SBM PERPETUAL FUND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30 JUNE 2022

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INVESTMENT COMMITTEE	Mr. Alain Eric Koo Khen Heong Venpin Mr. Roshan Ramoly Mr. Richard Robinson Mr. Edward Vaughan Heberden Mr. Assad Abdullatiff

Investment Manager's Statement

Dear Unitholder,

The world continues to face unprecedented challenges amid the unresolved conflict between Russia and Ukraine. The financial year 2022 has been full of positive and negative events, some of which were within our scenarios.

The war in Ukraine was certainly not part of our outlook for 2022 and had serious implications on the pace of global monetary policy tightening by worsening the Covid-related supply-chain disruptions and inflation readings. The hawkishness of major central banks accentuated the international market sell-offs towards the end of the first quarter of 2022 and global equities were in bear territory by mid-June.

On a positive note, there were limited spill-overs on the domestic market which, for its part, recovered from the lows reached in April 2020. The acceleration of the vaccine roll-out, re-opening of frontiers, removal of the jurisdiction from the EU blacklist and improved earnings outlook contributed to a strong bull run of the SEMDEX since June 2021. The positive sentiment in the domestic equity market as well as the rise in yields created investment opportunities for our CIS funds.

To adapt to the changing economic landscape and swings in the business cycle, we have been actively reviewing our asset allocations. While our portfolios generally had a pro-cyclical bias in the first half of the financial year 2022, we shifted to a more defensive strategy and increased core positioning in order to manage tracking error risks during the second half.

Despite the challenging market conditions, we proved that our investment process and disciplined approach remained in your best interest through consistent relative performance. We remain focused on our funds' long-term objectives and believe that our investment approach can only reap long-term value for investors.

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

SBM Mauritius Asset Managers Ltd

September 2022

Investment Manager's Report

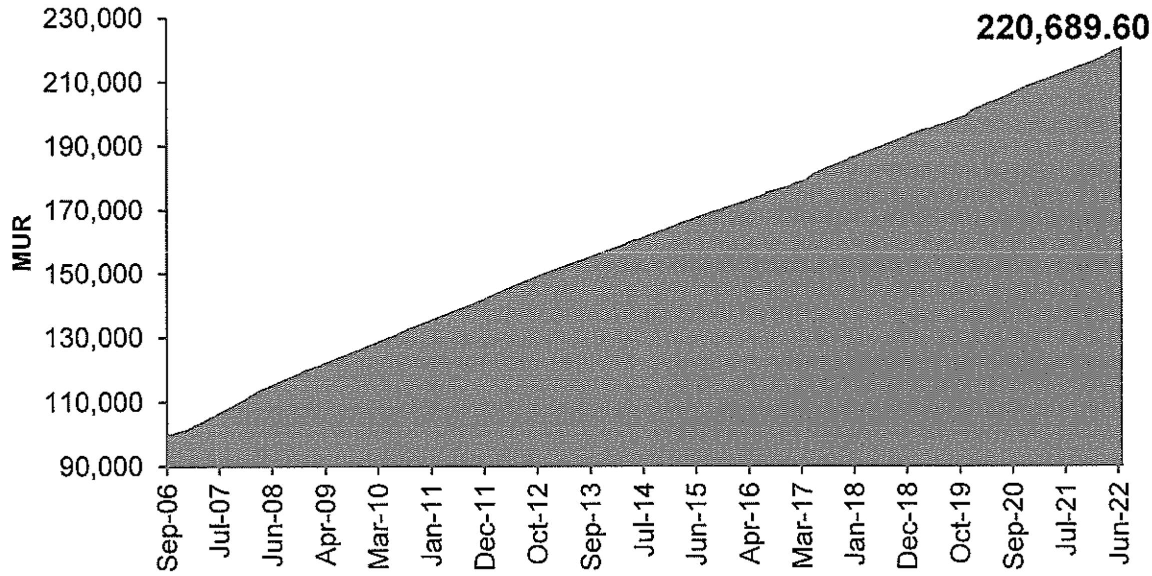
Performance commentary

The net assets of SBM Perpetual Fund grew from MUR 3,758.6M to MUR 4,550.6M with net asset value per unit (NAV) increasing from MUR 212.58 to MUR 220.69 over the financial year 2022, equivalent to a return of 3.8%. As a comparison, its reference index (SBM Savings Rate + 1%) yielded 1.3% over the same period.

ANNUALISED RETURN

	1 YEAR	3 YEAR	5 YEAR	SINCE INCEPTION
SBM Perpetual Fund (%)	+3.8	+4.0	+3.9	+5.2
Benchmark (%)	+1.3	+1.6	+2.1	+4.5
	FY 22	**FY 21**	**FY 20**	**FY 19**
SBM Perpetual Fund (%)	+3.8	+3.8	+4.2	+3.6
Benchmark (%)	+1.3	+1.2	+2.3	+2.8

VALUE OF MUR 100,000 INVESTED SINCE INCEPTION



Past performance is not a reliable indicator of future performance and unit prices may fluctuate with prevailing market conditions and current performance may be higher or lower than the performance cited. For more information on the fund's objectives, risks, and strategy, please consult its Prospectus. Latest unit prices are available on the website: https://nbfc.sbmgroup.mu/mam/financial-products/funds-performance

The graph illustrates the performance of MUR 100,000 invested in the Fund at inception. The growth in the investment amount assumes that dividends, if any, are re-invested and does not include sales charge but takes into account the running expenses of the Fund as well as taxes and other deductions.

Positioning and strategy

SBM Perpetual Fund invests only in domestic fixed income and fixed income-related securities. The investment strategy of the Fund is set according to its objective of maximising capital preservation, particularly.

During the year, the Fund raised its exposure to Government of Mauritius (GoM) securities from 71.3% as at 30 June 2021 to 74.8% as at 30 June 2022. It maintained its barbell strategy when investing in GoM securities. With the rebound in domestic yields, the Fund was able to deploy more funds at the long-end of the yield curve.

The corporate bond segment is well-diversified among domestic listed issuers and includes mainly investment grade issuers, based on a domestic rating scale. With the large increase in fund size and the rising yields on government securities, and more deployment thereof, the allocation to corporate bonds fell from 23.7% to 19.9%. The exposure to the leisure and hotels sector fell following the maturity of securities.

On average, the Fund maintained an average cash and cash equivalent allocation of around 4% to mainly manage liquidity and interest rate risks.

ASSET ALLOCATION (% net assets)

	30/06/21	30/06/22
Fixed income……………….....	96.7	95.5
Cash & cash equivalent………	3.3	4.5

GEOGRAPHICAL ALLOCATION (% net assets)

	Fund	Index
Mauritius………………………	100.0	100.0

FIXED INCOME ALLOCATION (% net assets)

	30/06/21	30/06/22
Government of Mauritius……	71.3	74.8
Corporate Bonds…………….	23.7	19.9
Term Deposits……………….	1.7	0.9

SECTOR ALLOCATION (% net assets)

	30/06/21	30/06/22
Government of Mauritius………	71.3	74.8
Financial…………………………	10.4	8.1
Investment………………………	8.6	6.1
Property…………………………	1.5	2.7
Commerce………………………	2.3	2.7
Leisure & Hotels………………..	1.9	0.7
Industry………………………….	0.7	0.6

TOP 5 HOLDINGS (% net assets)

	30/06/21	30/06/22
Government of Mauritius Inflation-indexed Bond 04/05/34	9.6	7.9
Government of Mauritius 09/03/28	4.5	3.7
Government of Mauritius 17/03/37	4.2	3.5
Government of Mauritius 16/09/41	-	3.4
Government of Mauritius 16/04/36	4.0	3.3
TOTAL	**22.3**	**21.8**

TOP 5 CORPORATE HOLDINGS (% net assets)

	30/06/21	30/06/22
Forty Two Point Two 27/04/28…	2.4	2.0
Forty Two Point Two 27/04/26…	2.1	1.7
SBM MUR Note Class A2 Series Bond 28/06/28……………………	2.0	1.6
Ciel 10Y Notes 24/06/29……….	1.6	1.3
CIM Financial Services Ltd 31/07/25………………………….	1.5	1.3
TOTAL	**9.6**	**7.9**

Economic Review

Economy

The global economy grew by 6.1% in calendar year 2021, reflecting the strong recovery in economic activity following effective vaccine rollouts and supportive fiscal policies. Real GDP growth among developed nations is estimated at 5.2% with the US, Germany, France, Italy and Spain registering respective rates of 5.7%, 2.9%, 6.8%, 6.6% and 5.1%. Emerging and developing nations grew by 6.8%, led by China (8.1%), India (8.7%), Brazil (4.6%) and Russia (4.7%). Inflationary pressures continued to intensify in 2022 amid the Russia-Ukraine war with global inflation estimated at 4.7%. The Mauritian economy grew by 3.6% in 2021, after contracting by 14.6% in 2020 as per Statistics Mauritius. Recovery in the tourism sector, driven by the easing of travel restrictions and successful Covid-19 vaccination campaigns, strengthened consumer and business confidence with positive spillover effects on domestic sectors. The MUR weakened by 6.4% against the USD, year-on-year, standing at 45.37/USD in June 2022compared to 42.65/USD in June 2021.

REAL GDP GROWTH (IMF estimates, % YoY)

Group/ Country	Advanced	Euro Area	EM & Developing	Emerging Asia	Sub-Saharan Africa	United States	China	India	Mauritius
2021	5.2	5.4	6.8	7.3	4.6	5.7	8.1	8.7	3.9
2022(F)	2.5	2.6	3.6	4.6	3.8	2.3	3.3	7.4	6.1
2023(F)	1.4	1.2	3.9	5.0	4.0	1.0	4.6	6.1	5.6

The global economy faced several shocks in 2022 following higher-than-expected inflation, elevated commodity prices, negative impacts from the Russian invasion of Ukraine and the economic slowdown. In July, the International Monetary Fund (IMF) revised down its 2022 real GDP growth projection for the US to 2.3%, 1.4 percentage point lower than its projections in April 2022. The downward revision reflects the faster withdrawal of fiscal support, lingering supply-chain disruptions and adverse impact of lower growth on trading partners due to war-led disruptions. Reduced household purchasing power and expectations of a tighter monetary policy continue to weigh on US private consumption.

