

ANNUAL REPORT



super fund
caring for your retirement

Our Vision

To create a community of happy pensioners celebrating life



Our Mission

We help our members prepare early for a rewarding retirement by providing sustainable, long term benefits in a cost effective manner

Our Values

Transparency

We communicate clearly and openly about the scheme we administer

Flexibility

We allow for and respond to our members' various needs without becoming unduly complex

Innovation

We keep imagining the future and help prepare for it now

Dedication

We are result-oriented and we go the extra mile to meet our goals

Reliability

We are committed to being responsible stewards of the funds entrusted to us

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President's Message

I begin this Annual Report with a sense of gratitude and pride about Super Fund that has only grown stronger over the course of its existence.

Throughout a period of profound political and economic change around the world, Super Fund has been steadfast in its dedication of the serving the business community while earning a fair return for its members over the years.

"In 2018, Super Fund experienced the best of times and the worst of times."

2018 was another breakthrough year for Super Fund. We have reached the 1 billion of Fund value during the year, an objective which was set by the management committee some 3 years back. We have welcomed new members during the year with upfront contributions of more than 150 million into the Fund. This is again the testimony of trust employers have on us.

On the other side, it was unfortunate that a combination of adverse economic conditions, political trade wars and challenging operating conditions affected the fund performance in 2018. Global equity markets underwent quite a turbulent year in 2018, especially over the last quarter and emerging markets were negatively impacted by the strong dollar. Amid volatility and increased risk aversion, bond yields were also lower over the last quarter.

The total asset value of the fund stood at Rs1 billion in 2018 compared to Rs822 million in 2017 and the Fund posted a negative return of 0.7% during the year mainly attributed to the difficult trading conditions and geopolitical factors.

We have revised our Investment Policy Statement during the year incorporating a revised strategic asset allocation. The review has been performed to adapt to the economic conditions and to optimise on certain investment opportunities in order to achieve better investment returns for our members. The document clearly spells out the scope of work, roles and responsibilities for each party involved in the management, administration and advising of Super Fund.

Our actuary also performed a triennial valuation of the Fund as at 31 December 2017 in line with the Private Pension Schemes Act to assess and examine the financial position of the Fund. The actuary appraised the fund's assets versus liabilities, using investment, economic and demographic assumptions for the model to determine the funded status of the Fund. The report also provided certain recommendations on the governance, investment and cash positions of the Fund. A full review of the financial position of the Fund will be completed no later than 31 December 2020.

A brainstorming session was organised during the year with the participation of our committee members and partners. The session has enabled us to define our niche and also provided us with a solid base on which to build and on areas we need to improve going forward. We have defined this as the direction we want to take in our strategic plan. The Committee has identified four main pillars on which more emphasis will be given during the next two years; enhancing communication between Super Fund and its members, setting up of a policy platform for pension providers, membership growth and annuity payment.



We are well aware of the challenges trustees face in carrying out the enormous task of serving their members. Trustees are often volunteers who give up significant hours of their own time to take on the serious responsibility of looking after a pension scheme. The importance of the role of trustee cannot be underestimated. If things go wrong, the buck stops with them. A training on Trustee Knowledge & Understanding was provided to committee members to become better equipped to manage the fund. The training provided the committee members with an insight on every facet of pension scheme management including governance, administration, investment, disclosure and funding level.

Super Fund remains robust despite a backdrop of economic uncertainty and financial volatility. We're confident that we can continue to achieve our mission. Keeping the member at the heart of everything we do is critical to the Super Fund's success. And as our membership grows, we continue to invest in improving our services. We shall soon launch our mobile application to enhance communication with our members. The Super Fund mobile application will be a first in our pension industry whereby members will be able to obtain information on their personal member account and the investment performance. Participating employers will, on their sides, be able to verify their contributions details and update their membership data. We shall also use this platform to share news and information to both employers and employees.

Last but certainly not least

Across our partners and service providers, we have great Committee Members here, all of whom are committed to delivering our mission. I'm proud to be associated with them all and express my appreciation to each one of them.

I'm looking forward to the coming year. It will undoubtedly bring new challenges but I know we have the right people on our team. Their values, skills and commitment will ensure we stay on course and continue to give our members every reason to be confident in us.

We are grateful for the opportunity to stand with you and we thank you for the privilege of serving.

With gratitude,



Shashi Ramdany
President

An Overview

Management Committee

The Management Committee is the governing body vested with the power to administer the Fund, and, is accordingly the strategy and policy making entity of the Fund. The Management Committee retains ultimate responsibility for the Fund, even when delegating certain functions to internal staff and external service providers.

The Managing Committee comprised of the following members for the year 2018:

Mr Shashi Ramdany

Reinsurance Solutions Ltd - President

Mr Daniel Chan Chong

FGY Services Ltd - Vice President

Mr Nilesh Gammoo

Business Mauritius - Secretary

Mr Twalha Dhunoo

Gamma Civic Ltd- Treasurer

Mr Franco Tuyau-Member

DPD Laser Ltd-Member

Mr Feroze Acharauz

Panache Co Ltd-Member

Mrs Jenny Kevan

Orange Business Services Ltd-Member

Mr. Jean Marc Desvaux

General Construction Co Ltd -Member

Mr Ashwin Foogoo

Green Yellow Ltd-Member

The Management Committee met three times during the year.

The Audit and Corporate Governance, and Investment sub-committees have also held meetings to assist the Management Committee in its decision-making processes.



Audit, Risk and Governance Committee

The Committee is chaired by **Mr Twalha Dhunnoo** and is composed of the following members:

Mr Franco Tuyau

Mr Nilesh Gammoo

The Audit, Risk and Governance Committee operates under an approved charter, which clearly spells out the roles and responsibilities of the committee members. The committee makes recommendations to the Management Committee on all corporate governance provisions to be adopted so that the Management Committee remains effective in ensuring that the Fund complies with prevailing corporate principles and practices. The Committee also reviews the internal control processes and the annual financial statements before their submission to the Management Committee. During the year, The Audit, Risk and Governance Committee met once.

Investment Committee

As at 31 December 2018, the Investment Committee was chaired by **Mr Daniel Chan Chong** and composed of the following members:

Mr Ashwin Foogooa

Mrs Jenny Kevan

Mr Nilesh Gammoo

The Investment Committee monitors the investment performance of the entire fund as well as the sub funds on a quarterly basis. The Investment Committee lays down and reviews on a regular basis the investment strategy of the different sub funds under management by our fund managers. The committee reviews periodically the investment policies and ensure that investment decisions and investment operations are consistent with the Fund's investment policies and strategies. During the year three meetings were held by the committee.

Activities during the Year

Actuarial Valuation

In line with the auditor and actuary rules of the private pension schemes act 2012, an actuarial valuation of Super Fund as at 31 December 2017 was done. The actuary assessed the overall funding level, the fund's liabilities with respect to active and deferred members and the built up reserves of the Fund. The report also highlighted certain recommendations on investments, contributions and governance of the Fund.

Review of the Investment Policy Statement (IPS)

The investment committee with the support of the investment consultant and advisors reviewed the investment policy statement in light of the economic and business conditions affecting the fund. The overall benchmark, the cash allocation and investments in funds managed by or related to the Investment Managers were addressed amongst others in the IPS.

Appointment of a new Fund Manager

The portfolio has grown significantly since the previous valuation with nearly 1 billion under management. In this context, the Management Committee has appointed Swan Wealth Managers Ltd as from July 2018 as a second fund manager following a tender exercise. The new fund manager shall bring in the Fund, an another investment style, diversification and potentially higher returns.

Brainstorming Session

A brainstorming session was held among committee members and our partners during the year. The aim of the session was to generate new ideas and solutions around some specific areas of interest and improvement for the Fund. The areas identified for actions during the next two years were: enhancing communication between Super Fund and its members, setting up of a platform for policy discussion among pension providers, membership growth and annuity payment.

Appointment of new Auditor

BDO Co Ltd was appointed as the new external Auditor of the Fund during the AGM.

Amendment of Rules

The Management Committee submitted a set of amendments to the rules of Super Fund to the Financial Services Commission for approval. The amendments were approved by the FSC during the year and the rules are now operational. The governance structure, the terms of office for management committee members as well as more flexibility in regards with the contributions of new members have been reviewed in the new rules.

Key Figures

Total Assets

1 Billion

2017 = 822 Million

Average
Monthly
Contribution

11

Million

2017 = 9.8 Million



Annuity Fund

53

Million

2017 = 39 Million

Annual
Return

-0.7%

2017 = 10%

Beneficiaries

2027

2017 = 1890

Participating
Employers

85

2017 = 84

Remarks by the Investment Advisor

The year ended 31 December 2018 was marked by the implementation of a number of measures to improve the overall governance structure of the fund as well as reviewing the investment process and monitoring.

The year saw the appointment of an additional fund manager, namely Swan Wealth Managers Ltd., further to a selection process. In addition to an internationally recognized methodology based on three main criteria, we assisted the Investment Committee (IC) in carrying out intensive interviews. The diversification of managers is the adoption of good governance and also ensuring benchmarking of performance of both managers across all sub-funds.

During the period under review, we assisted the IC to carry out the following:

- Review of the Investment Policy Statement and investment guidelines further to recommendations made by the Actuary. This document also ensured defining the scope of work, roles and responsibilities for each party involved in the management, administration and advising Super Fund;
- Review the investment management process and standardising the format of investment presentations by investment managers in view of ensuring overall good governance, comparability of performance and also to align investment managers interest with the fund beneficiaries;
- Monitoring investment in unlisted securities and ensuring disclosure of related party transactions, such as investment in fund managers' in-house funds or funds distributed by themselves.
- Successfully reduced the overall total expense ratio of the fund by assisting in the negotiations with Fund Managers and service providers to review their fees and also enforcing the disclosure of both "soft dollars" and "hard dollars" commissions, as per CFA Institute guidelines.
- Stringent monitoring and follow up of investment managers' investment actions and proposed investment strategy as well as investment allocation across different asset classes to ensure consistency in their investment actions and investments are made as per risk profile characteristics of each sub-fund.

