

SBM INTERNATIONAL FUNDS LTD

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30 JUNE 2019

SBM INTERNATIONAL FUNDS LTD

CONTENTS	PAGES
CORPORATE INFORMATION	1(i)
COMMENTARY OF DIRECTORS	1(ii)
MANAGER'S REPORT	2(i) - 2(v)
CORPORATE GOVERNANCE	2(vi) - 2(xiv)
CERTIFICATE FROM THE SECRETARY	3
INDEPENDENT AUDITORS' REPORT	4 - 6
STATEMENT OF FINANCIAL POSITION	7
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	8
STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF PARTICIPATING SHARES	9
STATEMENT OF CASH FLOWS	10
NOTES TO THE FINANCIAL STATEMENTS	11 - 35

**SBM INTERNATIONAL FUNDS LTD
CORPORATE INFORMATION**

1(i).

DIRECTORS	Date of Appointment	Date of Resignation
Shailendrasingh Sreekeessoon Lakshmana Lutchmenaraidoo	23 November 2015 03 March 2017	- -
INVESTMENT MANAGER	SBM Mauritius Asset Managers Ltd SBM Tower 1, Queen Elizabeth II Avenue Port Louis Mauritius	
REGISTRY	SBM Fund Services Ltd SBM Tower 1, Queen Elizabeth II Avenue Port Louis Mauritius	
BANKER	SBM Bank (Mauritius) Ltd SBM Tower 1, Queen Elizabeth II Avenue Port Louis Mauritius	
REGISTERED OFFICE	C/o Rogers Capital Fund Services Ltd 3rd Floor, Rogers House No. 5 President Street John Kennedy Street Port Louis Mauritius	
AUDITOR	Ernst & Young 9th Floor, Tower 1, NeXTeracom Cybercity Ebene Mauritius	
CUSTODIAN	SBM Bank (Mauritius) Ltd SBM Tower 1, Queen Elizabeth II Avenue Port Louis Mauritius	
COMPANY SECRETARY	Rogers Capital Fund Services Ltd 3rd Floor, Rogers House No. 5 President Street John Kennedy Street Port Louis Mauritius	

The directors present their commentary, together with the audited financial statements of SBM International Funds Ltd (the "Fund") for the year ended 30 June 2019.

PRINCIPAL ACTIVITY

The SBM International Funds Ltd was incorporated in the Republic of Mauritius on 23rd November 2015 as a public company limited by shares. The Company is authorised to operate as a collective investment scheme and authorised as a global scheme by the FSC pursuant to the Securities Laws of Mauritius. The Fund is organised as an umbrella fund and the share classes of Participating Shares, each one being referred to as the "Fund" may further be divided into sub-classes or series of share classes. Each Fund is a separate portfolio of securities and other assets managed in accordance with specific investment objectives of the Fund.

The Fund has launched the SBM Africa Value Fund on 12th February 2016. The SBM Africa Value Fund invests primarily in African equities. On 20 June 2016, the board of directors have reviewed the strategic initiatives on the future launching of the products of SBM Mena Fund and SBM High Yield Opportunities Fund and in light with the changing economic conditions, it was expected that these sub-funds will not have operations in the future. It was accordingly proposed that these sub-Funds be liquidated and approval was obtained from the FSC. On 2 August 2018, the FSC further approved the closure of 3 other sub-funds, namely SBM European Opportunities Fund, SBM Rising Asia Fund and SBM Emerging Market Fund, following request made to the FSC on 10 May 2018.

RESULTS AND DIVIDENDS

The results for the year are as shown in the statement of profit or loss and other comprehensive income and related notes.

The directors do not recommend the payment of any dividend for the year under review (2018: Nil)

DIRECTORS

The directors in office during the year were as stated on page 1(i).

DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The Fund's directors are responsible for the preparation and fair presentation of the financial statements of the Fund. These financial statements comprise of the statement of financial position as at 30 June 2019, the statement of profit or loss and other comprehensive income, the statement of changes in net assets attributable to holders of redeemable participating shares and statement of cash flows for the year then ended and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards.

The directors' responsibilities include: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of these financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

The directors have made an assessment of the Fund's ability to continue as a going concern and have no reason to believe the business will not be a going concern in the year ahead.

AUDITORS

The five year service contract with the auditor, Ernst & Young has been terminated and appointment of auditor, Deloitte, will be proposed at the Annual Meeting of shareholders.

By order of the board

Director

Date: 26 September 2019

**SBM INTERNATIONAL FUNDS LTD
MANAGER'S REPORT
FOR THE YEAR ENDED 30 JUNE 2019**

2(i).

Manager's Statement

Dear Shareholders,

We are pleased to present you with the annual report together with the audited financial statements of SBM International Fund Ltd (the "Fund") for the year ended 30 June 2019.

Global markets have witnessed a series of events which raised market volatility during the year, including, the on-going trade dispute between US and China, uncertainty surrounding Brexit, global economic slowdown and interest rate hikes by the Federal Reserve. Emerging and frontier markets underperformed their developed market counterparts, particularly impacted by the rise in rates in the first half of the year with the strong dollar hurting commodities and export-oriented economies.

Most African currencies weakened against the U.S dollar as crude oil prices touched USD 80 per barrel in October 2018 on account of the United States' decision to withdraw from the nuclear deal with Iran. Regional inflation jumped to 10.5% in June-19 (2018: 8.5%), on stronger food price growth in Kenya. Price pressures in the region are expected to be marginally driven by still-relatively tight monetary policy stances and increased foreign exchange stability. Annual inflation rate stood at 9.4% in Egypt, remaining within the Central Bank of Egypt's inflation target range of 10.0% - 16.0%. On the other hand, Nigeria's inflation stood at 11.2% in June, well above the Central Bank's target range of 6.0%-9.0%, as a result of an increase in food prices.

Real GDP growth for African countries is expected to be 3.5% in 2019 (3.5% in 2018) as a result of mixed growth performances and prospects within the region. Economies that are less dependent on commodities are specially more prone to lose growth momentum. Economic growth slowed in Kenya during the first half of 2019 on account of severe drought conditions. GDP growth for Egypt has been estimated at 5.3% for 2018 on account of falling unemployment rate. Nigeria's real economic growth has been estimated at 1.9% for 2018 reflecting a recovery in services and industry accounting for nearly half of the country's GDP.

The Fund outperformed the MSCI EFM Africa ex ZA index during the year with a USD return of -6.9% against -10.4% for the benchmark. Economic growth in African countries remained steady at 3.5% in 2018 and expected to be at 3.5% in 2019 as a result of mixed growth performances and prospects within the region.

We would like to thank the management team and all the stakeholders for their contribution towards enhancing the value of the Fund as well as the unit holders for their confidence in us.


SBM Mauritius Asset Managers Ltd
26 September 2019



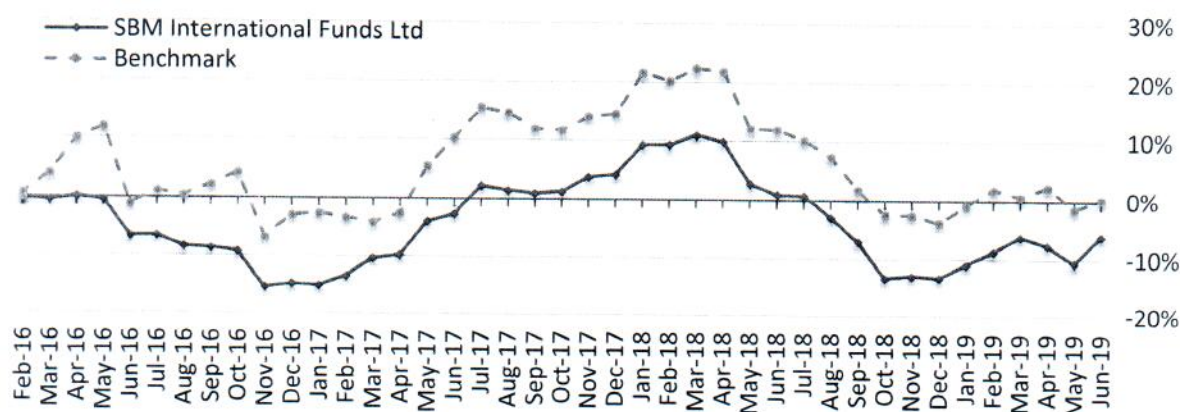
1. Performance

1.1 Performance review

For the year ended June 2019, the Fund registered a return of -6.9% against a benchmark (MSCI EFM Africa excluding ZA) return of -10.4%, in USD terms. African stocks underperformed global markets during the year, with the global equity markets (MSCI World) gaining 4.3%, in USD terms. During the year, the holdings have been subject to several challenges such as oil price volatility, trade tensions and adverse weather conditions as the global scene weakened.

In Egypt, growth was supported by strong government spending and private consumption on account of a recovery in the tourism sector and natural gas production. Kenya's growth was supported by easing political tensions, improved business environment and upbeat domestic consumption. Nigeria's growth was supported a recovery in services and industry.

