SBM MAHARAJA FUND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30 JUNE 2020

CONTENTS **PAGES**

DIRECTORS	Date of appointment	Date of resignation
Mr. Lakshmana Lutchmenarraidoo	03 March 2017	30 June 2020
Mr. Amal Arpun Autar	26 November 2015	-
Mr. Muhammad Assad Yussuf Abdullatiff	27 March 2019	-
Mr. Shaan Kundomal	27 March 2019	-

MANAGER

SBM Mauritius Asset Managers Ltd
Hennessy Tower
12th floor,Pope Hennessy Street
Port Louis
Mauritius

ADMINISTRATOR

SBM Fund Services Ltd
Hennessy Tower
12th floor,Pope Hennessy Street
Port Louis
Mauritius

BANKER (LOCAL)

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

BANKER (FOREIGN)

SBM Bank (India) Ltd
1st Floor Raheja Center
Free Press Journal Marg
Nariman Point Mumbai-21
India

CUSTODIAN

IL&FS Securities Services Limited
IL&FS House, Plot No.14, Raheja Vihar
Chandivili, Andheri (East), Mumbai , India

REGISTERED OFFICE

C/o Rogers Capital Fund Services Ltd
Rogers House
5, President John Kennedy Street,
Port Louis
Mauritius

AUDITOR

Deloitte
7th Floor, Standard Chartered Tower
19-21 Bank street ,Cybercity
Ebene
Mauritius

Manager's Statement

Dear Shareholder,

Following the outbreak of the coronavirus in China in January 2020 and rising cases globally, the World Health Organization announced COVID-19 as a pandemic on 11 March 2020. The world has been confronted with unprecedented challenges from an economic, medical and human perspective. At the time of writing this message, the global number of cases was nearing 25 million.

In India, the number of cases crossed 3.6 million cases as at 31 August 2020 despite the country announcing a 21-day nationwide lockdown on 24 March 2020. The restriction was extended till 31 May given the growing number of cases, but lockdown was extended to 30 June for certain containment zones. The country proceeded with gradual easing of lockdowns termed as Unlock 1.0, Unlock 2.0 and Unlock 3.0.

The unprecedented conditions had adverse impacts on bond markets in India with the Crisil Composite Dollar Bond Fund Index dipping to a low of 2,223.29 points on 24 March. There was a record net foreign investor outflow of INR 603.8Bn in March followed by INR 125.5Bn in April from the debt market. In the foreign exchange market, the INR depreciated by 5.8% in the second half of the financial year on account of the risk-off sentiment and sovereign credit rating downgrade triggered by COVID-19.

SBM Maharaja Bond Fund was impacted by the sell-off and currency depreciation in March and April 2020. The NAV dropped to USD 102.23 on 30 April 2020 before rebounding by 4.1% to reach USD 106.42 on 30 June 2020. Overall, the performance for the financial year ended 30 June 2020 is -1.0%.

The environment remains very uncertain amid the aggressive rise in the number of COVID-19 cases. The Fund will remain cautious in its asset allocation and is expected to increase exposure to Government securities in managing the portfolio's credit risk.

We would like to thank the management team and all the stakeholders for their continued support as well as the shareholders for their continued trust.

SBM Mauritius Asset Managers Ltd

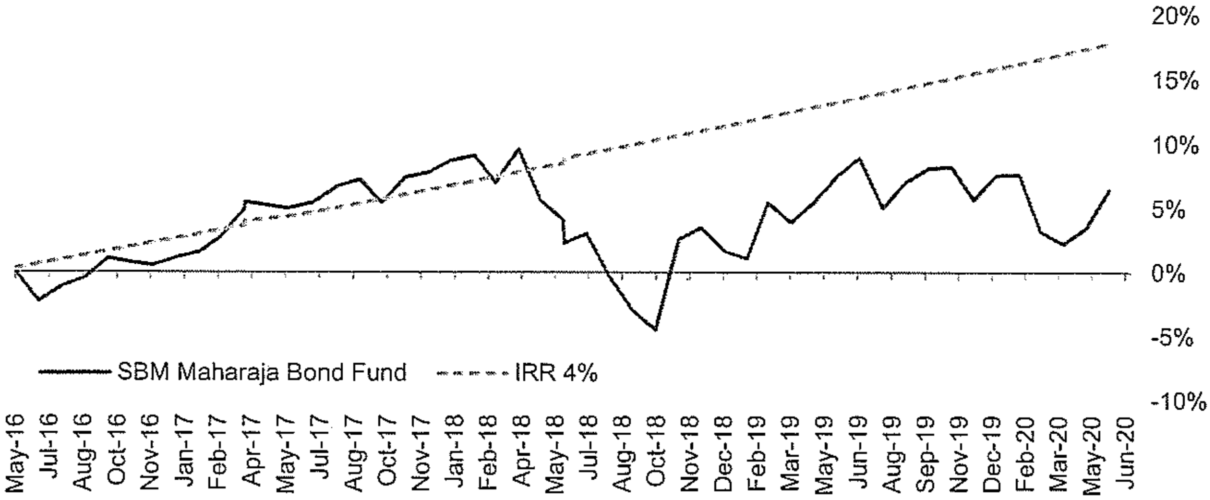
2 4 SEP 2020

1. Performance

1.1. Performance review

For the financial year ended 30 June 2020, SBM Maharaja Bond Fund registered a USD performance of -1.0% against 4.0% for the USD IRR 4% target. The Fund's net assets decreased from USD 12.6M in June 2019 to USD 12.1M in June 2020, mainly attributable to negative performances of certain holdings and the depreciation of the INR by 9.4% against the USD. As a general indication of debt market conditions, the CRISIL Composite Dollar Bond Fund Index which tracks the performance of government securities and AAA/AA rated corporate bonds, recorded a return of 3.2% over the year. The bond market was generally supported by the Reserve Bank of India's (RBI) accommodative monetary stance in the face of the intensifying coronavirus spread.

Cumulative performance



Cumulative return

Performance	1 M	3 M	6M	1 Y	3Y	Inception	Annualized
SBM Maharaja Bond Fund	2.9%	3.1%	0.7%	-1.0%	0.9%	6.4%	1.5%
IRR 4% p.a.	0.3%	1.0%	2.0%	4.0%	12.5%	17.8%	3.9%

Cumulative return (Financial Year)

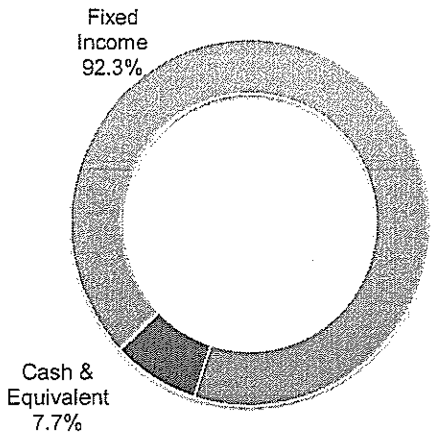
	2016*	2017	2018	2019	2020
SBM Maharaja Bond Fund	-2.3%	7.9%	-3.0%	5.1%	-1.0%
IRR 4% p.a.	0.7%	4.0%	4.0%	4.0%	4.0%

From Inception to June 16

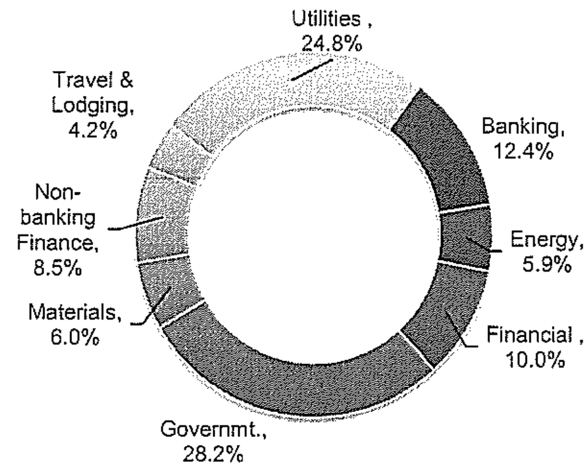
1.2. Portfolio review

The Fund's total net assets stood at USD 12.1M as at 30 June 2020 compared to USD 12.6M as at 30 June 2019. The portfolio can be decomposed into 92.3% fixed income securities and 7.7% cash & equivalents. The largest exposures were in the government securities and state development loans, and financial sectors, with respective portfolio weights of 28.2% and 10.0%.