For the period under review, the performance of the overall fund stood at -0.7%, while the benchmark dropped by 1.1%.

For the current financial year 2019, we are closely monitoring the performance of the managers and will reward managers with increased investment allocation in the sub-fund or investment strategy indicating sustained better performance. Moreover, we are also exploring ways with the IC and the Administrator to optimise return on short-term cash positions which currently remain idle and non-remunerating.

Rajiv Lutchmiah
Co-founder- CEO
LCF Securities Ltd

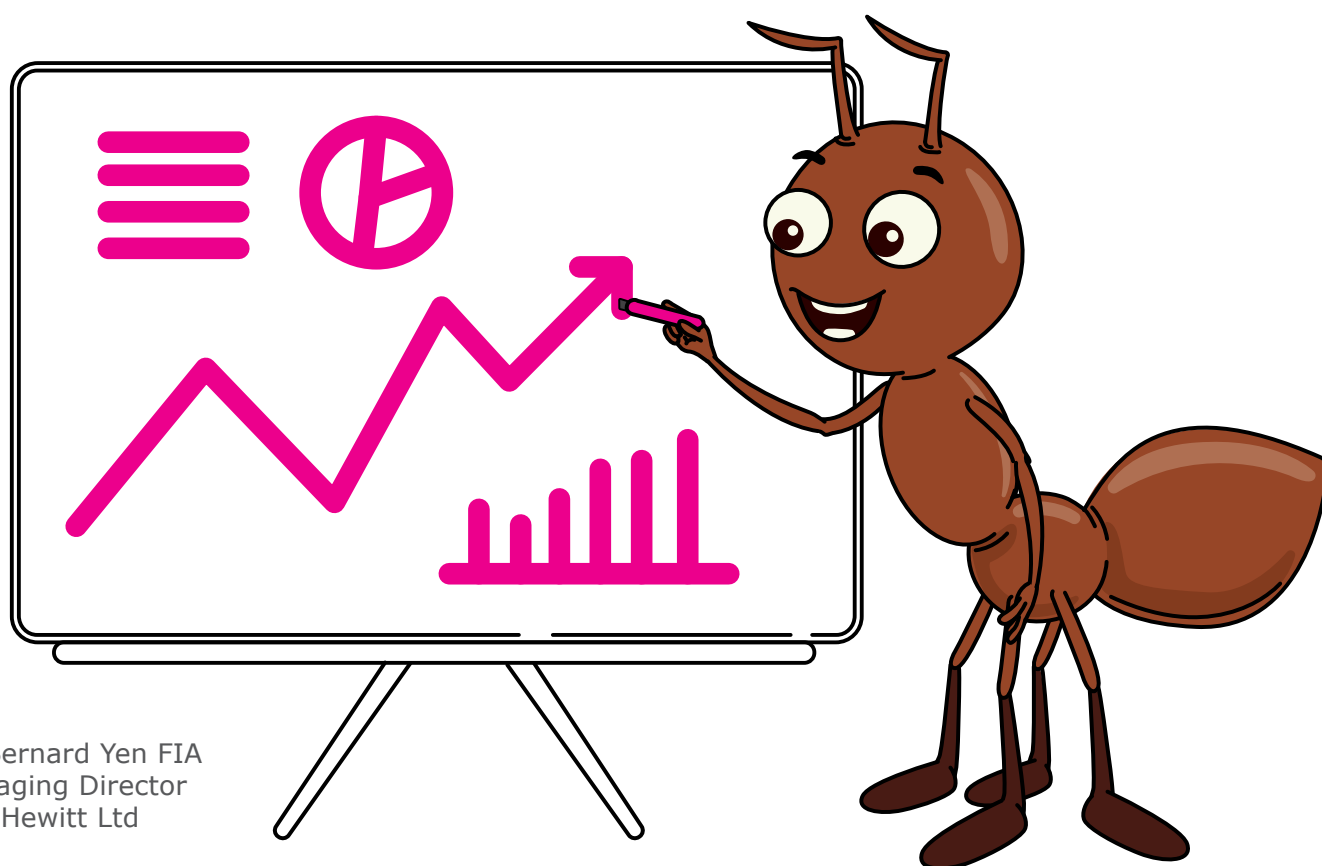
Remarks by the Actuary

In 2018, we carried out a formal actuarial valuation of Super Fund as at 31 December 2017.

Our main findings and recommendations to the Management Committee were as follows:

- The liabilities of the Fund towards active and deferred members amounting to Rs761.9 million were fully backed by assets of the same amount.
- The reserves built up in the Employer Reserve Account were Rs16.5 million and the Employers could keep contributions towards expenses at the current level of 0.8% of Pensionable Emoluments until the next actuarial review.
- The reserves built up in the Annuity Fund were Rs39.8 million and sufficient to meet expected pension payments, assuming no future pension increases.
- We recommended that the Investment Policy Statement of the Fund be reviewed on an annual basis.
- The Fund has in past years invested in several products managed by or related to ACM. We recommended that performance of these investment products should be closely monitored.

The next actuarial valuation will be carried out in 2021 as at 31 December 2020.



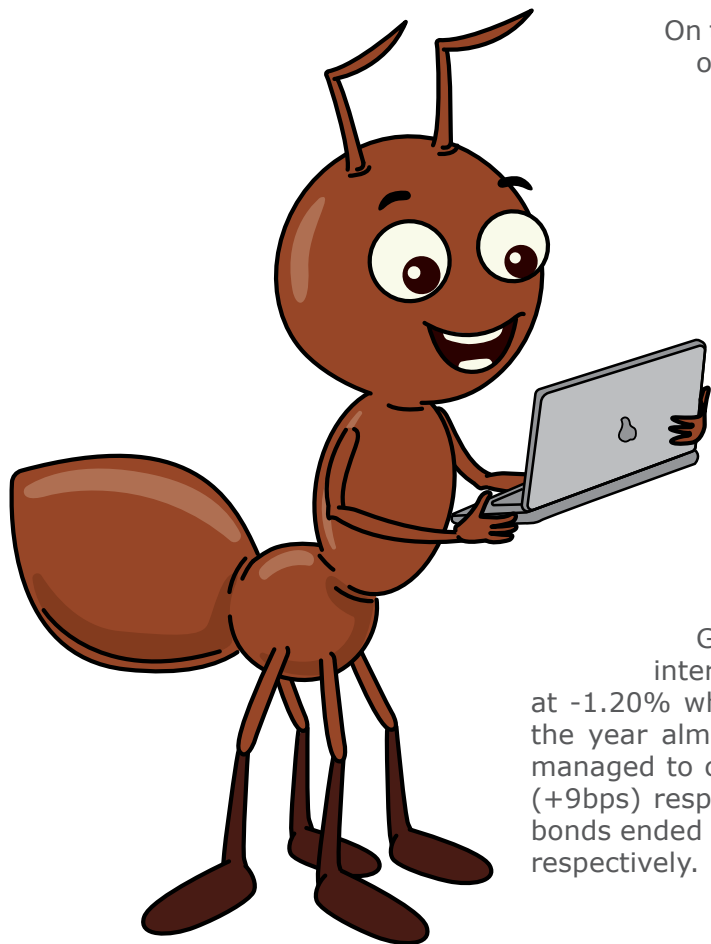
Mr Bernard Yen FIA
Managing Director
Aon Hewitt Ltd

Market Review

2018 has been an eventful year for equity markets, and international equity indices - represented by the MSCI All Country World Index ("MSCI ACWI") - had a roller-coaster ride while the local equity index was relatively stable.

The Mauritian Stock Exchange – represented by the SEMDEX – posted a modest gain of 0.7% over the year, led primarily by ENL Land Ltd (+35.7%) following the announcement of an amalgamation exercise among ENL entities. However, returns on local equity market were capped owing to weaknesses in sugar companies along with news of weak credit practices and a cyber-fraud loss at the second largest bank of Mauritius.

On the international side, over the first 3 quarters of 2018, most developed equity indices closed higher, supported by investor optimism on US fiscal incentives and a series of remarkably robust quarter-on-quarter growth rates in US corporate earnings. On the other hand, Emerging Markets and the UK's FTSE 100 closed lower. Over the last quarter of the year however, markets convulsed amidst the prospect of a persistently hawkish US Federal Reserve in 2019, the effect of fading US fiscal policy support, and global growth concerns following a protracted US-China trade dispute. Eventually, all international indices closed lower by the end of 2018, with the MSCI ACWI shedding 8.9% in USD terms (-7.2% in MuR).



On the fixed income front, the Monetary Policy Committee of the Bank of Mauritius maintained the Key Repo Rate at 3.50% p.a. throughout the year mainly on account of subdued inflationary pressures, with the economy remaining somewhat resilient and expanding at a reasonable pace. Despite the central bank's intervention to reduce the high excess liquidity in the financial system through open-market operations and to bring Government of Mauritius Treasury Bills' yields in line with the policy rate, excess liquidity peaked at MuR 37.8Bn.

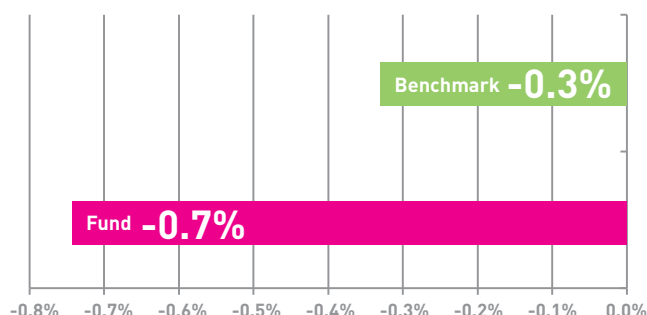
International sovereign bond yields were under pressure over concerns of trade tensions, heightened volatility and a synchronised global economic deceleration. In the US, the Federal Reserve hiked rates four times in 2018, which contributed to an appreciation of the US dollar, which shook emerging markets. The Bloomberg Barclays Global Aggregate Index – the preferred benchmark for international fixed income investments - closed the year at -1.20% while the Bloomberg US Aggregate Bond Index ended the year almost flat at 0.01%. 10Yr US Treasury and 10Yr Gilts managed to close the year higher at 2.69% (+29bps) and 1.28% (+9bps) respectively. In contrast, 10Yr Bunds and 10Yr Japanese bonds ended the year lower at 0.26% (-19bps) and 0.01% (-4bps) respectively.

