



ANNUAL REPORT

2019



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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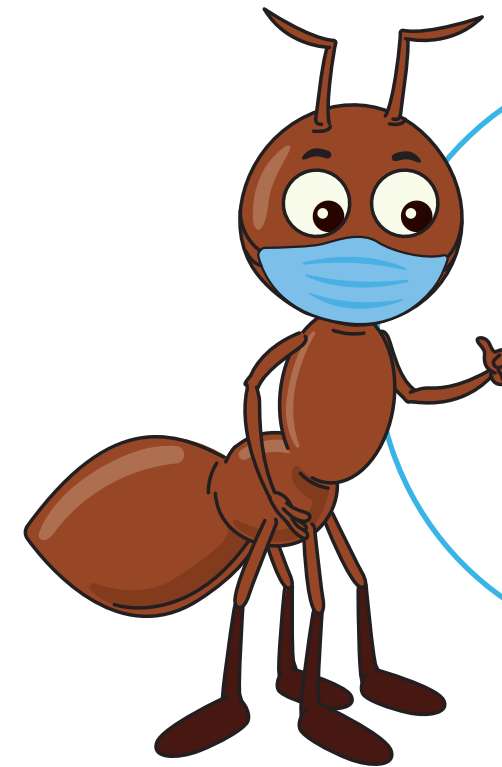


PRESIDENT'S MESSAGE

As President of Super Fund, it is my pleasure to present you with the Fund's Annual Report and Financial Statements for the Financial Year ending 31 December 2019. I trust that this report will give you an informative update on the financial status of the Fund, as well as a summary of the investment strategy and performance over the last year.

The Fund continues to adapt to these challenging times!

Super Fund has achieved a commendable growth despite the prevailing stiff market competition and the challenging economic environment. However, this continues to be a challenge and our focus remains on attaining a sustainable pension fund for our members. The Fund registered a return of 11.75% for the financial year ended 31 December 2019. It is interesting to note that an appreciable portion of the realised growth stems from the aggressive portfolio performance, with the Aggressive sub fund recording the highest return for the year. The Aggressive sub-fund also outperformed its benchmark during that period. While the Moderate sub-fund is more or less in line with its benchmark, the Conservative and Defensive sub-funds underperformed their respective benchmarks. We note however that the Consolidated Fund has managed to earn an excess return of 10.8% over inflation of 0.9% (year on year) during 2019.



The Fund continued its upward progression and saw its Net Asset Value increase from **Rs1 billion** as at end of December 2018 to **Rs1.2 billion** on 31 December 2019.

The number of participating employers as at 31 December 2019 stood at 87 compared with 2102 active members.

As at 31 December 2019, the share of total assets managed by Afrasia Capital Management and Swan Wealth Managers amounted to Rs921m (76%) and Rs296m (24%) respectively. There has been no significant change in asset allocation over the year 2019 -Aggressive (31%) Moderate (35%) Conservative (24%) Defensive (9%).

On the legislations side, the Government has introduced the new Workers Rights Act with a Portable Retirement Gratuity Fund (PRGF) for the private sector. It was initially announced to be effective as from January 2020 with a contribution rate into the PRGF being 4.5% of monthly remuneration. Due to the unprecedented COVID 19 health Crisis, this has now been reported to a later date. Never the less, employees covered by Super Fund and other approved private occupational pension plans, will not need to make any additional contribution into the PRGF and there is no minimum contribution rate to be satisfied. However, Super Fund and the other plans will have to amend their rules to eliminate the minimum period of 2 years' service required for active members to benefit from their employers' contributions.

The year 2020 is proving to be extremely challenging and volatile so far, with the COVID 19 pandemic and prospects of global recession!

Notwithstanding the aforementioned challenges, we are still working on continuously improving our service standards. In 2020, we shall make sure that our clients are provided with the most appropriate solutions, based on their specific needs. We shall further improve & digitalise our services to improve efficiency and to ensure better quality customer information.

In closing, I would like to thank all our partners for the dedication and hard work and also all the members of the Governing Body and sub committees for their continued service and support.

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 2019:

Mr Shashi Ramdany
Reinsurance Solutions Ltd
President

Mr. Jean Marc Desvaux
General Construction Co Ltd
Member

Mr Daniel Chan Chong
FGY Services Ltd
Vice President

Mr Ashwin Foogooa
Green Yellow Ltd
Member - resigned February 2019

Mr Nilesh Gammoo
Business Mauritius
Secretary

Mr kevin Vencatachellum
Gamma Construction Ltd
Member

Mr Twalha Dhunnoo
Gamma Civic Ltd
Treasurer - resigned June 2019

Mr Feroze Acharauz
Panache Co Ltd
Member

Mr Franco Tuyau
DPD Laser Ltd
Member

Mr Thomy Regnard
Associated Textile Services Ltd
Member

Mr Maurice Felix
Orange Business Ltd
Member

The Management Committee met four 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 was chaired by Mr Twalha Dhunnoo and 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. Its main tasks are to maintain and, where necessary, review the effectiveness of internal controls of the Fund in the light of the findings of the external auditors and review the financial statements. During the year, The Audit, Risk and Governance Committee met three times.

Investment Committee

The Investment Committee was chaired by Mr Daniel Chan Chong and composed of the following members:

Mr Ashwin Foogooa - resigned February 2019

Mr Nilesh Gammoo

Mr Maurice Felix

Mr Jean Marc Desvaux

The Investment Subcommittee 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 four meetings were held by the committee.

ACTIVITIES DURING THE YEAR

Revised Investment Policy Statement (IPS)

The Investment Policy Statement (IPS) was reviewed during the Financial Year 2019 and approved in August 2019 by the Management Committee. The new IPS was adopted by the Fund Managers as from beginning of October 2019.

The roles and responsibilities of each parties were reviewed as well as their respective scope of services. Changes to the targeted strategic asset allocation and permitted variances for the asset classes and investment profiles were made – increase exposure to fixed income portfolio especially on the local side and subsequently reducing the equity portion. Exposure to alternatives were also realigned so as to enhance the Fund's diversification and risk mitigation strategies. Benchmarking for each asset class was reviewed following the new target strategic asset allocation. These changes will better calibrate the Fund's investment horizon and objectives.