The Eurozone's growth projections for 2022 have been reviewed to 2.6% by the IMF, 0.2 percentage point lower than its April 2022 World Economic Outlook (WEO) projection. Rising global energy prices imply a negative terms-of-trade shock for most European countries given that they are net energy importers. Consumption and investment in the Eurozone are expected to further weaken due to high inflation and tighter financial conditions. Germany, France, Italy and Spain, are projected to grow by 1.2%, 2.3%, 3.0% and 4.0%, respectively.

Real GDP in developing and emerging economies is projected to grow at at a faster pace than in advanced economies with a forecast of 3.6% in 2022, against 3.8% in IMF's April 2022 forecast. India and China are estimated to grow by 7.4% and 3.3%, respectively. The strict zero-COVID strategy that led to repeated mobility restrictions and localised lockdowns significantly impacted economic activity in China. The slowdown in real estate investment and weaker external demand are expected to further weigh on the economy. Lower domestic demand and weaker net exports are considered as downside risks to the Indian economy. The economic momentum is likely to decrease as elevated inflationary pressures, rising interest rates and supply-chain disruptions offset the continued recovery of the consumer sector.

Economic Review (Cont'd)

Economy (Cont'd)

On the domestic economy, the IMF projects real GDP to grow by 6.1% in 2022 and 5.6% in 2023. The economic recovery is expected to be mainly led by the tourism sector with tourist arrivals likely to recover from its Covid-led slump to around 60% of pre-pandemic levels. External pressures, such as spikes in freight costs and surging prices of energy and commodities, are likely to weigh on the domestic economic activity. The Bank of Mauritius (BOM) raised the Key Repo Rate to 2.25% at its latest Monetary Policy Committee (MPC) held in June 2022 in an attempt to contain the rising inflationary pressures. This marks the second rate hike in 2022, bringing borrowing costs to the highest since March 2020.

According to the July 2022 WEO, inflation rates in developed economies and emerging market and developing economies are estimated to be at 6.6% and 9.5%, respectively, from the April 2022 projections of 5.7% and 8.7%. High inflation is expected to persist in some emerging markets and developing economies mainly on account of elevated food prices. Commodity and food prices are expected to remain high through 2022 before moderating in 2023. While the forecasts are highly uncertain amid the impacts of the war, statements from central banks regarding outlook for monetary policy, among others, remain key in shaping inflation expectations.

Financial markets review

Equity markets

During the first half of the financial year 2022 (FY22), equity markets rallied as major economies continued to recover from the effects of the COVID-19 pandemic, supported by ultra-loose monetary policy. However, pent-up demand and supply-chain constraints started fueling higher inflation readings. In the second half of FY22, lingering inflation concerns were exacerbated by Russia's invasion of Ukraine and China's zero-COVID policy. Global central banks turned increasingly hawkish against a backdrop of multi-decade high inflation readings in major economies. The Fed announced that it will accelerate the pace of quantitative tightening in Q3:2022 and it expects to hike interest rates into restrictive territory, i.e., above the neutral rate, to fight inflation. The US yield curve inverted twice during Q2:2022 over concerns about the economy's ability to weather the Fed's aggressive tightening. As a result, global equities entered bear market territory in June 2022, with the MSCI World index registering a return of -21.2% YTD. The sharp sell-off in equities has been largely driven by valuation compressions which can be mainly attributed to rising interest rates. Growth stocks have considerably underperformed value stocks during FY22 with the S&P 500 Value index posting a return of -3.6% whilst the S&P 500 Growth index registered -14.1%.

In contrast to its global peers, the Mauritian market ended FY22 on a strong run; the SEMDEX gained +14.0%, supported by improved earnings and the resumption of dividend payments by several companies. Investor sentiment and business confidence improved considerably on the back of the acceleration of the vaccine roll-out, re-opening of frontiers, removal of the jurisdiction from the EU blacklist and improved earnings outlook. The FY22 performance of the SEMDEX was mainly driven by financials, investments and leisure & hotels sectors.

EQUITY INDEX PERFORMANCE (% local currency)

Index	1M	3M	6M	YTD	1Y	3Y	5Y
S&P 500.......................	-8.4	-16.4	-20.6	-20.6	-11.9	+28.7	+56.2
MSCI World..................	-8.8	-16.6	-21.2	-21.2	-15.6	+16.9	+32.9
MSCI World Small Cap....	-10.1	-17.6	-23.2	-23.2	-23.1	+8.5	+17.4
MSCI Europe.................	-7.9	-10.2	-15.5	-15.5	-9.0	+5.3	+6.7
MSCI EM......................	-7.1	-12.4	-18.8	-18.8	-27.2	-5.1	-1.0
MSCI AC Asia...............	-6.8	-12.4	-18.2	-18.2	-24.0	-1.3	+2.2
SEMDEX.....................	-2.8	-3.2	+1.4	+1.4	+14.0	-0.1	+0.2
DEMEX......................	-3.1	-5.5	-3.2	-3.2	+4.1	+29.6	+39.0

TOP INDEX LEADERS (% local currency)

Global equities	1Y	Domestic equities	1Y
UnitedHealth Group Inc.......	+24.0	MCB Group Limited..................	+12.6
Exxon Mobil Corp..............	+30.2	IBL Ltd................................	+9.5
Eli Lilly & Co......................	+37.8	Ciel Limited	+31.4
Pfizer Inc	+29.8	Lux Island Resorts Ltd............	+55.3
Abbvie Inc.........................	+32.5	ENL Limited	+30.1

Financial markets review (Cont'd)

Bond markets

The Barclays Global Aggregate Bond index registered a USD performance of -15.2% during FY22. During H2: FY22, the global bond market witnessed a record sell-off as inflation continued to surprise to the upside, fueling further hawkish shifts by major central banks. Emerging market debt underperformed considerably, mainly attributed to higher interest rates in the US and dollar strength. Conversely, inflation-protected Treasury securities outperformed amid higher inflation readings.

During H2:FY22, the US Federal Reserve (Fed) started monetary policy tightening and balance sheet normalization on the back of higher inflation expectations and strong labour market conditions. The Fed raised the target Fed Funds rate by a cumulative 150 bps to 1.50%-1.75%. It further ended quantitative easing by Q3:FY22 and the Federal Open Market Committee (FOMC) decided to begin reducing its holdings of U.S. Treasury securities, agency debt and agency Mortgage-Backed Securities (MBS) on 1 June 2022, with the monthly cap set at USD 47.5Bn. The 10-year US Treasury yield surged by 154 bps over FY22 to 3.01% in June 2022 as the policymakers signaled a faster and more front-loaded pace of hikes in an attempt to rein in inflation.

The European Central Bank (ECB) kept the interest rate unchanged on the main refinancing operations, the marginal lending facility and the deposit facility at 0.00%, 0.25% and -0.50%, respectively. Eurozone inflation surged by 6.7 percentage points, over the financial year, to a record high of 8.6% in June 2022, driven primarily by higher food and energy prices. The President of the ECB indicated a rate lift-off at the July meeting and based on the current outlook, the ECB is expected to exit negative interest rates by the end of Q3:2022. The Governing Council decided to end net asset purchases under its asset purchase programme (APP) as from 1 July 2022. European bond yields were generally on the uptrend primarily on account of the ECB's hawkish shift and higher inflation expectations. Over FY22, the yield on 10-year German bonds increased by 154 bps to 1.34%. The corresponding risk premium on Italian debt and Spanish debt surged by 245 bps and 201 bps to 3.26% and 2.42%, respectively.

On the domestic secondary bond market, yields on the 91D Treasury Bills decreased by 14 bps to 0.87% over FY22.Yields on 182D Treasury Bills and 364D Treasury Bills decreased by 15 bps and 23 bps to reach 1.07% and 1.25%, respectively. 3Y GOM Notes yield increased from 2.54% to 2.73% and 5Y GOM Bonds traded at 3.20% against 3.12% in June 2021. Long-term yields rose more aggressively with 10Y GOM Bond trading at 4.57% as at June 2022, equivalent to an increase of 22 bps. The yield on 15Y GOM bonds was also on the upward trend standing at 4.96% against a preceding reading of 4.76%. Conversely, the 20Y GOM Bond yields decreased by 1 bp to 5.13%.