Investment Performance Review

Consolidated Performance

As at 31 December 2018, the total investable assets of the Fund amounted to MUR 1.03 billion.

The consolidated 12-months performance of the Fund is as follows:



In absolute terms, the Fund has returned -0.7% in the last 12 months.

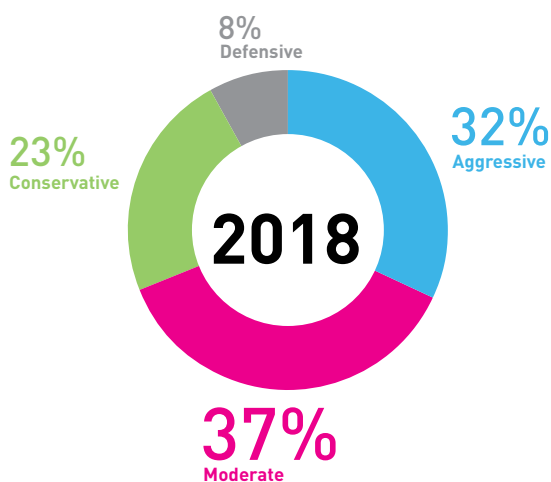
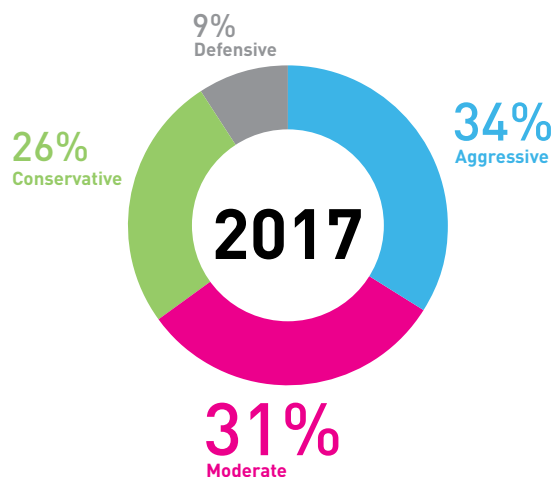
In relative terms, we note that the Fund has underperformed the benchmark over the last 12 months by 0.4%.

The composite benchmark of the consolidated fund is split as follows:

Consolidated Fund	Benchmark Allocation
SEMTRI	20%
MSCI World	22%
MSCI EM	8%
Savings Rate + 2%	32%
Savings Rate	5%
Barclays Global Aggregate	13%

Asset Allocation

The below charts show the changes in allocation from 31 December 2017 to 31 December 2018.

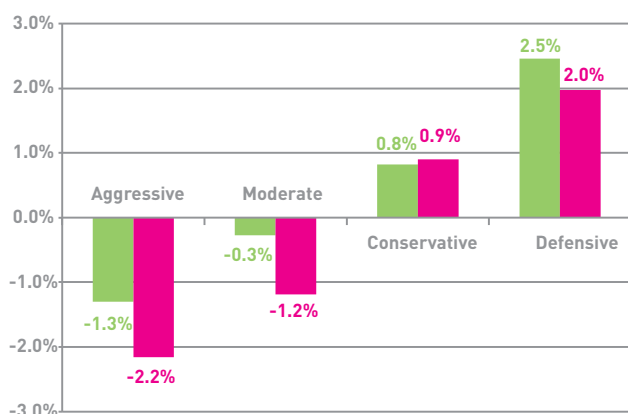


Over the year 2018, we note the following:

- The allocation to the Moderate Portfolio has increased.
- The allocations to the Aggressive, Conservative and Defensive Portfolio have decreased.

Combined Performance Table

Consolidated 12 Months Performance

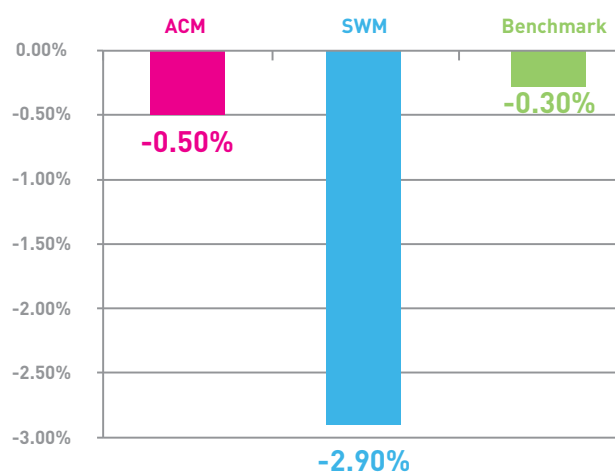


Combined 12 months' performance of the four different portfolios

■ Benchmark ■ Fund

Relative Consolidated Performance of Investment Managers

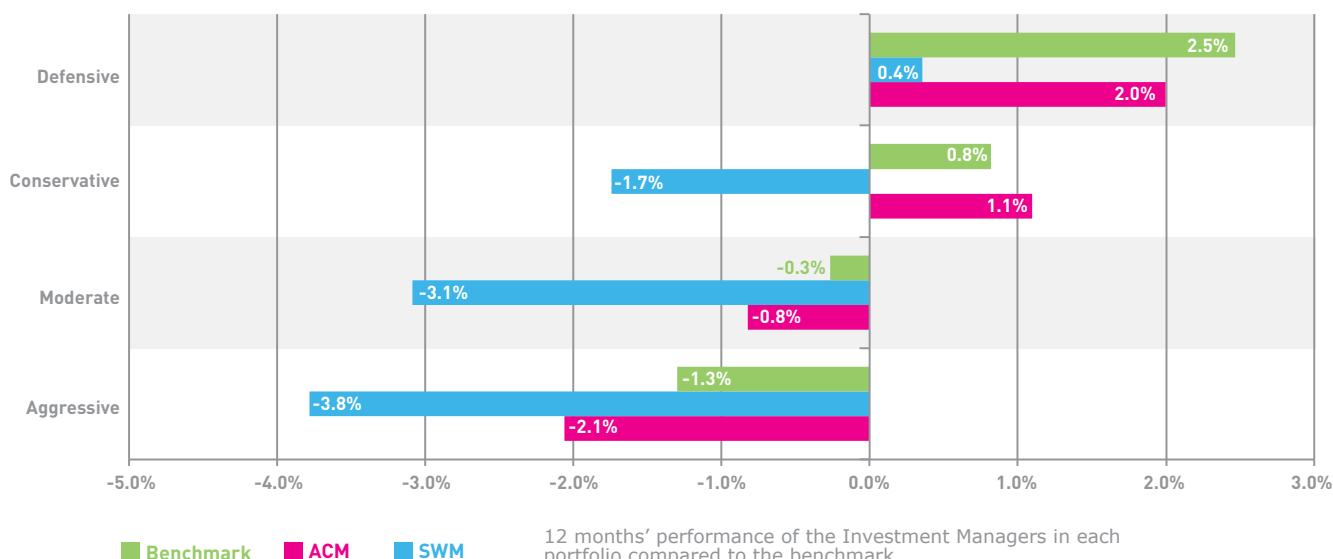
Over the last 12 months, the relative consolidated performance of the Investment Managers is as follows:



We note that Afrasia Capital Management (ACM) and Swan Wealth Managers (SWM) underperformed the benchmark over the same period.

It should however be highlighted that Swan Wealth Managers (SWM) only started managing part of the funds as from July 2018.

Performance Comparison - Investment Managers



■ Benchmark ■ ACM ■ SWM

12 months' performance of the Investment Managers in each portfolio compared to the benchmark.