Asset allocation



Sector allocation



Top 5 holdings

The top 5 holdings of the Fund as at 30 June 2020 are well distributed across different sectors with a top position of 11.6% in Government of India 2027.

Security	Sector	% Net Assets
Government of India bond	Government	11.6%
M&M Financial Services Ltd	Non-banking Finance	6.8%
Reliance Utilities & Power Ltd	Utilities	6.5%
Haryana	Government	6.1%
Andhra Bank Perpetual	Banking	6.1%
Total		**37.1%**

2. Market review

The Reserve Bank of India (RBI) has not released economic growth figures for the two consecutive quarters ending 30 June 2020 due to estimation issues arising from the lockdown. Before the pandemic, growth prospects were already a source of concern as the annualized real GDP growth rate was 4.7% in 20Q3 (December 2019) compared to 4.5% in the previous quarter. The IHS Markit Manufacturing Purchasing Managers' Index (PMI) increased from 52.1 in June 2019 to 52.7 in December 2019 signaling an improvement in manufacturing activities before falling to a record low of 27.4 in April due to lockdown. With resumption of economic activity, the PMI rebounded to 47.2 in June 2020. Despite the improvement, the reading indicates the third consecutive monthly deterioration in the health of the manufacturing sector. New exports orders and employment continued their downtrends, albeit softer rates of decline relative to April 2020's contraction rate.

Lockdown measures to contain the coronavirus spread in major economies and fall in global economic activity led to a drastic fall in oil demand which in turn culminated to Brent oil prices falling to record lows on 27th March (USD 24.93/bbl.) and 24th April (USD 21.44/bbl.). The fall in oil prices reduced the current account deficit and partly limited the depreciation of the INR against the USD.

The INR was generally on the downtrend against the USD during the year with a depreciation of 9.4% YoY. The coronavirus-triggered risk-off sentiment alongside the downgrade in the India's sovereign credit rating led to a 5.8% depreciation of the INR against the USD in the second half of FY20. Consumer price headline inflation increased by 2.9 percentage points to 6.1% following surging food prices and higher taxes on petroleum products. Consequently, the inflation rate breached the upper limit of RBI's medium-term target of 4% within a band of +/- 2%.

During the financial year, the RBI slashed the policy repo rate under the liquidity adjustment facility (LAF) four times by a cumulative of 175 bps. In the first half of FY20, the sluggish pace and worsening quality of the economy's growth prompted the central bank to reduce its key repo rate from 5.75% to 5.15%. In the second half of the year, the intensifying COVID-19 pandemic demanded a more aggressive accommodative policy stance. During the last Monetary Policy Committee held on 22 May 2020, the repo rate under the liquidity adjustment facility (LAF) was reduced to 4.0%. As at 30 June 2020, the marginal standing facility (MSF) rate and the Bank Rate were reduced to 4.25% whilst the Cash Reserve Ratio (CRR) was maintained at 3.0% of Net Demand and Time Liabilities (NDTL).

In the debt market, the yield on 10Y Government of India bond declined from 6.88% to 5.88% over the year. The repo rate cut in the first half of the financial year shifted the yield curve downwards with yield on 10Y government bond declining by 32 bps. In the second half of the year, the accommodative policy stance and increased risk aversion in due to COVID-19 pushed yields further downwards to 5.88%.

3. Market outlook

The International Monetary Fund revised down India's 2020 GDP growth forecast by 6.4 percentage points below its April 2020 World Economic Outlook (WEO) to a contraction of -4.5% citing the intensification of the pandemic and consequent disruptions in economic activity as main drivers. Owing to the global downturn and the contraction in global trade, external demand is likely to remain lackluster. For 2021, the IMF expects economic growth to rebound by 6.0%.

Inflation is likely to remain elevated over the next quarter following supply chain disruptions and cost push pressures from higher taxes on petroleum products. However, a normal monsoon with bumper harvests may ease food price inflation and partially outweigh the cost pressures. In the medium term, the balance of inflation risks is slanted on the downside on the back of sluggish consumer demand.

In the external sector, the current account is likely to swing into surplus in 2020 due to lower oil import bills and weaker domestic demand. Low food inflation from forecasted bumper harvest and foreign inflows into the equity market are expected to support the Indian rupee. In the current context, the RBI is likely to absorb any balance of payment surplus so as to prevent the INR from appreciating.

Given the on-going pandemic and rise in the number of cases in India, the economic and financial market landscape remains highly volatile. To manage portfolio risks, the Fund is likely to raise its exposure to Government of India securities and quality corporate securities. Issuer ratings and migration are being closely monitored as part of the risk management process.

Corporate Governance Report

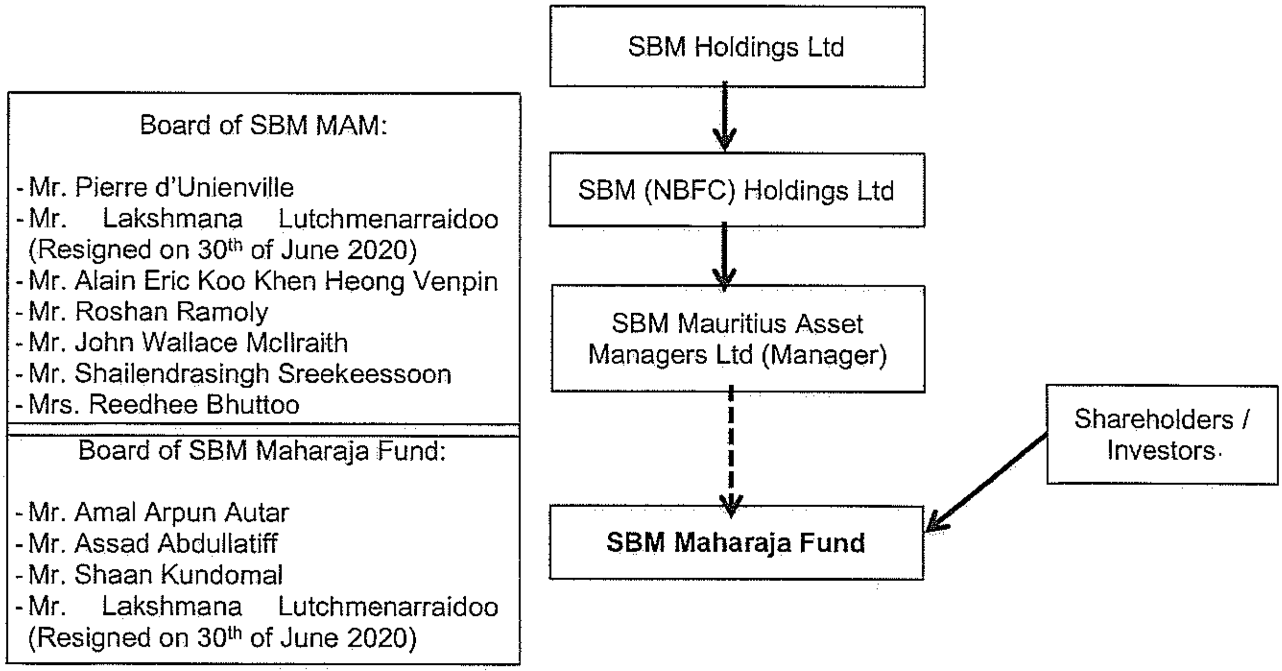
The Board of Directors of SBM Maharaja Fund (the "Fund") has pleasure in submitting the Corporate Governance Report for the financial year ended 30 June 2020, inclusive of other Statutory Disclosures.

INTRODUCTION

The SBM Maharaja Fund is a company incorporated under the laws of Mauritius as a public company limited by shares, and licensed by the FSC as a Category 1 Global Business Licence Company ('GBC 1') under the Financial Services Act 2007 and authorised as a collective investment scheme under the Securities Act 2005 and the Regulations.