Cumulative return since inception



Note: 1. Benchmark = MSCI EFM Africa ex-ZA

Cumulative return

	1 M	3 M	6 M	1 Y	3Y	Inception	Annualized (Inception)
SBM International Fund Ltd	5.1%	0.1%	8.2%	-6.9%	0.7%	-6.0%	-1.8%
MSCI EFM Africa ex ZA	1.7%	-0.5%	4.2%	-10.4%	1.4%	0.3%	0.1%

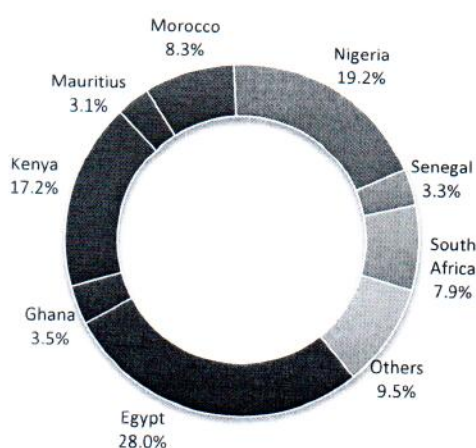
*Inception 12th Feb 2016

2. Breakdown of assets

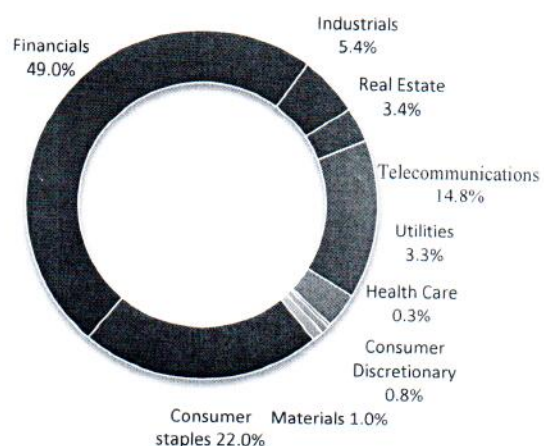
2.1 Portfolio decomposition

The Fund's asset allocation is based on its investment objective of achieving long-term capital growth through investment in securities by issuers established in or who derives most of its revenue from the African continent. The Fund invested 88.0% in equities and 12.0% was held as cash and cash equivalents. The Fund's major regional allocation is composed of Egypt, Nigeria and Kenya which accounted for 64.4% of the total portfolio. The main sectors in which the Fund is invested are financials, consumer staples and telecommunication.

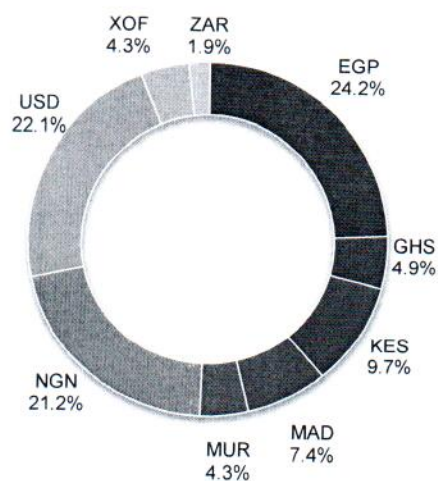
Regional allocation



Sector allocation



Currency exposure



2.2 Top 5 Holdings

The top five holdings represented 35.0% of the total portfolio as at end of June 2019.

Holdings	% Net Assets
Afrexim Depository Receipts	8.3%
Label Vie	7.4%
Kenya Commercial Bank Ltd	6.6%
Nestle Nigeria Plc	6.5%
Guaranty Trust Bank Ltd	6.2%
Total	35.0%

3. Market review

During the financial year, main African markets performances' were as follows: Nigeria SE -21.7%; Nairobi SE -14.2%; Masi Free Float -5.0%; EGX 30 -13.7%; FTSE/JSE Africa All Share 1.0%; Semdex -5.2%, in local currencies.

Africa's economic growth reached an estimated 3.5% in 2018, about the same as in 2017 and up 1.4 basis points from the 2.1% growth in 2016 (partly due to retreating oil prices and other regional shocks - droughts in Eastern and Southern Africa). East Africa led with GDP growth estimated at 5.7% in 2018, followed by North Africa at 4.9%, West Africa at 3.3%, Central Africa at 2.2%, and Southern Africa at 1.2%.

In Egypt, GDP annual growth rate expanded 5.7% (2018: 5.3%) in the second quarter of 2019 over the same quarter of the previous year supported by strong government spending in infrastructure and healthy private consumption. Both the supply and demand side factors contributed to this growth on account of a recovery in the tourism sector and natural gas production as well as a rebound in net exports and investment. Fiscal deficit declined to 9.0% of GDP in 2018. The annual inflation rate stood at 9.4% in June, nearing the 9.0% midpoint of the Central Bank's Q4CY20 target range of 6.0%-12.0%. As a result, all interest rates were left unchanged at the monetary policy meeting held in May-19 with the overnight deposit rate standing at 15.75%, the overnight lending rate at 16.75% and the main operation rate at 16.25%.

Kenya's GDP grew by an estimated 5.9% in 2018, from 4.9% in 2017 according to the African Economic Outlook 2019 – mainly on account of easing political tensions, improved business environment and upbeat domestic consumption. With the adoption of a tighter fiscal stance, fiscal deficit declined to around 6.7% of GDP in 2018 while government spending as a percentage of GDP fell from 28.0% in 2017 to 23.9% in 2018. Economic growth slowed in Q2CY19 as the effects of drought in Q1 spilled over into Q2. Inflation rose to 5.7% in June-19 from 4.3% in June-18 within the Central Bank's medium-target range of 2.5%-7.5%. During the Monetary Policy Committee meeting held in May, the Central Bank Rate was left unchanged at 9.00%.

The annual real economic growth rate for Nigeria was estimated at 1.9% in 2018, reflecting a recovery in services and industry. The services sector is gradually becoming a pillar and driver of the Nigerian economy, accounting for nearly half of the GDP. Since January 2019, the country reduced its oil production as part of the OPEC and non-OPEC oil output cuts. Activity picked up in Q2CY19, on account of relatively-subdued growth in Q1. The Central Bank of Nigeria (CBN) cut the monetary policy rate from a record-high of 14.00% since July 2016 to 13.50% in March 2019. All other monetary policy parameters were left unchanged with the liquidity ratio standing at 30.00% and the cash reserve ratio stable at 22.50%. The monetary easing was also driven by the upsurge in capital inflows into Nigeria following the reduction of uncertainty with the end of the presidential election and an improvement in the oil sector. Inflation stood at 11.2% in June, remaining well above the Central Bank's target range of 6.0%–9.0%, as a result of an increase in food prices.

4. Market Outlook

According to the Africa Development Bank, African economic growth is projected to accelerate to 4.0% in 2019 and 4.1% in 2020. Around 40% of African countries are projected to grow by at least 5% in 2019. East Africa, being the fastest growing region, is expected to achieve a growth of 5.9% in 2019 and 6.1% in 2020. At a regional level, the growth slowdown in Africa's largest economies, namely, Nigeria and South Africa, is expected to dampen the continent's growth. Downsides include the slowing global economy, commodity price volatility and elevated trade tensions, combined with policy uncertainty, fiscal concerns and slow pace of reforms.

Egypt's economy is expected to maintain its momentum in FY20 on the back of the government's market-friendly reforms, strong government spending and tighter labor market. Real output is forecasted to reach 5.5% in 2019 and 5.8% in 2020 on account of better business climate leading to recovery in FDI and better security conditions benefiting tourism. Larger production of natural gas is likely to turn the country into a net gas exporter. In support of the macroeconomic stability, the CBE has set its inflation target at 9% for Q4CY20, down from 13% on average in Q4CY18. The inflation outlook remains in line with achieving the targeted disinflationary path. However, fragility in government finances, an uncertain global trading environment and recurring security problems weigh on the outlook.

Kenyan real GDP is expected to grow by 6.0% in 2019 and 6.1% in 2020 on account of improved business environment and continued macroeconomic stability. The government plans to continue its fiscal consolidation; restraining rising deficit and stabilising public debt by enhancing revenue and rationalising expenditures through its zero base budgeting. Growth is likely to soften in 2019 as erratic weather conditions weigh on agricultural output and private consumption growth. However, large-scale public infrastructure projects under the "Big Four Agenda" will likely support capital investment and cushion the slowdown. A widening of the fiscal deficit remains a key concern to Kenya's outlook.

In Nigeria, economic growth is projected to pick up slightly amid the ongoing economic recovery. Real GDP growth is anticipated to reach 2.3% in 2019 and 2.4% in 2020, with the Economic Recovery and Growth Plan gaining pace. The full implementation of the minimum wage and measures to stimulate private credit is expected to support domestic demand. Downside risks to the outlook include a weaker global economy, oil price volatility, risk of disruption to oil production, power shortages and the slow pace of reforms.

The Board of Directors of SBM International Funds Ltd (the "Fund") has pleasure in submitting its Corporate Governance Report for the financial year ended 30 June 2019, inclusive of other Statutory Disclosures under Section 221 of the Companies Act.

INTRODUCTION

SBM International Funds Ltd (the "Fund") has been incorporated as a public company limited by shares under the laws of Mauritius and holds a category one global business licence issued by the Financial Services Commission (the "FSC"). It has been authorised to operate as a collective investment scheme under the Securities Act 2005 and the Securities (Collective Investment Schemes and Closed-End Funds) Regulations 2008 as amended and qualifies as a global scheme thereunder.

SBM International Funds Ltd is structured as an umbrella fund and its assets are held in different classes of Participating Shares denominated as "Funds" - each being a separate portfolio of securities and other assets are managed in accordance with specific investment objectives of the respective classes.

SBM Africa Value Fund, a sub-fund of SBM International Funds Ltd was launched on the 12 February 2017. The investment objective of the Fund is to achieve long-term capital growth primarily through investment in the securities of issuers established in or who derive most of their revenue in the African continent. This Fund is suitable for investors who have an investment horizon of 3 to 5 years and is targeted towards investors with high risk profile.

The Fund's corporate governance framework includes its Directors, Manager, Shareholders and other stakeholders.

The Board of Directors and managers of the Fund are fully committed to achieving and sustaining the highest standards of corporate governance with the aim of maximising long-term value creation for the shareholders of SBM International Funds Ltd and all stakeholders at large. The Board assumes full responsibility for leading and controlling the Fund. Much emphasis is on the conduct of business practices that display characteristics of good corporate governance namely discipline, integrity, transparency, independence, accountability, fairness, professionalism and social responsibility.

In addition, the Board of Directors of the Fund continuously reviews the implications of corporate governance principles and practices in light of its experience, regulatory requirements and investor expectations. It hereby confirms that the Fund, as set out in this report, has strived to comply in all material aspects with the following legal and regulatory framework:

- Constitution;
- Prospectus;
- The Code of Corporate Governance for Mauritius (the "Code");
- Companies Act 2001;
- Securities Act 2005;
- The Securities (Collective Investment Schemes and Closed-end Funds) Regulations 2008

The Constitution of the Fund complies with the provisions of the Companies Act 2001. A copy is available upon written request to the Company Secretary at the Registered Office of the Company, C/o Rogers Capital Fund Services Ltd, St Louis Business Centre, Cnr Desroches & St Louis Street, Port Louis, Mauritius.