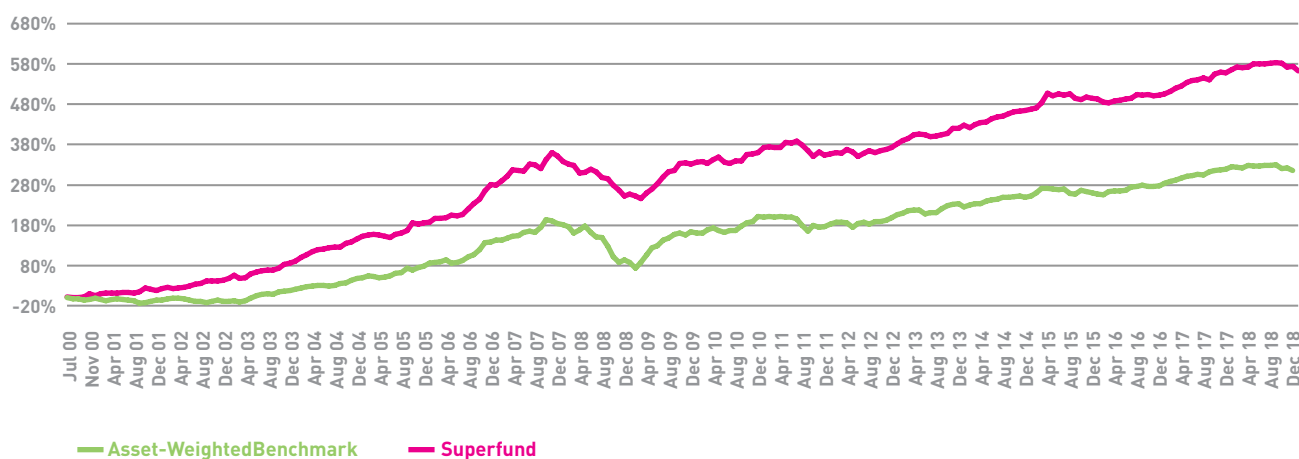
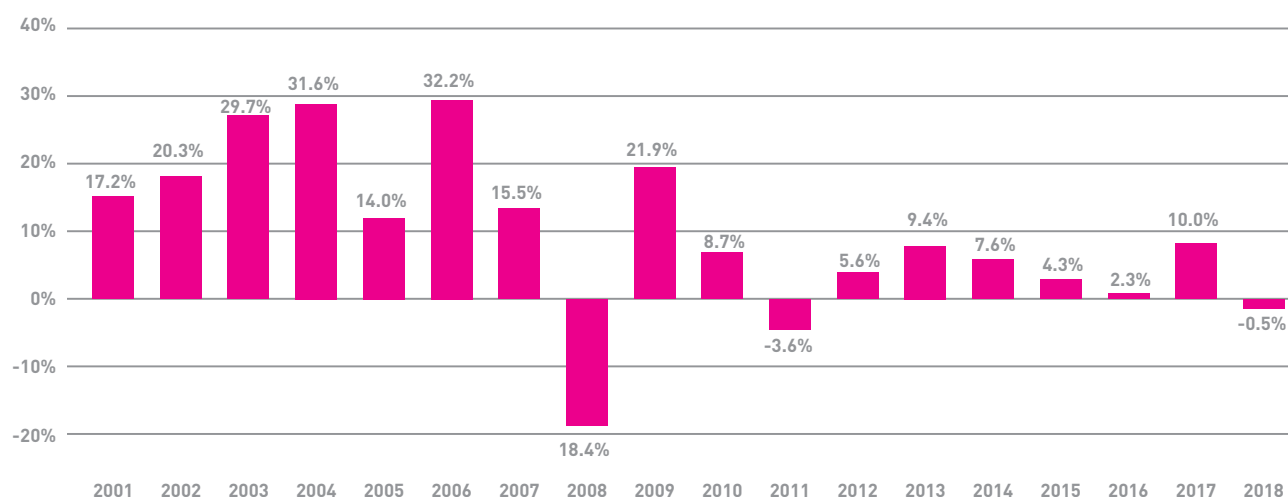
Investment Managers' Review

Afrasia Capital Management

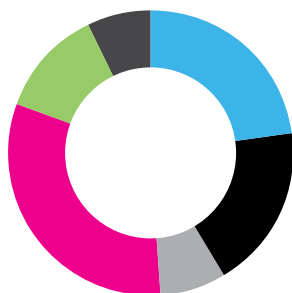
As at 31st December 2018, the net asset value of the Fund being managed by Afrasia Capital Management was Rs794.2m, representing a cumulative total return of 563.8% since its inception. In line with market conditions, the Fund posted returns of -0.5% for the year 2018.

Performance	Aggressive	Moderate	Conservative	Defensive
	-2.1%	-0.8%	1.1%	2.0%

Performance (%)	1 Year	2 Years	3 Years	Since Inception	Annualized Inception
Super Fund Consolidated	-0.5%	9.4%	12.0%	563.8%	10.8%



*Benchmark used to assess the performance of Super Fund Consolidated is an asset weighted benchmark comprising of Semtri, MSCI Dev, MSCI EM, Savings+2% and Barclays Global Aggregate Index

Asset Mix**22.9%**

Local Equities

18.5%

Developed Equities

7.7%

Emerging Equities

31.4%

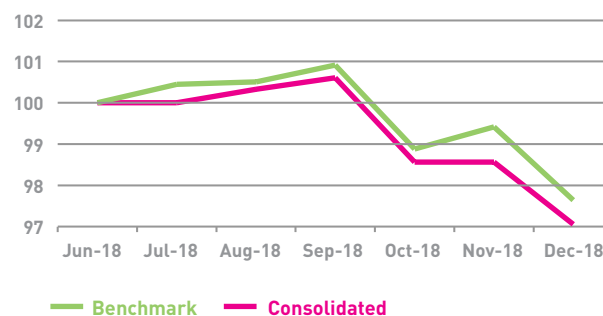
Local Fixed Income

12.3%

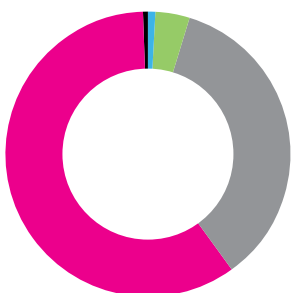
Foreign Fixed Income

7.1%

Cash at Bank

Indexed Performance Since Inception (in MUR)

The benchmark is an asset-weighted benchmark comprising of SEMTRI (for equity investments in Mauritius), MSCI World (for equity investments in Developed Markets ("DM")), and MSCI Emerging Market (for equity investments in Emerging Markets ("EM")), Savings + 2% (for fixed income investments in Mauritius), and Barclays Global Aggregate Index (for international fixed income markets).

Currency Allocation**0.3%**

AUD

0.9%

GBP

4.0%

EUR

35.3%

USD

59.4%

MUR

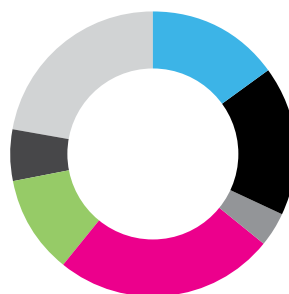
Swan Wealth Managers Ltd

Swan Wealth Managers Ltd (SWM) initiated investment positions as from July 2018 and continues to construct the sub-funds in line with investment guidelines.

Over the six months to December 2018, SWM structured underweight positions on all asset classes except cash and cash equivalents considering heightened risk levels following trade frictions between the US and China and investor worries of an overly aggressive US Federal Reserve. On a consolidated basis, invested funds as at year-end represented 77.9% of all assets under management. The value of the Fund under management was MUR 231.9 million as at 31 December 2018.

Fund Performance for the 6 months Ended 31 December 2018

Performance	Aggressive	Moderate	Conservative	Defensive	Consolidated
Superfund	-3.8%	-3.1%	-1.7%	0.4%	-2.9%

Asset Mix**15%**

Local Equities

17%

Foreign Equities (DM)

4%

Foreign Equities (EM)

