



ANNUAL **REPORT** 2023

MUA GENERAL FUND



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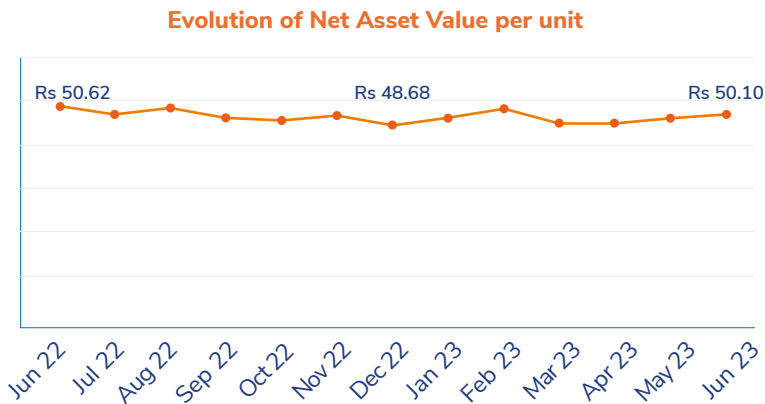


FINANCIAL HIGHLIGHTS

FOR THE YEAR ENDED 30 JUNE 2023

Key Financial Figures	30 June 2023	30 June 2022
	Rs.	Rs.
Investment revenue	19,235,956	16,759,215
Total income	17,963,362	1,061,917
Operating expenses	8,178,426	8,934,371
Net profit / (loss) after tax	9,608,805	(7,961,670)
Comprehensive income / (loss) for the year	4,658,320	(6,293,879)
Net asset value attributable to unitholders	569,238,409	584,307,522
Net asset value per unit (Ex - dividend)	50.10	50.62
	30 June 2023	30 June 2022
	%	%
Net asset value return*	0.8%	-1.0%
Annual Dividend yield	1.9%	2.0%

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







MANAGER'S
REPORT

MANAGER’S REPORT

FOR THE YEAR ENDED 30 JUNE 2023

Performance Review

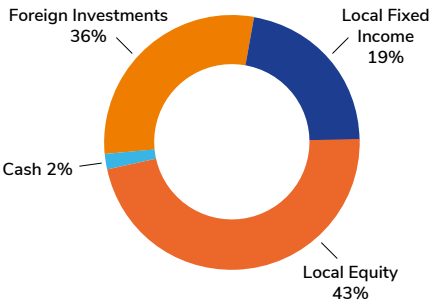
Over the financial year ended 30 June 2023, the performance of MUA General Fund (“MUA GF”) increased by 0.8%, supported by the recovery noted in both foreign and local market resulting in an increase of total revenue from Rs 1.1M to Rs 18.0M, coupled by an increase of Rs 14.6M in fair value gain from a loss of Rs 15.8M for comparative period in 2022. However, the market is still exposed to a heightened uncertainty and macroeconomic risks in the form of a prolonged supply chain disruptions and broad inflationary pressures with aggressive tightening of the monetary policy.

The annual dividend paid was at Rs 0.94 per unit with an annual dividend yield of 1.9%. For the year ended 30 June 2023, the fund realized a net profit after tax of Rs 9.6M compared to a net loss of Rs 8.0M for the comparative period last year, a marked improvement predominantly due to unrealised gains noted on both the foreign and local holdings.

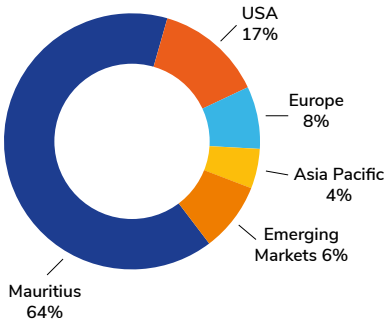
Portfolio Review

The net asset value of the MUA General Fund as at 30 June 2023 stood at Rs 569M, allocated as follows: 43% local equities, 19% fixed income, 36% foreign mutual funds and 2% in cash.

Portfolio asset mix
as at 30 June 2023



Geographical breakdown
as at 30 June 2023

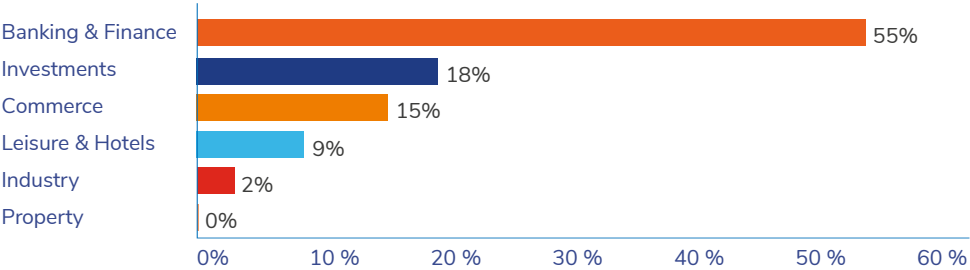


MANAGER’S REPORT

FOR THE YEAR ENDED 30 JUNE 2023

Local Portfolio

Representing 64% of MUA General Fund, the local portfolio comprised mainly of listed stocks on the Stock Exchange of Mauritius, local fixed income instruments and cash. The average maturity and yield of the fixed income portfolio was 4.1 years and 6.2% respectively as at 30 June 2023 (a premium of 135bps to the prevailing GOM Bonds on 4 Yr tenor at 4.85%). The main contributors (capital and dividend income increases) to the MUA GF portfolio were MCB Group Ltd (+7.2%), Vivo Energy (+27.1%) and Sun Ltd (+24.3%) whilst performance was dampened by lower performance on Alteo Group (-71.8%), MUA Ltd (-26.4%) and IBL (-14.1%). The local equity portfolio remained diversified across sectors as illustrated below.



At financial year-end, the top local holdings stood at Rs 355.4M, with the top holdings illustrated below:

Security	Sector	Value	% of Local Portfolio (equities + fixed income)
MCB Group Ltd	Banking	Rs 100.8 M	28.3%
IBL Ltd	Commerce	Rs 24.4 M	6.9%
MUA Ltd	Insurance	Rs 20.4 M	5.7%
SBM Holdings Ltd	Banking	Rs 13.5 M	3.8%
Vivo Energy	Commerce	Rs 13.1 M	3.7%
Total			48.4%

MANAGER'S REPORT

FOR THE YEAR ENDED 30 JUNE 2023

Foreign Portfolio

The foreign portfolio stood at Rs 196.9M with the below five largest positions:

Security	Region	Value	% of Foreign Portfolio
Schroder US Large Cap	United States	Rs 36.9 M	18.7%
MS US Advantage "A"	United States	Rs 26.2 M	13.3%
Aberdeen Global Asia - Pacific Equity Fund	Asia Pacific	Rs 24.7 M	12.5%
Fidelity America "A"	United States	Rs 23.1 M	11.7
BGF European Equity Fund	Europe	Rs 22.4 M	11.5%
Total			67.7%

Local economy and market

The local Mauritian economy continued to recover from the repercussions by the Covid-19 pandemic and geopolitical tensions between Ukraine and Russia resulting in supply chain disruptions which led to inflationary pressures with aggressive tightening of monetary policy. The Mauritian economy grew by 8.7% over the year 2022, which demonstrated solid resilience with the rebound noted in the hospitality sector amid the increase in arrivals of tourists from 179,780 in 2021 to nearly 1 million tourists in 2022 and resumption of overall business activity mainly in the manufacturing, financial and IT sectors. The Mauritian economy is set to continue its recovery path this year, with an expected GDP growth of 5.3% in 2023, according to Statistics Mauritius.

The National Budget 2023-24 was presented on 02 June 2023, with the main focus revolving around strengthening of the main pillars of the economy inclusive of the continuous transformation of Mauritius into a sustainable economy. A myriad of economic measures was presented, with the main highlights as follows: the increases in minimum wages reaching Rs 15,000 per month, increase in basic pensions, social benefits, a new grant to 18-year-olds, reduction in fuel price, partial exemption on interest earned by a CIS or Closed End Fund from 80% to 95% and generous increase in the usual public infrastructure. The overhaul of the income tax system to make it more progressive coupled with the abolition of the solidarity Levy remains among the most welcome announcement that is expected to provide a massive boost to households and business community. More focus was laid on sustainable development across all sectors.