The Fund has been established as an investment vehicle for the pooling of funds from potential investors. The Fund is a multi-class vehicle and the Fund may create different Classes of Participating Shares subject to compliance with the Applicable Law including the FPI Regulations.

The organisation's structure is as follows:



STATEMENT OF COMPLIANCE

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

The Board of Directors and managers of SBM Maharaja 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 Maharaja Fund and all the stakeholders at large. 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 SBM Maharaja Fund continuously reviews the implications of corporate governance principles and practices in light of its experience, regulatory requirements and investor expectations. Appropriate Board Committees are set up to assist the Board in the effective performance of its duties. 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;

STATEMENT OF COMPLIANCE (CONTINUED)

- 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 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.

The Constitution of SBM Maharaja Fund complies with the provisions of the Mauritius 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, Rogers House, 5, President John Kennedy Street, Port Louis, Mauritius.

Its salient features are:

Article 8.4: SBM Maharaja Fund 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.

PRINCIPLE ONE: GOVERNANCE STRUCTURE

The Fund is headed by a Board of Directors (the "Board"). The Board of the Fund comprises independent Directors. Directors are elected (or re-elected, as the case may be) every year at the annual meeting of the Company. The Board of Directors is the link between the Fund and its stakeholders, collectively they are 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 interests of the Fund and all of its stakeholders. The Board is ultimately accountable to the shareholders of the Fund. Some of their key roles include:

- 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 empower 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; and
- Reviewing the performance of the Investment Manager and 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 the 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 behavior 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 Board regularly monitors and evaluates compliance with its Code of Business Conduct and Ethics.

The Fund is involved in the provision of services and its operations do not materially impact on the environment. Investing strategies include investment in sound, ethical and environmental friendly entities.

PRINCIPLE TWO: THE STRUCTURE OF THE BOARD

The Board has attempted to create the right balance and composition to better meet the objectives of the organisation. The Board is a unitary Board and comprises three Independent Non-Executive Directors. The Independent Directors do not have any relationship with the majority shareholders. The Board is led by Mr. Assad Abdullatif. All Board members currently reside in Mauritius.

PRINCIPLE TWO: THE STRUCTURE OF THE BOARD (CONTINUED)

The profile of the current Board members is as follows:

Mr. Assad Yussuf Abdullatiff is one of the founding partners and the Managing Director of AXIS Fiduciary Ltd, a leading Mauritius-based independent trust company providing a full spectrum of fiduciary and corporate services to an international client base. He read for Bachelor of Law with Honors and a Master of Laws in the United Kingdom specializing in Business Law. Upon his return to Mauritius, he successfully sat for the Bar Vocational Course and was admitted to the Bar of Mauritius. He started his career in the financial services sector within a global fiduciary firm and counts several years of solid experience within the corporate and trust industry.

Immediately prior to joining AXIS Fiduciary Ltd, Mr. Abdullatiff was an Assistant Director at the Board of Investment of Mauritius, where he was the Head of the Financial Services Cluster and responsible for the promotion of Mauritius as an International Financial Centre. His areas of expertise span the following areas: corporate law & governance, tax planning and structuring, fund formation & administration, company secretarial, trusts and estate planning. He has a keen interest in Estate Planning and is a full member of the Society of Trusts & Estate Practitioners (STEP) where he is very involved both at the domestic and international level. He is a past Chairman of the Mauritius branch of STEP and currently serves on the Council and Board of STEP worldwide.

Mr. Abdullatiff has been and continues to be heavily involved in the promotion and development of the international financial services industry of Mauritius through his contribution in various sectorial and industry associations.

Mr. Amal Autar is an associate member of the UK Institute of Chartered Secretaries and Administrators. A graduate from the University of Witwatersrand South Africa, he has been with MITCO since 1995. He is an associate member of the Society of Trust and Estate Practitioners (STEP) and was the Chairman of the Society of Trust and Estate Practitioners (Mauritius) Limited, the Mauritius branch of STEP Worldwide from 2015 to 2017. He is still a Board member of the STEP Mauritius.

With a career in corporate, tax, trust and estate planning spanning over more than 20 years in the global business sector, he has built an extensive experience in the structuring and administration of global business companies, trusts and funds. He also acts as Director on the board of Mauritius subsidiaries of several international funds and companies.

Mr. Shaan Kundomal is an experienced executive who has since 2010 setup and invested in the following sectors: Renewable Energy, Real Estate, Financial Services, Technology and Agriculture. He is a shareholder and holds executive positions in a number of successful ventures including Capital Horizons Group (a financial conglomerate present in Mauritius, South Africa and the UAE) and Igknight (a technology company involved in cyber security and public safety) representing NEC in Mauritius. His newest venture will encompass AI with Agriculture in an age where food security is becoming ever more challenging.

Mr. Kundomal sits on the Board of Directors of several well-known entities, including the SBM India Fund and the SBM Maharajah Fund, promoted by the SBM Group, the second biggest banking conglomerate of Mauritius, OLA Energy Holdings Ltd, a multibillion Euro turnover pan African Oil and Gas multinational. In his capacity of CEO of Capital Horizons, he also regularly advises Ultra High Net Worth Individual, multinationals and Governments (including sovereign funds).

Mr. Kundomal holds a LL.M. in International Business Law from Paris II (Pantheon-Assas) where he graduated with high honors.

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.

PRINCIPLE TWO: THE STRUCTURE OF THE BOARD (CONTINUED)

Board meetings and attendance (Continued)

		Board Meeting	Annual Meeting 2019
No. of meetings held		4	1
Directors	*Note:*		
Mr. M Assad Y. Abdullatif	a	2	-
Mr. Amal A. Autar	a	4	-
Mr. Shaan Kundomal	a	2	1
Mr. L Lutchmenarraidoo *	b	4	1

Note:
'a' – Independent Director
'b' – Executive Director

* Resigned on 30 June 2020

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 the Fund.

New Board members are provided with an Induction Pack to provide them with sufficient knowledge and understanding of the Fund'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

The Board assumes full responsibility for succession planning within the Fund.

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 non-executive directors and independent directors are remunerated for their knowledge, experience and insight provided to the Board as well as contribution to helping and assisting the intermediaries of the Fund in the performance of their duties. Fees paid to the Directors amounted to **USD 14,457** for the year ended 30 June 2020 (2019: USD. 13,117). Director's fees have not been disclosed on an individual basis for confidentiality reasons.

PRINCIPLE FOUR: DIRECTORS' DUTIES, REMUNERATION AND PERFORMANCE (CONTINUED)

Annual evaluation of the Board

Good governance encourages the Board to undertake a formal, regular and rigorous evaluation of its own performance and produce a development plan on an annual basis.

An evaluation of the Board for the year under review will be conducted in the course of the year 2020.

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 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 9 of the Financial Statements.

Information, information technology and information security policy

The Board confirms that information, information technology and information security policy exist within the 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 works closely together 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 submitted to the Board of the Fund and the Audit and Risk Committees of SBM (NBFC) Holdings Ltd 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 reviews the various processes of the Fund, including, fund administration and registry, and the investment process. Preventive and corrective actions are then duly implemented to address internal control deficiencies and opportunities for improving the systems.

Risk Management

The Board is responsible for the risk management practice 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's policy on risk management 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.

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;

PRINCIPLE FIVE: RISK GOVERNANCE AND INTERNAL CONTROL (CONTINUED)

Risk Management

- 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 that are prepared and presented to the Board; and
- Internal audit functions 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 various policies and methods as 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; and

PRINCIPLE FIVE: RISK GOVERNANCE AND INTERNAL CONTROL (CONTINUED)

Whistleblowing policy (Continued)

- Hotline, Email and PO Box facilities

Reports can be made through the following channels:

Hotline (Toll free numbers)

Territory	International Dial Number
Kenya	0800221832
India	0008000402246
Mauritius	8002111
Madagascar	336545559*

E-mail: whistleblowing@sbmgroup.mu

PO Box: 11, Caudan, Port Louis, Mauritius

PRINCIPLE SIX: REPORTING WITH INTEGRITY

The Board are 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 Mauritius Companies Act 2001 and International Financial Reporting; Standards (IFRS) have been adhered to and explain material departures thereto; and
- 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 year 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.

