed to considering not only economic viability but also environmental consequences and social implications of its activities. Reviewing and reporting on the sustainability of the Group ensures that we find the right balance between economic, environmental and social factors. It also reiterates MUA's Group commitment and engagement to go beyond mere compliance, recognising its key role in job and value creation in Mauritius and ultimately in all the markets in which we operate. The Board has also inserted in the Board Charter a clause on Non-Discrimination committing to be an equal opportunity employer.

## CORPORATE GOVERNANCE REPORT

FOR THE YEAR ENDED 30 JUNE 2021

### Environment, Health & Safety

MUA Group continues to focus on enhancing the positive safety culture already in place. Key safety objectives are a mandatory component of its business plan, forming an integral part of the daily routine across all business locations. The group's health and safety framework incorporates industry best practices to effectively control risks and prevent accidents in the work place.

In 2020 MUA Group focused on a number of health and safety initiatives:

- Reducing the number of accidents and illnesses arising at the workplace by systematic inspections to find and eliminate unsafe working conditions and control health hazards;
- Creating a positive Health and Safety culture by providing training and talks;
- The wellbeing of our employees remains an important of our human resources strategy. To this end the Health and Safety Committee, the Employee Welfare Committee and other departments continued to organize sports and recreation events; and
- Ensuring that emergency preparedness procedures are in place and are communicated to help employees to deal with emergencies when it is least expected such as fire, pandemics, cyclones and other natural disasters.

Health and Safety remain an integral and daily part of the business, with each employee taking personal responsibility. The Executive Team pursues a sensible and balanced approach to health and safety of all the business units and its employees.

### 6.2 Financial Outlook

The outbreak of Novel Coronavirus (COVID 19) continues to progress and evolve. The extent and duration of the impact of COVID 19 remain uncertain and dependent on future developments that cannot be accurately predicted at this time, such as the transmission rate of the coronavirus and the extent and effectiveness of containment globally. Therefore, it is challenging to predict the full extent and duration of COVID 19 on the CIS activities and financial performance. At this stage, the Directors believe that their business and financial results in the next financial periods are solid and will be able to remain so even if there are further drops in assets values which may occur as a result of COVID 19's effect on markets. The underlying portfolio is well diversified geographically and asset class wise. Furthermore, marketing is being done to attract new clients and to encourage further investment from existing clients.

### 6.3 Charitable and Political Contributions

#### Charitable Contributions

There were no charitable donations made by the CIS Manager of the Trust nor the Trust itself during the year. The donations that are usually channelled through the MUA Foundation, enables the execution of CSR projects, and these are detailed in the Sustainability section of the group's report.

The year under review proved particularly challenging for vulnerable communities, as the Covid-19 pandemic had severe economic, social and educational consequences for them. The Foundation's efforts to assist these communities focused on providing emergency assistance in the form of food packs and additional assistance to support projects impacted by the lockdown and the general economic downturn.

CORPORATE GOVERNANCE REPORT

FOR THE YEAR ENDED 30 JUNE 2021

The group’s employees continued to provide support for community initiatives throughout the year, reinforcing the team’s engagement. The successful implementation of the Foundation’s CSR strategy relied on their engagement and continuing to build sustainable partnerships with NGOs and communities. The Foundation’s projects have consistently had a positive and tangible impact on the communities which have been assisted. The current economic and social challenges being faced by an increasing number of people has brought new impetus to the Foundation’s work, now even more firmly aligned with MUA’s new strategic plan and it’s company values.

Political Contributions

In line with the Company’s policy, no political donations were made during the year under review.

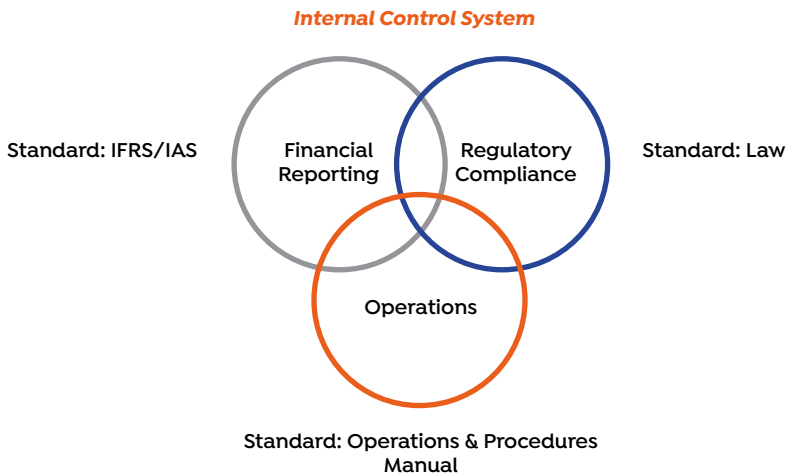
PRINCIPLE 7: AUDIT

7.1 Internal Audit

The MUA Group Internal Audit’s mission is to provide reliable independent assurance to the Board and the Audit Committee on the adequacy and effectiveness of the risk management, governance and internal controls. The members of the audit committee and the internal audit function have the necessary qualifications and experience to carry out their responsibilities. The internal audit team are composed of auditors with auditing and insurance experience, and the management team consists of fully qualified accountants.

The MUA Group Internal Audit methodology is risk based and sets out the mandatory standards to be followed by all our Internal Auditors which should allow our Internal Audit function to achieve its mission.

As the third line of defence of the “three lines of defence model”, the MUA Internal Audit function provides an independent assurance over the first and second lines of defence, which are the business operations and risk function respectively. An overview of the company’s internal control system is illustrated on the following page:



## CORPORATE GOVERNANCE REPORT

FOR THE YEAR ENDED 30 JUNE 2021

The in-house Internal Audit team carries out the internal audits at MUA. The scope of their work encompasses:

- Identification of risk areas and the evaluation of the level of risk for each area;
- Review of internal controls and agreed actions which are communicated to the Audit Committee and to the Management; and
- Monitoring of the implementation of the agreed actions and reporting these to the Audit Committee.