25%

Local Fixed Income

11%

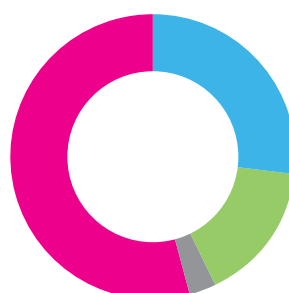
Foreign Fixed Income

6%

Cash Equiv

22%

Cash

Fund Composition**27%**

Aggressive

16%

Conservative

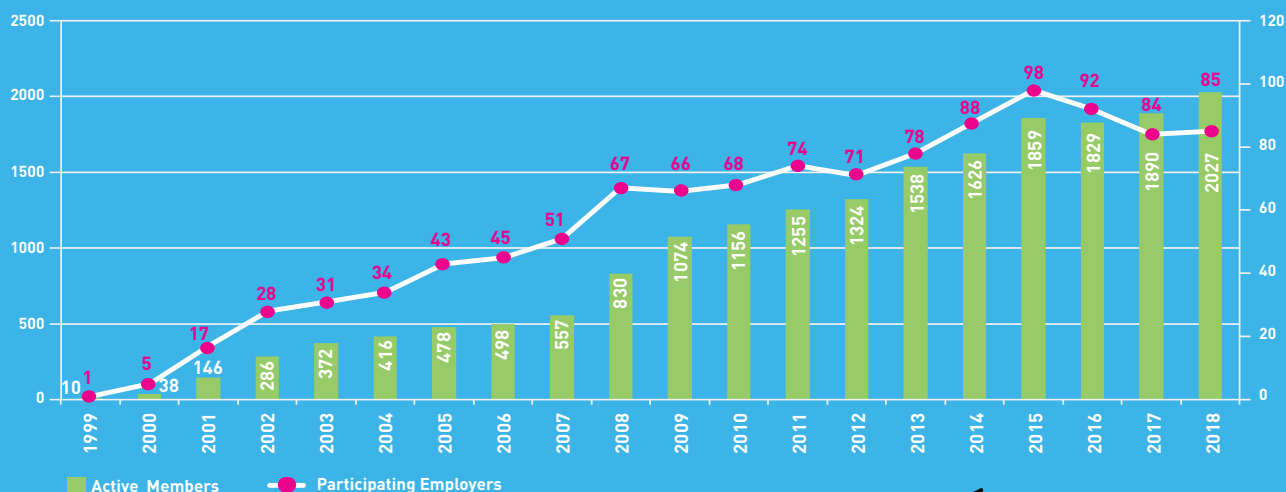
3%

Defensive

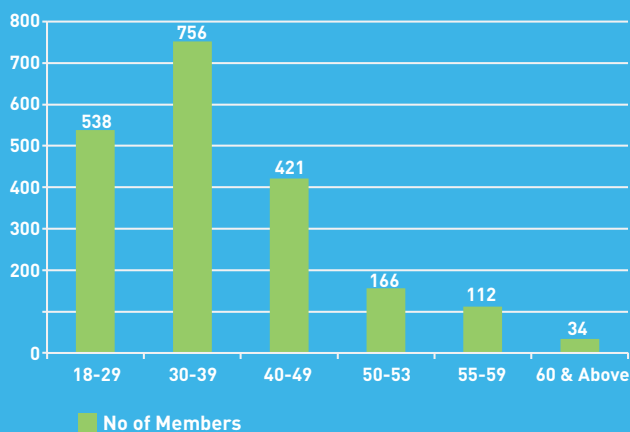
54%

Moderate

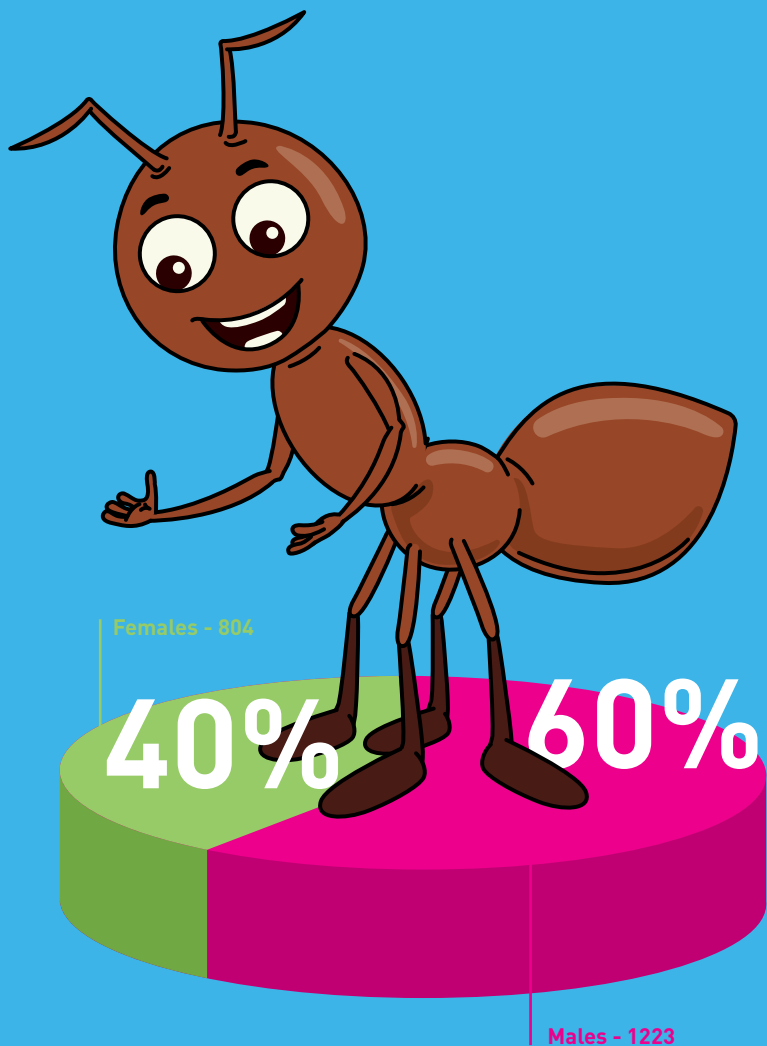
Membership and Analysis



Age Distribution



No. of Schemes	85
Cancellations	29
New	33
Active Members	2,027
Deferred Pensioners	931
Pensioners	102
Total Monthly Salary (Rs)	78,570,858.00
Average Monthly Salary (Rs)	38,762.00



Participating Employers

Afrasia Capital Management Ltd	La Moisson Ltee
Agence Francaise De Developpement	Loreto Institute
Analysis Co Ltd	Lottotech Ltd
Arup - Sigma Ltd	Macumba Ltd
Associated Container Services Ltd	Marand Trading Company Ltd
BCE Ltd(Ex-Cogir Ltee)	Maureva Ltd
British Airways (Mauritius)	Mechanization Co. Ltd
Cahri Agency Ltd	Medscheme (Mtius) Ltd
Cklb International Management Ltd	Miroverre Ltd
Communaute Fiat	Neo Foods Co. Ltd.
Consultec Limited	Optique Jm Ltd
Creasim Limitee	Orange Business Services Mauritius Limited
Creative Hr Solutions Ltd	Ozimate Ltd.
Dpd Laser (Mauritius) Ltd	Pajr Medical Ltd. (Ex-Clinique De Lorette)
E.R.C Levage Ltee	Panache & Co Ltd
Ecovadis (Mauritius) Ltd	Pex Hydraulics (Mtius) Ltd
Egeco Ltd	Princes Tuna (Mauritius) Ltd
Engineering Technical & Management Services Ltd	Professional Technical Extruder Concrete Ltd
Etairos Ltd	Quantilab Ltd.
Fgy Services Ltd	Reinsurance Solutions International Ltd
Flexicom Co. Ltd	Rolem Bureautique Ltd
Gamma Civic Ltd	Sophia Outsourcing Limited
Gamma Construction Ltd	Sovereign Trust (Mauritius) Ltd
Gamma Corporate Services Ltd	Swan Pensions Ltd.
Gamma Materials Ltd	Terra Marketing Ltd.
Gaz Carbonique Ltd	The General Construction Company Limited
GMF Ltd	TMF Mauritius Ltd
Grande Riviere Investment Co. Ltd	Traxx Ltd
Green Yellow Indian Ocean	Tsar Ltd.
Guardrisk International Ltd Pcc	Unicorn (Msj Ltd)
Immosphere Ltee	Valentin Lagesse Associes
In & Out Trading Ltd	Velogic Garage Services Ltd
Island Chemicals Ltd(Now Intego Green Ltd)	Velogic Haulage Services Ltd
Island Renewable Fertilizers Ltd (Now Intego Ltd)	Wagtech Projects Mauritius Ltd
Island Salt (Mauritius) Ltd	Xclusive Concept Ltd
JPH Offices Ltd	Zac Associates Limited
Kreston Management Ltd	

Financial Statements -

Year Ended December 31, 2018



REPORT OF THE MANAGEMENT COMMITTEE - YEAR ENDED DECEMBER 31, 2018

The Management Committee has pleasure in submitting its report together with the audited financial statements for the year ended December 31, 2018.

1. DESCRIPTION OF THE FUND

1.1 Registration

The inception date of the Fund was January 1, 1999 and the registration date was July 15, 1999. It was registered under the Employees Superannuation Fund Act 1954 on 1 January 1999. A new Pension Scheme Licence was issued on 3 August 2013 by the Financial Services Commission pursuant to section 9 of the Private Pension Scheme Act 2012 on the Financial Services (Consolidated Licensing and Fees) Rules 2008 with effect from 1 November 2012 in replacement of the Employers Superannuation Fund Act 1954.

1.2 Object

The object of the Fund is to provide retirement, withdrawal, death and disablement benefits for the Beneficiaries as described in the Rules and Regulations of the fund and according to their contracts of employment.

Both employees and employers contribute to the Fund as follows:

Employees: 0 - 20% of pensionable emoluments
Employers: 3 - 20% of pensionable emoluments

The employers also contribute an additional percentage of pensionable emoluments to the Employer reserve account.

1.3 Type of scheme

The Fund is a defined contribution scheme, meaning that amounts to be paid as benefits are determined by contributions to the Fund together with investment earnings thereon less management fees and other charges.

The scheme also provides for death and disability benefits which are insured with various insurance companies.

1.4 Membership

	December 31, 2018	December 31, 2017
Deferred pensioners	931	849
Number of pensioners	102	84
Number of pensionable active staff covered by the Fund	2,027	1,890

1.5 Benefits payable under the scheme

The main benefits under the scheme, as specified in paragraphs 4 and 5 of the Rules and Regulations, are:

- (a) A pension for life for Members only or a joint pension on a Member's life and that of his Spouse, Child or Dependant on the Normal Retirement Date.
- (b) An early age retirement or early ill health retirement.
- (c) A gratuity on death of a Member in service before Normal Retirement Date.
- (d) A benefit on the Total and Permanent Disablement of a Member whilst in the Service of the Company before attainment of his Normal Retirement Date.

2. MANAGEMENT COMMITTEE

The Management Committee is made up as follows:

Mr. Bharuth Kumar (Shashi) Ramdhany	Chairperson (appointed 23 June 2017)
Mr. Daniel Chan Chong	Vice Chairperson (appointed 23 June 2017)
Mr. Nilesh Gammoo	Secretary (appointed 26 June 2015)
Mr. Twalha Dhunnoo	Treasurer (appointed 23 June 2017)
Mr. Feroze Acharauz	Member (appointed 23 June 2017)
Mr. Franco Tuyau	Member (appointed 23 June 2017)
Mr. Maurice Felix	Member (appointed as replacement)
Mr. Jean Marc Desvaux de Marigny	Member (appointed 29 June 2018)
Mr. Ashwin Foogooa	Member (appointed 29 June 2018)
Mrs. Jenny Kevan	Member (resigned 31 December 2018)
Mr. Chandrassen Madhou	Member (resigned 31 May 2018)

3. INVESTMENT POLICY

The Management Committee determines the investment policy to be adopted by the Fund. The investment portfolios are actively managed by Afrasia Capital Management Ltd and Swan Wealth Managers Ltd, who has been appointed during the year.

REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED DECEMBER 31, 2018 (Cont'd)

4. INVESTMENT REPORT

The Fund's net assets at December 31, were as follows:

	2018 Rs	2017 Rs
Cash at bank, including dealing accounts	114,877,354	89,672,485
Investment at fair value	918,032,539	711,129,919
Other assets less liabilities	27,193,475	17,384,495
	1,060,103,368	818,186,899
Less employer reserve account	(19,480,344)	(16,448,049)
Less annuity fund	(53,372,838)	(39,824,649)
	987,250,186	761,914,201

The annual returns on investment for the year under review is as follows:

	2018	2017
Annual Return	(0.70)%	10.00%

As from April 2014, the investment portfolio has been split into 4 sub-funds to give members an investment choice. Below is the returns on each sub funds.

Afrasia Capital Management Ltd

	Aggressive	Moderate	Conservative	Defensive
2018	(2.06)%	(0.81)%	1.10%	2.01%
2017	13.00%	10.00%	7.30%	5.70%

Swan Wealth Managers Ltd (appointed as from June 2018)

	Aggressive	Moderate	Conservative	Defensive
2018	(3.8)%	(3.10)%	(1.70)%	0.40%

5. AUDITORS

BDO & Co has been appointed as auditors and a resolution concerning its re-appointment will be proposed at the Annual General Meeting.

6. ADMINISTRATORS

Swan Pensions Ltd, formerly Pension Consultants and Administrators Ltd, are the administrators of the Fund.

7. ACTUARY

Aon Hewitt Ltd. is the actuary to the Fund.