PRINCIPLE SIX: REPORTING WITH INTEGRITY (CONTINUED)

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 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 reporting on Environmental, Health and Safety, Social and Corporate Social Responsibility issues as well as Charitable and Political contributions is made at the level of the ultimate holding company, SBM Holdings Ltd.

The Audit and Risk Committees of the Non-Banking Financial Cluster reviews the systems of internal controls to ascertain its adequacy and effectiveness and ensures that there is appropriate structure for identifying, monitoring, managing compliance risk as well as reporting system to advise the Committees of non-compliance on a timely basis. The Committees also recommend additional procedures to enhance the system of internal controls, if considered necessary.

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 Risk Committee of the cluster. 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 Risk Committee. The Head of Internal Audit has regular access to the Chairperson of the Board and the chairperson of the Risk Committee. There were no restrictions on access by the internal auditors to records or members of the management team. It is to be noted that SBM India Fund was part of the internal audit review.

The Audit and Risk Committees of NBFC are chaired by a Chartered Accountant and the Committees comprise of independent members with more than 30 years' experience in the Financial Services industry. The Risk Committee reviews and approves Internal Audit's plan and resources and evaluates the effectiveness of the function. The Risk Committee ensures that a consistent risk-based audit methodology is applied. The audit reports are thereafter tabled at the Committees and the findings and methodologies are reviewed and discussed by the 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 alerted to indicators of fraud and opportunities that could lead to 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 the Risk Committee and the Chief Executive Officer. Any deviation in policies and non-performance of internal controls are duly reported and discussed at the Risk Committee. Corrective actions are promptly taken and regular follow ups as well as reporting performed by Internal Audit until complete resolution.

External Audit

Deloitte was appointed as statutory auditor of the Fund for the financial year ended 30 June 2020. The Corporate Shareholder appoints/ re-appoints the external auditor on an annual basis at the Annual General Meeting of the Fund.

In line with the Group mandatory compliance, rotation of the statutory auditor has to be done every five years. The Shareholder of the Fund has henceforth appointed Deloitte as statutory auditor in December 2019.

PRINCIPLE SEVEN: AUDIT (CONTINUED)

External Audit

The Board assesses and reviews on a regular basis the independence of the external auditor and the Risk Committee has assessed the effectiveness of the external audit process. The Risk Committee has discussed accounting policies for the year under review with the external auditor.

The fees to the external auditor for audit services were **USD 1,163** inclusive of VAT for the financial year 2020 (FY 2019: USD 3,364). The external auditor does not provide any non-audit services.

The Audit Committee has met regularly with the external auditor in the presence of Management. No significant issues have been identified during the Audit Committee in relation to the Financial Statements.

PRINCIPLE EIGHT: RELATIONS WITH SHAREHOLDERS AND OTHER KEY STAKEHOLDERS

The Manager interacts with key stakeholders on a regular basis to discuss the performance of the Fund.

Holding structure – 30 June 2020

As at 30 June 2020, the Fund had issued 114,396.59 shares for a total fund size of USD 12,173,683. The NAV per share of the Fund for 30 June 2020 was **USD 106.4165**.

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

Year	NAV per share SBM Maharaja Bond Fund	NAV per share SBM Maharaja Growth Fund
June 2016	97.73	100.76
June 2017	105.44	126.58
June 2018	102.26	-
June 2019	107.49	-
June 2020	106.42	-

Analysis of ownership

The Fund had 28 shareholders as at 30 June 2020. A breakdown of the category of holders of participating shares and the share ownership as at 30 June 2020 are set out below:

SBM Maharaja Fund Breakdown

Market Value (USD)	Number of shareholders	Number of shares owned	% Holding
0-59,999	18	4,257.75	3.72
60,000 - 99,999	3	2,305.26	2.02
100,000 - 124,999	3	2,950.50	2.58
125,000 - 199,999	2	2,825.26	2.47
200,000 - 499,999	1	3,026.64	2.65
10M-20 M	1	99,031.18	86.56
Total	**28**	**114,396.59**	**100.00**

Shareholder's agreement

To the best knowledge of the Fund, 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 involved in the organisational position, performance and outlook.

PRINCIPLE EIGHT: RELATIONS WITH SHAREHOLDERS AND OTHER KEY STAKEHOLDERS (CONTINUED)

Shareholders' calendar

The Fund has planned the following forthcoming events:

Reporting date	30 June
Publication of year end results	Within 90 days from end of 30 June 2020

Dividend Policy

No dividend policy is currently envisaged but the Board of the Fund have 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 2020, 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 Mauritius 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

Date: 24 SEP 2020

.... Director

The directors present their report and the audited financial statements of SBM Maharaja Fund (the "Fund") for the year ended 30 June 2020.

Principal activities

The principal activity of the Fund is to hold investments in bonds in India.

Results

The results of the Fund for the year are shown on page 8.

Dividend

The directors do not recommend the payment of dividend for the year under review (2019: USD Nil).

Statement of directors' responsibilities in respect of financial statements

Company law requires the directors to prepare financial statements for each financial period which present fairly the financial position, financial performance and cash flows of the Fund. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether International Financial Reporting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Fund will continue in business.

The directors have confirmed that they have complied with the above requirements in preparing the financial statements.

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 and International Financial 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.

Auditor

The auditor, Deloitte, has expressed its willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual Meeting of the shareholders.

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 Maharaja Fund** under the Mauritius Companies Act 2001 for the year ended 30 June 2020.

....

***For* Rogers Capital Fund Services Ltd**
Company Secretary

Date: 24 September 2020

Rogers Capital Fund Services Ltd.
BRN No. C10012347
3rd Floor, Rogers House, 5 President John Kennedy Street, Port Louis, Mauritius.
T: (230) 203 1100 W:www.rogerscapital.mu

Deloitte.

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Mauritius

Independent auditor's report to the Members of SBM Maharaja Fund

Report on the audit of the financial statements

Opinion

We have audited the financial statements of **SBM Maharaja Fund** (the "Fund") set out on pages 7 to 32, which comprise the statement of financial position as at 30 June 2020, and the statement of profit or loss and other comprehensive income, statement of changes in 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 a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 30 June 2020, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and in compliance with the requirements of the Mauritius Companies Act 2001 in so far as applicable to Category 1 Global Business Licence companies.

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 matter

The financial statements of SBM Maharaja Fund for the year ended 30 June 2019 were audited by another auditor who expressed an unmodified opinion on those statements on 26 September 2019.

Report on other legal and regulatory requirements

Mauritius Companies Act 2001

In accordance with the requirements of the Mauritius Companies Act 2001, we report as follows:

- we have no relationship with, or interest in, the Fund other than in our capacity as auditor;
- we have obtained all information and explanations that we have required; and
- in our opinion, proper accounting records have been kept by the Fund as far as appears from our examination of those records.

Other information

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

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance or 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, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of 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 in compliance with the requirements of the Mauritius Companies Act 2001 in so far as applicable to Category 1 Global Business Licence companies and they are also responsible 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.

The directors are responsible for overseeing the Fund's financial reporting process.

Deloitte.

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19-21 Bank Street
Cybercity
Ebène 72201
Mauritius

Independent auditor's report to the Members of SBM Maharaja Fund (Continued)

Auditor's responsibilities for the audit of the financial statements

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

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

- Conclude on the appropriateness of the directors' 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.

This report is made solely to the Fund's members, as a body, in accordance with section 205 of the Mauritius 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.

Deloitte

Deloitte

Chartered Accountants

24 September 2020

R. Srinivasa Sa

R. Srinivasa Sankar, FCA

Licensed by FRC

	Notes	2020	2019
		USD	USD
ASSETS			
Cash and cash equivalents		**931,984**	335,934
Other receivables	5	**34,609**	26,118
Financial assets at fair value through other comprehensive income	6	**11,197,421**	12,417,823
Income tax recoverable	16.a	**10,495**	-
		12,174,509	12,779,875
LIABILITIES			
Other payables	7	**36,251**	19,818
Income tax liability	16.a	**-**	142,644
Total liabilities (excluding net assets attributable to shareholders)		**36,251**	162,462
Net assets attributable to shareholders		**12,138,258**	12,617,413
Represented by:			
Management shares	8	**10**	10
Net assets attributable to holders of redeemable participating shares		**12,138,248**	12,617,403
		12,138,258	12,617,413

Approved by the Board of Directors and authorised for issue on ...2 4 SEP 2020...
Signed on behalf of the Fund:

) DIRECTORS

The notes on pages 11 to 32 form an integral part of these financial statements.