The team carried out several internal audit reviews during 2020, as follows:

- Debtors and operational process at Accredited Agent;
- MUA Life Claims payments; and
- Procurement process (Logistics, Marketing and IT departments).

### Reporting Lines

The Internal Audit function derives its authority from the Board through MUA Audit Committee. The Internal Auditors have a direct reporting line to the Audit Committee and maintain an open and constructive communication with the Management. They also have direct access to the Chairman of MUA Audit Committee. This structure allows the Internal Auditors to remain independent. Every quarter, MUA Audit Committee meets with the internal and external auditors to review and discuss any findings. There are regular follow-ups to ensure that these are addressed promptly.

### Coverage

The Internal Audit plan, which is approved by MUA Audit Committee, is based on the principles of risk management designed to ensure that their scope of work is congruent with the degree of risk attributable to the area being audited.

### Restrictions

The Internal Auditors have unrestricted access to the Company's records, to management and employees.

## 7.2 External Audit

Pursuant to the Financial Reporting Act 2004, Ernst & Young retired as external auditors of the Group in 2020. Further to a tender exercise, the appointment of PricewaterhouseCoopers (PwC) in replacement of Ernst & Young was recommended to the shareholders in July 2020 and was subsequently approved.

MUA Audit Committee invites the External Auditors at their quarterly meetings to discuss the accounts presented, management letters, key audit issues, critical policies and to keep apprised of new accounting standards, methods and terminology. Consultation between the latter and the internal audit team are regularly encouraged. MUA Audit Committee meets the External Auditors without management presence on an ad hoc basis.

No significant issues were raised on the Financial Statement and Internal Audit for the year ended June 2021.

## CORPORATE GOVERNANCE REPORT

FOR THE YEAR ENDED 30 JUNE 2021

The effectiveness of the external auditor is reviewed by MUA Audit Committee through feedbacks received from its members and from the management team.

The External Auditors also provided the additional services as detailed on page 26 of the Statutory Disclosures section of the Annual Report.

The provision of non-audit services is subject to a tender process with as objective to ensure that the nature of the non-audit services, if provided by the External Auditors, could not be perceived as impairing their independence on the external audit exercise.

## PRINCIPLE 8: RELATIONS WITH SHAREHOLDERS AND OTHER KEY STAKEHOLDERS

### 8.1 Key Stakeholders

Key stakeholders of the Group and methods by which relations are maintained with them are explained below:

Shareholders & Institutional Investors of the holding Company MUA Ltd	The importance of transparency in our shareholder communication is vital and is reflected in various initiatives: the company website; MUA Group Annual Report; media communiqués; investor meeting (presentation available online); Annual General Meeting of MUA.
Employees	Employee engagement is a pillar of the organisation and this is articulated in weekly communication via various channels (email, staff portal & social media); training & development sessions; monthly management and quarterly staff meetings; internal publications.
Customers / Unit Holders	Co-ordinated media campaigns across various channels; dynamic social media presence; informative company website; marketing & communication supports available through our offices and representatives; direct communications (email, post & text messages);
Regulators	Regular meetings and interactions with various departments of the Financial Services Commission and ongoing interaction on new products, marketing materials, compliance issues and the financial services sector.
Suppliers & Partners	We prioritise communications with our business partners and service providers, including brokers, agents and our reinsurers. The aim is to build solid and enduring partnerships by exchanging insights, best practices and experience to empower the respective teams.



## CORPORATE GOVERNANCE REPORT

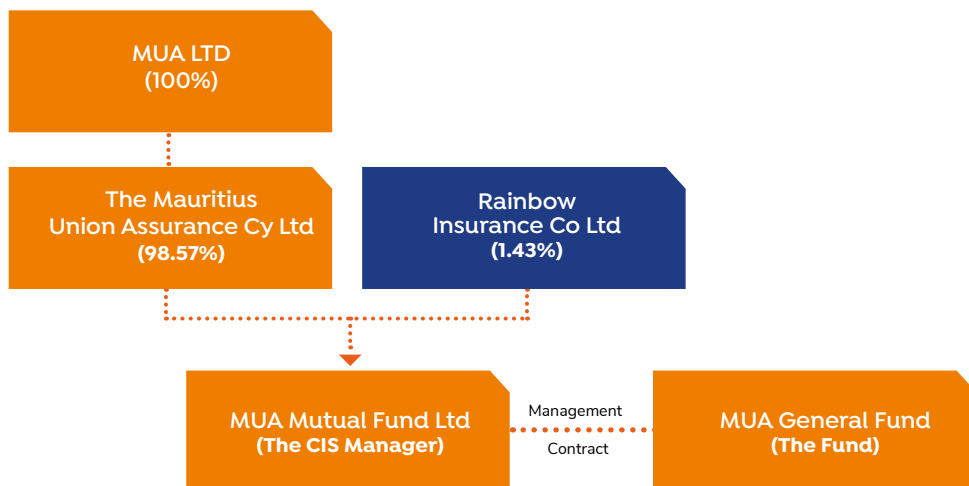
FOR THE YEAR ENDED 30 JUNE 2021

### 8.2 Shareholding Structure

Shareholder of the CIS Manager holding more than 5% of the Ordinary Shares:

Name of shareholder	% HOLDING
THE MAURITIUS UNION ASSURANCE CY. LTD	98.57%

The shareholding structure as at 30 June 2021 was as follows:



### 8.3 Dividend Policy

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

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

Last 3 Financial Years Annual Distributions	
Financial Year	Dividend/Unit (Rs)
01.07.19 to 30.06.20	1.34
01.07.18 to 30.06.19	1.93
01.07.17 to 30.06.18	2.01

## CORPORATE GOVERNANCE REPORT

FOR THE YEAR ENDED 30 JUNE 2021

### Performance

Financial Year ending 30 June	Beginning NAV/Unit (Rs)	Distributions/Unit	Ending NAV/Unit (Rs)	Total Return (%)
2020	47.31	1.34	43.87	(4.43)
2019	48.78	1.93	47.31	0.94
2018	48.68	2.01	48.78	4.33