8. CUSTODIAN

The Mauritius Commercial Bank Limited is the custodian to the Fund.

9. TERMINATION

The Fund may be wound up by a resolution of a majority of at least three quarters of the total number of the participants of the Fund present or represented at an Extraordinary Meeting called for the purpose.

10. ANNUITY FUND

As from April 2013, the Management Committee has changed its rule concerning Annuity Fund. Annuity payments are being paid out of Super Fund, instead of being bought out with insurance companies as from October 2013. This will allow a more dynamic and consistent pension payout, with discretionary increases instead of a flat-rate pension.

For and on behalf of the Management Committee.



Vice Chairman

INDEPENDENT AUDITOR'S REPORT

To the Members of Super Fund

Report on the audit of the Financial Statements

Opinion

We have audited the financial statements of Super Fund (the "Fund"), on pages 27 to 45 which comprise the statement of net assets available for benefits as at December 31, 2018, statement of changes in net assets available for benefits, employer reserve account, annuity fund and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

In our opinion, the financial statements on pages 27 to 45 give a true and fair view of the financial position of the Fund as at December 31, 2018, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Private Pension Schemes Act 2012.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (IESBA Code)* together with the ethical requirements that are relevant to our audit of the financial statements in Mauritius, and we have fulfilled our other ethical responsibilities in accordance with these requirements and 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 Management committee is responsible for the other information. The other information comprises the information included in the Report of the Management Committee 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 Management Committee and Those Charged with Governance for the Financial Statements

The Management Committee is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and in compliance with the Private Pension Schemes Act 2012 and other regulations, and for such internal control as the Management Committee determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management Committee is 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 Management Committee either intend to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

Those charged with governance 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.

As part of an audit in accordance with ISAs, we exercise professional judgment 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 Committee.
- Conclude on the appropriateness of Management Committee's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding financial information of the entity or business activities within the Fund to express an opinion on the financial statements. We remain solely responsible for our audit opinion.

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.

INDEPENDENT AUDITOR'S REPORT (Cont'd)

To the Members of Super Fund

Report on Other Legal and Regulatory Requirements

We have no relationship with, or interests in, the Fund, other than in our capacity as auditors and dealings in the ordinary course of business.

We have obtained all information and explanations we have required for the purpose of our audit in respect of the year ended December 31, 2018.

In our opinion, proper accounting records have been kept, recording and explaining correctly the transactions and financial position of the Fund for the year ended December 31, 2018 as far as it appears from our examination of those records.

Other Matter

This report is made solely to the members of Super Fund (the "Fund"), as a body, in accordance with the terms of the rules of the Fund. 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.

BDO & Co

BDO & CO
Chartered Accountants



SHABNAM PEERBOCUS (FCA)
Licensed by FRC

Port Louis,
Mauritius

11 June 2019

BDO & Co

BDO & CO
Chartered Accountants



AFSAR EBRAHIM (FCA)
Licensed by FRC

STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS - DECEMBER 31, 2018

	Notes	2018 Rs	2017 Rs
ASSETS			
Non-current assets			
Investments in financial assets	5	-	708,064,816
Financial assets at fair value	5A	817,513,394	-
Current assets			
Investments in financial assets	5	-	3,065,103
Financial assets at fair value	5A	100,519,145	-
Accounts receivable	7	22,136,343	21,947,213
Financial assets at amortised cost	7A	7,961,841	-
Bank balance		14,711,665	18,353,396
Dealings account	6	100,165,689	71,319,089
		245,494,683	114,684,801
Total assets		1,063,008,077	822,749,617
LIABILITIES			
Current liabilities			
Accounts payable	8	2,904,709	4,562,718
TOTAL ASSETS LESS TOTAL LIABILITIES		1,060,103,368	818,186,899
Employer reserve account	9	(19,480,344)	(16,448,049)
Annuity fund		(53,372,838)	(39,824,649)
NET ASSETS AVAILABLE FOR BENEFITS		987,250,186	761,914,201

Approved by the Management Committee and authorised for issue on 11 June 2019


VICE CHAIRMAN

The notes on pages 32 to 45 form an integral part of these financial statements.

Auditors' report on pages 24 to 26.

STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS - DECEMBER 31, 2018

	Notes	2018 Rs	2017 Rs
Contributions and benefits			
Contributions received and receivable	10	283,209,917	93,707,936
Benefits paid and payable	11	(5,878,188)	(2,697,929)
Payments to and on account of leavers	12	(40,368,072)	(54,409,224)
		(46,246,260)	(57,107,153)
Net additions from dealings with members		236,963,657	36,600,783
Returns on investments			
Investment income	13	27,432,434	21,893,131
(Decrease)/increase in fair value of financial assets		(30,695,142)	44,475,697
Interest accrued		-	605,695
(Loss)/profit on disposal of financial assets		(5,431,669)	4,274,275
Investment management expenses	14	(2,536,051)	(2,114,764)
Foreign exchange loss		(397,244)	(1,256,697)
Net returns on investments		(11,627,672)	67,877,337
Net increase for the year		225,335,985	104,478,120
Net assets available for benefits			
At January 1,		761,914,201	657,436,081
Net increase		225,335,985	104,478,120
At December 31,		987,250,186	761,914,201

The notes on pages 32 to 45 form an integral part of these financial statements.

Auditors' report on pages 24 to 26.

EMPLOYER RESERVE ACCOUNT - YEAR ENDED DECEMBER 31, 2018

	Note	2018 Rs	2017 Rs
Contributions		13,349,518	11,652,397
Interest received		-	40,199
Disability claims refund		45,230	226,559
Death refund		2,028,156	1,887,604
Other income		502,615	-
Transfer from statement of changes in net assets available for benefits		46,246,260	57,107,153
		62,171,779	70,913,912
Withdrawal benefits		20,176,068	45,091,510
Disability claims		45,230	245,632
Death claim		2,110,283	2,016,131
Lump sums		5,878,188	2,697,929
Transfer to annuity fund		16,466,523	7,406,965
Administration fees		4,779,578	4,196,235
Actuarial fees		379,500	338,100
Assurance costs		6,432,299	5,797,136
Audit fees		147,200	102,350
Annuity buyout		759,080	-
Other expenses		1,965,535	1,298,635
		59,139,484	69,190,623
Surplus for the year	9	3,032,295	1,723,289

The notes on pages 32 to 45 form an integral part of these financial statements.

Auditors' report on pages 24 to 26.

ANNUITY FUND - YEAR ENDED DECEMBER 31, 2018

	2018 Rs	2017 Rs
At January 1,	39,824,649	33,392,174
Transfer from employer reserve account	16,466,523	7,406,965
Interest income	1,112,944	865,051
Dividend income	505,556	462,964
(Decrease)/increase in fair value of financial assets	(485,876)	657,770
(Loss)/profit on disposal of financial assets	(106,979)	150,596
Foreign exchange loss	(39,372)	(95,669)
	<u>17,452,796</u>	<u>9,447,677</u>
Pensions paid	(3,754,171)	(2,882,413)
Bank charges	(2,859)	(8,780)
Management fees	(88,660)	(70,589)
Custody fees	(58,917)	(53,420)
	<u>(3,904,607)</u>	<u>(3,015,202)</u>
Surplus	<u>13,548,189</u>	<u>6,432,475</u>
At December 31,	<u>53,372,838</u>	<u>39,824,649</u>

The notes on pages 32 to 45 form an integral part of these financial statements.

Auditors' report on pages 24 to 26.

STATEMENT OF CASH FLOWS - YEAR ENDED DECEMBER 31, 2018

	2018 Rs	2017 Rs
Cash flows from operating activities		
Contributions received	296,370,304	98,887,714
Disability refund	36,184	235,605
Interest received	-	40,199
Death claim refund	2,028,156	1,887,604
Pensions and retirement gratuities paid	(10,342,757)	(5,630,059)
Administrative expenses	(5,012,255)	(3,716,982)
Insurance premium paid	(6,812,604)	(5,120,023)
Withdrawal benefits paid	(20,235,021)	(44,836,007)
Disability payment	(45,230)	(245,632)
Other expenses paid	(2,459,064)	(1,977,132)
Death gratuities	(2,511,088)	(1,573,871)
Net cash from operating activities	251,016,625	37,951,416
Cash flows from investing activities		
Income from quoted securities	10,216,938	9,133,370
Interests received	17,872,150	12,294,432
Proceeds from disposal of securities	160,425,897	115,394,937
Purchase of investments	(411,048,183)	(188,789,471)
Management and other charges	(2,841,942)	(2,227,500)
Net cash used in investing activities	(225,375,140)	(54,194,232)
Foreign exchange loss	(436,616)	(1,352,365)
Net increase/(decrease) in cash and cash equivalents	25,204,869	(17,595,181)
Movement in cash and cash equivalents		
At January 1,	89,672,485	107,267,666
Increase/(decrease)	25,204,869	(17,595,181)
At December 31,	114,877,354	89,672,485
Represented by:		
Bank balance	14,711,665	18,353,396
Dealings account	100,165,689	71,319,089
	114,877,354	89,672,485

The notes on pages 32 to 45 form an integral part of these financial statements.

Auditors' report on pages 24 to 26.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2018

1. GENERAL INFORMATION

Super Fund (the "Fund") was registered under the Employees Superannuation Act 1954 on July 15, 1999. In August 2013, the Fund has been issued with a Pension Scheme Licence pursuant to Section 9 of the Private Pension Schemes Act 2012 and the Financial Services (Consolidated Licensing and Fees) Rules 2008 with effect from November 1, 2012 in replacement to the Employees Superannuation Act 1954. Membership is open to employees of companies who are members of Business Mauritius. The Fund is a defined contribution plan.

The financial statements of Superfund for the year ended December 31, 2018 were authorised for issue in accordance with a resolution of Management Committee as dated on page 27.

2. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The financial statements are prepared under the historical cost convention, except that investments in financial assets are stated at fair value and relevant financial assets and financial liabilities are carried at fair value or at amortised cost. The financial statements are presented in Mauritian Rupee ('Rs.') and all values are rounded to the nearest rupee unless where otherwise stated. The Members consider this basis suitable to meet the financial provisions of the Private Pension Schemes Act 2012.

Statement of compliance

The Financial Statements of the Fund have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standard Board (IASB).

Amendments to published Standards and Interpretations effective in the reporting period

IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. The adoption of IFRS 9 Financial Instruments from January 1, 2018 resulted in changes in accounting policies in the financial statements. The new accounting policies are set out in note 2.2. The Fund has elected to apply the exemption in IFRS 9 paragraph 7.2.15 not to restate prior periods in the year of initial application of the standard. The Fund has chosen to adopt the simplified expected credit loss model for trade receivables in accordance with IFRS 9 paragraph 5.5.15.

IFRS 15 Revenue from Contracts with Customers is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The Fund has adopted IFRS 15 Revenue from Contracts with Customers from January 1, 2018 which resulted in changes in accounting policies. The new accounting policies are set out in note 2.4. In accordance with the transition provisions in IFRS 15, the Fund has not restated comparatives for the 2017 financial year.

Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2) The amendments clarify the measurement basis for cash-settled share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled. The amendment has no impact on the Fund's financial statements.

Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments to IFRS 4) The amendment provides two different solutions for insurance companies: a temporary exemption from IFRS 9 for entities that meet specific requirements (applied at the reporting entity level), and the 'overlay approach'. Both approaches are optional. The amendment has no impact on the Fund's financial statements.

Annual Improvements to IFRSs 2014-2016 Cycle

- IFRS 1 - deleted short-term exemptions covering transition provisions of IFRS 7, IAS 19 and IFRS 10 which are no longer relevant.
- IAS 28 - clarifies that the election by venture capital organisations, mutual funds, unit trusts and similar entities to measure investments in associates or joint ventures at fair value through profit or loss should be made separately for each associate or joint venture at initial recognition. The amendment has no impact on the Fund's financial statements.
- IFRIC 22 Foreign Currency Transactions and Advance Consideration. The interpretation clarifies how to determine the date of transaction for the exchange rate to be used on initial recognition of a related asset, expense or income where an entity pays or receives consideration in advance for foreign currency-denominated contracts. The amendment has no impact on the Fund's financial statements.

Transfers of Investment Property (Amendments to IAS 40). The amendments clarify that transfers to, or from, investment property can only be made if there has been a change in use that is supported by evidence. A change in use occurs when the property meets, or ceases to meet, the definition of investment property. A change in intention alone is not sufficient to support a transfer. The amendment has no impact on the Fund's financial statements.

Standards, Amendments to published Standards and Interpretations issued but not yet effective

Certain standards, amendments to published standards and interpretations have been issued that are mandatory for accounting periods beginning on or after January 1, 2019 or later periods, but which the Fund has not early adopted.

At the reporting date of these financial statements, the following were in issue but not yet effective:

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)
 IFRS 16 Leases
 IFRS 17 Insurance Contracts
 IFRIC 23 Uncertainty over Income Tax Treatments
 Prepayment Features with negative compensation (Amendments to IFRS 9)
 Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28)
 Annual Improvements to IFRSs 2015-2017 Cycle
 Plan Amendment, Curtailment or Settlement (Amendments to IAS 19)
 Definition of a Business (Amendments to IFRS 3)
 Definition of Material (Amendments to IAS 1 and IAS 8)

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2018

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.1 Basis of preparation (cont'd)

Standards, Amendments to published Standards and Interpretations issued but not yet effective (cont'd)

Where relevant, the Fund is still evaluating the effect of these Standards, amendments to published Standards and Interpretations issued but not yet effective, on the presentation of its financial statements.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Fund's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 4.

2.2 Financial assets

The Fund classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired. The Fund's accounting policy for each category is as follows:

(i) Financial assets at fair value

The Fund classifies its investments at fair value.

(ii) Accounts receivable

Accounts receivable (contributions receivable) are recognised when due. Contributions receivable are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

Impairment provisions for contribution receivable are recognised based on the simplified approach within IFRS 9 using the lifetime expected credit losses. During this process the probability of the non-payment of the contribution receivable is assessed. This probability is multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the contribution receivables. For contribution receivables, which are reported net, such provisions are recorded in a separate provision account. On confirmation that the contribution receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

(iii) Financial assets at amortised cost

Financial assets at amortised cost are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

(iv) Cash and cash equivalents

Cash and cash equivalents include cash in hand, cash at bank, other short-term highly liquid investments with original maturities of 3 months or less.

2.3 Financial liabilities

Accounts payable

(a) Benefits payable

Benefits payable are stated at their nominal value.

The nominal value of contributions receivable and benefits payable are assumed to approximate their fair values.

(b) Payables

Payables are stated at fair value and subsequently measured at amortised cost using the effective interest method.

2.4 Revenue recognition

Revenue earned by the Fund are recognised at one point in time on the following bases:

- Employers' and employees' contributions to the Pension Fund on an accrual basis in accordance with the substance of the relevant agreements.
- Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).
- Dividend income - when the shareholder's right to receive payment is established.

2.5 Foreign currencies

(i) Functional and presentation currency

Items included in the financial statements are measured using Mauritian rupees, the currency of the primary economic environment in which the Fund operates ("functional currency"). The financial statements are presented in Mauritian rupees, which is the Fund's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in statement of changes in net assets available for benefits.

Translation differences on non-monetary items, such as equities held at fair value, are reported as part of the fair value gain or loss.

2.6 Provisions

Provisions are recognised when the Fund has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources that can be reliably estimated will be required to settle the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Fund's activities expose it to a variety of financial risks: market risk (including currency and price risk) and liquidity risk. The Fund's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Fund's financial performance.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2018

3. FINANCIAL RISK MANAGEMENT (Cont'd)

3.1 Financial risk factors (cont'd)

A description of the significant risk factors is given below together with the risk management policies applicable.

(a) 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 foreign exchange rates, interest rates and equity prices.

(i) Currency risk

The Fund operates internationally and is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the US Dollar, Great Britain Pound and Euro.

The Fund invests in global markets and holds both monetary and non-monetary assets denominated in foreign exchange currencies other than the functional currency. Foreign exchange risk, as defined in IFRS 7, arises as the value of future transactions recognised monetary assets and monetary liabilities denominated in other currencies fluctuate due to changes in foreign exchange rates. IFRS 7 considers the foreign exchange exposure relating to non-monetary assets and liabilities to be a component of market price risk not foreign currency risk.

Foreign currency sensitivity analysis

The following table details the Fund's sensitivity to a 5% increase and decrease in the Mauritian Rupee against the relevant foreign currencies. 5% is the sensitivity rate used when reporting foreign currency risk and represents Management Committee's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in foreign currency rates. A negative number below indicates a decrease in net assets available for benefits where the Mauritian Rupee strengthens 5% against the relevant currency. For a 5% weakening of the Mauritian Rupee against the relevant currency, there would be an equal and opposite impact on the net assets available for benefit, and the balances below would be positive.

Impact on:	2018 Rs	2017 Rs
US Dollar	985,077	373,921
UK Pound	371,223	1,885
Euro	268,118	313,373
	<u>1,624,418</u>	<u>689,179</u>

(ii) *Price risk*

The Fund is exposed to equity securities price risk because of investments held by the Fund and classified on the statement of net assets available for benefits as financial assets at fair value. To manage its price risk arising from investments in equity securities, the Fund diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Fund.

Sensitivity analysis

The table below summarises the impact of increases/decreases in the fair value of investments on the Fund's surplus for the year. The analysis is based on the assumption that the fair value had increased/decreased by 5%.

Category of investments:	Impact on changes in net assets available for benefits	
	2018 Rs	2017 Rs
Designated at fair value	<u>45,901,627</u>	<u>19,746,395</u>

The interest rate profile of the financial assets and financial liabilities of the Fund as at December 31 :

	Currency	2018 % p.a.	2017 % p.a.
Financial assets			
Held-to-maturity fixed interest bearing investment	MUR	-	4-8
Financial assets at fair value	MUR	4-8	-

Financial liabilities

None of the Fund's financial liabilities are interest-bearing.

Interest rate sensitivity

The sensitivity analysis below has been determined based on the exposure to interest rates at the reporting date.

If interest rates had been 25 basis points higher, the effect on changes in net assets available for benefits would have been as follows:

	2018 Rs	2017 Rs
Surplus	<u>45,916</u>	<u>163,863</u>

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2018

3. FINANCIAL RISK MANAGEMENT (Cont'd)**3.1 Financial risk factors (cont'd)****(b) Credit risk**

Credit risk is the risk that the Fund will incur a loss because its counterparties fail to discharge their contractual obligations. The Fund manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and for industry concentrations, and by monitoring exposures in relation to such limits. The Fund has established a credit quality review process to provide early identification of possible changes in the credit worthiness of counterparties. The risk of default on investment is almost inexistent given that Fund managers are of good reputation and inspire credibility. The risk that contribution may not be received is minimal. Credit risk on contribution is deemed to exist only when the going concern status of the participating employer is at stake.

The maximum exposure with respect to credit risk arises from default of the counterparty with a maximum exposure equal to the carrying amount of the Fund's financial assets.

	Gross maximum exposure	
	2018	2017
	Rs	Rs
Contributions and other receivables	30,098,184	21,947,213
Bank balance	14,711,665	18,353,396
Dealing account	100,165,689	71,319,089
	144,975,538	111,619,698

There is no concentration of credit risk since the receivable from the customer base is large and unrelated.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, and the ability to close out market positions.

The maturity profile of the non-derivative financial liabilities is summarised as follows:

	2018	2017
	Rs	Rs
Accounts payable	2,904,709	4,562,718

3.2 Fair value estimation*Fair values estimation*

Except where stated elsewhere, the carrying amounts of the Fund's financial assets and financial liabilities approximate their fair values due to the short-term nature of the balances involved.