Improvements in economic indicators were noted during the period such as the decline in the unemployment rate from 9.9% in 2021 to 7.7% in 2022 and a reduction in the Public Debt to Gross Domestic Product (GDP) from 81.4% in 2021 to 79.0% in 2022. The country was rated at

MANAGER'S REPORT

FOR THE YEAR ENDED 30 JUNE 2023

Local economy and market (continued)

Baa3 by Moody's Investors' Service since July 2022 and is maintained at Baa3 with stable outlook as announced on 28 July 2023. Despite the concrete and positive results of the Government of Mauritius' economic recovery and fiscal consolidation strategy, the credit profile reflected high debt burden. The elevated inflation rate remains a concern with tightening of the monetary policy through hiking of interest rates experienced (increase of 265bps since 2020) from 1.85% to 4.50% until June 2023. The headline inflation as of June 2023 was 10.5% (June 2022: 8.0%) with a year-on year inflation rate of 7.9% (June 22: 9.6%). The increase in interest rates continued to influence the rate on long term loans inclusive of mortgages rates. The next Monetary Policy Committee (MPC) meeting is expected to be in August 2023.

Uncertainty in the macroeconomic environment continued to impact the performance of the local equity and fixed income market. Interest rates across all maturities shifted upwards with an average increase of 299bps, with short term yields (+309bps) increasing more than the long tenor yields (+68bps). As from 16 January 2023, a new Monetary Policy framework was implemented by the Bank of Mauritius (BoM) to strengthen the Monetary Policy mechanism. The new Monetary Policy tool was introduced through the issuance of the 7-day BoM Bills (issuance of Rs 73Bn since Jan 2023), which was effectively reducing the level of liquidity in the local market with the aim of curbing inflation. However, in the first week of July 2023 the BoM capped the issuance amount at Rs 5.0Bn which in turn impacted the yield curve with a downward shift of -32bps on average noted across all tenors. In foreign exchange markets, the Mauritian Rupee depreciated by -0.4%, -4.2% and -4.1% over the year ended June 2023. The BoM intervened in the market with an injection of USD 455M at a rate of 44.10 in a way to stabilise the foreign exchange market.

However, the local equity market remained on the decline mode despite the positive announcement of earning results of companies and dividend announcement. The local market index, SEMDEX and SEMTRI declined by -7.5% and -3.8% respectively over the period under review compared to a rebound of +14.2% noted for the comparative period last year. The main contributors to the market performance were Vivo Energy (+19.7%), MCB Group Ltd (+1.9%) and Sun Ltd (+16.5%) whilst detractors were Alteo Group (-74.1%), IBL (-15.4%) and Ascencia (-32.8%). Only sugar (+20.5%) and the hotel sector (+3.7%) showed some improvements across the board given the increase in sugar prices and increased arrivals of tourists. The announcement of dividends by Sun Ltd and LUX of Rs 2.00 per share boosted the optimism among the hotel stocks. In addition, the National Budget highlighted a target of 1.4M tourists and Rs 100Bn in terms of tourism revenue next year which supports the recent outperformance of hotel groups.

Overall, the local growth outlook is reliant on tourist arrivals, pace of implementation of envisioned renewable energy projects and initiatives to further gear up the investment facilitation framework

MANAGER'S REPORT

FOR THE YEAR ENDED 30 JUNE 2023

Foreign economy and market

The year ended June 2023 was marked by heightened uncertainty as a series of events unraveled such as the failure of some major global banks (Silicon Valley Bank, Signature Bank, The Republic Bank and Credit Suisse), the looming risk of a technical recession in Europe, US-China tensions, the reopening of the Chinese borders and the US debt ceiling discussions. While the local equity market declined over the period, the foreign equity market maintained a strong footing, with global index MSCI ACWI gaining +14.4% (in USD terms) and +14.8% (in MUR terms). The gains were mostly contributed by the strong performance of mega-cap stocks inclusive of Nvidia which had recently entered the trillion-market cap club, alongside Apple, Microsoft or Meta.

The performance of indices across all markets remained on the positive territory despite high prevailing inflationary pressures. The S&P 500 notched double digit returns at +17.6% in USD terms (+18.0% in MUR terms), EURO Stoxx 600 by +13.4% in EUR term (+18.3% in MUR terms), NASDAQ 100 by +25.0% in USD term (+25.5% in MUR terms). The overall market was boosted by the potential for a boon in the technology sector with the fervor around Artificial Intelligence (AI). The equity markets continued to advance on the back of favorable corporate earnings results and resolution on US debt ceilings despite the recent bank turmoil experienced in both US and the Eurozone. However, the MSCI Emerging index declined by -1.1% in USD terms (-0.8% in MUR terms). The reopening of the Chinese economy did not result in the expected level of economic growth, contributing less than predicted to the growth of the global economy, namely as a result of a distressed in the property sector.

Persistently high inflation rates have been dominating the global economy since the beginning of 2022 and Central Banks the world over have tightened their monetary policy with aggressive hiking of interest rates in order to tame inflationary pressures. The US Yield curve remained high, as the 2 Yr bond yields shifted much higher than the yield on the 10 Yr US T-Bond, leading to a further inversion of the yield curve. The 2 Yr- 10 Yr spread hit its deepest inversion (-109bps), reflecting markets concern that further rate hikes may lead the US economy into recession. The Federal Reserve (Fed) has already hiked the interest rate by 500bps since March 2022, and had paused rate hiking lately post reaching 5.25%. However, on 26 July 2023, the Fed hiked the rate again by 25bps up to 5.50% with more indication on further hikes going forward. Despite that the inflation data had been weaker than expected, policymakers had been reluctant to alter their hawkish stance until there is more progress in reducing price pressures. European Central Bank (ECB) as well hiked the Key Interest Rate by 25bps lately on 27 July 2023 as it continued to battle against the high inflation rate. The Eurozone and UK appear to have avoided recessions as natural gas prices have fallen sharply, with cost-of living pressures easing. China's post-reopening recovery had been slower and bumpier than expected. Within consumption, the service sector has experienced the most significant recovery since reopening, as consumers flocked back to dining and tourism activities.

MANAGER'S REPORT

FOR THE YEAR ENDED 30 JUNE 2023

Foreign economy and market (continued)

The global recovery continued slowly amid widening divergences among economic sectors and regions. As reported by the International Monetary Fund (IMF) WEO July 2023, the global growth is projected to fall from an estimated 3.5% in 2022 to 3.0% in both 2023 and 2024. The monetary policy action by Central Banks will fight the high inflationary pressures and is expected to weigh on the overall economic activity. Global headline inflation is expected to decline from 8.7% in 2022 to 6.8% in 2023 and 5.2% in 2024. Policymakers around the world are facing increasingly difficult trade-offs between fighting inflation, preserving financial stability, and supporting inclusive and sustainable economic recoveries, against the backdrop of lingering uncertainties. Yet, the priority of most economies is to achieve a sustained level of disinflation while ensuring financial stability.

Prospects

The volatile market conditions are likely to prevail in the coming months and we continue to believe that global diversification and active management are important strategies to capture returns while managing downside risks. The strategy and objective of the MUA General Fund will remain unchanged with more focus laid on diversification and investment in quality holdings whilst aligning with the ESG principles as outlined in the MUA Socially Responsible Investment Policy. The Fund shall aim to maintain its policy of paying dividends twice a year in June and December.

We would like to highlight that factsheet will continue to be published on a monthly basis on MUA Ltd website, www.mua.mu.

MUA Mutual Fund Ltd
Fund Manager
28 July 2023





CORPORATE GOVERNANCE
REPORT

CORPORATE GOVERNANCE REPORT

FOR THE YEAR ENDED 30 JUNE 2023

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 mutual fund which was constituted under the NMF Unit Trust and authorised by the Securities Act 2005. It was incorporated under the Unit Trust Act 1989 (as repealed by the Trusts Act 2001) and established by a Trust Deed dated 30 May 1990 made between The National Mutual Fund Ltd (now known as MUA Mutual Fund Ltd) (the "CIS Manager") and SBM Bank (Mauritius) Limited (The "Trustee").

The Fund's investment activities are managed by the CIS Manager 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 Cy.), 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 (the '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 four 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 Executive 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 Manager's level and the funds it manages.