The Workers' Rights Act 2019

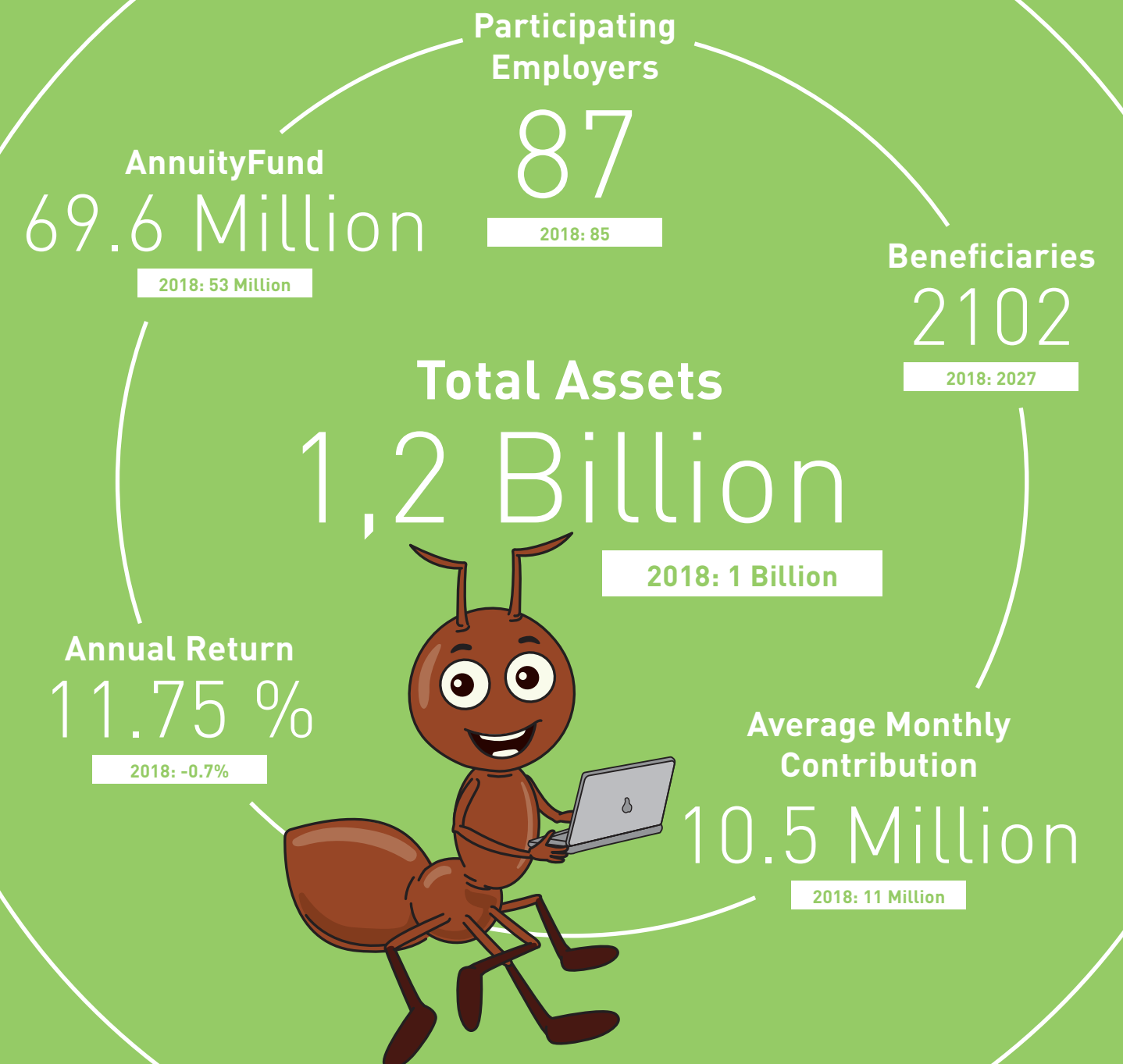
The Workers' Rights Act 2019 is now effective and has introduced a novel concept, which is the Portable Retirement Gratuity Fund (PRGF) in the Mauritian employment law landscape.

The PRGF was introduced by the WRA to ensure that a gratuity is paid under the following circumstances:

- (a) to a worker when he retires;
- (b) to a worker's legal heirs on his demise;
- (c) to a self-employed who retires and who has contributed to the PRGF; or
- (d) to the legal heirs of a self-employed who has passed away and who contributed to the PRGF

This law implies that all employers have to fulfil these obligations and they may either contribute to the Portable Retirement Gratuity Fund (PRGF) or set up a Private Pension Scheme governed by the Private Pension Schemes Act. For workers covered by Super Fund, their Employers will not need to make any additional contribution into the PRGF.

KEY FIGURES



REMARKS BY THE INVESTMENT ADVISOR

The year ended 31st December 2019 saw a double-digit performance for Super Fund on the overall, +11.8% over the calendar year. Each investment profile delivered superior performance or was in-line with the benchmark. The year was also marked with the adoption of the revised Investment Policy Statement (IPS) – new investment limits and permitted variances for each asset classes and benchmarking criteria.

On the local market, performance has been relatively mitigated with the Semdex posting -1.9% over the year while foreign markets advanced to higher levels. Despite the low yielding interest rate environment and excess liquidity on the local market, Super Fund has managed to deploy cash in sound investment strategies and by seeking a good mix of high dividend yielders and capital growth opportunities.

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

- Review of the Investment Policy Statement and investment guideline 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.

- 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.

At the time of writing, the new coronavirus has plunged the global economy into an unprecedented humanitarian and economic crisis. The ripple effects are devastating across various sectors and will represent hard work and focus to overcome these critical situations. On a macro perspective, both monetary and fiscal measures are important to uplift the economy.

Whilst these challenging times are difficult, it however represents good investment opportunities to investors over time. Super Fund will continue to leverage on its experience team of Advisors, Fund Managers, Actuaries and Board members for achieving its overall objectives.

LCF Securities Ltd
Investment Advisor

REMARKS BY THE ACTUARY



2019 was a **very good year** for investors as the major stock markets rallied. The MSCI All Country World Index rose by nearly **27% in 2019.**

Market Updates

Over the year, investors' confidence was boosted thanks to easing trade tensions between US and China, improving economic outlook and favourable monetary policy in US. The S&P 500 surged by 29%, marking its biggest annual gain since 2013.

The EuroStoxx 50 returned +24.8% for the year 2019, amid improving growth outlook for the major economies in Europe. Among solving Brexit uncertainties, FTSE 100 also gained 12.1% during the year. Note that UK officially left the European Union after 47 years of membership on 31st January 2020.

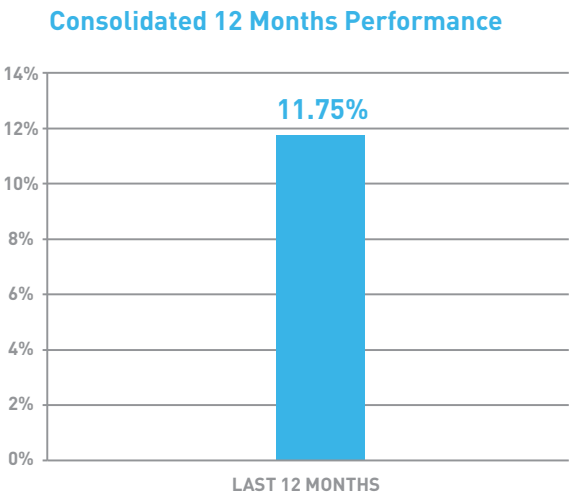
Meanwhile bond and commodity prices also rose. With falling global yields, bond prices surged. The Bloomberg Barclays Global Aggregate Bond Index gained 6.8% in 2019. However, on the domestic side, the SEMDEX lost over 2% in 2019. SEMTRI made slightly positive returns of +1.4% during the year.

Over the year, the USD, GBP and EUR all appreciated against the local currency. The USD, GBP and EUR gained 6.0%, 9.6% and 3.8%, respectively relative to the MUR.

Consolidated Performance

As at 31 December 2019, the total investable assets of the Fund amounted to around MUR 1.22 billion.

The consolidated performance of the Fund for the year ended 31 December 2019 is as follows:



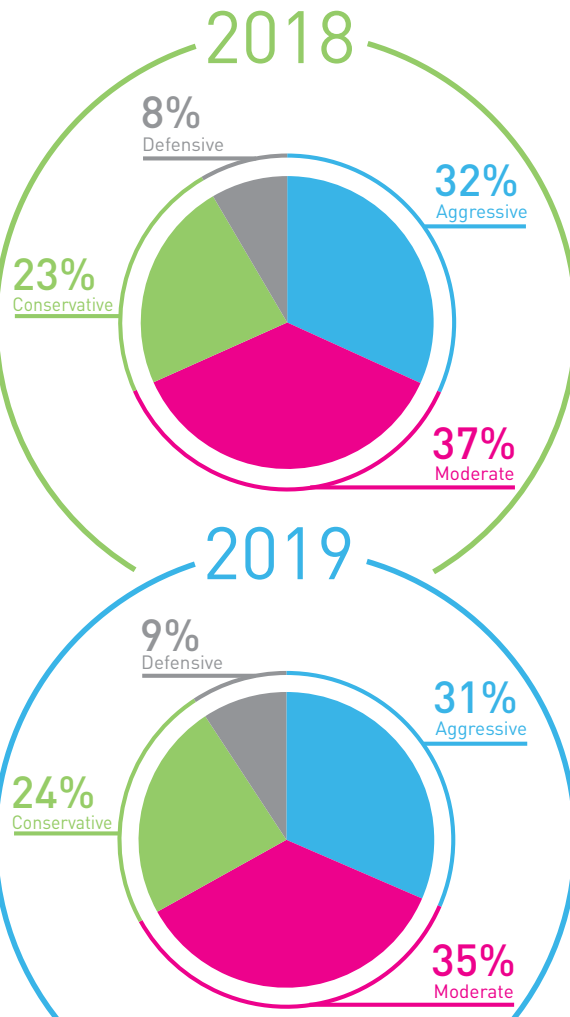
Over the year ended 31 December 2019, the Fund returned +11.75%.