	Notes	2020 USD	2019 USD
INCOME			
Interest income	11	723,785	797,472
Other income		54,115	-
Foreign exchange gain		-	48,969
		777,900	846,441
EXPENSES			
Manager's fees	12	60,985	60,578
Administrator and registry fees	13	30,492	30,290
Custodian fees	14	2,343	1,023
Performance fees	15	480	73
Director fees		14,457	13,117
Audit fees		1,163	3,364
General expenses		972	7,165
Legal and professional fees		15,722	17,242
Provisions no longer required written back	7	(8,241)	-
Expected credit losses	6	1,451	38,938
Foreign exchange loss		69,035	-
		(188,859)	(171,790)
PROFIT BEFORE TAXATION		589,041	674,651
Income tax refund/ (expense)	16.b	85,791	(109,219)
PROFIT AFTER TAXATION		674,832	565,432
OTHER COMPREHENSIVE INCOME			
Other comprehensive gain that will not be reclassified to profit or loss			
Net fair value loss on financial assets held at FVOCI	6	(836,699)	38,010
Net change in net assets attributable to holders of redeemable participating shares and other comprehensive income		(161,867)	603,442

	Issued shares	Retained earnings	Non-distributable reserves Fair value reserve	Other reserve	Total
	USD	USD	USD	USD	USD
As at 1 July 2018	10,858,461	1,448,532	-	-	12,306,993
Issue of shares	11,222	-	-	-	11,222
Redemption of shares	(304,254)	-	-	-	(304,254)
Foreign exchange gain transfer from retained earnings to other reserve*	-	(48,969)	-	48,969	-
Total comprehensive income for the year		565,432	38,010		603,442
As at 30 June 2019	10,565,429	1,964,995	38,010	48,969	12,617,403
As at 1 July 2019	**10,565,429**	**1,964,995**	**38,010**	**48,969**	**12,617,403**
Issue of shares	**50,679**	**-**	**-**	**-**	**50,679**
Redemption of shares	**(367,967)**	**-**	**-**	**-**	**(367,967)**
Total comprehensive income for the year	**-**	**674,832**	**(836,699)**	**-**	**(161,867)**
Foreign exchange loss transfer from retained earnings to other reserve*	**-**	**69,035**	**-**	**(69,035)**	**-**
As at 30 June 2020	**10,248,141**	**2,708,862**	**(798,689)**	**(20,066)**	**12,138,248**

*** Note:**
Capital gains arising from the changes in the value of investments, both realised and unrealised are credited to non-distributable reserves and shall not be available for distribution as dividends. Capital losses arising from changes in the value of investments will be debited to fair value reserve and shall not be offset against income received. All other undistributable income and expenses are transferred to other reserve.

The notes on pages 11 to 32 form an integral part of these financial statements.

	Notes	2020	2019
		USD	USD
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		589,041	674,651
Adjustments for:			
Interest income		(723,785)	(797,472)
Other income		(54,115)	-
Foreign exchange loss/ (gain)		69,035	(48,969)
Provisions no longer required written back	7	8,241	-
Expected credit losses		1,451	38,938
Operating loss before working capital changes		(110,132)	(132,852)
Increase in other receivables		(12,939)	(2,754)
Increase in other payables		16,433	4,718
Purchase of financial assets held at FVOCI	6	(1,409,365)	(756,880)
Proceeds from disposal of financial assets held at FVOCI	6	222,614	199,925
Proceeds from maturity of financial assets held at FVOCI	6	1,553,311	-
Tax paid	16.a	(67,351)	(41,524)
TDS paid		(7,797)	-
Interest received		728,564	928,678
Net cash generated from operating activities		913,338	199,311
CASH FLOWS FROM FINANCING ACTIVITIES			
Issue of redeemable participating shares		50,679	11,222
Redemption of redeemable participating shares		(367,967)	(304,254)
Net cash used in financing activities		(317,288)	(293,032)
Net increase/ (decrease) in cash and cash equivalents		596,050	(93,721)
Cash and cash equivalents at start of the year		335,934	429,655
Cash and cash equivalents at end of the year		931,984	335,934

The notes on pages 11 to 32 form an integral part of these financial statements.

1. LEGAL FORM AND PRINCIPAL ACTIVITY

SBM MAHARAJA FUND (the "Fund") has been incorporated in Mauritius as a public company with limited liability. The Financial Services Commission ("FSC") issued a Category 1 Global Business Licence ("GBL 1") to the Fund on 30 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 GBL 1 as from 01 January 2019. Instead, the FSC may issue a Global Business Licence ("GBL") if the Fund satisfies certain conditions. The Fund will be deemed to hold a GBL as from 01 July 2021 under section 96A(1)(b) of the FSA.

The objective of the Fund is to generate growth in the Net Assets attributable to holders of Redeemable Participating shares through investment in bond instruments in India. The Fund's investment activities are managed by SBM Mauritius Asset Managers Ltd.

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

In the current year, the Fund has applied all of the new and revised standard and interpretations issued by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB that are relevant to its operations and effective for accounting periods beginning on 1 July 2019.

2.1. New and revised IFRSs applied with no material effect on the financial statements

The following relevant revised Standards have been applied in these financial statements. Their application has not had any significant impact on the amounts reported for current and prior periods but may affect the accounting for future transactions or arrangements.

IAS 12	Income Taxes – Amendments resulting from Annual Improvements 2015-2017 cycle (income tax consequences of dividends)
IFRS 9	Financial Instruments - Amendments regarding prepayment features with negative compensation and modifications of financial liabilities
IFRIC 23	Uncertainty over Income Tax Treatments

2.2. New and revised Standards in issue but not yet effective

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

IAS 1	Presentation of Financial Statements – Amendments regarding the definition of material (effective 1 January 2020)
IAS 1	Presentation of Financial Statements- Amendments regarding the classification of liabilities (effective 1 January 2023)
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors – Amendments regarding the definition of material (effective 1 January 2020)
IAS 37	Provisions, Contingent Liabilities and Contingent Assets – Amendments regarding the costs to include when assessing whether a contract is onerous (effective 1 January 2022)
IFRS 7	Financial Instruments: Disclosures- Amendments regarding pre-replacement issues in the context of IBOR reform (effective 1 January 2020)
IFRS 9	Financial Instruments - Amendments regarding pre-replacement issues in the context of IBOR reform (effective 1 January 2020)

The Fund anticipates that these amendments will be applied where applicable in the financial statements at the above effective dates in future periods. No potential impact is expected upon application of these amendments.

3. ACCOUNTING POLICIES

3.1 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").

3. ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of Preparation (Continued)

The financial statements have been prepared on a historical cost basis, except for financial assets at fair value through other comprehensive income, 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.

3.2 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.

(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) 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.

3. ACCOUNTING POLICIES (CONTINUED)

3.2 Summary of Significant Accounting Policies (Continued)

Deferred tax (Continued)

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.

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.

(c) Financial instruments

Financial assets

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

3. ACCOUNTING POLICIES (CONTINUED)

3.2 Summary of Significant Accounting Policies (Continued)

(c) Financial instruments (Continued)

Financial assets (Continued)

The adoption of IFRS 9 had no material impact on the net assets attributable to holders of redeemable shares of the Fund.

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.

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 marketplace (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

Financial assets at fair value through other comprehensive income (debt instruments)

The Fund measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling
  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.

3. ACCOUNTING POLICIES (CONTINUED)

3.2 Summary of Significant Accounting Policies (Continued)

(c) Financial instruments (Continued)

Financial assets (Continued)

Subsequent measurement (Continued)

Financial assets at fair value through other comprehensive income (debt instruments) (Continued)

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI will not be reclassified to profit or loss.