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)
2020	528,414	4,445	(23,769)	15,086	494,004
2019	551,290	(6,194)	5,128	21,810	528,414
2018	546,698	3,482	23,788	22,678	551,290

### Tax Status

- I. Taxation of the Unit Trust
  - The Unit Trust shall be liable to corporate tax at the rate of 15%; and
- 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 2021

### Unit Holder Analysis as at 30 June 2021

Range	No. Of Unit Holders	No. Of Units	% Of Funds	% Of Unit Holders
Up to 1,000	3,163	1,002,426.4823	8.73	67.43
More than 1,000 to 5,000	1,144	2,660,600.6119	23.17	24.39
More than 5,000 to 10,000	231	1,605,636.8440	13.98	4.92
More than 10,000 to 25,000	117	1,712,969.1900	14.91	2.49
More than 25,000 to 50,000	24	770,989.3817	6.71	0.51
More than 50,000 to 100,000	7	448,375.9279	3.90	0.15
More than 100,000 to 1,000,000	4	1,227,977.6173	10.69	0.09
Over 1,000,000	1	2,056,766.7673	17.91	0.02
<b>Total</b>	<b>4,691</b>	<b>11,485,742.8224</b>	<b>100.00</b>	<b>100.00</b>

### Category of Unit Holders as at 30 June 2021

Unit Holders Type	No. Of Unit Holders	No. Of Units	% Of Unit Holders
Individuals	4,655	7,991,828.2465	69.58
Corporate Bodies and Others	36	3,493,914.5759	30.42
<b>Total</b>	<b>4,691</b>	<b>11,485,742.8224</b>	<b>100.00</b>

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

Date	Issue Price (Rs.)	BID Price (Rs.)
30 June 2020	43.87	43.43
30 June 2019	47.31	46.84
30 June 2018	48.78	48.30

Net Asset Value as at 30 June 2021: Rs. 52.17

### 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 2021

### Auditors

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

	2021		2020	
	Audit Rs	Other Rs	Audit Rs	Other Rs
Ernst & Young	35,420	-	171,580	40,250
PricewaterhouseCoopers Ltd	172,500	20,125	-	-
	207,920	20,125	171,580	40,250

In line with the requirements of the Financial Reporting Act 2004 regarding rotation of auditors, PricewaterhouseCoopers has been appointed as auditors for the Group as from financial year ended 30 JUNE 2021.

No non-audit services, excluding tax services, were provided to the Company during financial year ended 30 JUNE 2021.

### 8.4 Shareholders' Agreement

As the CIS Manager of the Fund is owned at 98% by its main shareholder, The Mauritius Union Assurance Cy Ltd, there is no shareholders' agreement.

### 8.5 Shareholder Information

As the CIS Manager of the Fund is owned at 98% by its main shareholder, The Mauritius Union Assurance Cy Ltd, there is no trading of shares and, consequently, share price information is not available.

### Contracts of Significance

There was no contract of significance subsisting during the year to which the Fund was a party and in which a director was materially interested, either directly or indirectly.

## CORPORATE GOVERNANCE REPORT

FOR THE YEAR ENDED 30 JUNE 2021

### Statement of Responsibilities

#### *Financial Statements*

The Manager and Trustee of 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 Trust 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 Trust
- (v) taken appropriate measures to safeguard the assets of the Trust 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 Trust'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.

CORPORATE GOVERNANCE REPORT


FOR THE YEAR ENDED 30 JUNE 2021

Statement of Responsibilities (Continued)

Risk Management

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

Approved on 14 September 2021 and signed on its behalf by:



Manager



Trustee

## CORPORATE GOVERNANCE REPORT

FOR THE YEAR ENDED 30 JUNE 2021

### 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 2021

We, the Manager and Trustee of MUA General Fund, confirm that throughout the year ended 30 June 2021, to the best of our knowledge, the Trust has complied partially with the Corporate Governance Code for Mauritius (2016).

The area of non-compliance is:

Principle	Area of non-compliance	Explanation
Principle 2 Structure of Board and its Committees	• Status of Directors	• 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 of the Trust considers that given its size and the scope of activities of the company, the appointment of additional directors is not justified at this stage, including appointment of an additional executive director.
Principle 1,3,6	• Website Disclosures	• The CIS Manager of the Trust does not have a dedicated website given the scope of its services. Details about the performance of the CIS feature on the Group web site. The directors do not deem necessary for neither the CIS Manager nor the CIS to have a dedicated web site, given the relevant information about the CIS is already included on the Group web site.



Manager



Trustee

Date: 14 September 2021







# AUDITORS' REPORT

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

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Our Opinion

In our opinion, the financial statements give a true and fair view of the financial position of MUA General Fund (the "Trust") as at 30 June 2021, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

### What we have audited

The financial statements of MUA General Fund set out on pages 50 to 93 comprise:

- the statement of financial position as at 30 June 2021;
- the statement of profit or loss and other comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information

### Basis for Opinion

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

### Independence

We are independent of the Trust in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (the "IESBA Code"). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

### Other Information

The manager and the trustee are responsible for the other information. The other information comprises the corporate governance's report but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above 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, 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 BENEFICIARIES OF MUA GENERAL FUND

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

In addition to the responsibilities described above and our work undertaken in the course of the audit, the Mauritian Financial Reporting Act 2004 requires us to report certain matters as described below.

### Corporate Governance report

Our responsibility under the Mauritian Financial Reporting Act 2004 is to report on the compliance with the Code of Corporate Governance ("Code") disclosed in the annual 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 annual report, the Trust has, pursuant to section 75 of the Mauritian Financial Reporting Act 2004, complied with the requirements of the Code.

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

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

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

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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.

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

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

- 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 internal control.
- 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 and trustee' 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 Trust'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 Trust to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the manager and the trustee 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.

We also provide the manager and the trustee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.