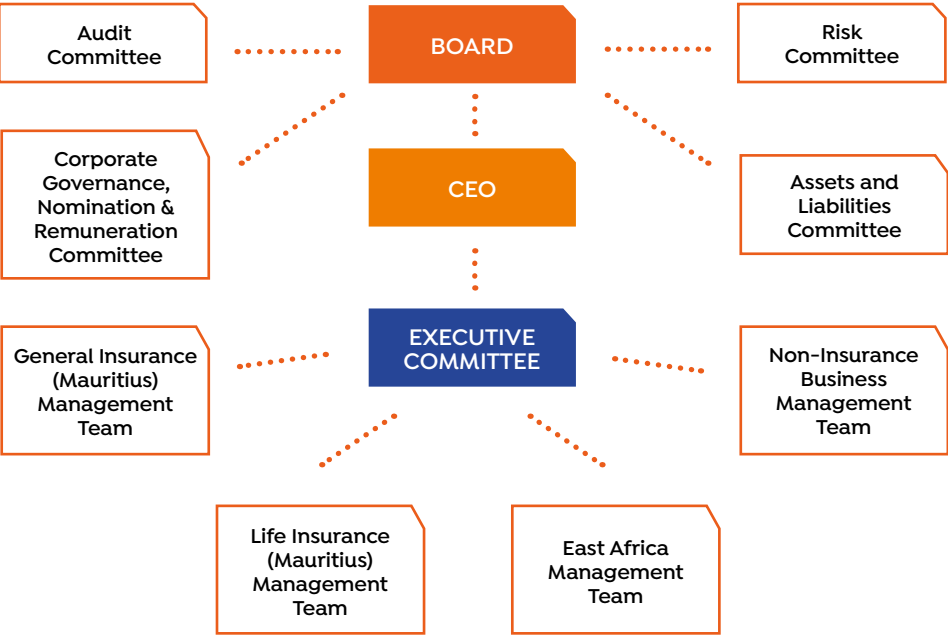
CORPORATE GOVERNANCE REPORT

FOR THE YEAR ENDED 30 JUNE 2023

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 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 CIS Manager replicates the Group Organisational Chart and accountabilities.

CORPORATE GOVERNANCE REPORT

FOR THE YEAR ENDED 30 JUNE 2023

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 Court pursuant to section 31 of the Trusts Act 2001, or
- II. Approval of the Trust Scheme is revoked under section 14 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 section 13 of the Act.

The Trustee

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

Established in 1973, SBM Bank (Mauritius) Ltd, previously known as State Bank of Mauritius Ltd, is one of the leading banks in Mauritius with a domestic market share of around 27 per cent for total advances (excluding GBL) as at December 2022. 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.

CORPORATE GOVERNANCE REPORT

FOR THE YEAR ENDED 30 JUNE 2023

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 13.7 billion as at June 2023.

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 23 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

Kemp Chatteris
Chartered Accountants
3rd floor, Cerné House
La Chaussée
Port Louis
Republic of Mauritius

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.

CORPORATE GOVERNANCE REPORT

FOR THE YEAR ENDED 30 JUNE 2023

Board of Directors

The Scheme does not have its own Board of Directors. However, all decisions relative to MUA General Fund are taken by the CIS Manager's Board with the approval of the Trustee. The Manager's Board is composed of four 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 Ingrid Louis-Cazal;
- 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 Ingrid Louis-Cazal

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.

CORPORATE GOVERNANCE REPORT

FOR THE YEAR ENDED 30 JUNE 2023

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.

[Investment Objectives and Practices and Financial Characteristics \(continued\)](#)

Investment Risks (continued)

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 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 realise assets on poor investment terms either because of assets are not marketable or because the asset values are temporarily depressed. Cash flow projections are of a great help in managing this risk.

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

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

IX. Concentration Risk: The Fund may hold relatively large positions in certain investments, and may be significantly exposed to a specific geographic region, 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.

CORPORATE GOVERNANCE REPORT

FOR THE YEAR ENDED 30 JUNE 2023

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;
- 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.

CORPORATE GOVERNANCE REPORT

FOR THE YEAR ENDED 30 JUNE 2023

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 2023

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 well-structured 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 2023

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 2023, the Company was headed by a unitary Board consisting of five directors, four of whom are non-executives and one executive. Four out of five directors do not have relationship with the organisation and the majority shareholders. These same directors are responsible for the governance of the Fund.

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.

Directors	Category	Gender	Date of initial Appointment	Board Attendance
Bertrand Casteres*	NED	M	April 2013	2 / 2
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
Joerg Weber**	NED	M	December 2022	3 / 3
Dean Ah Low	NED	M	June 2021	4/4

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

* Mr. Casteres resigned on 29 December 2022.

** Mr Weber was appointed on 22 December 2022.

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

CORPORATE GOVERNANCE REPORT

FOR THE YEAR ENDED 30 JUNE 2023

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 18 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 2023 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 (Chairperson), Melanie Faugier, Dominique Galea and Mushtaq Oosman.
- Asset and Liability Committee (ALCO): Alfred Bouckaert (Chairman), Dominique Galea, Bruno de Froberville, Joerg Weber, Olivier de Grivel, Mehtab Aly and Ashraf Musbally.

CORPORATE GOVERNANCE REPORT

FOR THE YEAR ENDED 30 JUNE 2023

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 (ALCO)

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

CORPORATE GOVERNANCE REPORT

FOR THE YEAR ENDED 30 JUNE 2023

3.2 Directors' Profiles (continued)

Bertrand CASTERES

Non-Executive Director

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.
- Resigned as CEO in 2022.

Board Committee memberships: Assets and Liabilities Committee. (ALCO)

Directorship in other listed companies: Nill.

Naresh GOKULSING

Non-Executive Director and Managing Director of MUA Life Ltd and MUA Pension Ltd and Country CEO, Mauritius

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.

CORPORATE GOVERNANCE REPORT

FOR THE YEAR ENDED 30 JUNE 2023

3.2 Directors' Profiles (continued)

Jérôme KATZ

Executive Director and Head of Group Strategy & Investment of MUA

Citizen and Resident of Mauritius

Qualifications:

Master's 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.

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 2023

3.2 Directors' Profiles (continued)

Joerg WEBER

Non-Executive Director and Group CEO of MUA

Citizen of Germany and Resident of Mauritius

Qualifications:

Doctor of Business Administration from Henley Management College / Brunel University, and Diplom-Kaufmann, Diplôme de Grande Ecole (ranked No 1) ESCP Europe

Skills & Experience:

- Began his career in banking before joining McKinsey and Company as Engagement Manager.
- Over 26 years' experience in the insurance and investment sectors, 20 of which with the Allianz Group.
- Whilst at Allianz, he occupied several executive roles in different European countries (Germany, Belgium, Netherlands). More recently, he was CEO of Allianz Direct Benelux, before joining Allianz Maroc as CEO and the Allianz Africa board in 2018.
- Joined MUA in September 2022 as Group CEO.

Board Committee membership (Group): Assets and Liabilities Committee (ALCO).

Directorship in other listed companies: MUA Ltd.

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.

CORPORATE GOVERNANCE REPORT

FOR THE YEAR ENDED 30 JUNE 2023

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.

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 Manager and the funds it manages evolve.

3.4 Professional Development and Training

The MUA CGNRC identifies specific training needs of the directors. In 2020, Directors were invited to attend a training session on accounting standard IFRS 17 and a session on digitalization in insurance business, as well as a training session on “Une gouvernance efficace” in 2021. The Group Chairman, Dominique Galea, also attended a training session on International Executive Coaching.

3.5 Succession Planning

The Board assumes responsibility for succession planning of Board members and key management personnel to maintain an appropriate balance of knowledge, skills and experience required to ensure stability and sustainability of the Group. A succession plan and internal restructuring have been approved by the CGNRC and the Board of directors in 2021.

CORPORATE GOVERNANCE REPORT

FOR THE YEAR ENDED 30 JUNE 2023

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.

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 for the year under review.

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 2023

At 30 June 2023, 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
DEAN AH LOW	0.0186
BRUNO DE FROBERVILLE	0.0006
NARESH GOKULSING	0.0201
JEROME KATZ	-
JOERG WEBER	-

CORPORATE GOVERNANCE REPORT

FOR THE YEAR ENDED 30 JUNE 2023

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 were addressed in 2020 by MUA CGNRC, and subsequently submitted to the respective Boards for action if any.

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

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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.

Following the resignation of the previous incumbent (Ms Arziana Khoyroo), the tasks of data protection officer were handled by the Legal team pending the appointment of a new incumbent. From 01 January 2022 to date, Mr Vikash Boolell, Head of Legal, Compliance & Risk has taken over the task of DPO.

The main duties of the DPO are to monitor compliance with the Act, provide guidance & training on data protection matters and to act as main liaison with the relevant authorities and stakeholders.

PRINCIPLE 5: RISK GOVERNANCE AND INTERNAL CONTROL

5.1 Risk Management

The Board of directors of the CIS Manager 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;
- managing the Group's risk policies.

CORPORATE GOVERNANCE REPORT

FOR THE YEAR ENDED 30 JUNE 2023

During the year under review, the 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;
- Incident Reporting;
- Medical Claims.

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.