The Fund's debt instruments at fair value through OCI include investments in quoted bonds.

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 rate (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.

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.

3. ACCOUNTING POLICIES (CONTINUED)

3.2 Summary of Significant Accounting Policies (Continued)

(c) Financial instruments (Continued)

Financial assets (Continued)

Derecognition (Continued)

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

The Fund recognises loss allowances for ECLs on financial assets measured at amortised cost.

The Fund measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are, measured at 12-months ECLs:

- financial assets that are determined to have low credit risk at the reporting date; and
- other financial assets for which credit risk (i.e the risk of default occurring over the expected life of the asset) has not increased significantly since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Fund considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Fund's historical experience and informed credit assessment and including forward-looking information.

The Fund assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Fund considers a financial asset to be in default when:

- The borrower is unlikely to pay its credit obligations to the Fund in full, without recourse by the Fund to actions such as realising security (if any is held);

or

- The financial assets are more than 30 days past due.

The Fund considers a financial asset to have low credit risk when the credit rating of the counterparty is equivalent to the globally understood definition of 'investment grade'. The Fund considers this to be Baa3 for Moody's rating or BBB- as per Standard and Poor's rating.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from the default events that are possible within the 12 months after the reporting date (or shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating the ECLs is the maximum contractual period over which the Fund is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e the difference between the cash flows due to the entity in accordance with the contract and cash flows that the Fund expects to receive).

3. ACCOUNTING POLICIES (CONTINUED)

3.2 Summary of Significant Accounting Policies (Continued)

(c) Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

Credit-impaired financial assets

At each reporting date, the Fund assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as default or being more than 30 days past due; or
- It is probable that the borrower will enter bankruptcy or another financial reorganisation.

Presentation of allowances for ECLs in the statement of financial position

Presentation of allowances for financial assets measured at amortised cost, are deducted from the gross carrying amount of assets.

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.

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

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.

3. ACCOUNTING POLICIES (CONTINUED)

3.2 Summary of Significant Accounting Policies (Continued)

(c) Financial instruments (Continued)

Financial liabilities (Continued)

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.

Determination of fair value

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 6.

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 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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.

(d) Revenue recognition under IFRS 9

Interest income calculated using effective interest method

Interest revenue and expense are recognised in the statement of other comprehensive income for all interest-bearing financial instruments using the effective interest method.

(e) Cash and cash equivalents

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

3. ACCOUNTING POLICIES (CONTINUED)

3.2 Summary of Significant Accounting Policies (Continued)

(f) Redeemable participating shares

Redeemable units are classified as equity instruments when:

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

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

- Total cash flows based substantially on the profit or loss, the change in the recognised net assets or the change in the fair value of the recognised and unrecognised net assets of the Fund
- The effect of substantially restricting or fixing the residual return to the holders of redeemable units.

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

4. 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.

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

Judgements (Continued)

(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.

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.

Business model assumption

Classification and measurement of financial assets depends on the results of the SPPI and the business model test (see financial assets sections of note 3). The Fund determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Fund monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Fund's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets. No such changes were required during the year presented.

5. OTHER RECEIVABLES

	2020	2019
	USD	USD
Interest receivable	13,986	18,434
TDS recoverable	12,645	-
Prepayments	7,978	7,684
	34,609	26,118

The carrying value of other receivables approximates its fair value. Interest receivable is receivable within 3 months.

6. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2020	2019
	USD	USD
Opening balance	12,417,823	-
Reclassified from financial assets at fair value through profit or loss	-	11,962,466
Additions	1,409,365	756,880
Disposals	(1,775,925)	(199,925)
Interest amortised	(15,692)	(100,670)
Expected credit losses (Note 6 (a))	(1,451)	(38,938)
Fair value movement	(836,699)	38,010
Closing balance	11,197,421	12,417,823

6.(a) The financial assets at fair value through other comprehensive income comprise of the following:

Instrument name	Fair value 2020	ECL 2020	Fair value 2019	ECL 2019
	USD	USD	USD	USD
6.79% GOI Loan	1,409,615	770	-	-
Andhra Bank Perpetual	725,397	(69)	777,767	245
Haryana	741,464	(116)	770,529	520
IDFC INFRA BOND	648,677	(5)	698,470	31
M&M FINANCIAL SERVICES LTD	829,890	135	849,332	2,442
MAHARASTRA	484,078	(76)	508,500	340
National Highway Authority of India	706,791	77	737,512	2,118
PFC	281,557	22	286,659	821
Power Grid Corp of India Ltd	561,840	55	568,532	1,627
Reliance Capital Ltd	122,170	9,460	566,253	4,891
Reliance Ports & Terminal Ltd	720,634	161	724,638	2,077
Reliance Utilities & Power Ltd	787,813	178	787,935	2,268
TAMIL NADU	527,977	(85)	552,843	373
TATA Steel Limited	674,469	(67)	744,795	4,965
The Indian Hotels Ltd	471,406	(83)	509,987	2,532
U.P Power Corporation Ltd	659,095	148	693,498	4,636
KOTAK SAVINGS FUND	340,877	-	345,897	-
KOTAK INDIA FIXED INCOME I (USD) ACC	503,671	-	504,813	-
Nuvoco Vistas Corp	-	(4,871)	729,477	4,869
Term deposit	-	-	220,316	-
Shriram Transport Finance Company Ltd	-	(4,183)	840,070	4,183
	11,197,421	1,451	12,417,823	38,938

6. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (CONTINUED)

6.(b). FAIR VALUE MEASUREMENT HIERARCHY (Continued)

IFRS 13 requires disclosures relating to fair value measurement using a three level fair value hierarchy. The level within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level of input that is significant to the fair value measurement. Assessing the significance of a particular input requires judgement, considering factors specific to the asset or liability.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value of the below investments are considered to be level 1 fair value measurements since they are quoted prices (unadjusted) in active markets.

Concentration of investment price risk

The investments are further analysed as follows:

	2020	**2020**	2019	2019
	USD	%	USD	%
Financials	**1,126,377**	**10.1%**	1,178,497	9.5%
Materials	**676,712**	**6.0%**	1,483,542	11.9%
Energy	**659,469**	**5.9%**	721,779	5.8%
Travel & Lodging	**472,276**	**4.2%**	516,071	4.2%
Government	**3,166,526**	**28.3%**	1,875,501	15.1%
Banking	**1,389,041**	**12.4%**	1,482,124	11.9%
Non-Banking financials	**952,296**	**8.5%**	2,328,153	18.8%
Utilities	**2,754,724**	**24.6%**	2,832,156	22.8%
	11,197,421	**100.0%**	12,417,823	100.0%

None of the investments in individual companies exceeded 10% of the Fund's net asset value at the time of investment.

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

	2020	**2020**	2019	
Foreign investments	**USD**	%	USD	%
India	**11,197,421**	**100.0%**	12,417,823	100.0%

The Fund holds only quoted debt instruments as at the reporting date.

7. OTHER PAYABLES

	2020	2019
	USD	USD
Manager's fees (Note 12)	**13,693**	4,806
Performance fees payable (Note 15)	**480**	73
Administrator and registry fees payable (Note 13)	**6,846**	2,403
Audit fees	**1,125**	2,188
Custodian fees payable (Note 14)	**577**	177
Design & publication fees payable*	**-**	8,241
Director fees payable	**348**	-
Professional fees payable	**3,685**	1,204
Tax filling fees payable	**575**	726
Payable to SBM Mauritius Asset Managers Ltd	**8,225**	-
Other payables	**697**	-
	36,251	19,818

7. OTHER PAYABLES (CONTINUED)

The carrying amount of other payables approximate their fair value. Other payables are unsecured, interest free and repayble within 3 months.

* Provisions made during prior years (as shown in 2019) relating to design and publication fees are no longer to be incurred, therefore written back in financial year ended June 2020.

8. 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 10**. 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.

Management shares were issued at par value of USD1 each to SBM Asset Managers Ltd and shall not be redeemed.

	2020	2019
Issued and fully paid	**USD**	USD
10 management shares of USD 1 each	**10**	10

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 shareholder based on the net asset value. The holders of the redeemable participating shares are entitled to receive dividend as decided by the Board.