Financial markets review (Cont'd)

Bond markets (Cont'd)

BOND INDEX PERFORMANCE (% local currency)

Index	1M	3M	6M	YTD	1Y	3Y	5Y
Barclays Global Aggregate Bond........	-3.2	-8.3	-13.9	-13.9	-15.2	-9.3	-2.7
Barclays US Aggregate Bond	-1.6	-4.7	-10.3	-10.3	-10.3	-2.8	+4.5
Barclays US Govt Inflation-Linked All Maturities Index	-3.3	-6.6	-9.7	-9.7	-5.7	+9.2	+17.1
Barclays High Yield bond	-7.5	-11.9	-16.9	-16.9	-17.8	-7.6	+0.7
JP Morgan EMU IG Bond	-1.8	-7.2	-12.0	-12.0	-12.4	-10.0	-2.5
JP Morgan EM Bond	-6.6	-12.1	-20.8	-20.8	-21.6	-14.9	-6.2
FTSE Asian Broad Bond.................	-2.5	-5.3	-11.6	-11.6	-13.3	-4.3	+4.9

USD except for JP Morgan EMU IG Bond

MARKET YIELDS (%)

Tenor	United States		Germany		India		China		Mauritius	
	Jun-22	Jun-21	Jun-22	Jun-21	Jun-22	Jun-21	Jun-22	Jun-21	Jun-22	Jun-21
91D	1.74	0.05	-0.51	-0.67	6.26	3.80	1.58	-	0.87	1.01
182D	2.23	0.04	-0.22	-0.65	6.27	3.89	1.75	2.06	1.07	1.22
364D	2.84	0.08	0.23	-0.66	6.45	4.19	1.91	2.31	1.25	1.48
3Y	3.04	0.45	0.86	-0.67	6.98	5.18	2.43	2.75	2.73	2.54
5Y	3.07	0.88	1.02	-0.59	7.24	5.87	2.63	2.92	3.20	3.12
10Y	3.00	1.47	1.36	-0.26	7.52	6.62	2.82	3.08	4.57	4.34
15Y	3.00	1.65	1.59	-0.01	7.63	6.88	-	-	4.96	4.76
20Y	3.45	1.96	1.61	0.06	7.67	7.00	3.14	3.31	5.13	5.14

Commodity markets

The S&P GSCI index registered a USD performance of +45.0% during FY22, with higher energy prices offsetting the price plunges in the other components of the index. Brent and WTI posted corresponding returns of +52.8% and +43.9% YoY, driven by strong demand conditions and supply constraints amid the ongoing war in Ukraine. Natural gas registered robust return of +48.5% primarily led by the concerns over Russian gas supplies to Europe and record low stock levels. Industrial metals were the worst performing segment of the commodity segment in FY22 with silver and copper posting returns of -22.4% and -13.5%, respectively. During Q4:FY22, rising risks of a global recession weighed on industrial metals. Regarding precious metals, gold ended the financial year with a return of 2.1% amid surging nominal yields and a more hawkish Fed.

COMMODITIES

	Jun-22	Jun-21	FY22 (% YoY)
WTI $/Bbl...	105.76	73.47	+43.9
Brent $/Bbl...	114.81	75.13	+52.8
Natural gas USD $/mmBtu...........................	5.42	3.65	+48.5
Copper $/Oz...	371.45	429.65	-13.5
Silver Spot $/Oz	20.28	26.13	-22.4
Gold Spot $/Oz...	1,807.27	1,770.11	+2.1

Financial markets review (Cont'd)

Forex

The U.S. Dollar Index (DXY) surged by 13.2% over FY22 following expectations of tighter financial conditions amidst rising recession risks. As a result, the higher rates and safe haven flows continued to support higher levels in DXY.

The euro depreciated considerably against the US dollar following the Fed's relatively more aggressive hawkish stance and rising recession risks in the euro area which are being compounded by energy supply uncertainty. The pound sterling weakened significantly against the USD as the BoE is expected to tighten monetary policy less aggressively compared to the Fed given that the UK economy is likely to contract in Q2:2022 amid the cost of living crisis.

Among Asian markets, the Japanese Yen depreciated against the dollar mainly on account of the policy divergence of the Bank of Japan (BoJ). The BoJ reiterated its dovish stance by defending its target on 10-year yields under its Yield Curve Control policy. The Chinese Yuan (CNY) weakened against the USD in FY22 driven by the widening US-China 10-year yield differential following the People Bank of China's dovish stance. In addition, The Indian rupee depreciated against the US dollar amid the Fed's hawkish stance and rising commodity prices.

In Mauritius, the MUR depreciated by 6.4% YoY against the USD despite the single largest intervention of USD 200M in April 2022. The currency continues to be impacted by the uptrend in the US dollar, the deteriorating current account deficit and the financial account position.

FOREX

	Jun-22	**Jun-21**	**FY22 (% YoY)**
Dollar index..	104.69	92.44	+13.2
EUR-USD	1.05	1.19	-11.8
GBP-USD..	1.22	1.38	-11.6
USD-JPY	135.72	111.11	+22.1
USD-CNY	6.70	6.46	+3.7
USD-INR	78.80	74.33	+6.0
USD-MUR	45.37	42.65	+6.4

Market Outlook

The market environment remains highly uncertain amid elevated volatility following recession worries, more restrictive central bank policy and tightening financial conditions. Additional aggressive rate hikes with a view to taming inflation are likely to slow aggregate demand and raise recession risks. At the July 2022 Federal Open Market Committee (FOMC) meeting, the Fed raised the target Fed Funds rate by 75 basis points to 2.25%-2.50%, citing high inflation as its primary concern. The dot plot shows that the median voting member at the Fed now expects the Fed Funds rate to rise to 3.4% in 2022 compared with 1.9% at its March 2022 meeting. The Fed is expected to fasten the pace of quantitative tightening in Q3:2022 with the monthly cap increasing from USD 47.5Bn in July to USD 90Bn in September.

As the market shifts from concern over the Fed's terminal rate to worries about the strength of the economy, the path for earnings is expected to continue taking the center stage for equity investors. Signs of a slowdown in earnings growth dynamic are accumulating in certain segments. Consumer spending is softening, business sentiment has weakened and credit-market stress indicators have surged. Whilst markets have priced in higher interest rates, analysts are not yet fully appreciating a potential slowdown in corporate earnings in certain markets. With most of the decline in equities YTD stemming from valuation compression, the key risks are downward earnings revisions and higher 10-year US Treasury yield from quantitative tightening.

Domestically, the path of recovery in domestic economic activity in 2022 is expected to continue, driven principally by the tourism sector. Statistics Mauritius projects overall GDP growth to increase by 0.6 percentage point for every additional 100,000 tourists. Authorities target at least 1 million tourist arrivals for CY22 and around 1.4 million tourists for FY23. While most sectors have reached pre-pandemic levels and the tourism sector recovering, inflation pressures have significantly increased on account of the depreciation of the MUR and supply-side factors including rising imported food and fuel prices, persistent supply-chain issues and surging freight costs. Fiscal and monetary measures by policymakers remain critical in limiting further increases in public debt and inflationary pressures.

At its latest Monetary Policy Committee (MPC) held in June 2022, the Bank of Mauritius (BoM) decided to tighten monetary policy. Accordingly, the MPC unanimously voted to increase the Key Repo Rate by 25 basis points to 2.25% per annum. The BoM has decided to increase the Cash Reserves Requirement (CRR) on Rupee deposits from 8% to 9% effective 1 July 2022, as part of the unwinding of its COVID-19 support measures. This measure is estimated to reduce the level of excess liquidity by around MUR 5 billion. The BoM expects the global growth downgrade by the IMF and above-target inflation for many central banks to weigh on the domestic economic outlook. The central bank projects growth for 2022 to stand between 7% and 8%, depending mainly on the tourist arrivals target and renewed export sector dynamism. It revised its forecast of headline inflation to around 8.6% in 2022 from its previous projection of 6.7% in March.

The Trustee and Manager of SBM Perpetual Fund ("the Fund") are pleased to submit their Corporate Governance Report for the year ended 30 June 2022, inclusive of other statutory disclosures.

INTRODUCTION

SBM Perpetual Fund is an open-ended collective investment scheme which was previously incorporated as a public limited liability company pursuant to the Companies Act 2001 and is licensed by the Financial Services Commission.

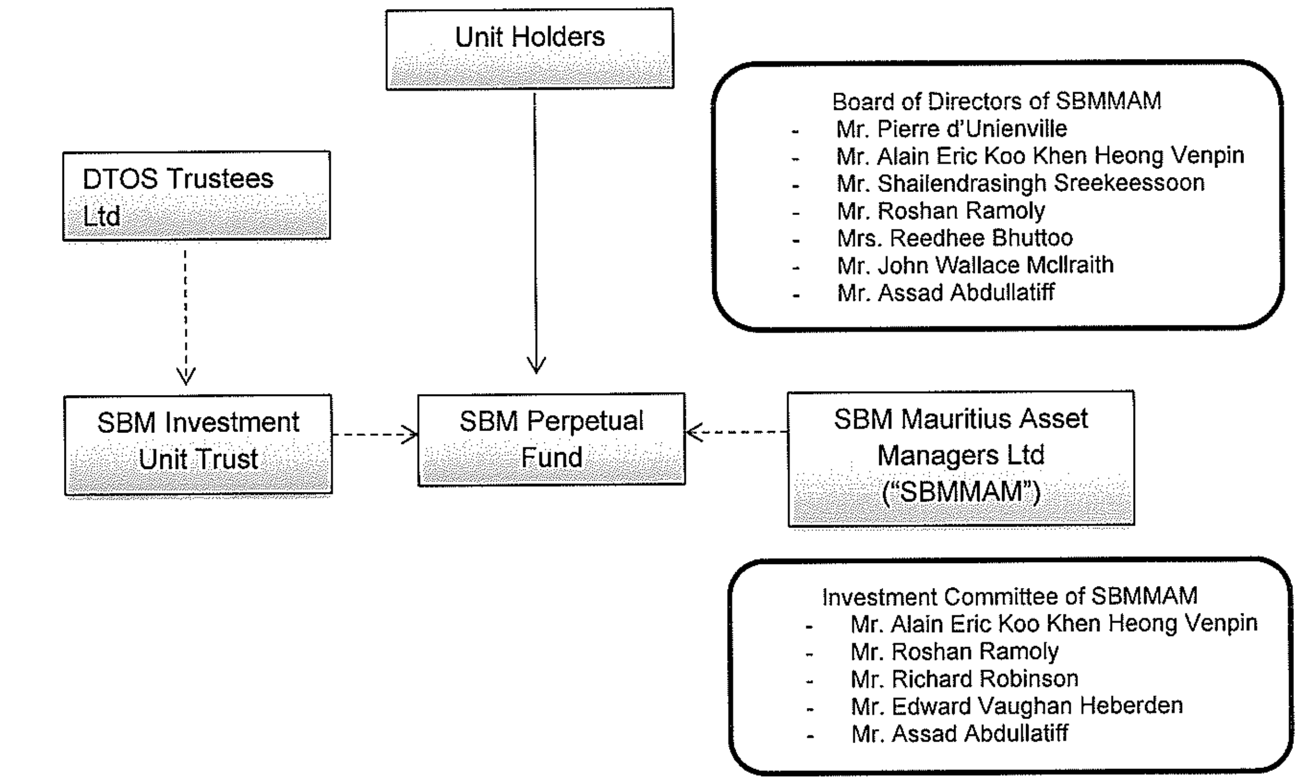
Following a restructuring exercise, the Fund has been restructured under the SBM Investment Unit Trust, whilst keeping their investment objectives and strategies by a Supplemental Deed of Amendment of the Trust Deed of the SBM Investment Unit Trust dated 31 December 2019 between the Manager, SBM Mauritius Asset Managers Ltd and DTOS Trustees Ltd.