CORPORATE GOVERNANCE REPORT

FOR THE YEAR ENDED 30 JUNE 2023

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.

Environment, Health & Safety

MUA 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 2022-2023, MUA 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.
- 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.
- Updating the employees on Covid-19 prevention and protocols.

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.

CORPORATE GOVERNANCE REPORT

FOR THE YEAR ENDED 30 JUNE 2023

Corporate Social Responsibility

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

Reporting with Integrity

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

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

6.2 Financial Outlook

Global equity markets experienced a downturn during 2022 (MSCI ACWI declined by -17.1%), namely as a result of weakened investor confidence following a rising level of uncertainty, persistently high inflation rates, in monetary policy tightening by Central Banks and geopolitical tension between Russia and Ukraine. Despite these contributors still being present over the financial year (FY) 2023, global equity markets rebounded strongly (MSCI ACWI: +14.4%) over the period under review, supported by higher gains on stocks in the technology sector following promising developments within Artificial Intelligence and positive earnings results. Despite the recent turmoil noted in the banking sector, the market continued to maintain an upward trend with a recovery noted across most sectors. Central Banks the world over maintained hawkish policy stances in an effort to stabilise rising inflation rates. Emerging markets remained under pressure amid poor economic data releases, particularly in China. The Mauritian equity market (SEMDEX) rebounded notably in 2022 following lows experienced in 2021, on the back of improving results in the hotel sectors and resumption of dividend payments, some of which were halted during the pandemic period. However, FY 2023 remained clouded by higher uncertainty and despite improved results across many industries, share prices suffered with a decline of -7.5% noted for the SEMDEX. The Key Rate was maintained at 4.50% and going forward, the yield curve is expected to remain relatively flat.

The coming months are expected to see continued volatility in both local and global markets as continued monetary policy tightening is expected as inflation rates remain high and recessionary risk looms. A diversified investment strategy will be important to cushion against the headwinds.

CORPORATE GOVERNANCE REPORT

FOR THE YEAR ENDED 30 JUNE 2023

6.3 Charitable and Political Contributions

Charitable Contributions

There were no charitable donations made by the CIS Manager 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.

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 have brought new impetus to the Foundation's work, now even more firmly aligned with MUA's new strategic plan and its 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

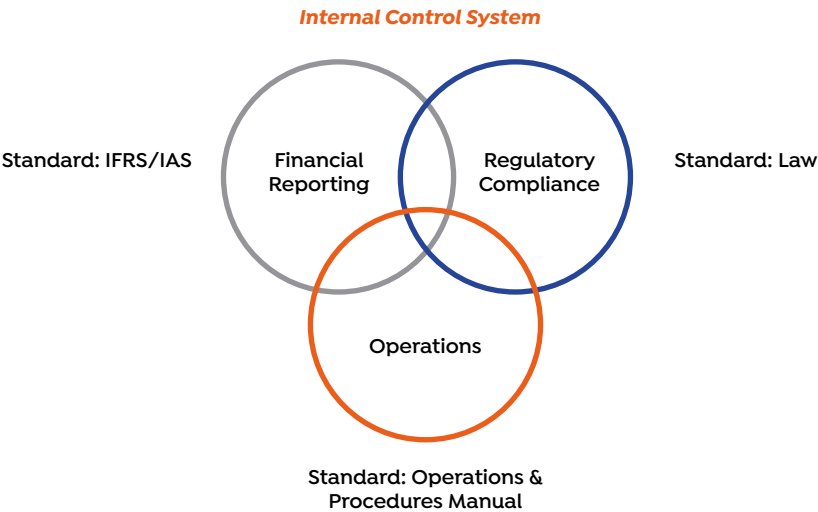
The MUA Group Internal Audit's mission is to provide reliable independent assurance to the Board and the Audit Committee on the adequacy and effectiveness of the risk management, governance and internal controls. The members of the audit committee and the internal audit function have the necessary qualifications 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 hereunder:

CORPORATE GOVERNANCE REPORT

FOR THE YEAR ENDED 30 JUNE 2023



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;
- Monitoring of the implementation of the agreed actions and reporting these to the Audit Committee.

The team carried out several internal audit reviews during the period under review, as follows:

- Good Harvest Underwriting operations
- ISMS review – ISO27001 internal audit
- Treasury function
- Sales Intermediaries (Life)
- Salvage process (Motor and Non-Motor)
- Sales Intermediaries and GI Underwriting Motor for MUA Uganda
- Legal and ITGC & Information Security Management review at MUA Rwanda
- AML/CFT review, Medical Underwriting, Claims Motor and Finance & ICT at MUA Kenya
- Procurement audit at Phoenix of Tanzania Assurance Ltd

CORPORATE GOVERNANCE REPORT

FOR THE YEAR ENDED 30 JUNE 2023

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

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 Statements and Internal Audit for the year ended 30 June 2023.

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 pages 2 (a) to 2 (b) 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.

CORPORATE GOVERNANCE REPORT

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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

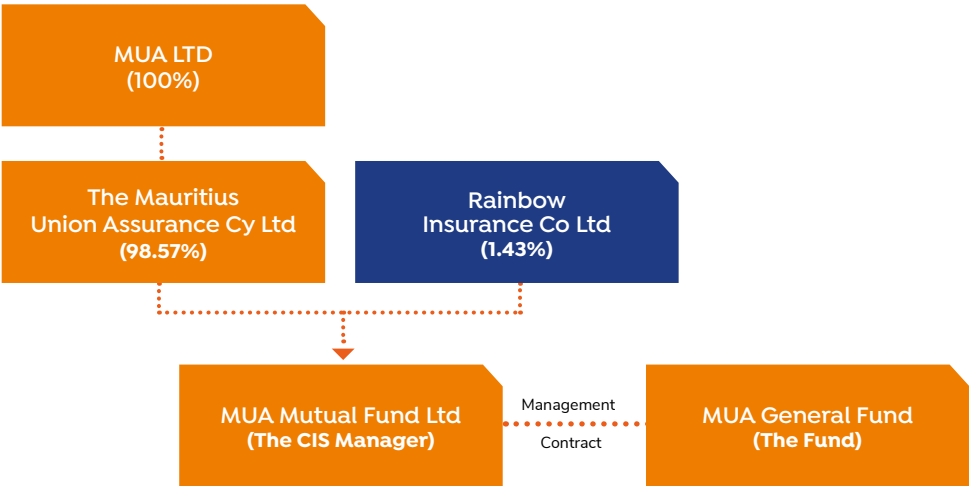
FOR THE YEAR ENDED 30 JUNE 2023

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 2023 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)
01.07.21 to 30.06.22	1.02
01.07.20 to 30.06.21	1.06
01.07.19 to 30.06.20	1.34

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Performance

Financial Year ending 30 June	Beginning NAV/Unit (Rs)	Distributions/Unit	Ending NAV/Unit (Rs)	Total Return (%)
2022	52.17	1.02	50.62	(1.02)
2021	43.87	1.06	52.17	21.34
2020	47.31	1.34	43.87	(4.43)

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)
2022	599,268	3,132	(6,294)	11,798	584,308
2021	494,004	10,345	107,149	12,230	599,268
2020	528,414	4,445	(23,769)	15,086	494,004

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 2023

Unit Holder Analysis as at 30 June 2023

Range	No. Of Unit Holders	No. Of Units	% Of Funds	% Of Unit Holders
Up to 1,000	3,155	980,894.2421	8.63	66.83
More than 1,000 to 5,000	1,174	2,637,337.2041	23.22	24.87
More than 5,000 to 10,000	236	1,613,115.1198	14.20	5.00
More than 10,000 to 25,000	119	1,738,480.6382	15.30	2.52
More than 25,000 to 50,000	27	870,333.9002	7.66	0.57
More than 50,000 to 100,000	6	407,062.8037	3.58	0.13
More than 100,000 to 1,000,000	3	1,058,178.4817	9.31	0.06
Over 1,000,000	1	2,056,766.7673	18.10	0.02
Total	4,721	11,362,169.1571	100.00	100.00

Category of Unit Holders as at 30 June 2023

Unit Holders Type	No. Of Unit Holders	No. Of Units	% Of Unit Holders
Individuals	4,684	8,061,412.1088	70.95
Corporate Bodies and Others	37	3,300,757.0483	29.05
Total	4,721	11,362,169.1571	100.00

Unit price of the Fund for the past three years

Date	Issue Price (Rs.)	BID Price (Rs.)
30 June 2022	50.62	50.11
30 June 2021	52.17	51.65
30 June 2020	43.87	43.43

Net Asset Value as at 30 June 2023: Rs. 50.10

CORPORATE GOVERNANCE REPORT

FOR THE YEAR ENDED 30 JUNE 2023

8.4 Related party transactions

For related party transactions, please refer to Note 22 of the Financial Statements.