The minimum initial investment for the Shares that is accepted from a Qualified Holder is US$ 10,000 for SBM Maharaja Bond Fund Participating Shares. Participating Shares have no voting rights. The Shares of any Class carry a right to dividends (if any) declared by the Fund in respect of that Class. The holder of any Participating Share is not entitled to receive notice of, attend or vote at meetings of shareholders. In a winding-up, each holder of Participating Shares has a right, provided that there are net assets available, to the payment equal to the amount of Participating Shares held and a right to share any remaining general assets.

8. CAPITAL MANAGEMENT (CONTINUED)

	Amount (USD)	Number of redeemable participating shares
At 01 July 2018	10,858,461	120,345
Shares issued	11,222	113
Shares redeemed	(304,254)	(3,077)
At 30 June 2019	10,565,429	117,381
At 01 July 2019	10,565,429	117,381
Shares issued	50,679	471
Shares redeemed	(367,967)	(3,455)
At 30 June 2020	**10,248,141**	**114,397**

9. RELATED PARTY DISCLOSURES

During the years ended 30 June 2020 and 30 June 2019, the Fund transacted with related entities. Details of the nature, volume of transactions and balances with the entities are shown below.

	2020 USD	2019 USD
SBM Mauritius Asset Managers Ltd		
- Management fees payable	**13,693**	4,806
- Performance fees payable	**480**	73
- Management fees expense	**60,985**	60,578
- Performance fees expense	**480**	73
- Expenses incurred on behalf of SBM India Fund payable	**8,225**	-
SBM Fund Services Ltd		
- Administrator and registry fees payable	**6,846**	2,403
- Administrator and registry fees expense	**30,492**	30,290

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 receivables or payables.

Compensation to key management personnel during the year is **USD 14,457** (2019: USD 13,117).

10. FINANCIAL INSTRUMENTS

10.1. 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 to risk.

10.2. Categories of financial instruments

	2020 USD	2019 USD
Financial assets		
Financial assets at fair value through other comprehensive income	**11,197,421**	12,417,823
Under amortised cost:		
Cash and cash equivalents	**931,984**	335,934
Other receivables	**26,631**	18,434
	12,156,036	12,772,191

10. FINANCIAL INSTRUMENTS (CONTINUED)

10.2. Categories of financial instruments

	2020	2019
	USD	USD
Financial liabilities		
Under amortised cost:		
Other payables	36,251	19,818
Net assets attributable to holders of redeemable participating shares	12,130,270	12,617,403
	12,166,521	12,637,221

10.3. 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 notes to the financial statements.

10.4. Risk management

The Fund's credit risk is managed by the Investment manager subject to the Fund's established policy, procedures and controls. The credit exposure is monitored by the investment team and reported to the Fund's board and Investment Committee on a quarterly basis. There are internal limits with respect to single issuer exposure, maximum sector exposure and the Fund will hold a diversified portfolio of securities in mitigating overall portfolio credit risk. Investment–grade securities are mostly targeted in managing credit risk but credit migration is monitored.

10.5. 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.

Foreign currency risk

The Fund invests in securities, including maintenance of cash that are denominated in such currencies other than in United States Dollar ("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.

The currency profile of the Fund's financial assets and liabilities is summarised as follows:

	Financial assets		Financial Liablities	
	2020	2019	2020	2019
	USD	USD	USD	USD
United States Dollar	26,782	8,851	36,251	19,818
Indian Rupee	12,129,254	12,763,340	-	-
	12,156,036	12,772,191	36,251	19,818

10. FINANCIAL INSTRUMENTS (CONTINUED)

10.5. Market risk (Continued)

Foreign currency risk (Continued)

The following table demonstrates the sensitivity to a reasonably possible change in the exchange rate, with all other variables held constant, on the Fund's profit before tax and equity;

	Increase /decrease percentage		Effect on profit before tax and equity	
	2020	2019	**2020**	2019
			USD	USD
Indian Rupee	10%	10%	**(1,212,925)**	(1,276,334)
	-10%	-10%	**1,212,925**	1,276,334

Bond price risk

The Fund is exposed to the risk that the value of its bond 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.

<u>Bond price sensitivity analysis</u>

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

	2020	2019
	USD	USD
Profit before tax	**599,871**	620,891

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

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair value of financial instruments.

The Fund is not exposed to interest rate risk on its financial assets and liabilities.

10.6. Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund seeks to mitigate its exposure to credit and counterparty risk by placing its cash, transacting in securities, placing deposits and bonds with reputable financial institutions. The Fund also has exposure to credit risk through other receivables.

The carrying amount of financial assets as disclosed in the statement of financial position represents the maximum credit exposure.

The Investment Manager's policy is to closely monitor the creditworthiness of the Fund's counterparties by reviewing their credit ratings, financial statements and press releases on a regular basis.

Credit risk disclosures are segmented into two sections based on whether the underlying financial instrument is subject to IFRS 9's impairment disclosures or not.

10. FINANCIAL INSTRUMENTS (CONTINUED)

10.6. Credit risk (Continued)

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 subject to IFRS 9's impairment requirement

The Fund's financial assets subject to the expected credit loss model within IFRS 9 are financial assets at fair value through other comprehensive income. At 30 June 2020, the total financial assets through other comprehensive income was **USD 11,197,421**, on which a loss allowance of **USD 1,451** (2019: USD 38,938) had been provided . There is not considered to be any concentration of credit risk within these assets. No assets are considered impaired and no amounts have been written off in the period.

Probabilities of default have been used to calculate the loss allowance. The 12-month and lifetime probabilities are based on historical data supplied by Moody or Standard and Poor for each credit rating and are recalibrated based on current market prices. Loss given default parameters generally reflect an assumed recovery rate of 55% to 65%. However, if the assets were credit-impaired, the estimate loss would be based on a specific assessment of expected cash shortfalls and on the original effective interest rate. The loss on financial assets is detailed as follows:

Instruments name	Rating	PD 1	LGD 1	USD
Andhra Bank Perpetual	A+	0.00059	41%	(69)
Haryana	GOV	0.00133	41%	(116)
IDFC INFRA BOND	AA	0.00010	41%	(5)
M&M FINANCIAL SERVICES LTD	AAA	0.00833	37%	135
MAHARASTRA	GOV	0.00133	41%	(76)
National Highway Authority of India	AAA	0.00833	37%	77
Nuvoco Vistas Corp	AA	0.01947	37%	(4,871)
PFC	AAA	0.00803	37%	22
Power Grid Corp of India Ltd	AAA	0.00803	37%	55
Reliance Capital Ltd. 08.80% (RCL F Series B NCD 367 Type III)	D	0.31509	37%	9,460
Reliance Ports & Terminal Ltd	AAA	0.00833	37%	161
Reliance Utilities & Power Ltd	AAA	0.00833	37%	178
Shriram Transport Finance Company Ltd	AA+	0.01449	37%	(4,183)
TAMIL NADU	GOV	0.00133	41%	(85)
TATA Steel Limited	AA	0.01947	37%	(67)
The Indian Hotels Ltd	AA+	0.01393	37%	(83)
U.P Power Corporation Ltd	AA	0.01947	37%	148
6.79% GOI Loan	GOV	0.00133	41%	770
				1,451

10.7. 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 shares earlier than expected. The Fund is exposed to cash redemptions of its redeemable shares on a regular basis. Shares are redeemable at the holder's option based on the Fund's NAV per share at the time of redemption, calculated in accordance with the Fund's prospectus.

10. FINANCIAL INSTRUMENTS (CONTINUED)

10.7. 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 redeemable shares classified as 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.