The Fund's objective is to achieve long term growth by investing in a diversified portfolio of local fixed income instruments, including government issued instruments, cash, and term deposits. This Fund is suitable for investors seeking a relatively high level of capital preservation.

The Fund is a public interest entity as defined under the Financial Reporting Act 2004.

SBM Perpetual Fund's corporate governance framework includes its Trustee, Investment Committee, Manager, the board of the Manager, Unitholders, and other stakeholders.

The organisation's structure is as follows:



INTRODUCTION (CONTINUED)

The Trustee, the Manager and the board of the Manager are fully committed to achieving and sustaining the highest standards of corporate governance with the aim of maximising long-term value creation for the Unitholders of the 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, transparency, independence, integrity, accountability, social responsibility, professionalism, and fairness.

In addition, the Trustee, the Manager, and the board of the Manager of the Fund continuously review the implications of corporate governance principles and practices in light of their experience, regulatory requirements and investor expectations. They hereby confirm that the Fund, as set out in this report, has strived to comply in all material aspects with the following legal and regulatory framework:

- Trust deed and subsequent Supplemental Deeds;
- Terms of reference of the Trustee and sub-committee;
- The National Code of Corporate Governance for Mauritius 2016 (the "Code");
- The Trust Act, 2001;
- The Securities Act, 2005; and
- The Securities (Collective Investment Schemes and Closed-end Funds) Regulations, 2008.

The main roles as described under Principle 2, 3 and 4 of the Code of Corporate Governance are fulfilled by the Board of the Manager.

The Board of the Manager has attempted to create the right balance and composition to better meet the objectives of the organisation. The Board is unitary and comprises of seven Directors, of which two are Independent, three are non-Executive and two are Executive Directors. The Independent Directors do not have any relationship with the majority Shareholders, therefore a sufficient number of directors do not have any relationship with the organisation. The Board is led by Mr. Pierre Marrier d'Unienville and all Board members currently reside in Mauritius.

There exists a transparent procedure in place regarding the appointment of prospective Directors which is made in accordance with the skills, knowledge and expertise required on the Board. The re-election of Directors is made on an annual basis at the Annual Meeting of Shareholders. New Board members are provided with an induction pack to provide them with sufficient knowledge and understanding of the Fund's business.

All Board members are fully apprised of their fiduciary duties as laid out in the Companies Act 2001. The independent directors are remunerated for their knowledge, experience and insight provided to the Board. Directors' fees are paid by the Manager and have been disclosed in its accounts.

TRUST DEED AND SUPPLEMENTAL DEEDS

The Trust Deed and subsequent Supplemental Deeds of the Fund comply with the provisions of the Trust Act, 2001, The Securities Act, 2005 and The Securities (Collective Investment Schemes and Closed-end Funds) Regulations, 2008. The Deed is available upon written request to the Manager at the Registered Office of the Fund.

Salient features of the documents are:

No Unitholder shall be entitled to:

- require the transfer to him of any of the assets comprised in the Fund;

TRUST DEED AND SUPPLEMENTAL DEEDS (CONTINUED)

- interfere with or question the exercise or non-exercise by the Trustee or the Manager of the rights and powers of the Trustee and the Manager in their dealings with the Fund or its assets or any part thereof;
- attend meetings whether as Unitholders or otherwise, or to vote or to take part in or consent to any action concerning any property of any entity in which the Fund holds an interest.

A Unitholder is entitled to any distribution as approved and declared by the Manager as per provisions of the Trust Deed.

THE TRUSTEE AND THE MANAGER

Corporate Profile of the Trustee – DTOS Trustees Ltd

DTOS Trustees Ltd is a private company incorporated in Mauritius on 23r May 2003. DTOS Trustees Ltd is a wholly owned subsidiary of DTOS Ltd and is duly licensed by the Financial Services Commission to act as a qualified trustee. It offers a complete and comprehensive range of trust services including trust formation / migration, corporate trusteeship, advice on tax, regulatory and statutory matters, accounting, administration, and tax filings, where required.

Role of the Trustee

The Trustee has been appointed in order to ensure that the affairs of the Fund are being managed and administered for the benefit of the Unitholders and to their best interests along the following principles:

- **International best standards and regulatory compliance**

Overseeing the conduct of the Fund's business and monitoring whether the business is being properly managed at all levels according to international best standards and in accordance to provisions of its regulatory regime;

- **Accounts and risk management**

Reviewing and, where appropriate, approving risk policy, financial statements, annual budgets, business plans and internal reports.

- **Supervision of fund intermediaries**

Supervising the fund intermediaries in their delivery of services to the Fund and ensure that such delivery is done diligently and creates most value for the Unitholders of the Fund.

Corporate Profile of the Manager – SBM MAM

SBM Mauritius Asset Managers Ltd ("SBM MAM") is licensed and regulated by the Financial Services Commission of Mauritius and holds a CIS Manager license. It is 100% owned by SBM Capital Markets Ltd. SBM MAM offers investment management services across a number of asset classes including equities, fixed income, private and alternative investments.

Role of the Manager and its obligations

The Manager is appointed by the Trustee and under the supervision of the Trustee, manages and administers the Fund for the benefit of the Unitholders of the Fund in accordance with the Trust Deed and Prospectus of the Fund.

THE TRUSTEE AND THE MANAGER (CONTINUED)

Its obligations cover but are not restricted to the following:

- **Conduct of Business**

It shall conduct its business in a proper and efficient manner to ensure that any undertaking in the affairs of the Fund is carried out in a proper, ethical, and efficient manner.

- **Supervision of assets**

The Manager shall manage and supervise all assets of the Fund to the best interest of the Unitholders.

- **Trade in units of the Fund**

It shall sell and issue units of the Fund in accordance to the provisions of the Trust Deed and Prospectus and in so doing shall ensure that the interests of unit-holders are protected at all times.

THE INVESTMENT COMMITTEE

The Trust Deed provides for the establishment of an Investment Committee composed of at least 3 persons and not more than 6 persons. The main purpose of the committee is to issue guidelines and advise the Manager on investments.

Currently, the committee is composed of 5 members and meets on a quarterly basis. It reviews the performance of the Fund, ensures that the investment strategy complies with the provisions of the Trust Deed and Prospectus.

Managing Conflict of Interest and Related Party Transactions

The Fund adheres to the Group Conflict of Interest and Related Party Transactions policy to assist the Board of the Trustee and Manager 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 21 to the Financial Statements.

Information, information technology and information security policy

The Trustee and Manager confirm that information, information technology and information security policy exist within the Group.

RISK GOVERNANCE AND INTERNAL CONTROL

RISK MANAGEMENT

The Manager is responsible for the risk management practice and procedures in place within the operating structure of the Fund for risk management. The Manager also defines the overall strategy for risk tolerance and is responsible for the design, implementation and review of a risk management framework, processes and day-to-day management of risk as performed by the intermediaries and service providers of the Fund. Part of the responsibility to monitor the framework and processes has been delegated to the Investment Committee which conducts reviews on a quarterly basis.

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

RISK GOVERNANCE AND INTERNAL CONTROL (CONTINUED)

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;
- 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 of the Manager;
- Compliance reports are prepared and presented to the board of the Manager on a quarterly basis; and
- Internal audit functions exist at the level of the Manager and Fund Administrator whereby the processes pertaining to the affairs of the Fund are scrutinised and undergo audit reviews. Quarterly reports are prepared and presented to the boards 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.

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.

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

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.

Financial 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.

RISK GOVERNANCE AND INTERNAL CONTROL (CONTINUED)

INTERNAL CONTROL

The Manager and the board of the Manager acknowledge their responsibility for internal control and work closely together and with the Fund Administrator to put in place a system of internal controls which is designed to provide the Trustee 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 Investment Committee and Board of the Manager on a quarterly basis for their review, following which recommendations are made to the Manager on an on-going basis. Preventive and corrective actions are then duly implemented to address internal control deficiencies and opportunities for improving the systems.

WHISTLEBLOWING POLICY

In order to enhance good governance and transparency, the SBM 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 Whistle blowers and Complainants;
- Channels and Procedures;
- Hotline, Email and PO Box facilities

REPORTING WITH INTEGRITY

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

The Manager 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, the Manager is required to:

- select suitable accounting policies and apply them on a consistent basis using reasonable and prudent judgment
- state whether or not the Trust Act, 1989, the Trust Act, 2001 and International Financial Reporting Standards (IFRS) have been adhered to and explain material departures thereto
- use the going concern basis unless it is inappropriate.