Note also that it is very challenging to benchmark the consolidated Fund’s performance. The four sub-funds have different age brackets/terms till retirement as well as different asset allocations. Members are allocated to the different sub-funds based on their term to retirement.

We however note that the Consolidated Fund has managed to earn an excess return of 10.85% over inflation (CPI of 0.9%) during 2019.

Asset Allocation

The charts below show the allocation to the different sub-portfolios of the Fund as at 31 December 2019, compared to the allocation as at end of the previous year.



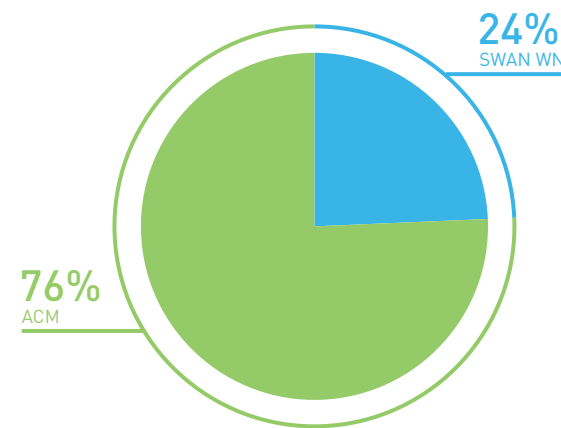
There has been no significant change in asset allocation over the year.

The Moderate sub-fund had the highest allocation (35%) closely followed by the Aggressive sub-fund (31%). Allocation to the Defensive sub-fund is very low (9%).

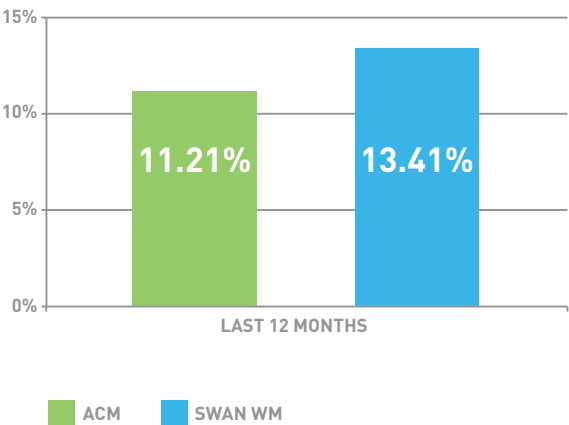
Relative Consolidated Performance of Investment Managers

As end-December 2019, the total assets managed by Afrasia Capital Management (ACM) and Swan Wealth (Swan WM) amounted to MUR 921mln and MUR 296mln, respectively.

The split was as follows:

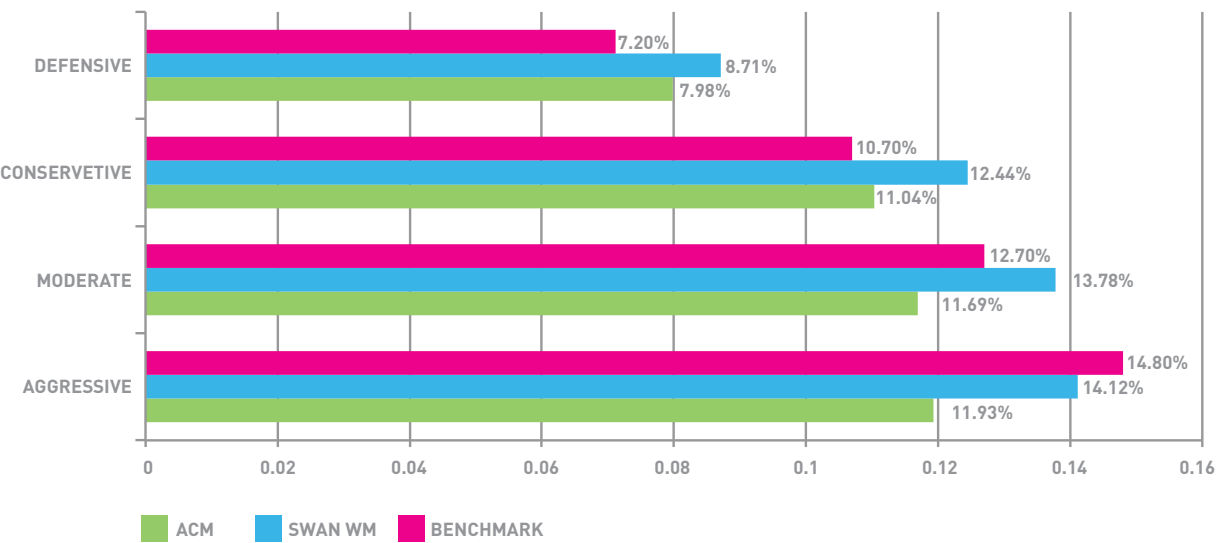


The relative consolidated performance of the Investment Managers is as follows:



Performance of Investment Managers – By Sub-fund

The below table shows the performance of the investment managers in each sub-fund compared to the benchmark.



Post Year End Event COVID-19

The human race is currently waging a war against a pandemic; the Coronavirus (COVID-19). It is leading us to the first global recession caused by an exogenous shock. This has an adverse impact on share prices, both locally and foreign. Furthermore, interest rates around the world have fallen further since end- December 2019.

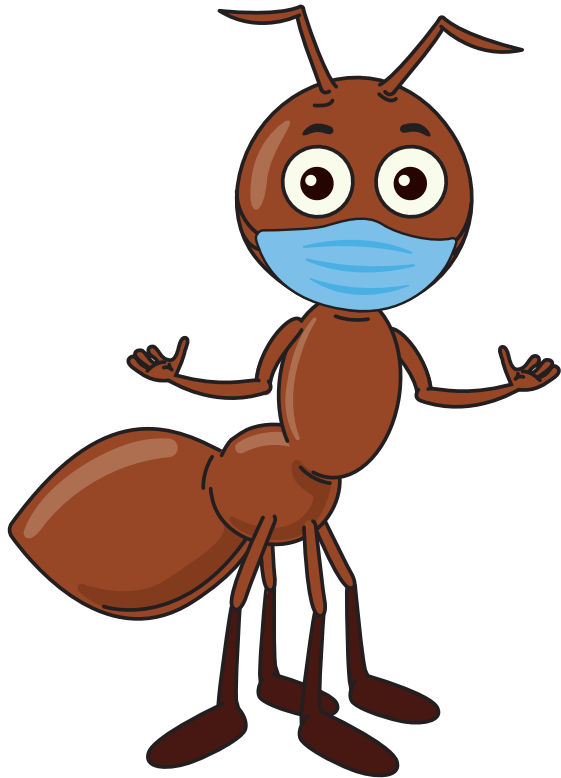
The 2020 investment performance for Super Fund will most likely be negatively affected, as is the case for other pension funds in Mauritius. However, the impact on each sub-fund will vary, as each of them has a different asset allocation.

The Management Committee is closely monitoring the performance of the Fund, with the guidance of the Actuary and Investment Adviser.

In particular, the annuity rates used by the Fund will be reviewed with effect from 1 July 2020 due to the exceptional market conditions.