From the matters communicated with the manager and the trustee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**INDEPENDENT AUDITOR'S REPORT TO THE BENEFICIARIES OF MUA  
GENERAL FUND**

**Other Matter**

This report, including the opinion, has been prepared for and only for the Trust's beneficiaries, as a body, in accordance with International Financial Reporting Standards and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

  
PricewaterhouseCoopers  
Moka, Mauritius

  
Sharvin Ballah,  
Licensed by FRC

Date: 14 September 2021


## STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE, 2021

	Notes	As at 30 June 2021 Rs.	Restated As at 30 June 2020 Rs.	Restated As at 01 July 2019 Rs.
<b>ASSETS</b>				
Cash and cash equivalents	18(b)	10,338,439	7,754,122	9,482,886
Receivables	8	2,424,638	482,891	763,860
Held For Trading financial assets				
- Portfolio of local securities	6	239,264,871	201,617,386	276,626,476
- Portfolio of overseas securities	7	221,677,363	146,005,245	127,344,179
Financial assets at fair value through OCI	5(a)	120,872,263	129,199,642	114,533,299
Financial assets at amortised cost	5(b), 23	20,666,864	20,522,566	17,441,734
<b>Total assets</b>		<b>615,244,438</b>	505,581,852	546,192,434
<b>LIABILITIES</b>				
Payables	9	3,670,308	2,945,527	2,690,009
Distribution to Unitholders	12	12,230,019	8,511,444	15,088,476
Current income tax liabilities	13(iii)	76,616	120,968	-
<b>Total liabilities</b>		<b>15,976,943</b>	11,577,939	17,778,485
<b>EQUITY AND RESERVES</b>				
Redeemable Units		169,654,294	159,309,435	154,864,030
Distributable reserve		212,583,408	221,303,971	226,611,757
Fair value reserve		10,189,309	17,006,458	9,326,637
Retained earnings		206,840,484	96,384,049	137,611,525
<b>Net assets attributable to holders of redeemable Units</b>	16	599,267,495	494,003,913	528,413,949
<b>Total equity and liabilities</b>		<b>615,244,438</b>	505,581,852	546,192,434
<b>Net asset value per Unit</b>	16	<b>52.17</b>	43.87	47.31

These financial statements have been approved for issue by the Manager and the Trustee on: 14 September 2021



Manager



Trustee

The notes on pages 54 to 93 form an integral part of these financial statements.

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE, 2021

	Notes	2021 Rs.	2020 Rs.
<b>INCOME</b>			
Investment revenue	10	11,354,126	15,863,978
Net change on financial assets at fair value through profit or loss	7(iii)	110,456,435	(39,167,304)
<b>Total income</b>		<b>121,810,561</b>	<b>(23,303,326)</b>
<b>EXPENSES</b>			
Manager's fees	14	6,674,549	6,514,989
Trustee's fees	15	150,000	150,000
Professional fees		710,326	725,595
Other expenses	11	239,369	310,191
<b>Total operating expenses</b>		<b>7,774,244</b>	<b>7,700,775</b>
<b>EQUALISATION</b>			
Income received on Units created		40,927	134,433
Income paid on Units redeemed		(31,280)	(106,730)
		9,647	27,703
<b>Net profit/(loss) before taxation</b>		<b>114,045,964</b>	<b>(30,976,398)</b>
Income tax expense	13(i)	(80,073)	(472,289)
<b>Net profit/(loss) for the year</b>		<b>113,965,891</b>	<b>(31,448,687)</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
<i>Item that will not be reclassified to profit or loss in subsequent years</i>			
Debt instruments at FVOCI			
Fair value gain	5(a)	(6,817,149)	7,679,821
Total other comprehensive income, net of taxes		(6,817,149)	7,679,821
<b>Profit/(Loss) and total comprehensive income for the year, net of tax</b>		<b>107,148,742</b>	<b>(23,768,866)</b>

The notes on pages 54 to 93 form an integral part of these financial statements.

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE, 2021

	Notes	Redeemable Units	Retained earnings	Fair value reserve	Distributable reserve	Total
		Rs.	Rs.	Rs.	Rs.	Rs.
<b>Balance at July 1, 2020</b>		159,309,435	96,384,049	17,006,458	221,303,971	494,003,913
Profit for the year		-	113,965,891	-	-	113,965,891
Other comprehensive income		-	-	(6,817,149)	-	(6,817,149)
Total comprehensive income		-	113,965,891	(6,817,149)	-	107,148,742
<b>Transactions with Unit Holders</b>						
Units created	16(a)	32,770,159	-	-	-	32,770,159
Units redeemed	16(a)	(22,425,300)	-	-	-	(22,425,300)
Dividend	12	-	(3,509,456)	-	(8,720,563)	(12,230,019)
<b>Balance at June 30, 2021</b>		<b>169,654,294</b>	<b>206,840,484</b>	<b>10,189,309</b>	<b>212,583,408</b>	<b>599,267,495</b>
<b>Balance at July 1, 2019</b>		154,864,030	137,611,525	9,326,637	226,611,757	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)
<b>Transactions with Unit Holders</b>						
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>159,309,435</b>	<b>96,384,049</b>	<b>17,006,458</b>	<b>221,303,971</b>	<b>494,003,913</b>

The notes on pages 54 to 93 form an integral part of these financial statements.



## STATEMENT OF CASH FLOWS THE YEAR ENDED 30 JUNE, 2021

	Notes	2021 Rs.	2020 Rs.
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash used from operations	18(a)	(6,963,137)	(7,164,286)
Dividend paid		(8,588,167)	(21,663,608)
Tax paid	13	(124,426)	(321,521)
<b>Cash used in operations</b>		<b>(15,675,730)</b>	<b>(29,149,415)</b>
Purchase of investments		(2,863,168)	(40,772,106)
Proceeds from sale of investment		-	47,799,476
Bond Maturity	5(a)	1,500,000	
Dividend received		1,900,438	8,824,017
Interest received		7,377,918	7,322,186
<b>Net cash generated from operating activities</b>		<b>7,915,188</b>	<b>23,173,573</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Net cash movement from Units created	16(a)	32,770,159	32,138,427
Net cash movement from Units redeemed	16(a)	(22,425,300)	(27,693,019)
<b>Net cash generated from financial activities</b>		<b>10,344,859</b>	<b>4,445,408</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>2,584,317</b>	<b>(1,530,434)</b>
Effect of exchange rate changes on cash and cash equivalents		-	-
<b>CASH AND CASH EQUIVALENTS AT JULY 1,</b>		<b>7,754,122</b>	<b>9,284,556</b>
<b>CASH AND CASH EQUIVALENTS AT JUNE 30,</b>	18(b)	<b>10,338,439</b>	<b>7,754,122</b>

The notes on pages 54 to 93 form an integral part of these financial statements.