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

Nothing has come to the Manager's attention, to indicate any material breakdown in the functioning of the internal controls and systems during the period under review, which could have a material impact on the business. The financial statements are prepared from the accounting records on the basis of consistent

REPORTING WITH INTEGRITY (CONTINUED)

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 Manager confirms that in preparing the financial statements, it has:

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

The Manager is 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 Trust Act 1989, the Trust Act 2001, the Securities Act 2005, the Securities (Collective Investment Schemes and Closed-end Funds) Regulations 2008 and have been prepared in accordance with the International Reporting Standards. The Manager is also responsible for safeguarding the assets of the Fund and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Annual report is published in full on the website of the Manager of the Fund.

AUDIT

Internal Audit

The Non-Banking Financial cluster ('NBFC') of the SBM Group has its own permanent Internal Audit function reporting to the Risk Committee of SBM (NBFC) Holdings Ltd, the holding Company of NBFC. 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 Trustee and Manager 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 Mauritius Asset Managers Ltd and SBM Fund Services Ltd were part of the internal audit review for the year 2022 and the following areas have been covered: Funds administration, Funds valuation, Funds management and Funds registry.

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

As the third line of defense, the role of internal audit is to provide independent, objective assurance services designed to add value and improve NBFC entities' operations. Audits are carried out to review the adequacy and effectiveness of the group's system of internal controls, as per the Board approved risk-based audit plan. In conducting reviews, the Internal Auditors are alert to indicators of fraud and opportunities that could allow fraud, such as control weaknesses.

AUDIT (CONTINUED)

Internal Audit (Continued)

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 Risk Committee and the Chief Executive Officer. Any deviation in policies and non-performance of internal controls are duly reported and discussed at Risk Committee level. Corrective actions are promptly taken and regular follow ups as well as reporting performed by Internal Audit until complete resolution.

External Audit

Deloitte was re-appointed as statutory auditors of the Fund for the financial year ended 30 June 2022. The Trustee and Manager assess and review on a regular basis the independence of the external auditor.

The fees paid to the external auditors for audit services were **MUR 128,000** (2021: MUR 119,375). No non-audit services were provided by the external auditors during the financial year.

RELATIONS WITH SHAREHOLDERS AND OTHER KEY STAKEHOLDERS

SHAREHOLDING

Holding Structure – 30 June 2022
As at 30 June 2022, the Fund had issued **20,620,017** units for a total fund size of **Rs 4,550,624**. The NAV per unit of the Fund as at 30 June 2022 was Rs. 220.69.

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

Year	NAV per unit
June 2021	212.58
June 2022	220.69

Unit-holders' Relations and Communication
Unitholders are strongly encouraged to visit the website of the Manager to remain updated on the Fund's initiatives/projects, goals, and prices.

Unit-holders' Agreement
To the best knowledge of the Manager and Trustee, there has been no such agreement with any of its Unitholders for the year under review.

Unit-holders' Calendar
The Fund has planned the following forthcoming events:

Reporting date	30 June 2022
Publication of year end results	Within 90 days from end of 30 June 2022

RELATIONS WITH SHAREHOLDERS AND OTHER KEY STAKEHOLDERS (CONTINUED)

Analysis of ownership

The Fund had **1,684** unit-holders as at 30 June 2022. A breakdown of the category of Unitholders and the unit ownership as at 30 June 2022 are set out below:

Unitholder Structure for SBM Perpetual Fund as at 30 June 2022			
Market Value	**No of Clients**	**No of Units**	**% Holding**
0-59,999	-	-	0.00%
60,000 - 99,999	-	-	0.00%
100,000 - 124,999	75	36,595.61	0.18%
125,000 - 199,999	60	44,458.50	0.22%
200,000 - 499,999	302	438,432.82	2.13%
500,000 - 999,999	343	1,021,161.56	4.95%
1M - 1,499,999	313	1,631,884.68	7.91%
1.5M - 1,999,999	115	880,907.20	4.27%
2M - 2,999,999	177	1,859,808.48	9.02%
3M - 5,999,999	193	3,731,381.60	18.10%
6M - 10M	54	1,866,820.03	9.05%
10M-20M	34	1,990,814.17	9.65%
ABOVE 20M	18	7,117,752.23	34.52%
TOTAL	**1,684**	**20,620,016.8672**	**100.00%**

OTHER STATUTORY DISCLOSURES

SIGNIFICANT CONTRACTS

The following agreements have been approved by the Trustee and Manager and are still effective as at end of the financial year 2022:

- Custody Agreement with the SBM Bank (Mauritius) Limited.
- Administration Agreement with SBM Fund Services Ltd.
- Fund Management Agreement with SBM Mauritius Asset Managers Ltd.

Employee Share Option Scheme

The Fund has no share option plans.

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 Trustee, Manager, and officers. The cover does not provide insurance against fraudulent, malicious, or wilful acts or omissions.

OTHER STATUTORY DISCLOSURES (CONTINUED)

Ethics and Business Conduct

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

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

On behalf of the Trustee and Manager

Mr. ....
On behalf of the Trustee

Mr. ....
On behalf of the Manager

Date: 26 SEP 2022

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Trustee's and Manager's Responsibilities in respect of the Financial Statements

The Trustee and Manager 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 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 Trust Act, 2001 and International Financial Reporting Standards (IFRS) have been adhered to and explain material departures thereto
- use the going concern basis unless it is inappropriate.

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

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

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

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

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

The Trustee and Manager 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 Trust Act, 1989, the Trust Act, 2001, the Securities Act, 2005, the Securities (Collective Investment Schemes and Closed-end Funds) Regulations, 2008 and have been prepared in accordance with 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.

On behalf of the Trustee and Manager

Mr.	Mr. ....
On behalf of the Trustee	On behalf of the Manager
Date: 23 SEP 2022	

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STATEMENT OF COMPLIANCE
(Section 75 (3) of the Financial Reporting Act)

Name of PIE: SBM Perpetual Fund

Reporting Period: Year ended 30 June 2022

We, the Trustee and Manager of the SBM Perpetual Fund (the "Fund") confirm that to the best of our knowledge, the Fund has complied with most of its obligation and requirements under the National Code of Corporate Governance for Mauritius (2016) except for Principle 2, 3 and 4 of the Code of Corporate Governance.

The reason for non-compliance is that the Fund is set-up as a Trust and not a company. In this context, it has no board of directors, no board committees, and no company secretary.

However, the main roles as described under Principle 2, 3 and 4 of the Code of Corporate Governance are fulfilled by the Board of the Manager, SBM Mauritius Asset Managers Ltd, as described above.

On behalf of the Trustee and Manager

OS TRUSTEES LTD The Common Seal of

……………………………… ………………………………
On behalf of the Trustee On behalf of the Manager

Date: 23 SEP 2022

Deloitte.

7th-8th floor, Standard Chartered Tower
19-21 Bank Street
Cybercity
Ebène 72201
Mauritius

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

Report on the audit of the financial statements

Opinion

We have audited the financial statements of **SBM Perpetual Fund** (the "Fund") set out on pages 6 to 31, which comprise the statement of financial position as at 30 June 2022, and the statement of profit or loss and other comprehensive income, statement of changes in net assets 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 2022, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and comply with the requirements of the Mauritius Companies Act 2001 and the Financial Reporting Act 2004.

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 Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the International Ethics Standard Board for International Accountants' *Code of Ethics for Professional Accountants (including International Independence Standards)* (the "IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, 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 trustee and manager for the Financial Statements

The trustee and the manager 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 and the Financial Reporting Act 2004 and they are also responsible for such internal control as the trustee and manager 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 trustee and the manager 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 trustee and manager either intend to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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.

Deloitte.

7th-8th floor, Standard Chartered Tower
19-21 Bank Street
Cybercity
Ebène 72201
Mauritius

Auditor's responsibilities for the audit of the financial statements (cont'd)

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 trustee and the manager' 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 those charged with governance 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.

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 and tax advisor;
- 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.

Financial Reporting Act 2004

Our responsibility under the Financial Reporting Act 2004 is to report on the compliance with the Code of Corporate Governance disclosed in the annual report and assess the explanations given for non-compliance with any requirement of the Code. From our assessment of the disclosures made on corporate governance in the annual report, the Public Interest Entity has, pursuant to section 75 of the Financial Reporting Act 2004, complied with the requirements of the Code.

Use of this report

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

23 September 2022

R. Srinivasa Sa.

R. Srinivasa Sankar, FCA

Licensed by FRC

SBM PERPETUAL FUND
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022

	Notes	2022	2021
		MUR'000	MUR'000
ASSETS			
Cash and cash equivalents		**223,799**	289,283
Other receivables	5	**7,031**	140
Financial assets held at amortised cost	6	**3,751,435**	3,053,822
Financial assets measured at fair value through other comprehensive income	7	**596,571**	581,992
		4,578,836	3,925,237
LIABILITIES			
Other payables	10	**26,334**	164,317
Income tax liability	11(a)	**1,878**	2,280
		28,212	166,597
UNITS			
Redeemable units	12(i)	**3,693,928**	3,054,372
Retained earnings		**858,503**	702,048
Fair value reserve		**(1,807)**	2,220
		4,550,624	3,758,640
TOTAL EQUITY AND LIABILITIES		**4,578,836**	3,925,237

Approved by the Trustee and the Manager and authorised for issue on 23 SEP 2022

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....
TRUSTEE MANAGER

The notes on pages 10 to 31 form part of these financial statements.

	Notes	Year ended 30 June 2022 MUR'000	Year ended 30 June 2021 MUR'000
GROSS INCOME			
Interest income at EIR	13	**200,196**	155,624
		200,196	155,624
FUND EXPENSES			
Manager's fees	14	**30,466**	24,714
Administrator's fees	15	**4,570**	3,707
Registry fees	16	**4,570**	3,707
Custodian fees	17	**2,247**	1,801
Trustee fee	18	**690**	676
Audit fees		**128**	119
Legal & professional fees		**64**	93
General expenses		**5**	4
Expected credit losses - reversal	8	**(4,019)**	(587)
		38,721	34,234
PROFIT BEFORE TAXATION		**161,475**	121,390
Income tax expense	11 (b)	**(5,020)**	(4,247)
PROFIT AFTER TAXATION		**156,455**	117,143
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified subsequently to profit or loss			
Net (loss)/ gain on financial assets at FVOCI	7	**(4,027)**	4,966
Change in net assets attributable to holders of redeemable units		**152,428**	122,109

The notes on pages 10 to 31 form part of these financial statements.