While the extent of economic damage associated with COVID-19 remains unclear, it should be highlighted that historical evidence has shown that the financial markets have always found a way to overcome major crises. A crisis can also be an opportunity for members with a long term focus. Times of market turmoil/ crisis have often been followed by important wealth creation opportunities for patient long-term investors.

Aon Hewitt Ltd
Actuary



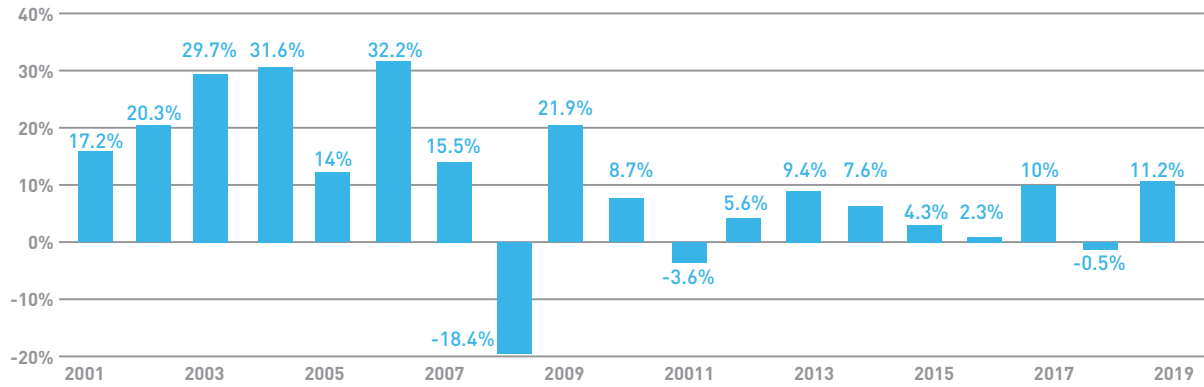
FUND MANAGER'S REVIEW



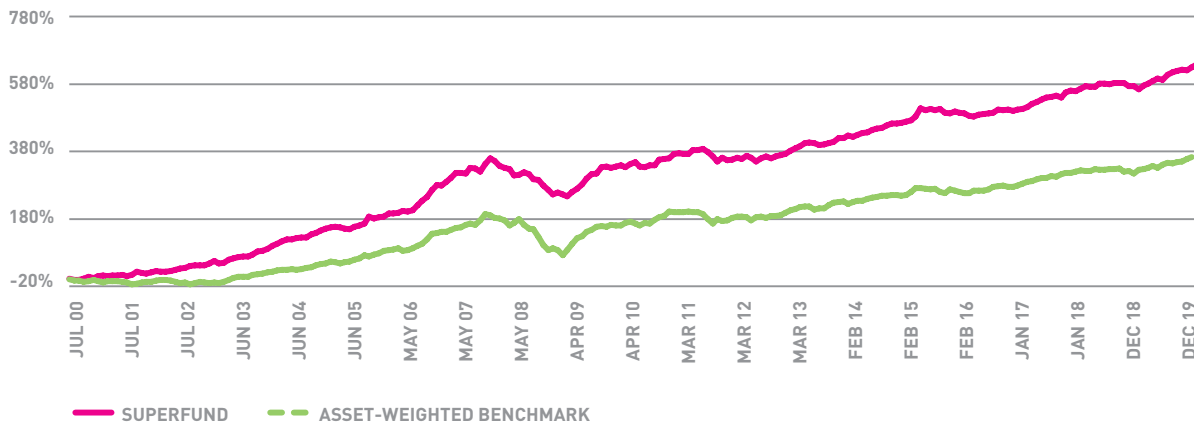
As at 31st December 2019, the net asset under management of the Consolidated Fund stood at Rs 921.0m with returns since inception of 638.4%.

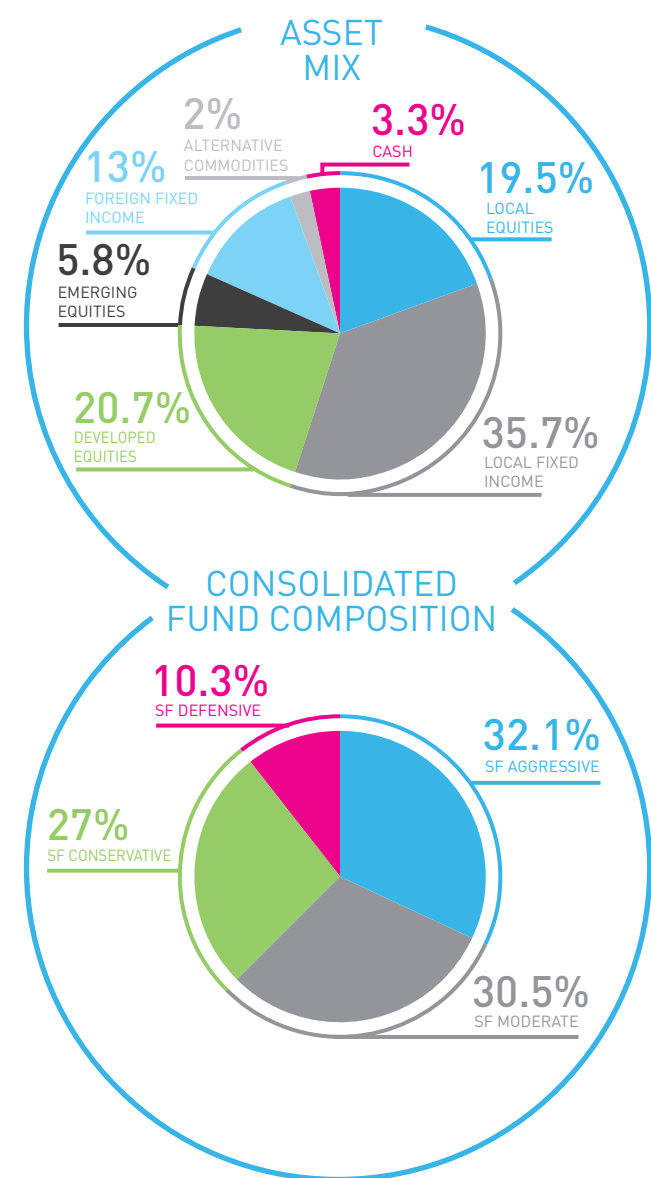
| PERFORMANCE (%) | 1 Year | 3 Years | 5 Years | Since Inception | Annualized since Inception |
|-------------------------|--------|---------|---------|-----------------|----------------------------|
| Super Fund Consolidated | 11.2% | 21.7% | 30.0% | 638.4% | 10.8% |

YEARLY PERFORMANCE



CUMULATIVE PERFORMANCE (SINCE INCEPTION)





Fund Manager Comment

The year 2019 was mainly governed by the on-going trade war tensions between US & China with bouts of optimism and pessimism governing market direction. This, combined with relatively soft economic figures, led to a more cautious management of the sub-funds. Correspondingly, the Aggressive and Moderate sub-funds lagged behind their benchmark, despite posting double digit performance figures, whilst the Conservative & Defensive sub-funds outperformed their benchmark over the year. To note also that all respective benchmarks of the sub-funds were changed over the last quarter of the year, further to the Investment Committee’s request, and the asset mix of the sub-funds had to be re-allocated accordingly.