# NOTES TO THE **FINANCIAL STATEMENT**

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

### 1. CORPORATE INFORMATION

MUA General Fund (the "Trust") is an open-ended collective Investment Scheme which is constituted under the MUA 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 Trust'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 Trust'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 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 2021

### 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 Trust operates (functional currency). The Trust determines its own functional currency and items included in the financial statements of the Trust 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

The Trust will recognise revenue to the extent that it is probable that the economic benefits that will flow to the Trust 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:

- Identify the contract(s) with a customer;
- Identify the performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contract;
- Recognise revenue when (or as) the entity satisfies a performance obligation.

##### *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 2021

### 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 2021

### 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 2021

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### f) Financial instruments

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

#### i) Financial assets

In accordance with IFRS 9, the Trust 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)

The Trust 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 2021

### f) 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. These are subsequently measured at amortised cost using the effective interest method, adjusted for any expected loss allowance.

The Trust includes in this category receivables, cash and cash equivalents, corporate bonds and fixed deposits.

#### Debt instruments at FVOCI

The Trust 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 4. Where the Trust 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.

The Trust includes in this category government bonds.

#### 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 Trust includes in this category investment in equity securities and mutual funds.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

### 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 Trust includes in this category other short-term payables and distribution to unit holders.

##### *Initial recognition and measurement*

Financial liabilities within the scope of IFRS 9 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 Trust 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 Trust's financial liabilities include payables and distribution to unitholders.

##### *Subsequent measurement*

The 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 2021

### 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 Trust.

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 nonfinancial 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 Trust 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 2021

### 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 Trust 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.

##### 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 2021

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### j) Provisions

Provisions are recognised when the Trust 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 Trust 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 Trust 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 Trust's net assets in the event of the Trust'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 Trust'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 Trust over the life of the instrument.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### *l) Share capital (continued)*

In addition to the redeemable units having all the above features, the Trust 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 Trust.

The Trust 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 Trust 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 Trust 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 Trust 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 Trust's own equity instruments.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

### 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.

### 3. NEW STANDARDS AND INTERPRETATIONS

*New standards, amendments to existing standards and interpretation issued and effective for the first time for the financial year beginning on 01 July 2020*

In the current year, the Company has assessed all of the new standards, amendments to existing standards and interpretations issued by the International Accounting Standards Board for accounting periods beginning on 01 July 2020. None of these are expected to have a significant effect on the financial statements of the Company.

*New standards, amendments and interpretations issued but effective for the financial year beginning after 01 July 2020*

A number of new standards, amendments to standards and interpretations are not yet effective for annual periods beginning after 01 July 2020. None of these had a significant effect on the financial statements of the Company.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

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

The preparation of the Trust'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 Trust'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 Trust 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 Trust is the MUR.

##### *Fair value of unquoted investments*

The fair value of financial instruments where no active market exists or where quoted prices are not otherwise available are determined by using valuation techniques. In these cases, the fair values are estimated from observable data in respect of similar financial instruments or using models. Where market observable inputs are not available, they are estimated based on appropriate assumptions. Where valuation techniques (for example, models) are used to determine fair values, they are calibrated and periodically reviewed by qualified management personnel independent of the area that created them to ensure that outputs reflect actual data and comparative market prices. To the extent practical, models use only observable data; however, areas such as credit risk (both own credit risk and counterparty risk), volatilities and correlations require the directors to make estimates. The Trust's unquoted investments at fair value consist of government bonds measured at fair value through OCI. Management makes use of the most recent market yields in order to determine the theoretical market price of the financial instruments.

##### *Measurement of expected credit loss allowance*

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and at fair value through other comprehensive income is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behavior (e.g. the likelihood of customers defaulting and the resulting losses).

A number of significant judgements are also required in applying the accounting requirement for measuring the expected credit loss ("ECL"), such as:

- Determining criteria for significant increase in credit risk;
- Choosing the appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL;



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

### 4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

Measurement of expected credit loss allowance (continued)

- Establishing groups of similar financial assets for the purposes of measuring ECL;
- Determining the relevant period of exposure to credit risk when measuring ECL for credit cards and revolving credit facilities; and
- Determining the appropriate business models and assessing the solely payments of principal and interest ("SPPI") requirements for financial assets.

### 5. FINANCIAL INVESTMENTS

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

Debt instruments classified as financial assets at fair value through OCI

	As at 30 June 2021	Restated As at 30 June 2020	Restated As at 30 June 2019
	Rs	Rs	Rs
Government bonds	101,158,243	110,690,378	83,608,408
Corporate bonds (quoted)	19,714,020	18,509,264	30,924,891
	120,872,263	129,199,642	114,533,299

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

### 5. FINANCIAL INVESTMENTS (CONTINUED)

The table below shows movement in the gross carrying amount. ECL has been assessed to be very insignificant and no adjustment has been recorded (2020: Nil).

	Stage 1 collective	Total
	Rs	Rs
At June 1, 2018	108,533,687	108,533,687
Increase in fair value	6,015,797	6,015,797
Interest received	(1,782,489)	(1,782,489)
Accrued interest	1,766,304	1,766,304
At July 1, 2019	114,533,299	114,533,299
Additions	17,153,350	17,153,350
Matured during the year	(10,000,000)	(10,000,000)
Increase in fair value	7,679,821	7,679,821
Interest received	(1,766,304)	(1,766,304)
Accrued interest	1,599,476	1,599,476
<b>At June 30, 2020</b>	<b>129,199,642</b>	<b>129,199,642</b>
Matured during the year	(1,500,000)	(1,500,000)
Decrease in fair value	(6,817,149)	(6,817,149)
Interest received	(1,599,476)	(1,599,476)
Accrued interest	1,589,246	1,589,246
<b>At June 30, 2021</b>	<b>120,872,263</b>	<b>120,872,263</b>

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 secondary 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).