Its salient features are:

Article 9.3: SBM International Funds Ltd may issue fractional shares

Article 42: The Board may authorise a distribution by the company if it is satisfied on reasonable grounds that the company will satisfy the solvency test immediately after the distribution.

The Board of the Fund is composed of skilled, knowledgeable and experienced professionals, carefully selected to be highly effective in the governance of the organisation. They assume full responsibility for leading and controlling the organisation and for meeting all legal and regulatory obligations.

PRINCIPLE ONE: GOVERNANCE STRUCTURE

The Fund is headed by a Board of Directors (the "Board"). The Board of the Fund comprises one executive Director and one non-executive Director from the SBM Group. Directors are elected (or re-elected, as the case may be) every year at the annual meeting of shareholders. The Board of Directors is the link between the Fund and its stakeholders and Board Members are collectively responsible to lead and control the Fund to enable it to attain its strategic objectives, in line with the legislative and regulatory framework. In discharging its duties, the Board of Directors shall promote the best interest of the Fund and consider the interest of other stakeholders. The Board is ultimately accountable to the shareholders of the Fund. Some of their key roles include:

PRINCIPLE ONE: GOVERNANCE STRUCTURE (CONTINUED)

- Implementing a system of corporate governance to assist in safeguarding policies and procedures across the Fund and making changes as needed;
- Delegating authority to and empowering the intermediaries of the Fund to implement strategies, policies and plans approved by the Board;
- Reviewing and, where appropriate, approving risk policy, interim and audited financial statements, annual budgets, business plans and Committee's reports;
- Ensuring effective communication with shareholders and relevant stakeholders;
- Reviewing the performance of the Fund, the Investment Manager and the Administrator. The Investment Manager and Administrator will provide such information as may from time to time be reasonably required by the Directors to facilitate such review.

Under regulatory supervision of the Financial Services Commission, all officers and agents of the Fund are expected to maintain a high level of ethics in their behaviour and business transactions. The transactions of the Fund are carried out as per its Manager's and Fund Administrator's Code of Business Conduct and Ethics, applicable to all direct and indirect employees who deal with the matters of the Fund.

The Fund is involved in the provision of services and its operations do not materially impact on the environment.

PRINCIPLE TWO: THE STRUCTURE OF THE BOARD

The Board has attempted to create the right balance and composition in such a way as to better meet the objectives of the organisation. The Board is a unitary Board and comprises one Non-Executive Director and one Executive Director. The Board is led by Mr. Shailendrasingh Sreekeessoon. All Board members currently reside in Mauritius and do not derive any remuneration from their Directorship.

The profile of the current Board members is as follows:

Mr. Shailendrasingh (Shailen) Sreekeessoon is a banking strategy professional with strong drive and proven track record of fostering positive change and driving performance against strategy. He has a solid background in strategy and analysis in the banking sector underscored by his solid foundation in economics, finance and accounting.

Shailen holds a BSc in Economics, with first class honours, and an MSc in Finance and Economics from the London School of Economics and Political Science. He is also a Fellow Member of the Association of Chartered Certified Accountants (FCCA). He is the Head of Strategy and Research of the SBM Group, with the following key responsibilities:

- To drive strategy analysis, formulation, implementation and review for the SBM Group
- To conduct economic research, and investment analysis
- To drive external publications (annual report, SBM Insights, investor presentations)
- To manage external stakeholders (ratings agencies, analysts and investors)
- To support in capital planning and fund raising
- To support in product development, business diversification and geographic expansion
- To support innovation and change management

He also acts as Director of several entities across the SBM Group.

Mr. Sreekeessoon was appointed to the Board on 23 November 2015 and he is a non-executive director.

PRINCIPLE TWO: THE STRUCTURE OF THE BOARD (CONTINUED)

Mr. Lakshmana (Kris) Lutchmenarraido is currently the Chief Executive of SBM (NBFC) Holdings Ltd. He is a seasoned banking professional with over 40 years' experience across the banking and financial services sectors. During the 13 years he spent at SBM, he held various positions across the bank namely Branch Manager, Head of Internal Audit, and Assistant General Manager. He then moved on to occupy the highest positions in various prominent entities such as Mauritius Leasing Company Ltd, Mauritius Post Ltd, Mauritius Post and Cooperative Bank Ltd, La Prudence Mauricienne Assurances Ltée and Mauritius Union Assurance Co. Ltd. More recently, he was the Group Managing Director at Phoenix East Africa Assurance Company Ltd., based in Kenya and supervising operations in Kenya, Tanzania, Uganda and Rwanda. Mr. Lutchmenarraido holds a Banking Diploma from FinAfrica Institute, Milan, Italy. He has as mandate to drive and transform the Non-Banking Financial Cluster in the view of tremendously increasing its share of profits within the SBM Group.

Mr Lutchmenarraido was appointed to the Board on 03 March 2017 and is an executive director.

Board meetings and attendance

The Board of Directors meets at least once quarterly. The following table shows the list of Board members and the number of Board meetings held during the year and the attendance of individual directors.

No. of meetings held	Board	Annual Meeting 2018
	4	
Directors	<i>Note:</i>	
Mr. S Sreekeessoon	4	1
Mr. L Lutchmenarraido	4	1

Note:

'a' – Non Executive Director

'b' – Executive Director

*Appointed on 23 November 2015

**Appointed on 03 March 2017

The Board took cognizance of the requirements of the new Code for Corporate Governance on the matter of gender balance and will set out to address this matter.

Company Secretary

The Company Secretary is appointed by the Board in accordance with its Constitution.

PRINCIPLE THREE: DIRECTORS APPOINTMENT PROCEDURES

There exists a transparent procedure in place regarding the appointment of prospective Directors which is made in accordance with the skills, knowledge and expertise required on the Board.

The re-election of Directors is made on an annual basis at the Annual Meeting of Shareholders.

New Board members are provided with an Induction Pack to provide them with sufficient knowledge and understanding of the Company's business comprising of the following:

- Legal Roles and responsibilities of Directors
- Group Structure
- Constitutive documents
- Profile of the Board members
- Minutes of past Board meetings
- Latest Audited Financial Statements
- Directors and Officers Liability Insurance
- Code of Corporate Governance of Mauritius

PRINCIPLE FOUR: DIRECTORS' DUTIES, REMUNERATION AND PERFORMANCE

All Board members are fully apprised of their fiduciary duties as laid out in the Companies Act 2001.

Remuneration philosophy and remuneration of Directors

The Directors, being part of the SBM Group, do not derive any remuneration from their position as Directors. Continuous Development Programme

During the year under review, Directors Development sessions were held in-house as part of the Group's training programme for Directors.

Annual evaluation of the Board

Board evaluation and self-assessment by the Directors allow the board members to better understand their own roles and responsibilities and how they can more effectively fulfil their duties and obligations.

During the reporting year, the Board underwent a self-assessment exercise in the form of an evaluation questionnaire and the findings were presented to the Board for discussion and further action.

Managing Conflict of Interest and Related Party Transactions

The Fund makes every effort to ensure that Directors declare any interest and/or report any related party transactions to the Chairman and the Company Secretary. A register of interests is kept by the Company Secretary and is updated on a regular basis. The register is made available to the shareholder upon request to the Company Secretary.

The Company adheres to the Group Conflict of Interest and Related Party Transactions policy to assist the Board in identifying and disclosing actual and potential conflicts and help ensure the avoidance of conflicts of interest, where necessary.

For the related party transaction, please refer to Note 13 of the Financial Statements.

Information, information technology and information security policy

The Board confirms that information, information technology and information security policies exist within the SBM Group. Significant expenditures on information technology are approved and monitored at Board level.

PRINCIPLE FIVE: RISK GOVERNANCE AND INTERNAL CONTROL

The Board acknowledges its responsibility for internal control and work closely together and with the Fund Administrator to put in place a system of internal control which is designed to provide the Fund with reasonable assurance that the assets are safeguarded; that operations are carried out effectively and efficiently; that the financial controls are reliable and in compliance with applicable laws and regulations and that material frauds and other irregularities are either prevented or detected within a reasonable time.

The Manager and Fund Administrator prepare compliance and risk monitoring reports that are respectively submitted to the Board of the Fund and the Investment Manager's Audit and Risk Committee on a quarterly basis for their review, following which recommendations are made to the Manager on an on-going basis. The independent Compliance and Risk Management teams regularly review the various processes of the Fund, including fund administration and registry, and the investment process.

Risk Management

The Board is responsible for the risk management practices and procedures in place within the operating structure of the Fund for risk management. It also defines the overall strategy for risk tolerance and is responsible for the design, implementation and review of a risk management framework, processes and management of risk as performed by the intermediaries and service providers of the Fund.

The Fund does not directly employ full-time staff, but ensures, through the Investment Manager that there is an appropriate risk management framework, which encompasses all business risks including operational, technology, business continuity, financial, compliance and reputational risks which could influence the achievement of the Fund's objectives. In context, a due diligence exercise is undertaken in collaboration with nominated intermediaries to ensure that they have the capability to commit on the implementation of appropriate customised procedures and controls for the purpose of the Fund.

Risk Management (continued)

The risk management mechanisms in place include:

- A system for the ongoing identification and assessment of risk;
- Development of strategies in respect of risk and definition of acceptable and non-acceptable levels of risk;
- The communication of risk management policies across the multiple parties and functionaries involved in the processes;
- The implementation of a documented system of processes with appropriate controls and approval mechanism that closely align the control effort to the nature and importance of the risk;
- Processes to reduce or mitigate identified risks and contain them within the levels of tolerance defined and agreed by the Board;
- Compliance reports are prepared and presented to the Board; and
- Internal audit functions exist at the level of the Manager and Fund Administrator.