PERFORMANCE OF SUB-FUNDS

| Performance (%) | Super Fund Aggressive | Super Fund Moderate | Super Fund Conservative | Super Fund Defensive |
|-----------------|-----------------------|---------------------|-------------------------|----------------------|
| 1 - Year | 11.9% | 11.7% | 11.1% | 8.0% |

FUND MANAGER’S REVIEW



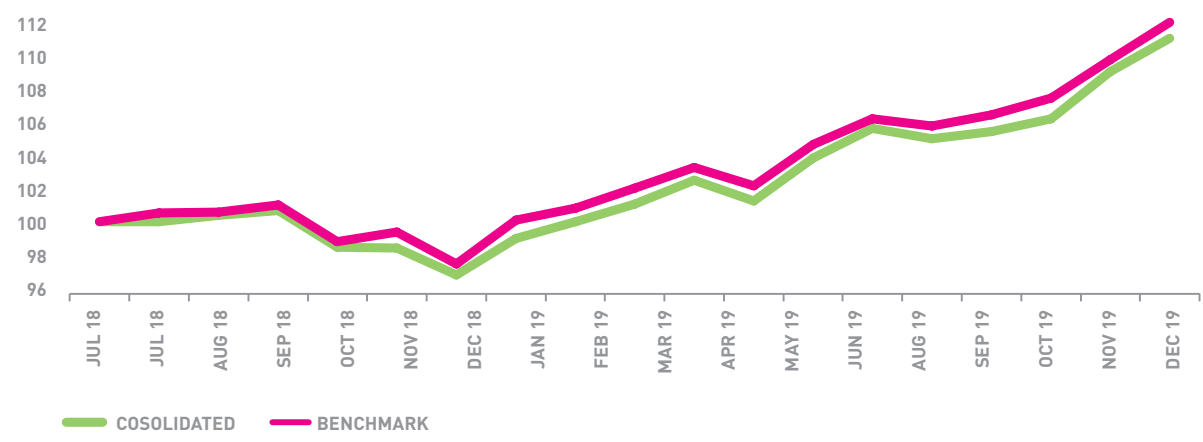
Swan Wealth Managers Ltd

The value of the Fund under management stood at MUR 296 million as at 31-Dec-19, with 96% of the funds invested on a consolidated basis. The Fund maintained the cap north with a robust gain of 13.4% in MUR for the year 2019 following superior results from its sub-funds, namely: Moderate, Conservative and Defensive. Outperformance was mainly attributable to upbeat results from its foreign equity and fixed income portfolios.

FUND PERFORMANCE (IN MUR) FOR THE YEAR ENDED 31 DECEMBER 2019

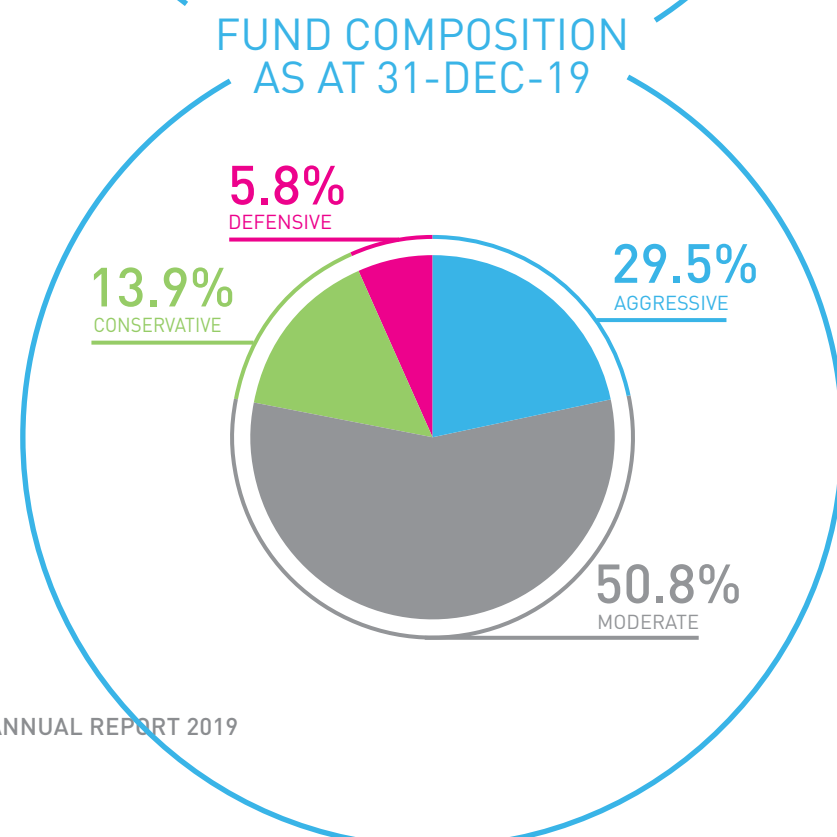
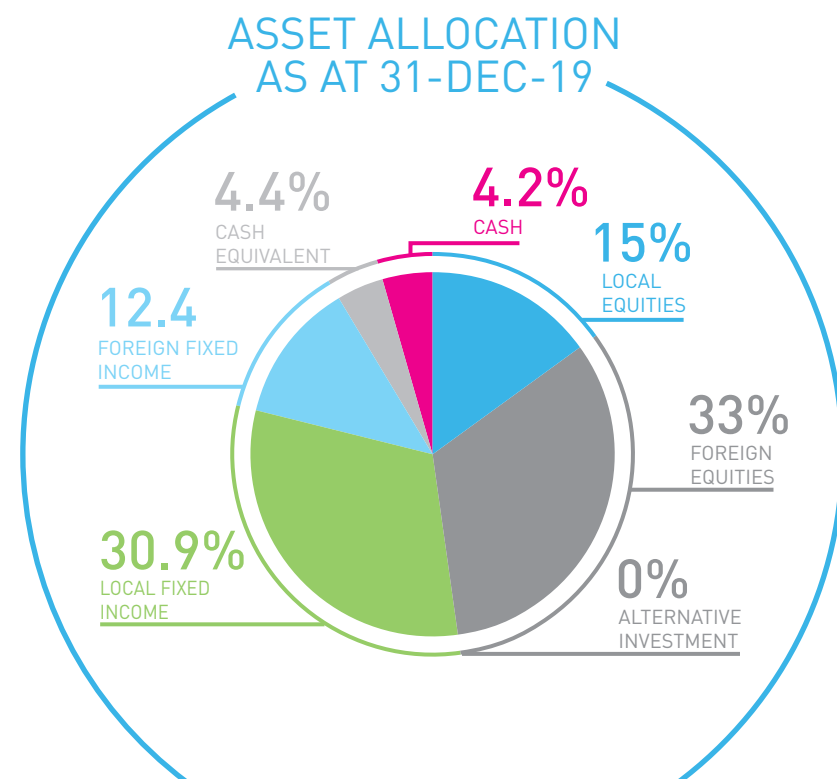
| PERFORMANCE (%) | Aggressive | Moderate | Conservative | Defensive | CONSOLIDATED |
|-----------------|------------|----------|--------------|-----------|--------------|
| Super Fund | +14.2% | +13.8% | +12.4% | +8.7% | +13.4% |
| Benchmark | +14.9% | +12.5% | +10.2% | +7.2% | +12.5% |

INDEXED PERFORMANCE SINCE INCEPTION (MUR)



The benchmark is an asset-weighted benchmark comprising of SEMTRI (for local equity), MSCI All Country World Index (for foreign equity), MSCI All Country World Index + 2% (for alternative investments), 91-Day Treasury Bills + 2% (for local fixed income), 91-Day Treasury Bills (for cash equivalents) and Barclays Capital Global Aggregate Index (for foreign fixed income). As from Oct-19, the 91-Day Treasury Bills replaced the Savings Rate.

In terms of asset allocation, following subdued performance from local bourse, the Manager maintained an underweight exposure on the asset class. During the year, there was a change in mandate to include a new asset class, Alternative Investments, effective Oct-19. However, with market trading at an all-time high level, the Manager temporarily postponed consolidation on the new asset class.



MARKET REVIEW

2019 was a stellar year for international equities (as represented by the MSCI All Country World Index which grew +31.5% in MUR). Despite periods of volatility during the year, triggered by US-China trade war and concerns over weak global economic growth, a synchronised accommodative stance from major central banks pushed equities higher. US shares stole the limelight as it reached new all-time high levels in Dec-19 and outperformed the broad market. Emerging Market also grew but lagged its Developed peers (MSCI Emerging Market: +22.3% in MUR) as tensed trade negotiations and country specific events rattled investors' nerves.