	Issued units	Retained earnings	Non-distributable Fair value reserve	Total
	MUR'000	MUR'000	MUR'000	MUR'000
At 01 July 2020	2,046,291	584,905	(2,746)	2,628,450
Issue of units	1,426,402	-	-	1,426,402
Redemption of units	(418,321)	-	-	(418,321)
Change in net assets attributable to holders of redeemable units for the year	-	117,143	4,966	122,109
As at 30 June 2021	3,054,372	702,048	2,220	3,758,640
At 01 July 2021	**3,054,372**	**702,048**	**2,220**	**3,758,640**
Issue of units	**957,069**	**-**	**-**	**957,069**
Redemption of units	**(317,513)**	**-**	**-**	**(317,513)**
Change in net assets attributable to holders of redeemable units for the year	**-**	**156,455**	**(4,027)**	**152,428**
As at 30 June 2022	**3,693,928**	**858,503**	**(1,807)**	**4,550,624**

Note :

As per the Fund's prospectus, capital gains arising from changes in the value of investments, both realised and unrealised are credited to non-distributable reserve and shall not be available for distribution as dividends. Capital losses arising from changes in the value of investments will be debited to the said reserve and shall not be offset against income received.

	Notes	Year ended 30 June 2022 MUR'000	Year ended 30 June 2021 MUR'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		**161,475**	121,390
Adjustment for:			
Interest Income	13	**(200,196)**	(155,624)
Expected credit losses	8	**(4,019)**	(587)
Operating loss before working capital changes		**(42,740)**	(34,821)
(Increase)/ decrease in other receivables		**(6,902)**	1,144
(Decrease)/ increase in other payables		**(137,983)**	129,630
Purchase of financial assets held at amortised cost	6	**(798,837)**	(973,149)
Purchase of financial assets held at FVOCI	7	**(57,438)**	(287,000)
Proceeds on maturity of financial assets held at amortised cost	6	**105,000**	40,000
Proceeds on maturity of financial assets held at FVOCI	7	**40,000**	20,000
Proceeds on disposal of financial assets held at FVOCI	7	**194**	66,700
Interest received		**199,088**	161,185
Net cash used in operations		**(699,618)**	(876,311)
Taxation paid	11(a)	**(5,422)**	(3,140)
CSR paid		**-**	(667)
Net cash used in operating activities		**(705,040)**	(880,118)
CASHFLOWS FROM FINANCING ACTIVITIES			
Issue of redeemable units	12 (i)	**957,069**	1,426,402
Redemption of redeemable units	12 (i)	**(317,513)**	(418,321)
Net cash generated from financing activities		**639,556**	1,008,081
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		**(65,484)**	127,963
CASH AND CASH EQUIVALENTS AT START OF YEAR		**289,283**	161,320
CASH AND CASH EQUIVALENTS AT END OF YEAR		**223,799**	289,283

The notes on pages 10 to 31 form part of these financial statements.

1 LEGAL FORM AND PRINCIPAL ACTIVITY

SBM Perpetual Fund Ltd ("the Fund") was incorporated on 28 September 2006 as a Public Company Limited by share. Its registered office is situated at SBM Tower, 1 Queen Elizabeth II Avenue, Port Louis, Mauritius. The Fund was authorised to operate as a Collective Investment Scheme under Section 97 of the Securities Act 2005.

The Fund is authorised to operate as a unit trust under the Securities Act 2005 and the Securities (Collective Investment Schemes and Closed-end Funds) Regulations 2008 (the "Securities Laws of Mauritius").

SBM Perpetual Fund Ltd operated as a domestic Fund until 31 December 2019. On 01 January 2020, a restructuring exercise was performed whereby all the assets and liabilities previously held under SBM Perpetual Fund Ltd were transferred to a Sub Fund of SBM Investment Unit Trust known as "SBM Perpetual Fund", pursuant to a Supplement of the Trust being executed between the Trustee and the Manager.

The principal activity of the Fund is to invest in long term securities and other instruments. 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 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 2021.

2.1 NEW AND REVISED STANDARDS IN ISSUE BUT NOT YET EFFECTIVE

(a) Standards and amendments to existing standards effective 1 July 2021

The following relevant revised standard has been applied in these financial statements. Their applications have not had any material impact on the amounts reported for current and prior years.

IAS 39	Financial Instruments: Recognition and Measurement - Amendments regarding pre-replacement issues in the context of the IBOR reform
IFRS 7	Financial Instruments: Disclosures - Amendments regarding pre-replacement issues in the context of the IBOR reform
IFRS 9	Financial Instruments - Amendments regarding pre-replacement issues in the context of the IBOR reform

(b) New standards, amendments and interpretations effective after 1 July 2022 and have not been early adopted

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

IAS 1	Presentation of Financial Statements - Amendment to defer the effective date of January 2020 amendments (effective 1 January 2023)
IAS 1	Presentation of Financial Statements - Amendments regarding the classification of liabilities (effective 1 January 2023)
IAS 1	Presentation of Financial Statements - Amendments regarding the disclosure of accounting policies (effective 1 January 2023)

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

2.1 NEW AND REVISED STANDARDS IN ISSUE BUT NOT YET EFFECTIVE (CONTINUED)

(b) New standards, amendments and interpretations effective after 1 July 2022 and have not been early adopted (Continued)

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

IAS 12 Income taxes - Amendments regarding deferred tax related to assets and liabilities arising from a single transaction (effective 1 January 2023)

IFRS 9 Financial Instruments - Amendments resulting from Annual Improvements to IFRS Standards 2018-2020 (fees in the '10 per cent' test for derecognition of financial liabilities) (effective 1 January 2022)

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").

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 Mauritian Rupee ("MUR'000") and all values are rounded to the nearest thousand, except when otherwise indicated.

3.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) 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)

(a) Taxes (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;

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.

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.

(b) Financial instruments

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.

As a result of the adoption of IFRS 9, the Fund has adopted consequential amendments to IAS 1 Presentation of Financial Statements, which require:

- Impairment of financial assets to be presented in a separate line item in the statement of comprehensive income; and
- Separate presentation in the statement of profit or loss and other comprehensive income of interest revenue calculated using the effective interest method.

3 ACCOUNTING POLICIES (CONTINUED)

3.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Financial instruments (continued)

Financial assets

Initial recognition and measurement

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

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. 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.

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.

Management has made an assessment on the basis of the facts and circumstances that existed at the date of initial application to determine whether to classify the debt instruments held at amortised cost or financial assets at fair value through OCI. The determination of the business model within which a financial asset is held at amortised cost needs to meet the objective ,which is to hold financial assets in order to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the settlement date for debt instruments, i.e., the date that the Fund settles the purchase or sale of 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 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.

3 ACCOUNTING POLICIES (CONTINUED)

3.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Financial instruments (Continued)

Financial assets (Continued)

Financial assets at amortised cost (Continued)

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 financial assets at amortised cost, cash and cash equivalents and other receivables.

Financial assets at fair value through OCI (FVOCI)

The Funds measure 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.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in 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 is recycled to profit or loss. The Fund's debt instruments at fair value through OCI include financial assets at fair value through other comprehensive income.

The Fund's financial assets at FVOCI include quoted corporate bonds.

Derecognition

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

(b) 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 financial asset is 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. (See Note 20).

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)

(b) Financial instruments (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 other 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.

Write off policy

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows. Financial assets written off may still be subject to enforcement activities under the Fund's recovery procedures. Any recoveries made are recognised in profit or loss.

Financial liabilities

Initial recognition and measurement

Financial liabilities comprise of other payables, which are measured at amortised cost.

Subsequent measurement

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

<u>Other payables</u>

Other payables are stated at their amortised cost using the effective interest method.

<u>Effective interest method</u>

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the interest rate, transaction costs and other premium or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

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)

(b) 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 8.

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.

(c) 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.

(d) Cash and cash equivalents

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

(e) Provisions

Provisions are recognised when the Fund has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Fund expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in statement of profit or loss and other comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

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.

The Fund classified its redeemable units as equity as it meets the above features and also the Fund does not have any contractual obligation to repurchase or redeem for cash or other financial asset.

The issuance, acquisition and cancellation of redeemable units are accounted for as equity transactions. Upon issuance of shares, the consideration received is included in equity.

(g) Related parties

Parties are considered to be related to the Fund if they have the ability, directly or indirectly, to control the Fund or exercise significant influence over the Fund. Related parties may be individuals or other entities.

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 MUR, its capital-raising currency. The liquidity of the Fund is managed on a day-to-day basis in MUR. The Fund's performance is evaluated in MUR. Therefore, the management considers MUR 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 has been prepared on the going concern basis.

(c) *Business model assessment*

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.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjournment to the carrying amounts of assets and liabilities within the next financial year, are discussed below. The company based its assumptions and estimates on parameters available when the financial statements were prepared.

Expected credit losses (ECLs)

To calculate the ECL, the Fund has applied judgements that have a significant effect on the amounts recognised in the financial statements and include the classification of financial instruments into financial assets measured at amortised cost category. Estimated ratings have been used for the calculation (Note 20).