Risk exposure of the Fund falls within the following areas or risk:

Operational risks

Operational risk is defined as risk of direct or indirect loss resulting from inadequate or failed internal process, people and systems or from external events. Assets of the Fund are properly safeguarded and reporting infrastructures are adequate and effective for timely and accurate data collection.

Compliance risks

Compliance risk is defined as risk of loss from failure to comply with regulations governing the conduct of an organisation's business. It is a composite risk made up of risk of legal or regulatory sanctions, financial loss, or loss of reputation. The Investment Manager's operations are overseen by compliance and risk management teams to ensure that the Fund's operations are within regulatory frameworks.

Technology risks

Technology risks include hardware and software failures, system development and infrastructure issues. To varying degrees, the Fund is reliant upon certain technologies and systems for the smooth and efficient running of its operations. Disruption to these technologies could adversely affect its efficiency.

Political, economic and financial markets risks

The primary sources of financial risks faced by the Fund are risks inherent to its investment activities. Investment values and returns are dependent on the performance of financial markets and may adversely affect the Fund's financial results. The financial risks faced by the Fund and management of these risks are further discussed in the notes to the financial statements.

Reputational risks

This relates to losses due to unintentional or negligent failure to meet a professional obligation to specific clients or from the nature or design of a product.

Business continuity risks

This relates to losses from failed transaction processing and process management.

These risks are managed and mitigated through the risk management framework described in the above section.

Whistleblowing policy

In order to enhance good governance and transparency, the Group has a Whistleblowing policy. The main aims of the policy are to provide an avenue for raising concerns related to fraud, corruption and any other misconduct. The policy addresses the following:

- Protection of and Remedies for Whistleblowers and Complainants;
- Channels and Procedures;
- Hotline, Email and PO Box facilities

PRINCIPLE SIX: REPORTING WITH INTEGRITY

The Board is required to ensure that adequate accounting records are maintained so as to disclose at any time, and with reasonable adequacy, the financial position of the Fund. They are also responsible for taking reasonable steps to safeguard the assets of the Fund and to prevent and detect fraud and other irregularities.

They must present financial statements for each financial year, which give a true and fair view of the affairs of the Fund, and the results for that period. In preparing such financial statements, they are required to:

- select suitable accounting policies and apply them on a consistent basis using reasonable and prudent judgment;
- state whether or not the Companies Act 2001, Financial Reporting Act 2004 and International Financial Reporting Standards (IFRS) have been adhered to and explain material departures thereto
- use the going concern basis unless it is inappropriate.

The Board acknowledges its responsibility for ensuring the preparation of the annual financial statements in accordance with IFRS and the responsibility of external auditors to report on these financial statements. The Board is responsible for ensuring the maintenance of adequate accounting records and an effective system of internal controls and risk management.

Nothing has come to the Board's attention to indicate any material breakdown in the functioning of the internal controls and systems during the period under review, which could have a material impact on the business. The financial statements are prepared from the accounting records on the basis of consistent use of appropriate accounting records supported by reasonable and prudent judgments and estimates that fairly present the state of affairs of the Fund.

The financial statements have been prepared on a going concern basis and there is no reason to believe that the Fund will not continue as a going concern in the next financial year.

The Directors confirm that in preparing the financial statements, they have:

- selected suitable accounting policies and applied them consistently
- made judgments and estimates that are reasonable and prudent
- followed the International Financial Reporting Standards
- prepared the financial statements on the going concern basis
- adhered to the Code of Corporate Governance in all material aspects and reasons have been provided for non-compliance.

The Directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Fund and to enable them to ensure that the financial statements comply with the Mauritius Companies Act 2001, the Financial Reporting Act 2004, the Securities Act 2005, the Securities (Collective Investment Schemes and Closed-end Funds) Regulations 2008 and the International Reporting Standards. They are also responsible for safeguarding the assets of the Fund and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Annual report is published in full on the website of the Manager of the Fund, SBM Mauritius Asset Managers Ltd.

PRINCIPLE SEVEN: AUDIT

Internal Audit

The Non-Banking Financial cluster ('NBFC') has its own permanent Internal Audit function reporting to the Audit and Risk Committee. The internal audit team comprises of three fully qualified accountants. The internal auditors provide assurance about the effectiveness of the risk management and control processes in place and they maintain their independence by reporting to the Audit and Risk Committee. The Head of Internal Audit has regular access to the Chairperson of the Board and the chairperson of the Audit and Risk Committee. There were no restrictions on access by the internal auditors to records or members of the management team.

The Audit and Risk Committee of NBFC is chaired by a Chartered Accountant and the Committee comprises of independent members with more than 30 years experience in the Financial Services industry. The Audit and Risk Committee reviews and approves Internal Audit's plan and resources and evaluates the effectiveness of the function. The Audit and Risk Committee ensures that a consistent risk-based audit methodology is applied. The audit reports are thereafter tabled at the Committee and the findings and methodologies are reviewed and discussed by the Audit and Risk Committee.

As the third line of defense, the role of internal audit is to provide independent, objective assurance services designed to add value and improve NBFC entities' operations. Audits are carried out to review the adequacy and effectiveness of the group's system of internal controls, as per the Board approved risk-based audit plan. In conducting reviews, the Internal Auditors are alert to indicators of fraud and opportunities that could allow fraud, such as control weaknesses. In doing so, the Internal Auditors obtain reasonable assurance that business objectives for the process under review are being achieved and material control deficiencies are detected. Upon completion of each review, a formal report detailing the audit findings and the appropriate recommendations are issued to the chairperson of audit committee and the Chief Executive Officer. Any deviation in policies and non-performance of internal controls are duly reported and discussed at Audit Committee levels. Corrective actions are promptly taken and regular follow ups as well as reporting performed by Internal Audit until complete resolution.

External Audit

EY were appointed as statutory auditors of the Fund for the financial year ending 30 June 2018. The Board assesses and reviews on a regular basis the independence of the external auditor and the Audit and Risk Committee assesses the effectiveness of the external audit process. The Audit and Risk Committee has discussed accounting policies for the year under review with the external auditor.

The fees paid to the external auditors for audit services were USD 3,306 for the financial year 2019 (FY 2018: USD 1,843). The external auditors do not provide any non-audit services.

PRINCIPLE EIGHT: RELATIONS WITH SHAREHOLDERS AND OTHER KEY STAKEHOLDERS

Holding structure – 30 June 2019

As at 30 June 2019, the Fund had issued 10,881 shares for a total fund size of USD 1,022,630. The NAV per share of the Fund as at 30 June 2019 was USD 93.9831

The NAV per share for the past years are as follows:

Year	NAV per share (USD)
Launch (12 February 2016)	100.0000
June 2016	93.3487
June 2017	97.3453
June 2018	101.0824
June 2019	93.9831

Analysis of ownership (Africa Value Fund A-ACC)

The Fund had 10 holders of participating shares as at 30 June 2019. A breakdown of the category of holders of participating shares and the share ownership as at 30 June 2019 are set out below:

Market Value (USD)	Number of shareholders	Number of shares owned	% Holdings
0-59,999	1	15.90	0.15
60,000 - 99,999	1	26.52	0.24
100,000 - 124,999	0	-	-
125,000 - 199,999	0	-	-
200,000 - 499,999	3	354.89	3.26
500,000 - 999,999	1	259.02	2.38
1M - 1,499,999	0	-	-
1.5M - 1,999,999	0	-	-
2M - 2,999,999	0	-	-
3M - 5,999,999	2	2,975.18	27.34
6M - 10M	1	1,814.22	16.67
10M-20 M	1	5,435.00	49.95
ABOVE 20 M	0	-	-
Total	10	10,880.73	100.00

Shareholder's agreement

There has been no such agreement with any of its shareholders for the year under review.

Shareholders' relations and communication

Shareholders are strongly encouraged to visit the website of the Manager to remain updated on the Fund's initiatives/projects and goals. The Board confirms that the relevant stakeholders have been informed of the organisational structure, performance and outlook.

Shareholders' calendar

The Fund has planned the following forthcoming events:

Reporting date	30 June 2019
Publication of year end results	Within 90 days from end of 30 June 2019

Dividend Policy

No dividend policy is currently envisaged but the Board of the Fund has the discretion to change the distribution policy and distribute any profits earned to shareholders in future in terms of dividends or bonus shares. For the year ended 30 June 2019, the Board did not recommend the payment of any dividend. Currently, all profits will be reflected in the net asset value of the share of the Fund.

Dealings in the Fund's shares

No director dealt in the Fund's shares during the year under review and no director hold shares in the Fund.

Employee Share Option Scheme

The Fund has no share option plans.

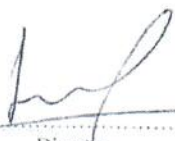
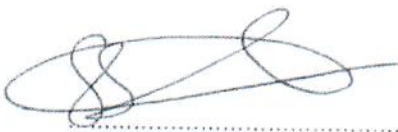
OTHER STATUTORY DISCLOSURES

Significant Contracts

The Investment Management Agreement with SBM Asset Managers Limited is still effective.

Directors and Officers Liability Insurance

The Fund has subscribed to a Directors and Officers Liability Insurance policy in respect of legal actions or liability which may arise against its Directors and officers. The cover does not provide insurance against fraudulent, malicious or wilful acts or omissions.


.....
Director
.....
Director

Date: 26 September 2019

Rogers Capital

CORPORATE • TECHNOLOGY • FINANCIAL

Certificate from the secretary under section 166(d) of the Companies Act 2001

We certify to the best of our knowledge and belief that we have filed with the Registrar of Companies all such returns as are required of **SBM International Funds Ltd** under the Mauritius Companies Act 2001 for the year ended 30 June 2019.



For Rogers Capital Fund Services Ltd
Company Secretary

Date: 26 September 2019

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF SBM INTERNATIONAL FUNDS LTD

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of SBM International Funds Ltd (the "Fund") set out on pages 7 to 35 which comprise the statement of financial position as at 30 June 2019, and the statement of profit or loss and other comprehensive income, statement of changes in net assets attributable to holders of redeemable participating shares and statement of cash flows for the year then ended, and notes to the financial statements, including significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of SBM International Funds Ltd as at 30 June 2019, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Companies Act 2001.