The Mauritian bourse on the other hand, closed 2019 in negative territory (SEMDEX: -1.9%) following clouded outlook mostly from cane players and hoteliers. The main laggards for the year were Omnicane (-40.8%) and SUN (-37.9%). However, the local equity market received some support from (i) MCBG (+16.8%) which reached fresh highs in Dec-19 on the back of robust earnings result and (ii) Eagle Insurance Ltd (+41.2%) which surged following the announcement of a voluntary offer by HWIC Asia Fund. After going through a roller-coaster ride in 2019, SBMH (+8.1%) closed higher supported by local investors.

On the fixed income side, the local market continued to be marked by subdued yields and high excess liquidity. Treasury weighted yields registered a fall of 68bps to 142bps across the yield curve over the year. On the monetary policy side, the Monetary Policy Committee of the Bank of Mauritius cut the Key Repo Rate by 15bps to 3.35% at its August meeting due to the need to support growth and business financing. Headline inflation for the twelve months ending December 2019 was 0.5% (versus 3.2% for the previous corresponding period) thereby reflecting favourable domestic supply conditions, subdued domestic price pressures and low global inflation. On the forex side, GBP, USD and EUR appreciated by 9.1%, 5.6% and 3.7% respectively vis-à-vis the MUR during the year. On the international side, major central banks have continued to provide policy support by further easing their respective monetary policy stance. The Federal Open Market Committee cut the Fed Fund Rate thrice by 25bps to a final range of 1.50%-1.75% on the back of softening global growth, lingering trade tensions and muted inflationary pressures. International sovereign bond yields were under pressure with 10Yr US Treasury and 10Yr Gilts closing lower at 1.92% (-77bps) and 0.83% (-46bps) respectively. In contrast, 10Yr Bunds and 10Yr Japanese ended the year in negative territory at -0.18% (-43bps) and -0.01% (-2bps) respectively.

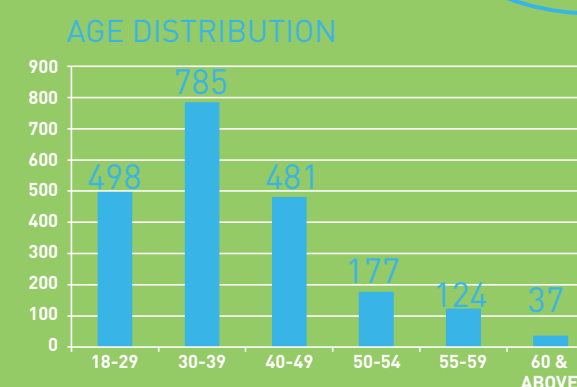
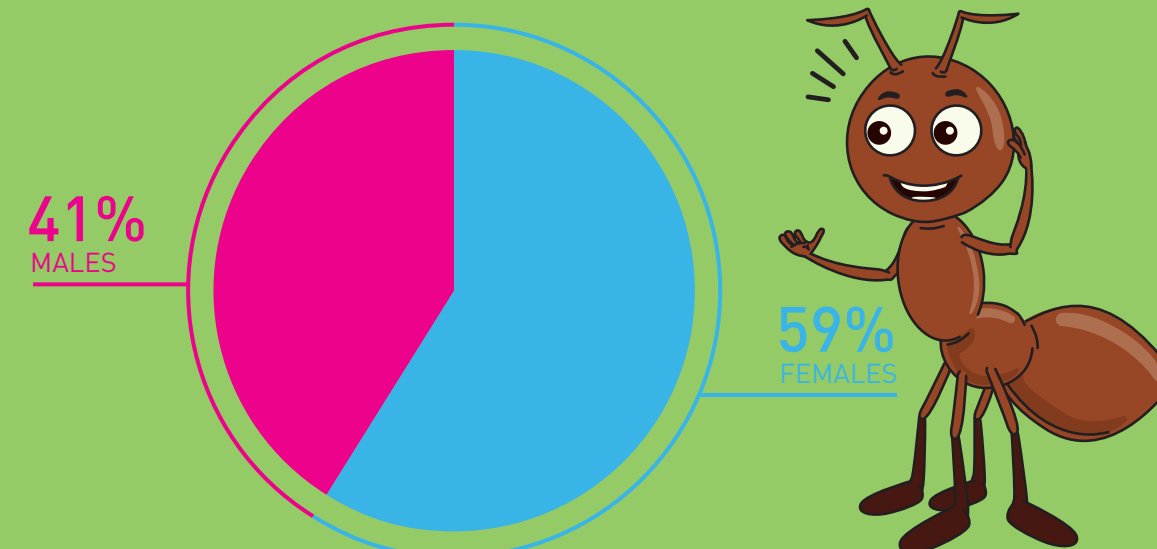
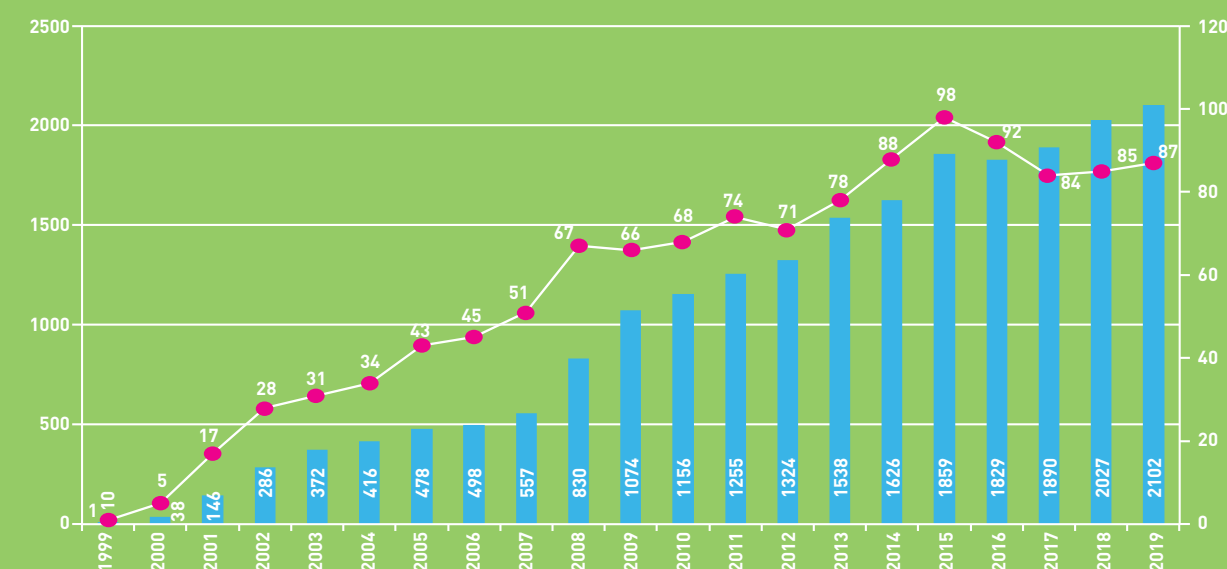
AN OVERVIEW OF 2020

2020 will definitely go down in history as the year when global activity was abruptly paralysed by the coronavirus pandemic. Global equity markets recorded the fastest drawdown in history in 1Q 2020 followed by the largest 50-day market advance in 2Q 2020. Investors fled into perceived "safe havens" such as gold and US dollar as the number of infected cases across the globe grew rapidly. However, following the unprecedented support from policy-makers, equity markets bounced back strongly (as represented by the MSCI All Country World Index which grew +21.4% in MUR in 2Q20 vs. -15.5% in MUR in 1Q20). China and US equities took the lion's share, driven mostly by technology stocks as the adoption of the "work from home" accelerated trends such as online-shopping and e-services. On the domestic side, the Stock Exchange of Mauritius suspended trading on 20-Mar-20 but resumed its activity on 6-Apr-20. The local bourse remained in negative territory (SEMDEX 1H 2020: -23.6%) with the aviation and hotel counters recording the worst impact. Amid challenging environment, Air Mauritius was placed under voluntary administration by its Board of Directors on 22-Apr-20. Top performers for the half year ending 30-Jun-20 were: NIT (+11.0%), MUA (+9.0%) and PBL (+6.6%). Foreign investors remained net sellers to the tune of MUR 1,397 million from Jan to Jun-20.