#### (a) Financial assets at amortised cost

	As at 30 June 2021	Restated As at 30 June 2020	Restated As at 30 June 2019
	Rs	Rs	Rs
Corporate bonds (unquoted)	17,417,568	17,420,270	17,441,734
Fixed deposit	3,249,296	3,102,296	-
	<b>20,666,864</b>	<b>20,522,566</b>	<b>17,441,734</b>

The directors have assessed the provision for ECL on financial assets at amortised cost at period end. The ECL provision was deemed immaterial and no provision has been made (2020: Nil).

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

### 6. PORTFOLIO OF LOCAL SECURITIES

(i) Held-For-Trading	Official list	Development & Enterprises Market	Total
	Rs.	Rs.	Rs.
At July 1, 2020	196,038,595	5,578,791	201,617,386
Additions	2,863,168	-	2,863,168
Increase in fair value of investments	32,381,020	2,403,297	34,784,317
<b>At June 30, 2021</b>	<b>231,282,783</b>	<b>7,982,088</b>	<b>239,264,871</b>
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	(52,582,100)	(7,306,441)	(59,888,541)
<b>At June 30, 2020</b>	<b>196,038,595</b>	<b>5,578,791</b>	<b>201,617,386</b>

(ii) Details of securities:	2021	2020
	Rs	Rs
BANKING, INSURANCE & OTHER FINANCE	125,749,439	104,098,096
COMMERCE	37,127,813	37,155,515
INDUSTRY	7,099,363	6,508,611
PROPERTY	7,079,457	4,496,751
LEISURE AND HOTELS	15, 472, 189	14 453 736
INVESTMENTS	46,736,610	34,904,677
<b>TOTAL VALUE OF LOCAL SECURITIES</b>	<b>239,264,871</b>	<b>201,617,386</b>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

### 7. PORTFOLIO OF OVERSEAS SECURITIES

	2021 Rs.	2020 Rs.
<b>(i) Held-For-Trading</b>		
At July1,	146,005,245	127,344,179
Increase in fair value	75,672,118	18,661,066
<b>At June 30,</b>	<b>221,677,363</b>	<b>146,005,245</b>

#### (ii) Details of securities:

	2021 Rs	2020 Rs
Aberdeen Global - Asia Pacific Equity Fund	31,876,134	21,187,412
Aberdeen Global - Emerging Markets Equity Fund	24,052,417	15,206,382
Stewart Investors Global Emerging markets Leaders "A"	19,383,356	13,816,358
BGF-European Equity Income	21,753,069	15,850,285
BGF-EuropeanFund-a2-eur	10,410,304	6,487,629
BGF Continental European Notes	13,517,462	8,054,380
Schroder ISFOUS Large Cap	34,081,174	21,836,884
FIDELITY AMERICA "A"	20,829,528	13,920,410
MSS US ADVANTAGE "A"	45,773,919	29,645,505
	<b>221,677,363</b>	<b>146,005,245</b>

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

	2021 Rs	2020 Rs
<b>Local securities</b>		
Realised gain	-	2,060,172
Unrealised gain/(loss)	34,784,317	(59,888,542)
<b>Overseas securities</b>		
Unrealised gain	75,672,118	18,661,066
<b>Net gain/(loss)</b>	<b>110,456,435</b>	<b>(39,167,304)</b>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

### 8. RECEIVABLES

	2021	2020
	Rs	Rs
Dividend receivable on held for trading financial assets	2,331,924	390,222
Others	2,714	2,669
Prepayments	90,000	90,000
	2,424,638	482,891

Dividend are receivable within 30 days and the credit risk has been assessed by the directors and deemed not material, hence not ECL has been recognised.

### 9. PAYABLES

	2021	2020
	Rs	Rs
Uncleared distribution	1,564,207	1,640,931
Other creditors and accruals	1,254,557	467,497
Repayment of units	-	111,702
Amount due to related parties (Note 19(i))	851,544	725,397
	3,670,308	2,945,527

The carrying amounts of payables approximate their fair values.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

### 10. INVESTMENT REVENUE

	2021	2020
	Rs	Rs
Dividends on held For trading financial assets	3,842,140	8,592,280
Interest income	7,511,986	7,271,698
	<b>11,354,126</b>	<b>15,863,978</b>

### 11. OTHER EXPENSES

	2021	2020
	Rs	Rs
Bank charges	15,748	18,076
Licence fees	90,000	90,000
Printing	133,621	202,115
	<b>239,369</b>	<b>310,191</b>

### 12. DIVIDEND - DISTRIBUTION TO UNITHOLDERS

	2021	2020
	Rs	Rs
Interim distribution of Rs. 0.00 (2020: Rs. 0.58) per Unit	-	6,575,132
Final distribution of Rs. 0.30 (2020: Rs. 0.10) per Unit	3,509,456	1,143,485
Distribution of capital gains of Rs. 0.76 (2020: Rs. 0.66) per Unit	8,720,563	7,367,958
<b>Amount payable at end of reporting period</b>	<b>12,230,019</b>	<b>8,511,443</b>
<b>Total dividend for the year</b>	<b>12,230,019</b>	<b>15,086,575</b>

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

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

### 13. TAXATION

#### (i) Income tax

Income tax has been charged on the net income of the Trust, as adjusted for tax purposes, at the rate of 15% (2020: 15%) as follows:

	2021	2020
	Rs	Rs
Provision for current year	76,616	120,968
Taxation charge	(80,073)	472,289
Amounts recognised in statement of comprehensive income	(80,073)	472,289