8.5 Auditors

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

	2023		2022	
	Audit Rs	Other Rs	Audit Rs	Other Rs
PricewaterhouseCoopers Ltd	-	-	175,375	20,125
Kemp Chatteris	149,500	43,700	-	-
	149,500	43,700	173,375	20,125

No non-audit services, excluding tax services, were provided to the Fund during financial year ended 30 June 2023.

8.6 Shareholder's Agreement

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

8.7 Shareholder Information

As the CIS Manager 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

8.8 Contracts of Significance

There was no contract of significance subsisting during the year to which the CIS Manager, or one of the Schemes it manages, was a party and in which a director was materially interested, either directly or indirectly.

CORPORATE GOVERNANCE REPORT

FOR THE YEAR ENDED 30 JUNE 2023

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 Fund at the end of the financial year and of the results of its operations for the year then ended. They are responsible for the integrity of these financial statements and for the objectivity of any other information presented therein.

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

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

Internal Control

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

CORPORATE GOVERNANCE REPORT

FOR THE YEAR ENDED 30 JUNE 2023

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 Fund and ensure that the Management of the CIS Manager has taken appropriate measures to mitigate these risks.

Code of Corporate Governance

The Board of the CIS Manager ensures that the principles of good governance are applied and has strived to comply in all material respects with the principles of the Code and has provided the necessary explanations where appropriate.

Approved on 09 AUG 2023 and signed on its behalf by:

Manager


Bob Froberville

Trustee





CORPORATE GOVERNANCE REPORT

FOR THE YEAR ENDED 30 JUNE 2023

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 2023

We, the Manager and Trustee of MUA General Fund, confirm that throughout the year ended 30 June 2023, to the best of our knowledge, the Fund has complied partially with the Corporate Governance Code for Mauritius (2016).

CORPORATE GOVERNANCE REPORT

FOR THE YEAR ENDED 30 JUNE 2023

The areas of non-compliance are:

Principle	Area of non-compliance	Explanation
Principle 2 Structure of Board and its Committees	<ul style="list-style-type: none">• Status of Directors• Board diversity	<ul style="list-style-type: none">• Whilst the New Code recommends a board composition where a majority of directors shall be independent and non-executive to have a balance of power, the Board of the CIS Manager considers that given its size and the scope of activities of the company, the appointment of additional directors is not justified at this stage.• Whilst the New Code recommends that all organisations should have directors from both genders as members of the Board i.e. at least one male and one female director, the Board of the CIS Manager considers that given its size and the scope of activities of the company, the appointment of additional directors is not justified at this stage.
Principle 4 Directors' duties, remuneration and performance	<ul style="list-style-type: none">• Disclosure of remuneration policy	<ul style="list-style-type: none">• Due to the sensitive nature of director's remuneration, the Company has opted not to disclose its remuneration policy. There is however a remuneration policy which has been devised by MUA CGNRC.
Principle 1, 3, 6	<ul style="list-style-type: none">• Website Disclosures	<ul style="list-style-type: none">• The CIS Manager does not have a dedicated website given the scope of its ser.

Manager


Bob Frobenius

Trustee






Date: 09 AUG 2023





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 on pages 52 to 93 give a true and fair view of the financial position of MUA General Fund (the "Fund") as at 30 June 2023 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 52 to 93 comprise:

- the statement of financial position as at 30 June 2023;
- 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 comprising significant accounting policies and other explanatory information.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Trust in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

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

Prior Year Financial Statements

The financial statements for the year ended 30 June 2022 were audited by another auditor who expressed an unqualified opinion thereon on 16 September 2022.

Other Information

The trustees are responsible for the other information. The other information comprises of the corporate governance report which we obtained prior to the date of the auditors' report. Other information does not include the financial statements and our auditors' report thereon.

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

If, based on the work we have performed, 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)

Trustees' Responsibilities for the Financial Statements

The trustees are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards. They are also responsible for such internal control as they 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, they 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 trustees either intend to liquidate the Trust or to cease operations, or has no realistic alternative but to do so.

The trustees are responsible for overseeing the Trust's 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 auditors' 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.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF MUA GENERAL FUND

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (continued)

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees' 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 auditors' 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 trustees regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF MUA GENERAL FUND

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Financial Reporting Act 2004

Our responsibility under the Financial Reporting Act is to report on the compliance with the Code of Corporate Governance as disclosed in the annual report and assess the explanations given for non-compliance with any requirement of the Code. From our assessment of the disclosure made on corporate governance in the annual report, the Fund has pursuant to Section 75 of the Financial Reporting Act, complied with the requirements of the Code.

Other Matter

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



Kemp Chatteris
Chartered Accountants
Port Louis



Martine Ip Min Wan, FCA
Licensed by FRC

Date: 09 AUG 2023

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2023

	Notes	As at 30 June 2023 Rs.	As at 30 June 2022 Rs.
ASSETS			
Cash and cash equivalents	21(b)	13,060,380	12,796,421
Receivables	8	3,975,599	2,266,838
Held For Trading financial assets			
- Portfolio of local securities	6	245,543,736	275,136,392
- Portfolio of overseas securities	7	203,057,028	169,991,444
Financial assets at fair value through OCI	5(a)	92,775,232	117,575,912
Financial assets at amortised cost	5(b)	19,454,274	17,417,568
Total assets		577,866,249	595,184,575
LIABILITIES			
Payables	9	2,836,759	3,386,429
Distribution to Unitholders	15	5,624,990	7,380,881
Current income tax liabilities	16(iii)	166,091	109,743
Total liabilities		8,627,840	10,877,053
EQUITY AND RESERVES			
Redeemable Units	10	163,940,204	172,786,238
Distributable reserve	12	208,597,253	208,638,098
Fair value reserve	11	6,906,615	11,857,100
Retained earnings		189,794,337	191,026,086
Net assets attributable to holders of redeemable Units	19	569,238,409	584,307,522
Total equity and liabilities		577,866,249	595,184,575
Net asset value per Unit	19	50.10	50.62

These financial statements have been approved for issue by the Manager and the Trustee on: 09 AUG 2023

Manager



Trustee




The notes on pages 58 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 2023

	Notes	2023 Rs.	2022 Rs.
INCOME			
Investment revenue	13	19,235,956	16,759,215
Net change on financial assets at fair value through profit or loss	7(iii)	(1,229,403)	(15,814,398)
Net realised gain on financial assets at fair value through OCI	5(a)	-	117,100
Net foreign exchange loss		(43,190)	-
Total income		17,963,363	1,061,917
EXPENSES			
Manager's fees	17	7,182,562	7,725,054
Trustee's fees	18	150,000	150,000
Professional fees		765,470	750,646
Other expenses	14	80,395	308,671
Total operating expenses		8,178,427	8,934,371
EQUALISATION			
Income received on Units created		67,670	40,102
Income paid on Units redeemed		(78,843)	(25,137)
		(11,173)	14,965
Net profit/(loss) before taxation		9,773,763	(7,857,489)
Income tax expense	16(i)	(164,958)	(104,181)
Profit/(loss) for the year		9,608,805	(7,961,670)
OTHER COMPREHENSIVE INCOME			
<i>Item that will not be reclassified to profit or loss in subsequent years</i>			
Debt instruments at FVOCI			
Fair value (loss)/gain	5(a)	(4,950,485)	1,667,791
Total other comprehensive (loss)/income, net of taxes		(4,950,485)	1,667,791
Profit/(loss) and total comprehensive income for the year		4,658,320	(6,293,879)

The notes on pages 58 to 93 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2023

	Notes	Redeemable Units	Retained earnings	Fair value reserve	Distributable reserve	Total
		Rs.	Rs.	Rs.	Rs.	Rs.
Balance at July 1, 2022		172,786,238	191,026,086	11,857,100	208,638,098	584,307,522
Profit for the year		-	9,608,805	-	-	9,608,805
Other comprehensive loss		-	-	(4,950,485)	-	(4,950,485)
Total comprehensive income/(loss)		-	9,608,805	(4,950,485)	-	4,658,320
Transactions with Unit Holders						
Units created	19(a)	29,959,966	-	-	-	29,959,966
Units redeemed	19(a)	(38,806,000)	-	-	-	(38,806,000)
Transfer of realised loss			40,845		(40,845)	-
Dividend	15	-	(10,881,399)	-	-	(10,881,399)
Balance at June 30, 2023		163,940,204	189,794,337	6,906,615	208,597,253	569,238,409
Balance at July 1, 2021		169,654,294	206,840,484	10,189,309	212,583,408	599,267,495
Loss for the year		-	(7,961,670)	-	-	(7,961,670)
Other comprehensive income		-	-	1,667,791	-	1,667,791
Total comprehensive loss		-	(7,961,670)	1,667,791	-	(6,293,879)
Transactions with Unit Holders						
Units created	19(a)	35,862,056	-	-	-	35,862,056
Units redeemed	19(a)	(32,730,112)	-	-	-	(32,730,112)
Transfer of realised profit			(117,100)		117,100	-
Dividend	15	-	(7,735,628)	-	(4,062,410)	(11,798,038)
Balance at June 30, 2022		172,786,238	191,026,086	11,857,100	208,638,098	584,307,522