5. OTHER RECEIVABLES

	2022	2021
	MUR'000	MUR'000
Prepayments	23	23
Interest receivable	105	117
Application monies receivable	6,900	-
Receivable from SBM MAM	3	-
	7,031	140

6. FINANCIAL ASSETS HELD AT AMORTISED COST

	2022	2021
	MUR'000	MUR'000
At 01 July 2021	3,053,822	2,143,270
Reclassification from amortised cost to FVOCI	-	(14,946)
Additions	798,837	973,149
Maturity	(105,000)	(40,000)
Net interest accrued	1,156	(7,929)
Allowance for expected credit loss - reversal (Note 8)	2,620	278
At 30 June 2022	3,751,435	3,053,822

(a) The breakdown of financial assets held at amortised cost is as follows:

2022	Interest rate	Maturity	MUR'000
Government bonds	2.9%-11.75%	Dec 22 - Aug 42	3,403,464
Term deposits with other financial institutions	3.50% - 6.25%	Oct 22 - Jun 30	89,156
Other local bonds	4.00% - 6.80%	Apr 24 - Dec 35	258,815
			3,751,435

2021	Interest rate	Maturity	MUR'000
Government bonds	3.9%-11.75%	Sept 21 - May 41	2,680,834
Term deposits with other financial institutions	3.50% - 6.25%	Apr 22 - Jun 30	114,866
Other local bonds	4.30% - 6.80%	Apr 24 - Dec 35	258,122
			3,053,822

(b) Financial assets held at amortised cost are further analysed as follows:

	2022	2021
	MUR'000	MUR'000
Non-current	3,627,510	3,017,737
Current	123,925	36,085
	3,751,435	3,053,822

6. FINANCIAL ASSETS HELD AT AMORTISED COST (CONTINUED)

(c) Details of financial assets held at amortised cost classified under term deposits with other financial institutions and other local bonds are as follows:

	2022	2021
	MUR'000	MUR'000
Government bonds	**3,403,464**	2,680,834
Term deposits with other financial institutions		
La Prudence Leasing Finance Co Ltd	**39,103**	64,818
Bank One Notes	**50,053**	50,048
	89,156	114,866
Other local bonds		
Ciel Note	**84,630**	84,455
SIT Bond	**55,529**	55,324
Ignite Fitness Global Ltd	**25,601**	25,502
Ascencia Ltd	**65,013**	64,843
Gamma Civic	**28,042**	27,998
	258,815	258,122
	3,751,435	3,053,822

7 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2022	2021
	MUR'000	MUR'000
At 01 July	**581,992**	359,103
Reclassification from amortised to FVOCI	**-**	14,946
Additions	**57,438**	287,000
Maturity	**(40,000)**	(20,000)
Disposals	**(194)**	(66,700)
Interest accrued	**(37)**	2,368
Allowance for expected credit loss (Note 8)	**1,399**	309
Fair value movement	**(4,027)**	4,966
At 30 June	**596,571**	581,992

(i) The breakdown of financial assets measured at fair value through OCI is as follows:

2022	Interest rate	Maturity	MUR'000
SBM bonds	**3.20%-5.75%**	**Mar 24 - Jun 28**	**130,071**
Term deposits with other financial institutions	**1.85%-4.75%**	**Jan 23 - Jul 30**	**147,646**
Other local bonds	**2.70% - 6.00%**	**Sep 22 -April 28**	**318,854**
			596,571

2021	Interest rate	Maturity	MUR'000
SBM bonds	3.20%-5.75%	Mar 24 - Jun 28	129,960
Term deposits with other financial institutions	1.85%-4.75%	Jan 23 - Jul 30	145,763
Other local bonds	2.70% - 6.00%	Nov 21 -April 28	306,269
			581,992

(ii) Financial assets measured at fair value through OCI are further analysed as follows:

	2022	2021
	MUR'000	MUR'000
Non-current	**483,710**	540,779
Current	**112,861**	41,213
	596,571	581,992

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

(iii) Details of financial assets measured at fair value through OCI are as follows:

	2022 MUR'000	2021 MUR'000
CIM Financial Services Ltd	**100,423**	98,740
SBM MUR Note Class A2 series	**74,526**	74,610
Ascencia Ltd	**1,880**	2,199
IBL Ltd Notes	**20,431**	20,675
Alpha Capital Protected Note - Series 1	**15,082**	15,801
SBM Bond	**55,545**	55,350
MCB Group Ltd Notes	**47,222**	47,024
IBL Ltd Floating Rate Notes	**50,353**	50,319
NMHL Note	**5,041**	5,039
Forty Two Point Two Notes	**190,692**	171,022
Innodis Ltd	**35,376**	-
Sun Limited Notes	**-**	41,213
	596,571	581,992

8 ALLOWANCE FOR EXPECTED CREDIT LOSSES (ECLs)

	Amortised cost MUR'000	FVOCI MUR'000	Total allowance MUR'000
At 01 July 2021	**2,856**	**1,746**	**4,602**
Movement during the year	**(2,620)**	**(1,399)**	**(4,019)**
At 30 June 2022	**236**	**347**	**583**
At 01 July 2020	3,270	1,919	5,189
Reclassification	(136)	136	-
Movement during the period	(278)	(309)	(587)
At 30 June 2021	2,856	1,746	4,602

All financial assets are classified under stage 1 at reporting date (2021: Stage 1).

9 FAIR VALUE MEASUREMENT HIERARCHY

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).

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).

	Level 1 MUR'000	Level 2 MUR'000	Level 3 MUR'000	Total MUR'000
2022				
Financial assets measured at FVOCI	**179,174**	**402,315**	**15,082**	**596,571**
2021				
Financial assets measured at FVOCI	179,183	387,008	15,801	581,992

There has been no transfers between levels.

9 FAIR VALUE MEASUREMENT HIERARCHY

Level 3 reconciliation

The table below shows a reconciliation of all movements in the fair value of financial instruments categorised with the Level 3 between the beginning and the end of the reporting period:

	2022	2021
	MUR	MUR
At start	15,801	-
Additions	-	15,801
Fair value movement	(718)	-
At end	15,082	15,801

10 OTHER PAYABLES

	2022	2021
	MUR'000	MUR'000
Audit fees	126	127
Manager's fee payable	2,803	2,343
Administrator fee payable	420	351
Custodian fees payable	208	176
Registry fees payable	420	351
Trustee fees payable	57	115
Entry and exit fees payable	135	479
Tax filing fees payable	21	21
Other professional fees payable	12	13
Redemption payable	22,132	138,241
Advance subscription refundable	-	22,100
	26,334	164,317

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

11 TAXATION

Income tax is calculated at the rate of 15% on profit for the year as adjusted for income tax purposes.

(a) Income tax liability	2022	2021
	MUR'000	MUR'000
At 01 July	2,280	1,840
Tax charge	5,075	3,625
Tax paid in advance	(3,197)	(1,346)
Income Tax paid	(2,225)	(1,794)
Over provision in previous year	(55)	(45)
At 30 June	1,878	2,280

(b) Reconciliation of tax charge	2022	2021
	MUR'000	MUR'000
Profit before taxation	161,475	121,390
Tax reconciliation at the tax rate of 15% (2021: 15%)	24,221	18,209
Tax effect of:		
Exempt income	(25,429)	(18,675)
Non-taxable income	(603)	-
Non deductible expenses	6,886	4,091
Over provision in previous year	(55)	(45)
CSR paid	-	667
Income tax expense	5,020	4,247
Income tax charge	5,075	3,625
CSR paid	-	667
Over provision in previous year	(55)	(45)
Income tax expense	5,020	4,247

12 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 Fund'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 consist of redeemable participating shares denominated in Mauritian Rupees. The redeemable participating shares are redeemable at the option of the shareholder based on net asset value.

Unitholders have undivided rights in the Fund pro-rata to the number of Units held by them.

Upon the Fund being terminated, the Fund shall sell all the Fund property vested in it in accordance with the terms of the Trust Deed. It shall apply the proceeds of the sale to repay any liability by the Fund and shall distribute all net cash proceeds to the Unitholders pro-rata to their number of Units after deduction of expenses as provided for in the Trust Deed.

Unitholders shall be entitled to vote at meetings of Unitholders.

The following matters shall require a meeting of Unitholders:

- termination of the Trust by Extraordinary Resolution,
- appointment of a new Manager or Trustee in the case the Manager has retired and has not been replaced by the Trustee or in case the Trustee has retired and has not been replaced by the Manager.

(i) Movement during the year

	2022		2021	
	No. of redeemable units	**MUR'000**	No. of redeemable units	MUR'000
At 01 July	**17,681,189**	**3,054,372**	12,838,658	2,046,291
Units issued	**4,405,970**	**957,069**	6,828,146	1,426,402
Units redeemed	**(1,467,142)**	**(317,513)**	(1,985,615)	(418,321)
At 30 June	**20,620,017**	**3,693,928**	17,681,189	3,054,372

(ii) Net asset value per unit

	2022	2021
Net asset attributable to holders of units (MUR'000)	**4,550,624**	3,758,640
Net asset value per unit (MUR)	**220.69**	212.58

(iii) Prices per unit

	2022	2021
Issue price	**221.79**	213.64
Redemption price	**218.48**	210.45

13 INTEREST INCOME

	2022 MUR'000	2021 MUR'000
Bonds	**186,013**	142,329
Deposits with financial institutions	**14,183**	13,295
	200,196	155,624

13. INTEREST INCOME (CONTINUED)

Interest income earned on financial assets analysed by category of assets is as follows:

	2022	2021
	MUR'000	MUR'000
Financial assets held at amortised cost	178,991	134,729
Financial assets held at FVOCI	21,205	20,895
	200,196	155,624

14. MANAGER'S FEES

Manager's fees are computed daily based on **0.75% p.a of net asset value** (2021: 0.75% of NAV) of the Fund and are payable monthly in arrears.

15. ADMINISTRATOR'S FEES

Administrator's fees are computed daily based on **0.1125% p.a of net asset value** (2021: 0.1125% of NAV) of the Fund and are payable monthly in arrears.