#### (ii) Income tax reconciliation

	2021	2020
	Rs	Rs
<b>Net profit before taxation</b>	<b>114,045,964</b>	<b>(30,976,398)</b>
Tax at the rate of 15% (2020: 15%)	17,106,895	(4,646,460)
Tax effects of:	-	-
- Expenses not deductible for tax purposes	-	16,009
- Income not subject to tax	(16, 568, 465)	5,883,808
- Underprovision/Unutilised tax losses	3, 458	351,321
- Exempt income	(1, 460, 119)	(2,181,609)
- Expenses attributable to exempt income	998,304	1,049,220
<b>Taxation expense</b>	<b>80,073</b>	<b>472,289</b>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

### 13. TAXATION (CONTINUED)

#### (iii) Income tax liability

	2021	2020
	Rs	Rs
At July 1	120,968	-
Underprovision	3,458	351,321
Income tax expense for the year	76,616	120,968
Income tax paid during the year	(124,426)	(351,321)
<b>At June 30</b>	<b>76,616</b>	<b>120,968</b>

#### (iv) Deferred tax

The Trust had no deferred tax asset/liability at June 30, 2021 and at June 30, 2020.



**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 JUNE 2021

**14. MANAGER’S FEES**

	2021	2020
	Rs	Rs
These comprise fees payable to:		
- MUA Mutual Fund Ltd	6,674,549	6,514,989

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 2021

### 16. UNITS

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

	2021		2020	
	Units	Rs.	Units	Rs.
Number of Units at July 1	11,260,005	494,003,913	11,168,388	528,413,949
Units created	711,728	32,770,159	683,883	32,138,427
Units redeemed	(485,990)	(22,425,300)	(592,266)	(27,693,022)
Total comprehensive income	-	107,148,742	-	(23,768,866)
Dividend	-	(12,230,019)	-	(15,086,575)
<b>Number of Units at June 30</b>	<b>11,485,743</b>	<b>599,267,495</b>	<b>11,260,005</b>	<b>494,003,913</b>

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

	2021	2020
	Rs.	Rs.
Ex-div	52.17	43.87

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

	2021	2020
	Rs.	Rs.
Issue price	52.17	43.87
Repurchase price	51.65	43.43

(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 (2020: nil) and on the repurchase of Units, an exit fee of 1% (2020: 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 2021

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

	Notes	2021	2020
		Rs	Rs
<b>(a) Cash generated from operations</b>			
Net profit before taxation		114,045,964	(30,976,398)
Adjustments for:			
Dividends on held for trading (HFT) financial assets	10	(3,842,140)	(8,592,280)
Interest income	10	(7,511,986)	(7,271,698)
Net increase/(decrease) in fair value of HFT investments			
- Local securities	7	(34,784,317)	59,888,542
- Overseas securities	7	(75,672,118)	(18,661,066)
Net realised gain on disposal		-	(2,060,173)
Income equalisation		-	(27,703)
		(7,764,597)	(7,700,776)
<b>Changes in working capital</b>			
(Increase) / decrease in receivables		(45)	280,969
(Decrease) / increase in payables		801,505	255,521
<b>Cash used from operations</b>		(6,963,137)	(7,164,286)

#### (b) Cash and cash equivalents

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

	2021	2020
	Rs	Rs
Cash at bank	10,338,439	7,754,122

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

### 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.

	2021	2020
	Rs.	Rs.
(i) <u>Outstanding balances</u>		
Payable to related parties:		
MUA Property Trust	23,986	53,100
MUA Mutual Fund Ltd	752,558	597,297
SBM Bank (Mauritius) Limited	75,000	75,000
	<u>851,544</u>	<u>725,397</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>8,813,579</u>	<u>6,514,989</u>
(ii) <u>Manager's fees to:</u>		
MUA Mutual Fund Ltd	<u>6,674,549</u>	<u>6,514,989</u>
(iii) <u>Professional fees to:</u>		
SBM Bank (Mauritius) Limited	<u>560,866</u>	<u>599,940</u>
(iv) <u>Interest income and dividend income from:</u>		
SBM Bank (Mauritius) Limited	<u>-</u>	<u>809,043</u>
(v) <u>Bank charges payable to:</u>		
SBM Bank (Mauritius) Limited	<u>11,430</u>	<u>5,572</u>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

### 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 2021

### 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		
	As at 30 June 2021	Restated As at 30 June 2020	Restated As at 01 July 2019
	Rs.	Rs.	
<b>Equity securities held for trading:</b>			
-Mauritian securities (SEM & DEM)	239,264,871	201,617,386	276,626,476
-International securities (Overseas Mutual Funds)	221,677,363	146,005,245	127,344,179
-Debt securities at FVOCI	120,872,263	129,199,642	114,533,299
<b>Total</b>	<b>581,814,497</b>	<b>476,822,273</b>	<b>518,503,954</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 2021

### 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.

At June 30,		
	2021	2020
	Fund's equity portfolio	Fund's equity portfolio
Sector	(%)	(%)
Banking, Insurance & Other Finance	53%	52%
Commerce	16%	18%
Industry	3%	3%
Property	3%	2%
Leisure & Hotels	6%	7%
Investments	20%	17%
Total	100%	100%

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 2021

### 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% (2020:5%). An equivalent increase (2020: decrease) would have resulted in an equivalent, back opposite, impact.

Categories of investments:	Change in equity price	Effect on equity and on profit or loss / other comprehensive income		
		As at 30 June 2021	Restated As at 30 June 2020	Restated As at 01 July 2019
		Rs.	Rs.	
Debt instrument at FVOCI	+5%	6,043,613	6,459,982	5,726,665
Held-for-trading	+5%	23,047,112	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 2021

### 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.

	Change in currency rate	Effect on equity and profit for the year (relates to monetary financial instruments)	
		2021	2020
		Rs.	Rs.
<b>Currency</b>			
<b>USD</b>	10%	15,661,217	10,179,660
<b>GBP</b>	10%	1,938,336	1,381,636
<b>EUR</b>	10%	4,568,084	3,039,229

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	
	2021	2020	2021	2020
			Rs.	Rs.
<b>Mauritian Rupee</b>	64%	71%	393,477,075	359,486,602
<b>United States Dollar</b>	25%	20%	156,612,172	101,796,598
<b>Pound Sterling</b>	3%	3%	19,383,356	13,816,358
<b>Euro</b>	7%	6%	45,680,835	30,392,294
	100.00%	100.00%	615,153,438	505,491,852