The notes on pages 58 to 93 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2023

	Notes	2023 Rs.	2022 Rs.
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash used from operations	21(a)	(8,781,811)	(9,202,719)
Dividend paid		(12,637,290)	(16,647,176)
Tax paid	16	(108,610)	(71,054)
Net cash used in operations activities		(21,527,711)	(25,920,949)
Purchase of investments		(4,702,331)	-
Proceeds from sale of investment	5(a)	-	5,128,250
Bond Maturity		22,142,200	-
Fixed deposits		(2,000,000)	-
Early encashment of fixed deposit		-	3,000,000
Purchase of Investment - Notes		(2,000,000)	-
Purchase of T- Bills		(4,958,150)	-
Sales of T-Bills		4,958,150	-
Dividend received		9,046,759	9,254,006
Interest received		8,151,076	7,864,731
Net cash generated from operating activities		30,637,704	25,246,987
CASH FLOWS FROM FINANCING ACTIVITIES			
Net cash movement from Units created	19(a)	29,959,966	35,862,056
Net cash movement from Units redeemed	19(a)	(38,806,000)	(32,730,112)
Net cash generated from financial activities		(8,846,034)	3,131,944
NET INCREASE IN CASH AND CASH EQUIVALENTS		263,959	2,457,982
CASH AND CASH EQUIVALENTS AT JULY 1,		12,796,421	10,338,439
CASH AND CASH EQUIVALENTS AT JUNE 30,	21(b)	13,060,380	12,796,421

The above statement of cashflows should be read in conjunction with the accompanying notes.

The notes on pages 58 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 2023

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 and 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 where otherwise indicated.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

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 2023

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d) Revenue recognition (continued)

Interest income

Interest income is recognised in the statement of profit or loss 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 at the end of the reporting period.

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 2023

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 2023

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 2023

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 or 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 holds 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 2023

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 profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

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 non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The 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 2023

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 comprise cash on hand and demand deposits, together with short-term, highly liquid investments that are readily convertible to a known amount of cash, and that are subject to an insignificant risk of changes in value. Bank overdrafts which are repayable on demand and which form an integral part of an entity's cash management are also included as a component of cash and cash equivalents.

h) Equalisation

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

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.

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 profit or loss 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

l) Share capital (continued)

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.

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

Realised gains or 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 restated to conform to the current year's presentation.

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)

In the current year, the Trust has applied all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board ("IASB") and the IFRSs Interpretations Committee of the IASB that are relevant to its operations and effective for accounting periods beginning on 1 July 2022.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

3.1 NEW AND REVISED IFRSs APPLIED WITH NO MATERIAL EFFECT ON FINANCIAL STATEMENTS

The following relevant new and revised IFRSs have been applied in these financial statements. The application of these new and revised IFRSs has not had any material impact on the amounts reported and/or disclosed for the current year but may affect the accounting for future transactions or arrangements.

IAS 37 Provisions, Contingent Liabilities and Contingent Assets – Amendments regarding the costs to include when assessing whether a contract is onerous IFRS 9 Financial Instruments – Amendments resulting from Annual Improvements to IFRS Standards 2018–2020 (fees in the ‘10 per cent’ test for derecognition of financial liabilities).

3.2 NEW AND REVISED IFRSs IN ISSUE BUT NOT YET EFFECTIVE

At the date of authorisation of these financial statements, the following relevant IFRSs were in issue but effective on annual periods beginning on or after the respective dates as indicated:

IAS 1 Presentation of Financial Statements – Amendments regarding Classification of Liabilities as Current or Non-current (effective 1 January 2024)

IAS 1 Presentation of Financial Statements – Amendment to defer the effective date of the January 2020 amendments (effective 1 January 2024)

IAS 1 Presentation of Financial Statements – Amendments regarding Classification of debt with covenants (effective 1 January 2024)

IAS 1 Presentation of Financial Statements – Amendments regarding Non-current Liabilities with Covenants (effective 1 January 2024)

IAS 1 Presentation of Financial Statements – Amendments regarding the disclosure of accounting policies (effective 1 January 2023)

IAS 7 Statement of Cash Flows – Amendments regarding supplier finance arrangements (effective 1 January 2024)

IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors – Amendments regarding the definition of accounting estimates (effective 1 January 2023)

IAS 12 Income Taxes – Amendments regarding deferred tax on leases and decommissioning obligations (effective 1 January 2023)

IAS 12 Income Taxes – Amendments to provide a temporary exception to the requirements regarding deferred tax assets and liabilities related to pillar two income taxes (effective 1 January 2023)

IFRS 7 Financial Instruments: Disclosures – Amendments regarding supplier finance arrangements (effective 1 January 2024)

The directors anticipate that these IFRSs will be applied on their effective dates in future years. The directors have not yet had an opportunity to consider the potential impact of the application of these amendments.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

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

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 judgments 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;
- 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 sole payments of principal and interest ("SPPI") requirements for financial assets.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

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 2023	As at 30 June 2022
	Rs	Rs
Government bonds	80,561,244	97,331,373
Corporate bonds (quoted)	12,213,988	20,244,539
	92,775,232	117,575,912

The table below shows movement in the gross carrying amount. ECL has been assessed to be very insignificant and no adjustment has been recorded (2022: Nil).

	Stage 1 collective	Total
	Rs	Rs
At July 1, 2021	120,872,263	120,872,263
Additions	-	-
Disposal during the year	(5,128,250)	(5,128,250)
Net realised gain on financial assets at fair value through OCI	117,100	117,100
Increase in fair value	1,667,791	1,667,791
Interest received	(1,589,246)	(1,589,246)
Accrued interest	1,636,254	1,636,254
At June 30, 2022	117,575,912	117,575,912
Additions	2,000,000	2,000,000
Disposal during the year	(22,142,200)	(22,142,200)
Decrease in fair value	(4,950,485)	(4,950,485)
Interest received	(1,636,255)	(1,636,255)
Accrued interest	1,928,260	1,928,260
At June 30, 2023	92,775,232	92,775,232

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

5. FINANCIAL INVESTMENTS (CONTINUED)

The quoted securities are fair valued using the market price available on the stock market and the unquoted securities are fair valued based on benchmark prices of similar debt securities that are quoted on the local 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 23.3).

(b) Financial assets at amortised cost

	As at 30 June 2023	As at 30 June 2022
	Rs	Rs
Corporate bonds (unquoted)	19,454,274	17,417,568

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 (2022: Nil).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

6. PORTFOLIO OF LOCAL SECURITIES

(i) Held-For-Trading	Official list	Development & Enterprises Market	Total
	Rs.	Rs.	Rs.
At July 1, 2022	272,900,934	2,235,458	275,136,392
Decrease in fair value of investments	(29,039,588)	(553,068)	(29,592,656)
At June 30, 2023	243,861,346	1,682,390	245,543,736

At July 1, 2021	231,282,783	7,982,088	239,264,871
Transfer from DEM to Official Market	6,072,778	(6,072,778)	-
Increase in fair value of investments	35,545,373	326,148	35,871,521
At June 30, 2022	272,900,934	2,235,458	275,136,392

(ii) Details of securities:	2023	2022
	Rs	Rs
BANKING, INSURANCE & OTHER FINANCE	135,632,085	142,771,103
COMMERCE	37,595,784	39,887,364
INDUSTRY	5,064,660	6,828,451
PROPERTY	4,778,343	7,124,115
LEISURE & HOTELS	22,968,617	21,467,859
INVESTMENTS	39,504,247	57,057,500
TOTAL VALUE OF LOCAL SECURITIES	245,543,736	275,136,392