16. REGISTRY FEES

Registry's fees are computed daily based on **0.1125% p.a of net asset value** (2021: 0.1125% of NAV) of the Fund and are payable monthly in arrears.

17. CUSTODIAN FEES

Custodian's fees are computed daily based on **0.06% on investment value** (2021: 0.06% on investment value) of the Fund and are payable monthly in arrears.

18. TRUSTEE FEES

The Trustee will receive a trustee fee of **0.020% per annum of the Net Asset Value plus VAT** of the Fund (the "Trustee Fee") (2021: 0.020% + VAT) subject to a minimum of MUR 35,000 per month and a maximum of MUR 50,000 per month. The Trustee fees are calculated on a daily basis payable monthly in arrears.

19. ENTRY AND EXIT FEES

Entry fees of up to 0.50% (2021: up to 0.50%) on the units subscribed are retained by the Investment Manager to meet any administration costs in relation to subscription of units.

Exit fees of 1.00% in year 1, 0.75% in year 2, 0.50% in year 3 and nil after year 3 (2021: 1.00% in year 1, 0.75% in year 2, 0.50% in year 3 and nil after year) will be applicable at the time of redemption. The redemption proceeds will be reduced by the amount of the exit fees and the net amount paid to the Unitholder.

20. FINANCIAL INSTRUMENTS

Categories of Financial Assets and Financial Liabilities

	2022	2021
Financial assets	MUR'000	MUR'000
Financial assets held at fair value through OCI	596,571	581,992
Financial assets held at amortised cost	3,751,435	3,053,822
Cash and cash equivalents at amortised cost	223,799	289,283
Other receivables at amortised cost	7,008	117
	4,578,813	3,925,214
Financial liabilities		
Other payables at amortised cost	26,334	164,317
	26,334	164,317

20 FINANCIAL INSTRUMENTS (CONTINUED)

Significant accounting policies

Details of the significant accounting policies and methods adopted, (including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised) in respect of each class of financial asset and financial liability and equity instruments are disclosed in note 3 to the Financial Statements.

Financial risk management

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

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.

Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices. The Fund is exposed mostly to risk relating to changes in interest rates. This has been detailed under interest rate risk.

Currency risk

At the reporting date, there were no financial assets or liabilities denominated in foreign currencies. As such, the Fund is not exposed to currency risk.

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.

At the reporting date, the interest rate profile of the Fund's interest bearing financial instruments was:

	2022	2021
	MUR'000	MUR'000
Variable rate assets		
Deposits with financial institutions	**102,768**	102,374
Government bonds	**508,723**	507,763
Other local bonds	**339,140**	360,435
Balance with bank	**223,799**	289,283
	1,174,430	1,259,855
Fixed rate assets		
Deposits with financial institutions	**264,105**	288,215
Government bonds	**2,894,742**	2,173,071
Other local bonds	**238,529**	203,956
	3,397,376	2,665,242

The Fund is exposed to interest rate risk on its variable rate assets.

20. FINANCIAL INSTRUMENTS (CONTINUED)

The sensitivity analysis below assesses the impact of a change in interest rate over a 12-month period.

	Change in interest rate	2022	2021
	%	MUR'000	MUR'000
Profit before tax	+1	**11,744**	12,599

A decrease in interest rate by 1% would have resulted in an equal but opposite impact on profit before tax and net assets.

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.

Impairment on cash and cash equivalents 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 requirements

The Fund's financial assets subject to the expected credit loss model within IFRS 9 are financial assets at amortised cost and financial assets at FVOCI. At 30 June 2022, the total financial assets at amortised cost was **MUR'000 3,751,435** (2021: MUR'000 3,053,822) and total financial assets at FVOCI was **MUR'000 596,571** (2021: MUR'000 581,992) on which a loss allowance of **MUR 583** (2021: MUR 4,602) has 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 year.

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%. 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 effectived interest rate. The loss on financial assets is detailed as follows:

2022 Financial assets	Rating	PD_1	LGD_1	MUR'000
Government Bonds	Baa2	0.000011	45%	17
Deposits with financial institutions	A+	0.0003972	45%	107
Other local bonds	A+ / AA- / Unrated	0.000123 - 0.0000130	42%	459
				583

20. FINANCIAL INSTRUMENTS (CONTINUED)

Credit risk (Continued)

2021 **Financial assets**	**Rating**	**PD_1**	**LGD_1**	**MUR'000**
Government Bonds	Baa2	0.001329	45%	1,604
Deposits with financial institutions	Aa3 - Unrated	0.004304 - 0.013666	45%	1,098
Other local bonds	AAA- Unrated	0.004300 - 0.013666	37%-41%	1,900
				4,602

Liquidity risk

Liquidity risk is defined as the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Exposure to liquidity risk arises because of the possibility that the Fund could be required to pay its liabilities or redeem its units earlier than expected.

The Fund is exposed to cash redemptions of its redeemable shares on a regular basis. Units 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. A unitholder who makes full or partial request for redemption of units shall be paid the Redemption Price within 30 (thirty) Days of the applicable Dealing Day, or after receipt of the completed original redemption documentation, whichever is later. The Manager may limit the total number of Units in the Fund that may be redeemed on any Dealing Day to 5% of the outstanding Units in the Fund.

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 fixed income securities and place deposits with financial institutions 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 units and other 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.

20. FINANCIAL INSTRUMENTS (CONTINUED)

Liquidity risk (Continued)

Financial assets (Continued)

2022	Less than 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Cash and cash equivalents	223,799	-	-	-	223,799
Financial assets held at amortised cost	123,925	65,609	199,503	3,362,398	3,751,435
Financial assets held at FVOCI	112,861	55,545	200,290	227,875	596,571
Other receivables at amortised cost	7,008	-	-	-	7,008
Total financial assets	467,593	121,154	399,793	3,590,273	4,578,813
Other payables	26,334	-	-	-	26,334
Total financial liabilities	26,334	-	-	-	26,334
Liquidity gap	441,259	121,154	399,793	3,590,273	4,552,479

2021	Less than 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
Cash and cash equivalents	289,283	-	-	-	289,283
Financial assets held at amortised cost	36,085	98,479	189,593	2,729,665	3,053,822
Financial assets held at FVOCI	41,213	88,540	246,271	205,968	581,992
Other receivables at amortised cost	117	-	-	-	117
Total financial assets	366,698	187,019	435,864	2,935,633	3,925,214
Other payables	164,317	-	-	-	164,317
Total financial liabilities	164,317	-	-	-	164,317
Liquidity gap	202,381	187,019	435,864	2,935,633	3,760,897

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 entered into with the same counterparty or when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in econimic features that would cause their ability to meet contractual obligations to be similarly affected by changes in ecoṅomic political or other conditions. Concentrations of liquidity risk may arise from repayment terms of financial liabilities. Concentrations of foreign exchange risk may arise if the Fund has a significant net open position in a single foreign currency. In order to avoid excessive concentration of risk, the Fund's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. The investment manager is instructed to reduce exposure to excessive risk concentrations. The Fund shall not purchase a security, other than a debt security issued by the Government of Mauritius or the Government of any other country, if, immediatley after the purchase more than 5% of its net assets, taken at market value at the time of purchase would be invested in securities of that issuer. The Fund shall also not purchase a security of an issuer where, immediately after the purchase, the Fund would hold more than 10% of a class of securities of that issuer. The Fund has complied with these restrictions.

21. RELATED PARTY DISCLOSURES

During the years ended 30 June 2022 and 30 June 2021, the Fund transacted with related entities. Details of the nature, volume of transactions and balances with the entities are shown below.

	Balances with related parties		Fund expense	
	2022	2021	**2022**	2021
	MUR'000	MUR'000	**MUR'000**	MUR'000
SBM Mauritius Asset Managers Ltd				
Manager's fees payable	**2,803**	2,343		
Manager's fees expense			**30,466**	24,714
Entry fees refundable	**3**	-		
SBM Fund Services Ltd				
Administrator's fees payable	**420**	351		
Administrator's fees expense			**4,570**	3,707
Registry fees payable	**420**	351		
Registry fees expense			**4,570**	3,707
SBM Bank (Mauritius) Ltd				
Custodian fees payable	**208**	176		
Custodian fees expense			**2,247**	1,801
Bank balances held with Bank	**223,799**	289,283		
Bank charges on Bank account			**1**	1
DTOS Trustees Ltd				
Trustee fees payable	**57**	115		
Trustee expense			**690**	676
SBM Holdings Ltd				
Investments in ultimate holding company	**130,071**	129,960		
Interest Income			**6,078**	6,040
Units issued to related parties				
SBM Yield Fund	**1,017,607**	-		
SBM Universal Fund	**9,972,549**	-		

Terms and conditions of transactions with related parties

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 payables.

No compensation was paid to key management personnel for the year ended 30 June 2022 (30 June 2021:nil).

22. UKRAINE WAR

On 24 February 2022, the war between Russia and Ukraine began, as of the issuance date, the countries remain in active armed conflict. Around the same time, the United States, the United Kingdom, the European Union, and other several nations announced a broad array of new or expanded sanctions, export controls and other measures against Russia, Russia-backed separatist regions in Ukraine, and certain banks, companies government officials and other individuals in Russia and Belarus. The ongoing conflict, and the rapidly evolving measures in response, as well as monetary policy tightening around the globe amid a persistently high inflation environment are likely to exert negative impacts on the global economy and business activity.

22. UKRAINE WAR (CONTINUED)

The impacts of the conflict, risks of heightened geopolitical tensions and the path of monetary policy tightening on the global economic and financial markets are impossible to predict, and as a result, are likely to increase the volatility of the Fund's investments and performance, and the ability of the Fund to achieve its investment objectives. It is to be noted that the Fund does not have any direct investment exposure to Russia, Ukraine, Belarus, or the immediate surrounding areas.

23. 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 2022.