On the fixed income side, the local market remains bleak with falling treasury weighted yields. As at 30-Jun-20, short term yields have lost 107-140 basis points. The fall has been even more significant over the medium and longer term of the curve with decrease of 170-204 basis points and 123-239 basis points respectively. Excess cash holdings of banks increased significantly

and reached MUR 61bn in MUR and FCY for the fortnight ending 18-Jun-20. On the monetary policy side, the Monetary Policy Committee of the Bank of Mauritius cut the Key Repo Rate by 50 basis points and 100 basis points to reach 1.85% (Previously: 3.35%) at its March & April meetings after considering the disruptive effects of COVID-19 on the Mauritian economy and its ensuing implications. Headline inflation for the twelve months ending Jun-20 was 1.8% (versus 0.5% for Dec-19). On the forex side, USD, EUR and GBP appreciated by 9.9%, 10.3% and 3.2% respectively vis-à-vis the MUR since Dec-19 to Jun-20. On the international side, massive monetary and fiscal policies were announced over the half-year in the wake of the COVID-19 crisis. The Federal Open Market Committee (FED) intervened twice to cut the Fed Fund Rate by 50 basis points and 100 basis points bringing the range to 0.0% to 0.25%. The FED also announced ultra-expansionary measures including asset purchase of USD 700bn and QE expansion from USD 700bn to 'unlimited' as well as a USD 750bn corporate credit facility for purchase of investment grade bonds and exchange traded funds. The European Central Bank (ECB) raised EUR 750bn in its 'Pandemic Emergency Purchase Program', paving the way for unlimited asset purchase. In addition, the ECB is set to borrow an additional EUR 750bn on top of initial EUR 600bn. International sovereign bond yields remained under pressure with 10Yr US Treasury, 10Yr Bunds and 10Yr Gilts closing lower at 0.66% (-126bps), -0.46% (-28bps) and 0.169% (-66bps) respectively. In contrast, the 10Yr Japanese closed slightly higher at 0.002% (+1bps).

MEMBERSHIP AND ANALYSIS



MEMBERSHIP DATA

| | |
|-------------------------------|------------|
| No. of Schemes : | 87 |
| Cancellations : | 0 |
| New : | 0 |
| Active Members : | 2,102 |
| Deferred Pensioners : | 1036 |
| Pensioners : | 128 |
| Total Monthly Salary (Rs) : | 85,258,923 |
| Average Monthly Salary (Rs) : | 40,561 |

PARTICIPATING EMPLOYERS

ASSOCIATED TEXTILES SERVICES LTD
 BRITISH AIRWAYS (MAURITIUS)
 CARI AGENCY LTD
 CCMA CONSULTING
 CKLB INTERNATIONAL MANAGEMENT LTD
 COMMUNAUTE FIAT
 EKIUAM AMIO LTD
 CREASIM LIMITEE
 CREATIVE HR SOLUTIONS LTD.
 DPD LASER (MAURITIUS) LTD.
 E.R.C LEVAGE
 ECOVADIS (MAURITIUS) LTD.
 EGECO LTD
 ENGINEERING TECHNICAL &
 MANAGEMENT SERVICES LTD
 ETAIROS LTD
 FGY MANAGEMENT SERVICES LTD
 FLEXICOM CO. LTD
 GAMMA CIVIC LTD
 GAMMA CONSTRUCTION LTD
 GAMMA CORPORATE SERVICES LTD
 GAMMA MATERIALS LTD
 GAZ CARBONIQUE LTD
 GMF LTD
 GRANDE RIVIERE INVESTMENT CO. LTD
 GREEN YELLOW INDIAN OCEAN
 GUARDRISK INTERNATIONAL LTD PCC
 IMMOSPHERE
 IN & OUT TRADING LTD
 INTEGO GREEN LTD
 INTEGO LTD
 ISLAND SALT LTD
 JPH OFFICES LTD
 LA MOISSON LTEE
 LORETO INSTITUTE
 LOTERIE VERT
 LOTTOTECH LTD
 MACUMBA LTD

MARAND TRADING COMPANY LTD
 MAUREVA LTD
 MECHANIZATION CO. LTD
 MEDSCHEME (MTIUS) LTD
 MIROVERRE LTD
 NEO FOODS
 ORANGE BUSINESS SERVICES
 MAURITIUS LTD
 OZIMATE LTD
 PAIE SERVICE
 PAJR MEDICAL LTD
 PANACHE & CO LTD
 PASTEUR PHARMACEUTICALS LIMITED
 PEX HYDRAULICS (MTIUS) LTD
 POOL JOSEPH MERVEN LTD
 PRINCES TUNA (MAURITIUS) LTD
 QUANTILAB LTD
 REINSURANCE SOLUTIONS
 INTERNATIONAL LTD
 ROLEM BUREAUTIQUE LTD
 SOPHIA OUTSOURCING LIMITED
 SOVEREIGN CORPORATE SERVICES
 SOVEREIGN TRUST (MAURITIUS) LTD
 STARTING BLOC
 SWAN PENSIONS LTD
 TERRA MARKETING LTD
 THE GENERAL CONSTRUCTION CO. LTD
 TMF (MAURITIUS) LTD
 TRAXX LTD
 TSAR LTD
 UNICORN TRADING COMPANY (MSJ LTD)
 VALENTIN LAGESSE ASSOCIES
 VELOGIC GARAGE SERVICES LTD
 VELOGIC HAULAGE SERVICES LTD
 WAGTECH PROJECTS MAURITIUS LTD
 XCLUSIVE CONCEPT
 ZAC ASSOCIATES

FINANCIAL STATEMENTS

FOR THE YEAR ENDED
31 DEC 2019



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| EMPLOYER RESERVE ACCOUNT | 10 |
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| STATEMENT OF CASH FLOWS | 12 |
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REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED DECEMBER 31, 2019

The Management Committee has pleasure in submitting its report together with the audited financial statements for the year ended December 31, 2019.

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, 2019 | December 31, 2018 |
|---|----------------------|----------------------|
| Deferred pensioners | 1,036 | 931 |
| Number of pensioners | 128 | 102 |
| Number of pensionable active staff covered by the Fund | 2,102 | 2,027 |

REPORT OF THE MANAGEMENT COMMITTEE - YEAR ENDED DECEMBER 31, 2019 (cont'd)
1. DESCRIPTION OF THE FUND (cont'd)

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) |

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.

REPORT OF THE MANAGEMENT COMMITTEE - YEAR ENDED DECEMBER 31, 2019 (cont'd)

4. INVESTMENT REPORT

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

| | 2019 | 2018 |
|--|----------------------|---------------|
| | Rs | Rs |
| Cash at bank, including dealing accounts | 71,580,553 | 114,877,354 |
| Investment at fair value | 740,514,315 | 597,677,038 |
| Other assets less liabilities | 430,525,989 | 347,548,976 |
| | 1,242,620,857 | 1,060,103,368 |
| Less employer reserve account | (16,974,096) | (19,480,344) |
| Less annuity fund | (69,602,535) | (53,372,838) |
| | 1,156,044,226 | 987,250,186 |

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

| | 2019 | 2018 |
|---------------|---------------|---------|
| | 2019 | 2018 |
| Annual Return | 11.75% | (0.70)% |

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

| | 2019 | 2018 |
|--------------|---------------|--------|
| Aggressive | 12.40% | -2.10% |
| Moderate | 12.40% | -1.30% |
| Conservative | 10.50% | 0.70% |
| Defensive | 8.40% | 1.90% |

5. AUDITORS

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

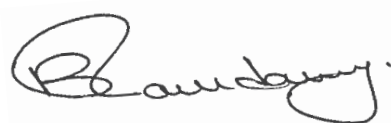
9. TERMINATION

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.