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

7. PORTFOLIO OF OVERSEAS SECURITIES

	2023	2022
	Rs.	Rs.
(i) Held-For-Trading		
At July1,	169,991,444	221,677,363
Increase/(Decrease) in fair value	28,363,253	(51,685,919)
Additions	4,702,331	-
At June 30,	203,057,028	169,991,444
(ii) Details of securities:	2023	2022
	Rs	Rs
Aberdeen Global - Asia Pacific Equity Fund	24,669,812	25,273,930
Aberdeen Global - Emerging Markets Equity Fund	17,378,776	17,319,519
Stewart Investors Global Emerging markets Leaders "A"	19,024,659	17,164,365
BGF-European Equity Income	22,412,823	18,686,681
BGF-EuropeanFund-a2-eur	9,907,402	7,600,593
BGF Continental European Notes	12,898,940	9,678,325
Schroder ISFOUS Large Cap	36,860,343	32,520,759
Fidelity America "A"	23,058,271	22,233,470
Mss Us Advantage "A"	26,209,465	19,513,802
Miwa	6,156,866	-
Is Gl Clean Energy Ucits	1,778,280	-
Is Gl Infrastructure Ucits	896,009	-
Is Nasdaq Us Biotechnology	1,805,382	-
	203,057,028	169,991,444

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

	2023	2022
	Rs	Rs
Local securities		
Unrealised (loss)/gain	(29,592,656)	35,871,521
Overseas securities		
Unrealised gain/(loss)	28,363,253	(51,685,919)
Net (loss)	(1,229,403)	(15,814,398)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

8. RECEIVABLES

	2023	2022
	Rs	Rs
Dividend receivable on held for trading financial assets	3,884,086	2,174,676
Others	1,500	2,162
Prepayments	90,000	90,000
	3,975,586	2,266,838

Dividend are receivable within 30 days and the credit risk has been assessed by the directors and deemed not material, hence no ECL has been recognised.

9. PAYABLES

	2023	2022
	Rs	Rs
Uncleared distribution	1,639,473	1,690,377
Other creditors and accruals	474,157	477,782
Repayment of units	-	308,308
Amount due to related parties (Note 22(ii))	723,129	909,962
	2,836,759	3,386,429

The carrying amounts of payables approximate their fair values.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

10. REDEEMABLE UNITS

	2023	2022
	Rs	Rs
Opening balance	172,786,238	169,654,294
Units created	29,959,966	35,862,056
Units redeemed	(38,806,000)	(32,730,112)
Closing balance	163,940,204	172,786,238

Redeemable units refers to units purchased by investors in exchange for cash, which is then invested by the Fund.

11. FAIR VALUE RESERVE

	2023	2022
	Rs	Rs
Opening balance	11,857,100	10,189,309
Other comprehensive income	(4,950,485)	1,667,791
Closing balance	6,906,615	11,857,100

This related to cummulative fair value changes on finacial assets held at fair value through OCI.

12. DISTRIBUTABLE RESERVE

	2023	2022
	Rs	Rs
Opening balance	208,638,098	212,583,408
Transfer of realised loss	(40,845)	117,100
Dividend	-	(4,062,410)
Closing balance	208,597,253	208,638,098

This relates to accumulated realised profits on investments made by the Fund.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

13. INVESTMENT REVENUE

	2023	2022
	Rs	Rs
Dividends on held for trading financial assets	10,756,169	9,096,771
Interest income	8,479,787	7,662,444
	19,235,956	16,759,215

14. OTHER EXPENSES

	2023	2022
	Rs	Rs
Bank charges	38,445	58,671
Licence fees	90,000	90,000
Printing	(48,050)	160,000
	80,395	308,671

15. DIVIDEND - DISTRIBUTION TO UNITHOLDERS

	2023	2022
	Rs	Rs
Interim distribution of Rs. 0.45 (2022: Rs. 0.38) per Unit	5,256,409	4,417,157
Final distribution of Rs. 0.49 (2022: Rs. 0.29) per Unit	5,624,990	3,318,471
Distribution of capital gains of Rs. 0.00 (2022: Rs. 0.35) per Unit	-	4,062,410
Amount payable at end of reporting period	5,624,990	7,380,881
Total dividend for the year	10,881,399	11,798,038

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 2023

16. 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% (2022: 15%) as follows:

	2023	2022
	Rs	Rs
Taxation charge	164,958	104,181
Amounts recognised in statement of comprehensive income	164,958	104,181

(ii) Income tax reconciliation

Net profit before taxation	9,773,763	(7,857,489)
Tax at the rate of 15% (2022: 15%)	1,466,064	(1,178,623)
Tax effects of:		
- Income not subject to tax	-	(2,314,329)
- Disallowed expenses	202,351	-
- Exempt income	(2,625,707)	2,375,930
- Expenses attributable to exempt income	1,122,250	1,221,203
Taxation expense	164,958	104,181

(iii) Income tax liability

At July 1	109,743	76,616
Income tax expense for the year	164,958	104,181
Income tax paid during the year	(108,610)	(71,054)
At June 30	166,091	109,743

(iv) Deferred tax

The Trust had no deferred tax asset/liability at June 30, 2023 and at June 30, 2022.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

17. MANAGER’S FEES

	2023	2022
	Rs	Rs
These comprise fees payable to:		
MUA Mutual Fund Ltd	7,182,562	7,725,054

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

18. 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 2023

19. UNITS

(a) Movements in Units during the year:-

	2023		2022	
	Units	Rs.	Units	Rs.
Number of Units at July 1	11,543,448	584,307,522	11,485,743	599,267,495
Units created	603,019	29,959,966	670,136	35,862,056
Units redeemed	(784,298)	(38,806,000)	(612,431)	(32,730,112)
Total comprehensive income	-	4,658,320	-	(6,293,879)
Dividend	-	(10,881,399)	-	(11,798,038)
Number of Units at June 30	11,362,169	569,238,409	11,543,448	584,307,522

(b) Net asset value per Unit:

	2023	2022
	Rs.	Rs.
Ex-div	50.10	50.62

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

	2023	2022
	Rs.	Rs.
Issue price	50.10	50.62
Repurchase price	49.60	50.11

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

20. ENTRY FEE AND EXIT FEE

On the issue of units, there is no entry fee (2022: nil) and on the repurchase of units, an exit fee of 1% (2022: 1%) of the capital and income values of the units is paid by the unitholder to the Trust. The sums collected are then remitted to the Manager.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

21. NOTES TO THE STATEMENT OF CASH FLOWS

	Notes	2023	2022
		Rs	Rs
(a) Cash generated from operations			
Profit/(Loss) before taxation		9,773,763	(7,857,489)
Adjustments for:			
Dividends on held for trading (HFT) financial assets	13	(10,756,169)	(9,096,771)
Interest income	13	(8,479,787)	(7,662,444)
Net increase/(decrease) in fair value of HFT investments			
- Local securities	7 (iii)	29,592,656	(35,871,521)
- Overseas securities	7 (iii)	(28,363,253)	51,685,919
Net realised gain on financial assets at fair value through OCI	5 (a)	-	(117,100)
		(8,232,790)	(8,919,406)
Changes in working capital			
Decrease in receivables		649	566
Decrease in payables		(549,670)	(283,879)
Cash used in operations		(8,781,811)	(9,202,719)

(b) Cash and cash equivalents

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

	2023	2022
	Rs	Rs
Cash at bank	13,060,380	12,796,421

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

22. 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.

	2023	2022
	Rs.	Rs.
(i) <u>Outstanding balances</u>		
Payable to related parties:		
MUA Property Trust	21,800	68,600
MUA Mutual Fund Ltd	626,329	766,362
SBM Bank (Mauritius) Limited	75,000	75,000
	<u>723,129</u>	<u>909,962</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>9,817,996</u>	<u>9,938,844</u>
(ii) <u>Manager's fees to:</u>		
MUA Mutual Fund Ltd	<u>7,182,562</u>	<u>7,725,054</u>
(iii) <u>Professional fees to:</u>		
SBM Bank (Mauritius) Limited	<u>616,555</u>	<u>644,712</u>
(iv) <u>Interest income and dividend income from:</u>		
SBM Bank (Mauritius) Limited	<u>1,112,972</u>	<u>601,040</u>
(v) <u>Bank charges payable to:</u>		
SBM Bank (Mauritius) Limited	<u>35,492</u>	<u>52,914</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

23. FINANCIAL RISK MANAGEMENT

23.1 Financial risk factors

The Trust'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 Trust's overall risk management programme seeks to maximise the returns derived for the level of risk to which the Trust is exposed and seeks to minimise potential adverse effects on the Trust's financial performance. The Trust'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 Trust's Investment Manager is responsible for identifying and controlling risks. The Manager and Trustee supervise the Investment Manager and are ultimately responsible for the overall risk management of the Trust.