10. FINANCIAL INSTRUMENTS (CONTINUED)

10.7. Liquidity risk (continued)

Financial assets

2020	**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	931,984	-	-	-	-	931,984
Other receivables	26,631	-	-	-	-	26,631
Financial assets at fair value through other comprehensive income	-	1,903,595	1,558,660	6,890,618	844,548	11,197,421
Total financial assets	**958,615**	**1,903,595**	**1,558,660**	**6,890,618**	**844,548**	**12,156,036**
Net assets attributable to shareholders	-	-	-	-	12,138,248	12,138,248
Other payables	36,251	-	-	-	-	36,251
Total financial liabilities	**36,251**	**-**	**-**	**-**	**12,138,248**	**12,174,499**
Liquidity gap	922,364	1,903,595	1,558,660	6,890,618	(11,293,700)	(18,463)

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	335,934	-	-	-	-	335,934
Other receivables	18,434	-	-	-	-	18,434
Financial assets at fair value through other comprehensive income	220,316	1,569,547	3,289,990	6,487,260	850,710	12,417,823
Total financial assets	574,684	1,569,547	3,289,990	6,487,260	850,710	12,772,191
Net assets attributable to shareholders	-	-	-	-	12,617,403	12,617,403
Other payables	19,818	-	-	-	-	19,818
Total financial liabilities	19,818	-	-	-	12,617,403	12,637,221
Liquidity gap	554,866	1,569,547	3,289,990	6,487,260	(11,766,693)	134,970

10. FINANCIAL INSTRUMENTS (CONTINUED)

Excessive risk concentration

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 enterred 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 econimic 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.

In accordance with the Prospectus of the Fund, the Fund shall not invest more than 10% of its net asset value into equity shares or equity related instruments of any one Company. The Fund shall not invest more than 10% of its net asset value in debt securities, listed or unlisted, including Collective Investment Schemes.

11. INTEREST INCOME

	2020	2019
	USD	USD
Interest on Bonds	723,785	797,472

12. MANAGER'S FEES

Manager's fees are computed at each valuation day based on 0.5% p.a for SBM Maharaja Fund shares on the net asset value of the Fund and are payable monthly in arrears.

13. ADMINISTRATOR AND REGISTRY FEES

Administrator's and registry fees are computed at each valuation day based on 0.125% p.a of net asset value of the Fund and are payable monthly in arrears.

14. CUSTODIAN FEES

Custody fees are computed at each valuation day based on 0.02% p.a of net asset value of the Fund and are payable monthly in arrears.

15. PERFORMANCE FEES

Performance fees are computed at each valuation day at a rate of 10% (net of management fees) of the appreciation of each of the Client Portfolio over the High Water Mark, subject to a Hurdle Rate of 4% p.a on an IRR basis for SBM Maharaja Fund. The fees are payable at the end of performance period or at redemption of shareholders.

16. TAXATION

The Fund, 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 Fund'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 Fund 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.

16. TAXATION (CONTINUED)

Capital gains are outside the scope of the Mauritian tax net while trading profits made by the Fund from the sale of shares are exempt from tax.

The Financial Services Commission ("FSC") issued a Category 1 Global Business Licence ("GBL1") to the Fund on 30th 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 Fund satisfies certain conditions. The Fund will be deemed to hold a GBL as from 1 July 2021 under section 96A(1)(b) of the FSA.

As from 01 July 2021, the Fund 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 01 January 2019, the Fund 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 Fund 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.

The Fund invests in India and expects to obtain benefits under the Double Taxation Convention between India and Mauritius (the "DTC"). On 10 May 2016, India and Mauritius signed a Protocol whereby, effective as from 19 July 2016, the DTC has been amended. Amongst others, the amendment impact capital gains arising on disposal of shares acquired by a Mauritian Fund on or after 1 April 2017. The taxing right is no longer exclusively with Mauritius so that India is now allowed to tax capital gains in accordance with its tax laws.

Shares acquired as from 1 April 2017 and disposed of by 31 March 2019 will be taxed in India, but only half of the relevant tax rate would apply provided the Mauritian Fund meets the prescribed limitation of benefits clause, which includes a minimum expenditure level in Mauritius and a main purpose test. Such expenditure threshold should be satisfied in the preceding 12 months from the date the gains rise.

However, gains arising on shares acquired on or before 31 March 2017 will not be taxed in India irrespective of the date of disposal. This is on the basis that the taxing right on capital gains for shares acquired on or before 31 March 2017 rests solely with Mauritius.

Disposal of investments made by a Mauritian Fund in Indian financial instruments other than shares (such as limited partnerships, options, futures, warrants, debentures, and other debt instruments) are not impacted by the change so that Mauritius will continue to have the sole taxing right on the disposal of such assets.

16.a INCOME TAX LIABILITY

	2020	2019
	USD	USD
At 01 July	**142,644**	74,949
Charge for the year	**35,856**	109,219
Tax paid	**(56,606)**	(41,524)
Tax paid in advance	**(10,745)**	-
Over provision of prior year	**(121,644)**	-
At 30 June	**(10,495)**	142,644

16. TAXATION (CONTINUED)

16.b RECONCILIATION BETWEEN TAX EXPENSE AND TAX ON ACCOUNTING PROFIT

	2020	2019
	USD	USD
Profit before taxation	581,063	674,651
At statutory income tax rate of 15%	17,432	101,198
Tax effect of:		
Income not subjected to tax	(21,714)	(7,345)
Non taxable income	(1,623)	-
Non deductible expenses	6,152	-
Withholding tax suffered	35,606	5,305
(Over)/under provision of prior years	(121,644)	10,061
Current tax (refund)/ expense	(85,791)	109,219

17. COVID-19 IMPACT ASSESSMENT

The recent outbreak of a novel and highly contagious form of coronavirus ("COVID-19"), which the World Health Organization has declared as a pandemic, has resulted in numerous deaths, adversely impacted global commercial activity and contributed to significant volatility in certain equity and debt markets. The global impact of the outbreak is rapidly evolving, and many countries have reacted by instituting quarantines, prohibitions/restrictions on travel and the closure of offices, businesses, schools, retail stores and other public venues. Businesses are also implementing similar precautionary measures. Such measures, as well as the general uncertainty surrounding the dangers and impact of COVID-19, are creating significant disruption in supply chains and economic activity, and are having a particularly adverse impact on transportation, hospitality, tourism, entertainment and other industries.

In India, the number of cases has crossed 3.6 million cases aas at 31 August 2020 despite the country announcing a 21-day nationwide lockdown on 24 March 2020. The restriction was extended till 31 May given the growing number of cases but lockdown was extended to 30 June for certain containment zones. The country proceeded with gradual easing of lockdowns termed as Unlock 1.0, Unlock 2.0 and Unlock 3.0. The spread of the virus in the country is adversely impacting economic activity with real GDP growth forecasted to be negative in FY20/21.

The impact of COVID-19 has led to significant volatility and declines in the global markets and it is uncertain how long this volatility will continue. As COVID-19 continues to spread, the potential impacts, including a global, regional or other economic recession, are increasingly uncertain and difficult to assess. Any public health emergency, including any outbreak of COVID-19 or other existing or new epidemic diseases, or the threat thereof, and the resulting financial and economic market uncertainty could have a significant adverse impact on the Fund including the fair value of its investments.

Global equity markets have tended to be mostly impacted by the turmoil although technology and related companies have tended to be less impacted. After reaching lows in March 2020, equity markets generally rebounded following the measures announced by monetary and fiscal policymakers. Such external factors remain beyond the Investment Manager's control and cannot be forecasted but they have adverse impacts on the value of investments.

With respect to SBM Maharaja Fund, it invests primarily in debt securities issued by corporate entities and Indian States. The bonds are valued at fair value through other comprehensive income and their market prices are obtained from independent price providers. Expected capital losses (ECL) are based on the ratings of the issuer such that low-rated issuers would carry higher default probability and hence higher ECL, and vice-versa.

The impact of COVID-19 is captured through changes in market price of those securities. The magnitude of the fall in price of the debt instruments depends on the type of issuer and the sector in which they operate. Most of the corporate bonds in the portfolio are issued by entities listed on the Bombay Stock Exchange and/or the National Stock Exchange of India. Government-related securities generally experienced lower downsides compared to corporates but the debt securities have generally benefitted from lower interest rates due to the inverse relationship between prices and interest rates. The Investment Manager has performed an assessment of the impact of COVID-19 on the Fund's debt investments as at 30 June 2020 and noted a fall in the value of debt securities. Credit risks are managed through limits on issuer, diversified portfolio and limited concentrations.

18. 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 2020.