Basis for Opinion

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

Other Information

The directors are responsible for the other information. The other information comprises the Commentary of the Directors and the certificate from the Secretary as required by the Companies Act 2001 and the Manager's Report and Corporate Governance Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information (other than the Corporate Governance Report) and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Corporate Governance report

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



INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SBM INTERNATIONAL FUNDS LTD (CONTINUED)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act 2001, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF SBM INTERNATIONAL FUNDS LTD (CONTINUED)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Use of our report

This report is made solely to the Fund's members, as a body, in accordance with Section 205 of the Companies Act 2001. Our audit work has been undertaken so that we might state to the Fund's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Fund and the Fund's members, as a body, for our audit work, for this report, or for the opinions we have formed.

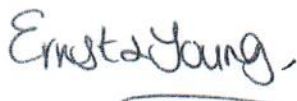
REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Companies Act 2001

We have no relationship with or interests in the Fund other than in our capacities as auditor, tax advisors and dealings in the ordinary course of business.

We have obtained all the information and explanations we have required.

In our opinion, proper accounting records have been kept by the Fund as far as it appears from our examination of those records.



ERNST & YOUNG
Ebène, Mauritius

Date: 26 SEP 2019



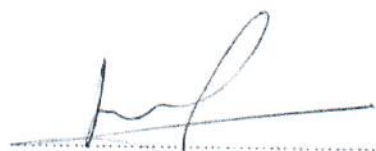
ANJAALA RAMKHELAWON, F.C.A
Licensed by FRC

SBM INTERNATIONAL FUNDS LTD
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

7.

	Notes	2019 USD	2018 USD
ASSETS			
Cash and cash equivalents		118,079	17,650
Other receivables	5	463,020	48,868
Financial assets at fair value through profit or loss	4 (a)	-	1,538,593
Financial assets at fair value through other comprehensive income	4 (b)	900,080	-
TOTAL ASSETS		1,481,179	1,605,111
LIABILITIES			
Other payables	6	458,549	3,774
Total liabilities (excluding net assets attributable to shareholders)		458,549	3,774
Net assets attributable to shareholders		1,022,630	1,601,337
Represented by:			
Management shares	7	1,000	1,000
Net assets attributable to redeemable participating shareholders		1,021,630	1,600,337
		1,022,630	1,601,337

Approved by the Board of directors and authorised for issue on 26 September 2019


 DIRECTOR


 DIRECTOR

The notes on pages 11 to 35 form part of these financial statements.

SBM INTERNATIONAL FUNDS LTD
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2019

8.

	Notes	2019 USD	2018 USD
INCOME			
Dividend Income		107,122	52,142
Gain on disposal of investments		-	21,117
Exchange gain		65,273	33,484
		172,395	106,743
FUND EXPENSES			
Manager's fees	9	24,849	26,489
Administrator's and Registry fees	11	3,479	3,848
Custodian fees	10	3,208	2,318
Audit fees		3,306	1,843
Legal and professional fees		10,116	2,603
Transaction costs		-	96
General expenses		14,015	380
Net fair value loss on investments		-	28,964
		58,973	66,541
PROFIT BEFORE TAXATION		113,422	40,202
Income tax expense	8	-	-
PROFIT AFTER TAXATION		113,422	40,202
Other Comprehensive income			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Realised loss on disposal of equity instruments designated at fair value through other comprehensive income		(64,473)	-
Net fair value loss on financial assets measured through other comprehensive income		(181,983)	-
Total other comprehensive loss		(246,456)	-
Net change in net assets attributable to holders of redeemable participating shares		(133,034)	40,202

The notes on pages 11 to 35 form part of these financial statements.

SBM INTERNATIONAL FUNDS LTD
STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO
HOLDERS OF PARTICIPATING SHARES
FOR THE YEAR ENDED 30 JUNE 2019

9.

	Net assets attributable to holders to redeemable participating shares USD
As at 1 July 2017	995,258
Issue of redeemable participating shares	564,877
Redeemable shares redeemed	-
Increase in net assets attributable to holders of redeemable participating shares from transaction in shares	564,877
Increase in net assets attributable to holders of redeemable participating shares from operation	40,202
As at 30 June 2018	1,600,337
As at 1 July 2018	1,600,337
Issue of redeemable participating shares	-
Redeemable shares redeemed	(445,673)
Decrease in net assets attributable to holders of redeemable participating shares from transaction in shares	(445,673)
Decrease in net assets attributable to holders of redeemable participating shares from operation	(133,034)
As at 30 June 2019	1,021,630

The notes on pages 11 to 35 form part of these financial statements.

SBM INTERNATIONAL FUNDS LTD
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2019

10.

	Notes	2019 USD	2018 USD
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		113,422	40,202
Adjustments for:			
Dividend Income		(107,122)	(52,142)
Gain on disposal of investments		-	(21,117)
Exchange gain		(11,877)	(33,484)
Net movement in fair value of investments	4	-	28,964
Operating loss before working capital changes		(5,577)	(37,577)
Increase in other receivables		(362,981)	(3,768)
Increase in other payables		454,775	1,066
Addition of financial assets at fair value through other comprehensive income	4	(198,210)	(1,303,481)
Proceeds from disposal of equity investments		602,145	754,309
Dividend received		55,950	17,778
Net cash from / (used in) operating activities		546,102	(571,673)
CASH FLOWS FROM FINANCING ACTIVITIES			
Issue of redeemable shares		-	564,877
Redeemable shares redeemed		(445,673)	-
NET CASH FLOW (USED IN) / FROM FINANCING ACTIVITIES		(445,673)	564,877
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		100,429	(6,796)
CASH AND CASH EQUIVALENTS AT START OF YEAR		17,650	24,446
CASH AND CASH EQUIVALENTS AT END OF YEAR		118,079	17,650

The notes on pages 11 to 35 form part of these financial statements.

1. LEGAL FORM AND PRINCIPAL ACTIVITY

The SBM International Funds Ltd (the "Fund") was incorporated in the Republic of Mauritius on 23rd November 2015 as a public company limited by shares. The Fund holds a category 1 global business licence (the "GBLI") issued by the Financial Services Commission (FSC) on 25th November 2015. The Fund is authorised to operate as a collective investment scheme and authorised as a global scheme by the FSC for the purpose of the Mauritian Securities Act 2005 and the Securities Act (Collective Investment Schemes and Closed End Fund) regulations 2008. The Fund is organised as an umbrella fund and the share classes of Participating Shares, each one being referred to as the "Fund" may further be divided into sub-classes or series of share classes. Each Fund is a separate portfolio of securities and other assets managed in accordance with specific investment objectives of the Fund.

The Fund has created the following sub-funds:

- SBM Africa Value Fund
- SBM Emerging Markets Fund
- SBM European Opportunities Fund
- SBM Mena Fund
- SBM Rising Asia Fund
- SBM High Yield Opportunities Fund

The Fund has launched the SBM Africa Value Fund on 12th February 2016. The SBM Africa Value Fund invests primarily in African equities. On 20 June 2016, the board of directors have reviewed the strategic initiatives on the future launching of the products of SBM Mena Fund and SBM High Yield Opportunities Fund and in light with the changing economic conditions, it was expected that these sub-funds will not have operations in the future. It was accordingly proposed that these sub-Funds be liquidated and approval was obtained from the FSC. On 2 August 2018, the FSC further approved the closure of 3 other sub-funds, namely SBM European Opportunities Fund, SBM Rising Asia Fund and SBM Emerging Market Fund, following request made to the FSC on 10 May 2018.

The Fund has appointed SBM Mauritius Asset Managers Ltd. (the "Fund Manager" or "Manager"), a duly licensed CIS manager, under the terms and conditions of an investment management agreement between the Manager and the Fund.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

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

The financial statements have been prepared on a historical cost basis, except for investments at fair value through profit or loss, which are measured at fair value.

The financial statements are presented in United States Dollar ("USD") and all values are rounded to the nearest dollar, except when otherwise indicated.

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Foreign currency translation

(i) Functional and presentation currency

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

2. ACCOUNTING POLICIES (CONTINUED)

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Foreign currency translation (Continued)

(ii) *Transactions and balances*

Transactions in foreign currencies are initially recorded by the Fund at their respective functional currency spot rates prevailing at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date. All differences arising on settlement or retranslation of monetary items are taken to profit or loss.

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. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on retranslation of non-monetary items is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

(b) Dividend income

Dividend income is recognised when the Fund's right to receive the payment is established.

(c) Taxes

Current income tax

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

Current income tax relating to items recognised directly in equity is recognised in equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

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

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

- Where the deferred 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;
- 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.

2. ACCOUNTING POLICIES (CONTINUED)

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) 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. Deferred tax assets are recognised 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 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.
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred 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 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 tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about facts and circumstances changed. The adjustment would either be treated as a reduction to goodwill (as long as it does not exceed goodwill) if it incurred during the measurement period or in profit or loss.

(d) Financial instruments

In the current year, the Fund has adopted IFRS 9 Financial Instruments. Comparative figures for the year ended 30 June 2018 have not been restated. Therefore, financial instruments in the comparative period are still accounted for in accordance with IAS 39 Financial Instruments: Recognition and Measurement.

Policy applicable as from 01 July 2018

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Fund's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Fund has applied the practical expedient, the Fund initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Fund has applied the practical expedient are measured at the transaction price determined under IFRS 15.

2. ACCOUNTING POLICIES (CONTINUED)

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Financial instruments (Continued)

Policy applicable as from 01 July 2018 (continued)

Financial assets (Continued)

Initial recognition and measurement (Continued)

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Fund's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Fund commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

i) Financial assets at amortised cost

The Fund measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows

And

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Fund's financial assets at amortised cost include cash and cash equivalents and other receivables.