The Trust 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 Trust's investments in equity securities. The Trust manages this risk by investing in a variety of stock exchanges and by limiting exposure to a single industry sector of the total investment portfolio.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

23. FINANCIAL RISK MANAGEMENT (CONTINUED)

23.1 Financial risk factors (continued)

(a) Market risk (continued)

(i) Equity price risk (continued)

The Trust is exposed to equity securities price risk. This arises from investments held by the Trust 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 Trust's policy is to manage price risk through diversification and selection of securities and other financial instruments within specified limits set by 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. Currently, 49% of the net assets are invested in local securities, 21% in fixed income instruments and the balance in overseas equity securities. The different movement in the fair value of the financial assets and disposals that occurred during the year to maintain a certain cash balance, caused the deviation from the expected to the actual holding in the different classes of financial assets.

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:

	As at 30 June 2023	As at 30 June 2022
	Rs.	Rs.
Equity securities held for trading:		
-Mauritian securities (SEM & DEM)	245,543,736	275,136,392
-International securities (Overseas Mutual Funds)	203,057,028	169,991,444
-Debt securities at FVOCI	92,775,232	117,575,912
Total	541,375,996	562,703,748

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

23. FINANCIAL RISK MANAGEMENT (CONTINUED)

23.1 Financial risk factors (continued)

(a) Market risk (continued)

(i) Equity price risk (continued)

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

Sector	At June 30,	
	2023	2022
	Trust's equity portfolio	Trust's equity portfolio
	(%)	(%)
Banking, Insurance & Other Finance	55%	52%
Commerce	16%	14%
Industry	2%	2%
Property	2%	3%
Leisure & Hotels	9%	8%
Investments	16%	21%
Total	100%	100%

The Trust 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 2023

23. FINANCIAL RISK MANAGEMENT (CONTINUED)

23.1 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% (2022: 5%). An equivalent increase (2022: increase) would have resulted in an equivalent, back opposite, impact.

Categories of investments:	Change in equity price	Effect on equity and on profit or loss / total comprehensive income	
		As at 30 June 2023	As at 30 June 2022
		Rs.	Rs.
Debt instrument at FVOCI	+5%	4,638,762	5,878,796
Held-for-trading	+5%	<u>22,430,038</u>	<u>22,256,392</u>

(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 Trust invests in securities and other investments that are denominated in currencies other than the Mauritian Rupees. Accordingly, the value of the Trust's assets may be affected favourably or unfavourably by fluctuations in currency rates and therefore the Trust will necessarily be subject to foreign exchange risks.

The Trust 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 Trust's Investment Committee.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

23. FINANCIAL RISK MANAGEMENT (CONTINUED)

23.1 Financial risk factors (continued)

(a) Market risk (continued)

(ii) Currency risk (continued)

The following table indicates the currencies to which the Trust 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)	
	2023	2022	2023 Rs.	2022 Rs.
Currency				
USD	1%	1%	1,352,624	1,168,615
GBP	3%	3%	555,218	514,931
EUR	4%	4%	1,783,503	1,438,624

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

Currency profile

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

	Concentration of Foreign exchange exposure		Assets	
	2023	2022	2023 Rs.	2022 Rs.
Mauritian Rupee	65%	71%	376,379,018	425,103,131
United States Dollar	24%	20%	135,262,421	116,861,480
Pound Sterling	3%	3%	18,507,270	17,164,365
Euro	8%	6%	44,587,564	35,965,599
	100.00%	100.00%	574,736,273	595,094,575

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

23. FINANCIAL RISK MANAGEMENT (CONTINUED)

23.1 Financial risk factors (continued)

(a) Market risk (continued)

Currency profile (continued)

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

Financial assets exclude prepayments of **Rs 90,000** (2022 Rs 90,000).

(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 Trust holds fixed interest securities that expose the Trust to interest rate risk. The Trust also holds cash and cash equivalents that expose the Trust to cash flow interest rate risk. The Trust's policy is to hold no more than 30% of the Trust's net assets attributed to Unitholders in short-duration fix-to-float bonds.

At June 30, 2023, if interest rates on MUR-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 (2022: 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 Trust 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 Trust is exposed arises from the Trust's investments in debt securities. The Trust is also exposed to counterparty credit risk on cash and cash equivalents and receivable balances. Cash balances are maintained with the Standard Bank of Mauritius (credit rating Baa 3 - Moody's) and the Mauritius Commercial Bank (credit rating Baa 2 - Moody's). Both of them having a good credit rating.

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 Trust's policy to enter into financial instruments with reputable counterparties.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

23. FINANCIAL RISK MANAGEMENT (CONTINUED)

23.1 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.

	2023		2022	
	Rs		Rs	
Interest bearing debt securities	112,229,506		134,993,480	
Cash and cash equivalents	13,060,380		12,796,421	
Receivables	3,885,599		2,176,838	
Total	129,175,485		149,966,739	

As at 30 June 2023	< 3 month	> 3 months < 1 year	1 to 5 years	> 5 years	Total
	Rs.	Rs.	Rs.	Rs.	Rs.
Financial assets					
Interest bearing debt securities	-	21,925,031	67,797,450	22,507,025	112,229,506
Cash and cash equivalents	13,060,380	-	-	-	13,060,380
Receivables	3,885,599	-	-	-	3,885,599
Total financial assets	16,945,979	21,925,031	67,797,450	22,507,025	129,175,485

As at 30 June 2022	< 3 Month	> 3 months < 1 year	1 to 5 years	> 5 years	Total
	Rs.	Rs.	Rs.	Rs.	Rs.
Financial assets					
Interest bearing debt securities	-	12,325,117	46,341,021	76,327,342	134,993,480
Cash and cash equivalents	12,796,421	-	-	-	12,796,421
Receivables	2,176,838	-	-	-	2,176,838
Total financial assets	14,973,259	12,325,117	46,341,021	76,327,342	149,966,739

Prepayments of **Rs 90,000** (2021: 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 2023

23. FINANCIAL RISK MANAGEMENT (CONTINUED)

23.1 Financial risk factors (continued)

(c) Liquidity risk

Liquidity risk is the risk that the Trust 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 Trust 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 Trust'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 Trust 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 Trust'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 Trust 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 Trust's contractual maturities of financial liabilities:

As at 30 June 2023	1 to 3 months	Total
Financial liabilities	Rs.	Rs.
Payables	2,836,759	2,836,759
Distribution to unit holders	5,624,990	5,624,990
Total financial liabilities	8,461,749	8,461,749
As at 30 June 2022	1 to 3 months	Total
Financial liabilities	Rs.	Rs.
Payables	3,386,429	3,386,429
Distribution to unit holders	7,380,881	7,380,881
Total financial liabilities	10,767,310	10,767,310

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

23. FINANCIAL RISK MANAGEMENT (CONTINUED)

23.2 Capital risk management

The capital of the Trust 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 Trust is subject to daily subscriptions and redemptions at the discretion of Unitholders. The Trust's objective when managing capital is to safeguard the Trust'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 Trust.

In order to maintain or adjust the capital structure, the Trust'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 Trust pays to Unitholders.
- Redeem and issue new Units in accordance with the constitutional documents of the Trust, which require certain minimum subscriptions.

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

23.3 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 Trust 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 Trust 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.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

23. FINANCIAL RISK MANAGEMENT (CONTINUED)

23.3 Fair value of financial instruments (continued)

Fair value hierarchy (continued)

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, 2023:

At 30 June 2023	Level 1	Level 2	Level 3	Total
Assets	Rs.	Rs.	Rs.	Rs.
Financial assets held for trading:				
- Equity securities - Local	245,543,736	-	-	245,543,736
- Equity securities - overseas	203,057,028	-	-	203,057,028
Debt securities at FVOCI	12,213,988	80,561,244	-	92,775,232
Total assets	460,814,752	80,561,244	-	541,375,996

At 30 June 2022	Level 1	Level 2	Level 3	Total
Assets	Rs.	Rs.	Rs.	Rs.
Financial assets held for trading:				
- Equity securities - Local	275,136,392	-	-	275,136,392
- Equity securities - overseas	169,991,444	-	-	169,991,444
Debt securities at FVOCI	20,244,539	97,331,373	-	117,575,912
Total assets	465,372,375	97,331,373	-	562,703,748

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

23. FINANCIAL RISK MANAGEMENT (CONTINUED)

23.3 Fair value of financial instruments (continued)

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 Trust values these investments at bid price for long positions and ask price for short positions.

Unlisted debt securities

The Trust 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 Trust categorises these investments as Level 2.

Investment in unit trusts

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

Transfer between levels

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

24. 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.

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FOR MORE INFORMATION PLEASE VISIT



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