Fair value measurements recognised in the statement of net assets available for benefits

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- 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).

3.3 Capital risk management

The capital of the Fund is represented by the net assets attributable to the members. The amount of net assets attributable to members can change significantly as the Fund is subject to members leaving and joining the Fund at their own discretion. The Fund's objective when managing the capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns for members and to maintain a strong capital base for future payment of obligations towards members.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

4.1 Critical accounting estimates and assumptions

Estimates and judgements are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Fund makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Impairment of financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The fund uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the fund's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

(b) Limitation of sensitivity analysis

Sensitivity analysis in respect of market risk demonstrates the effect of a change in a key assumption while other assumptions remain unchanged. In reality, there is a correlation between the assumptions and other factors. It should also be noted that these sensitivities are non-linear and larger or smaller impacts should not be interpolated or extrapolated from these results.

Sensitivity analysis does not take into consideration that the Fund's assets and liabilities are managed. Other limitations include the use of hypothetical market movements to demonstrate potential risk that only represent the Fund's view of possible near-term market changes that cannot be predicted with any certainty.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2018

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Cont'd)

4.1 Critical accounting estimates and assumptions (cont'd)

(c) Fair value of securities not quoted in an active market

The fair value of securities not quoted in an active market may be determined by the Fund using valuation techniques including third party transaction values, earnings, net asset value or discounted cash flows, whichever is considered to be appropriate. The Fund would exercise judgement and estimates on the quantity and quality of pricing sources used. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

5. INVESTMENTS IN FINANCIAL ASSETS

(a) The movement in investments in financial assets may be summarised as follows:

	Available for sale financial assets Rs	Held to maturity investments Rs	Total Rs
At January 1, 2017	334,255,100	251,522,909	585,778,009
Additions	80,927,715	107,861,757	188,789,472
Disposals	(67,181,718)	(43,788,350)	(110,970,068)
Increase in fair value	46,926,811	605,695	47,532,506
At December 31, 2017	394,927,908	316,202,011	711,129,919
Current	-	3,065,103	3,065,103
Non Current	394,927,908	313,136,908	708,064,816

(b) Available-for-sale financial assets

2017
Rs

Available-for-sale financial assets include the following:

Equity securities-at -fair value 394,927,908

(c) Held-to-maturity investments

2017
Rs

Held-to-maturity investments include the following:

Equity securities-at -fair value 316,202,011

(d) Investments in financial assets are denominated in the following currencies:

	Available for sale 2017 Rs	Held to maturity 2017 Rs
Currency	183,164,935	202,825,558
Mauritian Rupee	9,557,462	-
Australian Dollar	-	7,571,742
Great Britain Pounds	167,632,387	101,633,043
US Dollar	34,573,124	4,171,668
Euro	394,927,908	316,202,011

(e)

Available
for sale
2017
Rs

Level 1	370,016,329
Level 2	24,911,579
	394,927,908

In 2017, the Fund had designated the investments in financial assets as either available-for-sale or held-to-maturity. Investments designated as available-for-sale were those which the Management Committee intended to hold for the medium to long term. The adoption of IFRS 9 Financial Instruments from January 1, 2018, resulted in a change in presentation of investments in financial assets, with those now being shown as financial assets at fair value.

5A. FINANCIAL ASSETS AT FAIR VALUE

(a) The carrying amounts of the financial assets at fair value are classified as follows:

	Local Rs	2018 Foreign Rs	Total Rs
At January 1,	385,989,206	325,140,713	711,129,919
Additions	252,941,775	158,106,408	411,048,183
Disposals	(100,964,954)	(71,999,591)	(172,964,545)
Fair value losses	(1,282,703)	(29,898,315)	(31,181,018)
At December 31,	536,683,324	381,349,215	918,032,539
Non-current	440,114,389	377,399,005	817,513,394
Current	96,568,935	3,950,210	100,519,145
	536,683,324	381,349,215	918,032,539

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2018

5. INVESTMENTS IN FINANCIAL ASSETS (Cont'd)**5A. FINANCIAL ASSETS AT FAIR VALUE (cont'd)**

	Local Rs	2018 Foreign Rs	Total Rs
Denominated in the following currencies:			
- Rupee	536,683,324	-	536,683,324
- US Dollar	-	344,349,809	344,349,809
- Australian Dollar	-	2,761,495	2,761,495
- Euro	-	34,237,911	34,237,911
	<u>536,683,324</u>	<u>381,349,215</u>	<u>918,032,539</u>

(b) At 31 December 2018

	Level 1 Rs	Level 2 Rs	Total Rs
Total	<u>449,237,511</u>	<u>468,795,028</u>	<u>918,032,539</u>

(c) Changes in fair values of financial assets at fair value are recorded in the statement of changes in net assets available for benefits.

6. DEALINGS ACCOUNT

The dealings account represent monies with the custodian for investments by the Fund Managers.

7. ACCOUNTS RECEIVABLE

	2018 Rs	2017 Rs
Contribution receivable	<u>22,136,343</u>	<u>21,947,213</u>

The carrying amount of accounts receivable approximate their fair value.

The ageing of contribution receivable is as follows :

	2018 Rs	2017 Rs
0 to 3 months	19,439,121	18,717,460
3 to 6 months	1,388,982	2,165,593
6 months to 1 year	1,308,240	1,064,160
	<u>22,136,343</u>	<u>21,947,213</u>

The carrying amount of contribution receivable is denominated in Mauritian rupees.

(i) Impairment of contribution receivables

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all contribution receivables.

To measure the expected credit losses, contribution receivables have been grouped based on the days past due. The expected loss rates are based on the payment profiles of contribution since December 31, 2017, and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the employers to settle the contribution.

The Management Committee has determined that the expected loss rate on contribution receivables as at December 31, 2018 and January 1, 2018 is nil.

In 2017, the impairment of contribution receivables was assessed based on the incurred loss model. On that basis, contribution receivables were neither past due nor impaired.

In 2017, contribution receivables were recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of contribution receivables was established when there was objective evidence that the Company would not be able to collect all amounts due according to the original terms of receivables.

7A. FINANCIAL ASSETS AT AMORTISED COST

2018
Rs

Proceeds from sale of investment	7,000,000
Interest receivable	961,841
	<u>7,961,841</u>

Financial assets at amortised cost are denominated in Mauritian rupee.

8. ACCOUNTS PAYABLE

2018
Rs

2017
Rs

Benefits payable	341,116	1,254,805
Other payables and accruals	2,563,593	3,307,913
	<u>2,904,709</u>	<u>4,562,718</u>

The carrying amount of accounts payable approximate their fair value.

Accounts payable are denominated in Mauritian rupee.

9. EMPLOYER RESERVE ACCOUNT

2018
Rs

2017
Rs

At January 1,	16,448,049	14,724,760
Surplus for the year	3,032,295	1,723,289
At December 31,	<u>19,480,344</u>	<u>16,448,049</u>

The employer reserve account represents employers' contributions to meet costs and expenses, and any portion of a member's total accumulated share not paid as a benefit.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2018

10. CONTRIBUTIONS RECEIVABLE

	2018 Rs	2017 Rs
Employers' contributions	93,838,288	68,844,620
Employees' contributions	21,683,662	20,882,474
Employers' special contributions	157,286,021	222,843
Transfer from other funds	6,339,810	3,540,952
Additional voluntary contributions	4,062,136	217,047
	<u>283,209,917</u>	<u>93,707,936</u>

11. BENEFITS PAYABLE

	2018 Rs	2017 Rs
Lump sums retirement benefits	<u>5,878,188</u>	<u>2,697,929</u>

12. PAYMENTS TO AND ON ACCOUNT OF LEAVERS

	2018 Rs	2017 Rs
Individual transfers to other schemes	19,775,328	44,382,256
Transfer to employers' reserve	19,648,477	9,631,718
Refund of contributions	944,267	395,250
	<u>40,368,072</u>	<u>54,409,224</u>

13. INVESTMENT INCOME

	2018 Rs	2017 Rs
Dividend income	9,711,383	8,670,406
Interest income:		
- On dealings accounts	173,767	655,451
- On held-to-maturity investments	-	12,567,274
- On financial assets at fair value	17,547,284	-
	<u>27,432,434</u>	<u>21,893,131</u>

14. INVESTMENT MANAGEMENT EXPENSES

	2018 Rs	2017 Rs
Management and custodian fees	2,508,695	2,051,637
Other expenses	27,356	63,127
	<u>2,536,051</u>	<u>2,114,764</u>

15. TAXATION

Super Fund, being an exempt body of persons under part 1 of the second schedule of Income Tax Act 1995, is exempt from income tax.

16. ACTUARIAL ASSUMPTIONS VALUATION AND FUNDING POLICY

An actuarial study has been carried out at December 31, 2017 based on the following principles:

- (a) Assets of the Fund would earn an average long term investment return of 5.5% p.a.
- (b) Pension in payment would be increased on average in the long term at a rate of 1.5% per annum.

The Fund liabilities with respect to active and deferred members amounted to Rs.761.9 million as at December 31, 2017. These were fully backed by assets of the same amount.

The reserves built up in the Annuity Fund as at December 31, 2017 were Rs.39.8 million. The Total Accumulated Share (TAS) of retiring members is transferred to this Fund and pensions are then paid out from this Fund.

The estimated liability in respect of pensioners at the valuation date is Rs.38.7 million assuming no future pension increases. These are backed by assets of Rs.39.8 million. The Annuity Fund therefore had a surplus of Rs.1.1 million at the valuation date. This allows the Management Committee to consider granting annual discretionary increases at a modest level each January 1.

The next full actuarial valuation report is expected to be carried out not later than December 31, 2020.

17. CHANGES IN ACCOUNTING POLICIES

There are no changes to the amounts reported in the financial statements year ended December 31, 2018 under IFRS 9 and IFRS 15, to the amounts that would have been reported had the Fund continued to report in accordance with IAS 39 Financial instruments and IAS 18, Revenue, respectively.

100%



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