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

### 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 Trust 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 Trust 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, 2021, 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 (2020: 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 Trust 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 2021

### 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.

		2021	2020
		Rs	Rs
Interest bearing debt securities		141,539,127	149,722,208
Cash and cash equivalents		10,338,439	7,754,122
Receivables		2,334,638	392,891
<b>Total</b>		<b>154,212,204</b>	<b>157,869,221</b>

As at 30 June 2021	< 3 month	> 3 months < 1 year	1 to 5 years	> 5 years	Total
	Rs.	Rs.	Rs.	Rs.	Rs.
Financial assets					
Interest bearing debt securities	-	1,992,014	63,256,230	76,290,883	141,539,127
Cash and cash equivalents	10,338,439	-	-	-	10,338,439
Receivables	2,334,638	-	-	-	2,334,638
<b>Total financial assets</b>	<b>12,673,077</b>	<b>1,992,014</b>	<b>63,256,230</b>	<b>76,290,883</b>	<b>154,212,204</b>

As at 30 June 2020	< 3 Month	> 3 months < 1 year	1 to 5 years	> 5 years	Total
	Rs.	Rs.	Rs.	Rs.	Rs.
Financial assets					
Interest bearing debt securities	1,503,145	2,004,946	57,500,474	88,713,643	149,722,208
Cash and cash equivalents	7,754,122	-	-	-	7,754,122
Receivables	392,891	-	-	-	392,891
<b>Total financial assets</b>	<b>9,650,158</b>	<b>2,004,946</b>	<b>57,500,474</b>	<b>88,713,643</b>	<b>157,869,221</b>

Prepayments of Rs 90,000 (2020: Rs. 90,000) have been excluded from receivables

None of these assets are past due or impaired.

The clearing and depository operations for the Trust'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 2021

### 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 Trust 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 2021	1 to 3 months	Total
	Rs.	Rs.
Financial liabilities		
Payables	3,670,308	3,670,308
Distribution to unit holders	12,230,019	12,230,019
Total financial liabilities	15,900,327	15,900,327

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

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

### 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.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

### 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 Trust. The Trust 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 Trust's financial assets (by class) measured at fair value at June 30, 2021:

As at 30 June 2021	Level 1	Level 2	Level 3	Total
Assets	Rs.	Rs.	Rs.	Rs.
Financial assets held for trading:				
- Equity securities - Local	239,264,871	-	-	239,264,871
- Equity securities - overseas	221,677,363	-	-	221,677,363
Debt securities at FVOCI	19,714,020	101,158,243	-	120,872,263
<b>Total assets</b>	<b>480,656,254</b>	<b>101,158,243</b>	<b>-</b>	<b>581,814,497</b>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

### 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 (As restated)	Level 1	Level 2	Level 3	Total
	Rs.	Rs.	Rs.	Rs.
Assets				
Financial assets held for trading:				
- Equity securities - Local	201,617,386	-	-	201,617,386
- Equity securities - overseas	146,005,245	-	-	146,005,245
Debt securities at FVOCI	19,250,916	109,948,726	-	129,199,642
Total assets	366,873,547	109,948,726	-	476,822,273

At 01 July 2019 (As restated)	Level 1	Level 2	Level 3	Total
	Rs.	Rs.	Rs.	Rs.
Assets				
Financial assets held for trading:				
- Equity securities - Local	276,626,476	-	-	276,626,476
- Equity securities - overseas	127,344,179	-	-	127,344,179
Debt securities at FVOCI	30,924,891	83,608,408	-	114,533,299
Total assets	434,895,546	83,608,408	-	518,503,954

#### 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.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

### 20. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### Valuation techniques (continued)

##### *Investment in unit trusts*

The Fund invests in a portfolio of overseas funds. In the absence of 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. COVID-19

Covid-19 pandemic is still impacting on the economies around the world and Mauritius began its second nationwide lockdown on 10 March 2021 which ended on 30 April 2021. The directors have taken appropriate sanitary, strategic and operational measures such that the Company remains fully operational with minimal disruption. However, the Company may receive less dividends and interest income in the near future as its investees experience the impact of the economic measures applied to limit the transmission of the COVID-19 virus.

### 22. 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.

### 23. CORRECTION OF PRIOR YEAR ERRORS

During the year ended 30 June 2021, the directors noted that financial assets at amortised cost had been incorrectly classified as financial assets at fair value through other comprehensive income on the face of the statement of financial position in previous years. The financial assets at amortised cost comprise unquoted corporate bonds and a fixed deposit which had not been measured at fair value but at amortised cost. The intention of the directors are for the Trust to hold these financial assets until maturity in order to collect contractual cashflows. Accordingly, the directors have restated the prior year figures in the line with the requirements of IAS 1 - Presentation of Financial Statements, IAS 32 Financial Instruments: Presentation and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors.



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

### 23. CORRECTION OF PRIOR YEAR ERRORS (CONTINUED)

The prior year restatement in does not have any impact on the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the years ended 30 June 2021 and 30 June 2020. The following tables summarise the impacts on the financial statements:

#### Statement of financial position (extract)

	At at 01 July 2019		
	As previously stated	Adjustments	As re-stated
	Rs.	Rs.	Rs.
<b>Assets</b>			
Financial assets at fair value through OCI	131,975,033	(17,441,734)	114,533,299
Financial assets at amortised cost	-	17,441,734	17,441,734

#### Statement of financial position (extract)

	At at 30 June 2020		
	As previously stated	Adjustments	As re-stated
	Rs.	Rs.	Rs.
<b>Assets</b>			
Financial assets at fair value through OCI	149,722,208	(20,522,566)	129,199,642
Financial assets at amortised cost	-	20,522,566	20,522,566

## NOTES

FOR THE YEAR ENDED 30 JUNE 2021

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## NOTES

FOR THE YEAR ENDED 30 JUNE 2021

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