2. ACCOUNTING POLICIES

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Financial instruments (Continued)

Policy applicable as from 01 July 2018 (continued)

Financial assets (Continued)

ii) Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Fund can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Fund benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Fund elected to classify irrevocably its listed equity investments under this category.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Group of similar financial assets) is primarily derecognised (i.e., removed from the Fund's statement of financial position) when:

- The rights to receive cash flows from the asset have expired

Or

- The Fund has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Fund has transferred substantially all the risks and rewards of the asset, or (b) the Fund has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Fund has transferred its rights to receive cash flows from an asset or has entered into a pass through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Fund continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Fund also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Fund has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Fund could be required to repay.

Impairment of financial assets

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Fund expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The Fund considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Fund may also consider a financial asset to be in default when internal or external information indicates that the Fund is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Fund. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

No allowance for expected credit losses (ECLs) is required as the assets of the Fund have been classified as Financial assets at fair value through other comprehensive income. Refer to note 14.6 for credit risk exposure.

2. ACCOUNTING POLICIES

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Policy applicable as from 01 July 2018 (continued)

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Fund's financial liabilities include other payables and net assets attributable to redeemable participating shareholders.

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 EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss. This category generally applies to interest-bearing loans and borrowings.

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 the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

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.

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d) Financial instruments (Continued)

Policy applicable prior to 01 July 2018

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Fund commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at fair value through profit or loss
- Loans and receivables
- Held-to-maturity investments
- Available-for-sale financial investments

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate ('EIR') method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in statement of profit or loss and other comprehensive income. The losses arising from impairment are recognised in finance costs for loans and in other operating expenses for receivables.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments as defined by IAS 39.

Financial assets at fair value through profit and loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the profit or loss.

Financial assets designated upon initial recognition at fair value through profit and loss are designated at their initial recognition date and only if the criteria under IAS 39 are satisfied. The Fund has designated its financial assets at fair value through profit or loss upon initial recognition.

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d) Financial instruments (Continued)

Financial assets (Continued)

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Fund of similar financial assets) is primarily derecognised (i.e. removed from the statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or
- The Fund has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Fund has transferred substantially all the risks and rewards of the asset, or (b) the Fund has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Fund has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Fund continues to recognise the transferred asset to the extent of the Fund's continuing involvement. In that case, the Fund also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Fund has retained.

Impairment of financial assets – prior to 1 July 2018

The Fund assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event'), has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Fund first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Fund determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in profit or loss. Interest income, included in finance income, continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Fund. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to profit or loss.

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d) Financial instruments (Continued)

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings including payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Fund's financial liabilities include other payables and net assets attributable to redeemable participating shareholders.

Subsequent measurement

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

Loans and borrowings

After initial recognition, loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in statement of profit or loss and comprehensive income.

Other financial liabilities

Financial liabilities, other than those classified as at FVPL, are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, as well as through the amortisation process.

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 the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d) Financial instruments (Continued)

Policy applicable prior to 01 July 2018 (Continued)

Offsetting of financial instruments

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

Determination of fair value

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised 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

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

The fair value for financial instruments traded in active markets at reporting date is based on their quoted price or binding dealer price quotations.

For all other financial assets not traded in an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include: using recent arm's length market transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis making as much use of available and supportable market data as possible.

An analysis of fair value instruments and further details as to how they are measured are provided in Note 4.

(e) Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash at bank.

(f) Redeemable participating shares

Redeemable participating shares are redeemable at the option of the shareholders and are classified as financial liabilities.

The movement in value is shown in the statement of profit or loss and other comprehensive income as an increase or decrease in net assets attributable to holders of redeemable participating shares.

2.3 CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted in those financial statements are consistent with those of the previous financial year. There were a number of new standards and interpretations which were effective for this financial year, none of which impacted the financial statement of the Fund.

The Fund applied IFRS 15 and IFRS 9 for the first time. The nature and effect of the changes as a result of adoption of these new accounting standards are described below. Several other amendments and interpretations apply for the first time in 2018, but did not have an impact on the financial statements of the Fund. The Fund has not early adopted any other standards, interpretations or amendments that have been issued but are not yet effective.

	Effective for accounting period beginning on or after
IFRS 9 Financial instruments	1 January 2018
IFRS 15 Revenue from Contracts with customers	1 January 2018

IFRS 9 Financial Instruments

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Fund applied IFRS 9 prospectively, with an initial application date of 1 July 2018. The Fund has not restated the comparative information, which continues to be reported under IAS 39.

(a) Classification and measurement

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale.

The classification and measurement requirements of IFRS 9 have been adopted retrospectively as of the date of initial application on 1 July 2018, however, the Fund has chosen to take advantage of the option not to restate comparatives. Therefore, the 2018 figures are presented and measured under IAS 39.

The following table shows the original measurement categories in accordance with IAS 39 and the new measurement categories under IFRS 9 for the Fund's financial assets and financial liabilities as at 1 July 2018.

1 July 2018	IAS 39 classification	IAS 39 measurement	IFRS 9 classification	IFRS 9 measurement
Financial assets		USD		USD
Equity instruments	Financial assets at fair value through profit or loss	1,538,593	Financial assets at fair value through other comprehensive income	1,538,593
Other receivables	Other receivables	48,868	Amortised cost	48,868
Cash and cash equivalents	Cash and cash equivalents	17,650	Amortised cost	17,650
Financial liabilities		USD		USD
Other payables	Amortised cost	3,774	Amortised cost	3,774
Net assets attributable to holders of redeemable participating shares	Net assets attributable to holders of redeemable participating shares	1,600,337	Amortised cost	1,600,337

2.3 CHANGES IN ACCOUNTING POLICIES (CONTINUED)

IFRS 9 Financial Instruments (Continued)

In line with the characteristics of the Fund's financial instruments as well as its approach to their management, the Fund neither revoked nor made any new designations on the date of initial application. IFRS 9 has not resulted in changes in the carrying amount of the Fund's financial instruments due to changes in measurement categories. There was no change in the classification of the Fund's financial liabilities while there was change in the measurement.

(b) Impairment

IFRS 9 requires the Fund to record expected credit losses (ECLs) on all of its trade receivables, either on a 12-month or lifetime basis. Given the limited exposure of the fund to credit risk, this amendment has not had a material impact on the financial statements.

(c) Hedge accounting

The Fund has not applied hedge accounting under IAS 39 nor will it apply hedge accounting under IFRS 9.

IFRS 15 Revenue from Contracts with Customers

The Fund adopted IFRS 15 *Revenue from contracts with customers* on its effective date 01 July 2018. IFRS 15 replaces IAS 18 Revenue and establishes a five step model to account for revenue arising from contracts with customers. In addition, guidance on interest and dividend income has been moved from IAS 18 to IFRS 15 without significant changes to the requirements. Therefore, there was no impact of adopting IFRS 15 for the Fund.

2.4 NEW AND REVISED STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The new and amended standards and interpretations that are issued, but not yet effective up to the date of issuance of the Fund's financial statements are listed below. The Fund intends to adopt these new and amended standards and interpretations when they become effective, if applicable.

	Effective for accounting period beginning on or after
<u>New or revised standards</u>	
IFRS 16 Leases	1 January 2019
IFRIC Interpretation 23 Uncertainty over Income Tax Treatments	1 January 2019
Prepayment Features with Negative Compensation - Amendments to IFRS 9	1 January 2019
Long-term interests in Associates and Joint Ventures - Amendments to IAS 28	1 January 2019
Plan Amendment, Curtailment or Settlement - Amendments to IAS 19	1 January 2019
IFRS 3 Business Combinations - Previously held interests in a joint operation	1 January 2019
IFRS 11 Joint Arrangements - Previously held interests in a joint operation	1 January 2019
IAS 12 Income taxes - Income tax consequences of payments on Financial instruments classified as equity	1 January 2019
IAS 23 Borrowing costs - Borrowing costs eligible for capitalisation	1 January 2019
IFRS 17 Insurance Contracts	1 January 2021

The adoption of the above standards is not expected to have any significant impact on the Fund's financial statements.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Fund's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities. Uncertainties 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.

Judgements

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

a) Determination of functional currency

The primary objective of the Fund is to generate returns in USD, its capital-raising currency. The liquidity of the Fund is managed on a day-to-day basis in USD. The Fund's performance is evaluated in USD. Therefore management considers USD as the currency that most faithfully represents the economic effect of the underlying transactions, events and conditions.

b) Going concern

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

c) Estimates and assumptions

At the reporting date, there are no key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4 (a) FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Local and foreign investments

	2019	2018
	USD	USD
At 01 July	1,538,593	965,754
Reclassified to financial assets at fair value through other comprehensive income as per IFRS 9 (note 4 (b))	(1,538,593)	-
Additions	-	1,303,481
Disposal	-	(701,678)
Fair value loss	-	(28,964)
At 30 June	-	1,538,593

4 (b) FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2019	2018
	USD	USD
At 01 July	-	-
Reclassified from financial assets at fair value through profit or loss as per IFRS 9 (note 4 (a))	1,538,593	-
Additions	198,210	-
Disposal	(654,740)	-
Fair value loss	(181,983)	-
At 30 June	900,080	-

Equities and Exchange Traded Funds (ETF)

	2019	2018
	USD	USD
Listed equity securities and ETF at fair value through other comprehensive income	900,080	-
Listed equity securities and ETF at fair value through profit or loss	-	1,538,593
	900,080	1,538,593

4 (b) FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (CONTINUED)

Financial assets at fair value through other comprehensive income comprise of the following:

	Fair Values	Dividend income
	USD	USD
Foreign Equities		
Afreximbank_AEIB MP Equity	74,996	3,933
Attijariwafa Bank	8,758	246
CREDIT AGRICOLE EGYPT SAE_CIEB_EY_EQUITY	54,213	14,632
DANGOTE CEMENT PLC	9,143	4,757
EAST AFRICAN BREWERIES LTD	6,639	3,369
Ecobank Ghana Ltd	23,393	-
Edita Food Industries SAE	27,689	-
Egyptian Financial Group-Herme	27,807	1,802
ElSewedy Electric Co	38,962	2,120
Equity Group Holdings Ltd_EQBNK KN EQUITY	7,234	2,234
Ghana Commercial Bank Ltd	26,645	1,697
GUARANTY TRUST BANK LTD	55,946	4,167
KENYA COMMERCIAL BANK LTD	59,084	4,746
LABEL VIE	66,426	-
Nestle Nigeria PLC	58,303	1,613
OBOUR LAND FOR FOOD INDUSTRIES	42,289	1,415
ORIENTAL WEAVERS CARPET_ORWE EY EQUITY	22,478	3,061
SAFARICOM LTD	14,338	3,437
Sanlam Ltd	10,020	2,051
Six of October Development & I	33,831	1,179
SONATEL	44,483	4,422
UMEME KENYA	12,386	3,293
UNITED BANK FOR AFRICA PLC	41,848	4,394
Vodacom Group Ltd	9,175	31,223
ZENITH BANK LTD	51,379	6,502
Silk African Lions Fund - unit Class R (USD)	28,335	-
MAROC Telecom		493
	855,800	106,786
Local Equity		
MAURITIUS COMMERCIAL BANK LTD- MCBG MP EQUITY	44,280	336
TOTAL	900,080	107,122

4 (c) Fair value measurement hierarchy

IFRS 13 requires disclosures relating to fair value measurement using a three level fair value hierarchy. The

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

The following table provides an analysis of local and foreign investments grouped into level 1 to 2 based on the degree to which the fair value is observable.

4 (c) Fair value measurement hierarchy (continued)

	Level 1	Total
	USD	USD
Financial assets at fair value through other comprehensive income:		
Local investments	44,280	44,280
Foreign investments	855,800	855,800
At 30 June 2019	900,080	900,080
Financial assets at fair value through profit or loss:		
Local investments	111,892	111,892
Foreign investments	1,426,701	1,426,701
At 30 June 2018	1,538,593	1,538,593

There were no transfer between level 1 and 2 during the year

Concentration of equity price risk

The following table analyses the Fund's concentration of equity price in the Fund's equity portfolio by industrial distribution:

	2019	2019	2018	2018
	USD	%	USD	%
Finance Sector	432,093	48.01%	755,360	49.09%
Industry sector	54,589	6.06%	83,261	5.41%
Consumer staples	201,978	22.44%	317,655	20.65%
Telecommunication	133,492	14.83%	223,719	14.54%
Materials	12,842	1.43%	-	-
Real Estate	27,567	3.06%	53,744	3.49%
Utilities	24,306	2.70%	50,768	3.30%
Consumer Discretionary	10,620	1.18%	27,273	1.77%
Mining	-	0.00%	24,498	1.59%
Health Care	2,593	0.29%	-	-
Others	-	0.00%	2,315	0.15%
	900,080	100%	1,538,593	100%

None of the investments in individual companies exceeded 20% of the Fund's net assets value at the reporting date.

The following table analyses the Fund's concentration of equity price in the Fund's equity portfolio by geographical distribution:

	2019	2018
	USD	USD
Local investments		
Mauritius	44,280	111,892
Foreign investments		
Africa	855,800	1,426,701
	900,080	1,538,593

5. OTHER RECEIVABLES

	2019	2018
	USD	USD
Prepayments	6,863	4,003
Dividend Receivable	87,505	36,334
Other receivables from SBM MAM (Note 13)	-	8,531
Receivable from broker	368,652	-
	463,020	48,868

6. OTHER PAYABLES

	2019	2018
	USD	USD
Redemption payable	445,673	-
Manager's fees (Note 13)	9,144	1,775
Auditors' fees	1,920	454
Administrator's and Registry fees (Note 13)	1,321	319
Custodian's fees	49	280
Entry fees payable	-	417
Other payables	442	529
	<u>458,549</u>	<u>3,774</u>

The carrying amount of other payables approximate their fair value.

Other payables are unsecured, interest free and repayable within 3 months.

7. CAPITAL MANAGEMENT

As a result of the ability to issue, repurchase and resell units, the capital of the Fund can vary depending on the demand for redemption and subscriptions to the Fund. The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue, repurchase or resale of redeemable units beyond those included in the Funds's prospectus.

The investment objective of the Fund is to achieve attractive risk-returns through a combination of long-term capital appreciation and current income by making portfolio investments.

The Fund's objectives for managing capital are:

- To invest the capital in investments, meeting the description, risk, exposure and expected return indicated in its prospectus.
- To maintain sufficient liquidity to meet the expenses of the Fund, and to meet redemption requests as they arise.
- To maintain sufficient size to make the operation of the Fund cost efficient.

The capital of the Fund consists of management shares and redeemable participating shares denominated in USD. The redeemable participating shares are redeemable at the option of the share holder based on net asset value.

MANAGEMENT SHARES

The equity of the Fund consists of management shares of USD 1,000. They confer on the holder voting rights in any members meeting. However, the holders of the management shares have no right to receive dividends nor any rights to participate nor receive surplus funds upon liquidation of the Fund other than a return of the nominal paid-up capital, subject to assets being available for such payment.

7. CAPITAL MANAGEMENT (CONTINUED)

Management shares were issued at no par value to SBM MAM and shall not be redeemable.

	<u>2019</u>	<u>2018</u>
	<u>USD</u>	<u>USD</u>
Issued and unpaid		
1,000 management shares	<u><u>1,000</u></u>	<u><u>1,000</u></u>

REDEEMABLE PARTICIPATING SHARES

The Redeemable Participating shares, of no par value, are allotted on dealing days at the subscription price and are redeemable at the option of the holder based on the net asset value. The holders of the redeemable participating shares are entitled to receive dividend as decided by the Board.

	<u>Number of redeemable participating shares</u>			<u>Number of redeemable participating shares</u>		
	<u>2019</u>			<u>2018</u>		
	<u>Class A</u>	<u>Class I</u>	<u>Total</u>	<u>Class A</u>	<u>Class I</u>	<u>Total</u>
At start of year	10,881	4,951	15,832	10,224	-	10,224
Shares issued / redeemed	-	(4,951)	(4,951)	657	4,951	5,608
At end of year	<u><u>10,881</u></u>	<u><u>-</u></u>	<u><u>10,881</u></u>	<u><u>10,881</u></u>	<u><u>4,951</u></u>	<u><u>15,832</u></u>

8. TAXATION

The Company, being the holder of a Category 1, Global Business Licence, is liable to income tax in Mauritius on its taxable profit arising from its world-wide income at the rate of 15%. The Company's foreign sourced income is eligible for a foreign tax credit which is computed as the lower of the Mauritian tax and the foreign tax on the respective foreign sourced income. The foreign tax for a GBL1 company is based on either the foreign tax charged by the foreign country or a presumed amount of foreign tax: the presumed amount of foreign tax is based on 80% of the Mauritian tax on the relevant foreign sourced income.

Capital gains are outside the scope of the Mauritian tax net while trading profits made by the Company from the sale of shares are exempt from tax. At 30 June 2019, the Company had tax losses of USD 0 (2018: USD 5,778).

The Financial Services Commission ("FSC") issued a Category 1 Global Business Licence ("GBL1") to the company on 25th November 2015. Further to the changes made by the Finance (Miscellaneous Provisions) Act 2018 ("FMPA 2018") to the Financial Services Act ("FSA"), the FSC is no longer empowered to issue any GBL1 as from 1 January 2019. Instead, the FSC may issue a Global Business Licence ("GBL") if the company satisfies certain conditions. The company will be deemed to hold a GBL as from 1 July 2021 under section 96A(1)(b) of the FSA.

As from 1 July 2021, the company will not be allowed to compute its foreign tax according to a presumed amount of 80% of the Mauritian tax of the relevant foreign sourced income. Furthermore, transactions with GBL corporations and non-residents will not necessarily be considered to be foreign sourced income. Effective as from 1 January 2019, the company may apply a partial exemption on its foreign dividend income, interest income and profits from foreign permanent establishments: the partial exemption is computed at 80% of the relevant foreign sourced income. The partial exemption is not mandatory: the company may apply the credit system if it so wishes. As at reporting date, the Fund has not applied the credit system, therefore there is no impact on the Fund

No deferred tax assets have been recognised on these tax losses as management believes there will not be sufficient taxable income against which those losses can be utilised.

8. TAXATION (CONTINUED)

Reconciliation between tax expense and tax on accounting profit

	2019	2018
	USD	USD
Accounting profit	113,422	40,202
At statutory income tax rate of 15%	17,013	6,030
Tax effect of:		
Non taxable income	(9,791)	(8,388)
Non deductible expenses	-	4,505
Deferred tax asset not recognised	(6,247)	(2,147)
Under provision	(975)	-
Tax paid during the year	-	-
Current tax expense	-	-

9. MANAGER'S FEES

Manager's fees are computed daily based on 2% p.a of NAV of Class A and 1.25% Class I and are payable monthly in arrears.

10. CUSTODIAN FEES

Custodian's fees are computed daily based on 0.06% of net asset value or minimum of USD 5,000 per months and are payable monthly in arrears.

11. ADMINISTRATOR AND REGISTRY FEES

Administrators' and Registry fees are computed daily based on 0.25% p.a of net asset value of the Fund and are payable monthly in arrears.

12. ENTRY FEE AND EXIT FEE

On the issue of units, an entry fee of up to 3% of the net assets value of per unit of Class A shares and up to 1% of net asset value per unit of Class I is paid by the unitholder to the Fund and, on the repurchase of units, an exit fee of up to 1% of the net asset value of the Class A and Class I of the Fund per unit is paid by the unitholder to the Fund. The sums collected are then remitted to the Manager.

13. RELATED PARTY DISCLOSURES

During the year ended 30 June 2019 the Company transacted with related entities. Details of the nature, volume of transactions and balances with the entities are shown below:

Amount due to related party	2019	2018
	USD	USD
<u>Investment Manager</u>		
Unpaid management shares	-	-
Management fees payable	9,144	1,775
<u>Administrator and registry fees</u>		
Administrator and Registry fees payable	1,321	319
Other Receivable from SBM Mauritius Asset Managers Ltd	-	8,531

SBM INTERNATIONAL FUNDS LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

30.

13. RELATED PARTY DISCLOSURES (CONTINUED)	2019	2018
Fund expenses	USD	USD
<u>Investment Manager</u>		
Management fees	24,849	26,489
<u>Administrator and Registrar</u>		
Administrator's and Registry fees	3,479	3,848

No compensation was paid to key management personnel during the year (2018: USD nil).

Outstanding balances at the year end are unsecured, interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivable or payable.

14. FINANCIAL INSTRUMENTS

14.1 Financial risk management

Risk is inherent in the Fund's activities and is managed through a process of ongoing identification, measurement and monitoring subject to risk limits and other controls put in place at the investment manager company level. The Fund is exposed to market risk (which includes currency risk, interest rate risk and price risk), credit risk and liquidity risk arising from the financial instruments it holds. The Fund has investment guidelines that set out its overall business strategies and its tolerance for risk.

14.2 Significant accounting policies

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the bases of measurement, and the bases for recognition of income and expenses), for each class of financial asset, financial liability and equity instrument are disclosed in note 2 to the financial statements.

14.3 Fair value

The carrying amount of the other receivables, other payables and distribution to unitholders approximate their fair value because of their short term nature.

14.4 Categories of financial assets and liabilities

	2019	2018
	USD	USD
Financial assets		
Fair value through profit or loss	-	1,538,593
Fair value through other comprehensive income	900,080	-
Cash and cash equivalents	118,079	17,650
Other receivables	456,157	44,865
	1,474,316	1,601,108
Financial liabilities		
Other payables	458,549	3,774
Net assets attributable to redeemable participating shareholders	1,021,630	1,600,337
	1,480,179	1,604,111

14.5 Market risk

Market risk is the risk of loss resulting from adverse movement in market rates or prices such as interest rates, foreign exchange rates and equity prices.

14. FINANCIAL INSTRUMENTS (CONTINUED)

14.5 Market risk (Continued)

Foreign currency risk

The Fund invests in securities, including maintenance of cash that are denominated in such currencies other than in "USD". Accordingly, the value of the Fund's assets may be affected favourably or unfavourably by fluctuations in currency rates. Therefore, the Fund will necessarily be subject to foreign exchange risk.

Foreign currency sensitivity analysis

At the reporting date, the carrying amounts of foreign currency denominated monetary assets and non-monetary assets were as follows:

	Financial assets 2019	Financial liabilities 2019	Financial assets 2018	Financial liabilities 2018
	USD	USD	USD	USD
Monetary and Non-monetary assets (Balances with local banks and Investments)				
<u>Senegal</u>				
XOF	44,483	-	60,089	-
<u>Nigeria</u>				
NGN	216,618	-	337,819	-
<u>Kenya</u>				
KES	99,682	-	272,653	-
<u>Mauritius</u>				
MUR	44,280	-	43,349	-
<u>Egyptian Pound</u>				
EGP	247,268	-	339,421	-
<u>Moroccan Dirham</u>				
MAD	75,184	-	105,052	-
<u>South African Rand</u>				
ZAR	19,195	-	107,773	-
<u>Ghanaian Cedi</u>				
GHS	50,038	-	58,318	-

The following shows the Company's sensitivity to a 10% appreciation/depreciation in the USD against the relevant foreign currencies. 10% represents management's assessment of a reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items (mainly bank balances) and adjusts their translation at the period end for a 10% change in foreign currency rates. A positive number below indicates an increase in profit where the USD weakens by 10% against the relevant currency. For a 10% strengthening of the USD against the relevant currency, there would be an equal but opposite impact on the profit and the balances below would be negative.

	2019	2018
	USD	USD
Monetary and Non-monetary assets (Balances with local banks and Investments)		
Impact on profit before tax		
XOF	4,448	6,009
NGN	21,662	33,782
KES	9,968	27,265
MUR	4,428	4,335
EGP	24,727	33,942
MAD	7,518	10,505
ZAR	1,920	10,777
GHS	5,004	5,832

14. FINANCIAL INSTRUMENTS (CONTINUED)

14.5 Market risk (Continued)

Foreign currency sensitivity analysis (Continued)

Equity price risk

The Fund is exposed to the risk that the value of its equity securities will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual security or factors affecting all securities traded in the market. Market risk is managed through diversification of the investment portfolio.

Equity price sensitivity analysis

The sensitivity analysis has been determined based on the exposure to equity price risks at the reporting date and assesses the impact of a 5% change in the equity price of foreign investments. A positive number below indicates an increase in profits.

	2019	2018
	USD	USD
Profit before tax	45,004	76,930

A fall in equity prices by 5% would have resulted in an equal but opposite impact on profit before tax and net assets.

Interest rate risk

The Company is not exposed to interest rate risk on its Financial Assets and Liabilities.

14.6 Credit risk

Credit risk on cash and cash equivalents

Impairment on cash and cash equivalents, balances due from brokers and receivables from reverse sale and repurchase agreements has been measured on a 12-month expected loss basis and reflects the short maturities of exposures. The Fund considers that these exposures have low credit risk based on the external credit rating of the counterparties.

Financial assets not subject to IFRS 9's impairment requirements

The Fund is not exposed to credit risk on its equity instruments. These classes of Financial assets are not subject to IFRS 9's requirements as they are measured at FVOCI. The Carrying amount of these assets (USD 900,080), under both IAS 39(2018) and IFRS 9 (2019) represents the Fund's maximum exposure to credit risk on financial instruments not subject to IFRS 9 impairment requirements under respective reporting.

14.7 Liquidity risk

Liquidity risk is defined as the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Exposure to liquidity risk arises because of the possibility that the Fund could be required to pay its liabilities or redeem its units earlier than expected. The Fund is exposed to cash redemptions of its redeemable units on a regular basis. Units are redeemable at the holder's option based on the Fund's NAV per unit at the time of redemption, calculated in accordance with the Fund's prospectus.

The Manager on the Company may, in certain instances, limit the total number of participating shares which investors may redeem on any Deadline Day to 5% of the total number of participating shares in issue.

14. FINANCIAL INSTRUMENTS (CONTINUED)

14.7 Liquidity risk (continued)

The Fund's policy is to satisfy redemption requests by the following means (in decreasing order of priority):

- Searching for new investors
- Withdrawal of cash deposits
- Disposal of highly liquid assets (i.e., short-term, low-risk debt investments)
- Disposal of other assets

The Fund invests primarily in marketable securities and other financial instruments which, under normal market conditions, are readily convertible to cash. In addition, the Fund's policy is to maintain sufficient cash and cash equivalents to meet normal operating requirements and expected redemption requests.

The following table summarises the maturity profile of the Fund's financial liabilities based on contractual undiscounted cash flows. The table also analyses the maturity profile of the Fund's financial assets (undiscounted where appropriate) in order to provide a complete view of the Fund's contractual commitments and liquidity.

Financial liabilities

The maturity grouping is based on the remaining period from the end of the reporting period to the contractual maturity date. When a counterparty has a choice of when the amount is paid, the liability is allocated to the earliest period in which the Fund can be required to pay.

Financial assets

Analysis of equity and debt securities into maturity groupings is based on the expected date on which these assets will be realised. For other assets, the analysis into maturity groupings is based on the remaining period from the end of the reporting period to the contractual maturity date or, if earlier, the expected date on which the assets will be realised.

SBM INTERNATIONAL FUNDS LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

34.

14. FINANCIAL INSTRUMENTS (CONTINUED)

14.8 Liquidity risk (Continued)

2019

	Less than 1 year	1 to 2 years	2 to 5 years	Over 5 years	No stated maturity	Total
	USD	USD	USD	USD	USD	USD
Cash and cash equivalents	118,079	-	-	-	-	118,079
Other receivables	368,652	-	-	-	-	368,652
Financial assets at fair value through other comprehensive income	-	-	-	-	900,080	900,080
Total financial assets	486,731	-	-	-	900,080	1,386,811
Other payables	458,549	-	-	-	-	458,549
Net assets attributable to holders of redeemable participating shares	1,021,630	-	-	-	-	1,021,630
Total financial liabilities	1,480,179	-	-	-	-	1,480,179
Liquidity gap	(993,448)	-	-	-	900,080	(93,368)

2018

	Less than 1 year	1 to 2 years	2 to 5 years	Over 5 years	No stated maturity	Total
	USD	USD	USD	USD	USD	USD
Cash and cash equivalents	17,650	-	-	-	-	17,650
Other receivables	8,531	-	-	-	-	8,531
Financial assets at fair value through profit or loss	-	-	-	-	1,538,593	1,538,593
Total financial assets	26,181	-	-	-	1,538,593	1,564,774
Other payables	3,774	-	-	-	-	3,774
Net assets attributable to holders of redeemable participating shares	1,601,337	-	-	-	-	1,601,337
Total financial liabilities	1,605,111	-	-	-	-	1,605,111
Liquidity gap	(1,578,930)	-	-	-	1,538,593	(40,337)

14. FINANCIAL INSTRUMENTS (CONTINUED)

14.9 Excessive risk concentration (Continued)

Concentration indicates the relative sensitivity of the Fund's performance to developments affecting a particular industry or geographical location. Concentration of risks arises when a number of financial instruments or contracts are entered into with the same counterparty or when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic political or other conditions. Concentrations of liquidity risk may arise from repayment terms of financial liabilities. Concentrations of foreign exchange risk may arise if the Fund has a significant net open position in a single foreign currency. In order to avoid excessive concentration of risk, the Fund's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. The investment manager is instructed to reduce exposure to excessive risk concentrations.

The Company shall not invest more than 20% of its net assets in the securities of anyone particular issuer and shall not acquire more than 20% of the shares of any single collective investment scheme.

15 Events after reporting date

There has been no material events after the reporting date which would require disclosure or adjustment to the financial statements for the year ended 30 June 2019.