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 8 to 29 which comprise the statement of net assets available for benefits as at December 31, 2019, 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 8 to 29 give a true and fair view of the financial position of the Fund as at December 31, 2019, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the 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.

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, 2019.

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, 2019 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
01.09.2020



AMEENAH RAMDIN (FCCA, ACA)
Licensed by FRC

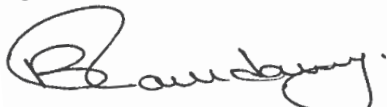
STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS - DECEMBER 31, 2019

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

| | Notes | 2019 Rs | 2018 Rs |
|--|-------|----------------------|---------------|
| ASSETS | | | |
| Non-current assets | | | |
| Financial assets at fair value | 5 | 740,514,315 | 597,677,038 |
| Financial assets at amortised cost | 7A | 419,640,264 | 216,893,959 |
| | | 1,160,154,579 | 814,570,997 |
| Current assets | | | |
| Accounts receivable | 7 | 20,914,166 | 22,136,343 |
| Financial assets at amortised cost | 7A | 14,909,331 | 111,423,383 |
| Bank balance | | 29,238,365 | 14,711,665 |
| Dealings account | 6 | 42,342,188 | 100,165,689 |
| | | 107,404,050 | 248,437,080 |
| Total assets | | 1,267,558,629 | 1,063,008,077 |
| LIABILITIES | | | |
| Current liabilities | | | |
| Accounts payable | 8 | 24,937,772 | 2,904,709 |
| TOTAL ASSETS LESS TOTAL LIABILITIES | | 1,242,620,857 | 1,060,103,368 |
| Employer reserve account | 9 | (16,974,096) | (19,480,344) |
| Annuity fund | | (69,602,535) | (53,372,838) |
| NET ASSETS AVAILABLE FOR BENEFITS | | 1,156,044,226 | 987,250,186 |

Approved by the Management Committee and authorised for issue on 01.09.2020

CHAIRMAN



The notes on pages 13 to 29 form an integral part of these financial statements.
Auditors' report on pages 5 to 7.

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS - YEAR ENDED DECEMBER 31, 2019

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

| | Notes | 2019 Rs | 2018 Rs |
|---|-------|----------------------|--------------|
| Contributions and benefits | | | |
| Contributions received and receivable | 10 | 115,210,405 | 283,209,917 |
| Benefits paid and payable | 11 | (6,147,215) | (5,878,188) |
| Payments to and on account of leavers | 12 | (59,284,995) | (40,368,072) |
| | | (65,432,210) | (46,246,260) |
| Net additions from dealings with members | | 49,778,195 | 236,963,657 |
| Returns on investments | | | |
| Investment income | 13 | 33,690,186 | 27,432,434 |
| Increase/(decrease) in fair value of financial assets | | 82,466,828 | (30,695,142) |
| Profit/(loss) on disposal of financial assets | | 6,105,031 | (5,431,669) |
| Investment management expenses | 14 | (5,223,025) | (2,536,051) |
| Foreign exchange gains/(losses) | | 1,608,685 | (397,244) |
| Other income | | 368,140 | - |
| Net returns on investments | | 119,015,845 | (11,627,672) |
| Net increase for the year | | 168,794,040 | 225,335,985 |
| Net assets available for benefits | | | |
| At January 1, | | 987,250,186 | 761,914,201 |
| Net increase | | 168,794,040 | 225,335,985 |
| At December 31, | | 1,156,044,226 | 987,250,186 |

The notes on pages 13 to 29 form an integral part of these financial statements.
Auditors' report on pages 5 to 7.

EMPLOYER RESERVE ACCOUNT - YEAR ENDED DECEMBER 31, 2019

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

| | Notes | 2019 Rs | 2018 Rs |
|---|-------|--------------------|------------|
| Contributions | | 13,910,523 | 13,349,518 |
| Disability claims refund | | 96,624 | 45,230 |
| Death refund | | 1,056,770 | 2,028,156 |
| Other income | | - | 502,615 |
| Transfer from statement of changes in net assets available for benefits | | 65,432,210 | 46,246,260 |
| | | 80,496,127 | 62,171,779 |
| Withdrawal benefits | | 41,096,495 | 20,176,068 |
| Disability claims | | 151,559 | 45,230 |
| Death claim | | 1,252,868 | 2,110,283 |
| Lump sums | | 6,147,215 | 5,878,188 |
| Transfer to annuity fund | | 16,482,032 | 16,466,523 |
| Administration fees | | 5,080,466 | 4,779,578 |
| Actuarial fees | | 407,100 | 379,500 |
| Assurance costs | | 6,662,966 | 6,432,299 |
| Audit fees | | 135,000 | 147,200 |
| Annuity buyout | | - | 759,080 |
| Impairment loss on contribution receivable | | 3,631,330 | - |
| Other expenses | | 1,955,344 | 1,965,535 |
| | | 83,002,375 | 59,139,484 |
| (Loss)/surplus for the year | 9 | (2,506,248) | 3,032,295 |

The notes on pages 13 to 29 form an integral part of these financial statements.
Auditors' report on pages 5 to 7.

ANNUITY FUND - YEAR ENDED DECEMBER 31, 2019

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

| | Notes | 2019 Rs | 2018 Rs |
|---|-------|--------------------|-------------|
| At January 1, | | 53,372,838 | 39,824,649 |
| Transfer from employer reserve account | | 16,482,032 | 16,466,523 |
| Interest income | | 1,182,374 | 1,112,944 |
| Dividend income | | 578,007 | 505,556 |
| Increase/(decrease) in fair value of financial assets | | 2,591,368 | (485,876) |
| Profit/(loss) on disposal of financial assets | | 684,653 | (106,979) |
| Foreign exchange gains/(losses) | | 76,037 | (39,372) |
| Other income | | 14,978 | - |
| | | 21,609,449 | 17,452,796 |
| Pensions paid | | (4,932,124) | (3,754,171) |
| Bank charges | | (3,481) | (2,859) |
| Management fees | | (122,134) | (88,660) |
| Custody fees | | (92,858) | (58,917) |
| Other expenses | | (229,155) | - |
| | | (5,379,752) | (3,904,607) |
| Surplus | | 16,229,697 | 13,548,189 |
| At December 31, | | 69,602,535 | 53,372,838 |

The notes on pages 13 to 29 form an integral part of these financial statements.
Auditors' report on pages 5 to 7.

STATEMENT OF CASH FLOW - YEAR ENDED DECEMBER 31, 2019

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

| | 2019 Rs | 2018 Rs |
|---|----------------------|----------------------|
| Cash flows from operating activities | | |
| Contributions received | 126,711,771 | 296,370,304 |
| Disability refund | 107,360 | 36,184 |
| Death claim refund | 1,056,770 | 2,028,156 |
| Pensions and retirement gratuities paid | (11,008,434) | (10,342,757) |
| Administrative expenses | (4,898,704) | (5,012,255) |
| Insurance premium paid | (6,440,653) | (6,812,604) |
| Withdrawal benefits paid | (20,194,100) | (20,235,021) |
| Disability payment | (151,559) | (45,230) |
| Other expenses paid | (2,198,779) | (2,459,064) |
| Death gratuities | (1,294,323) | (2,511,088) |
| Net cash from operating activities | 81,689,349 | 251,016,625 |
| Cash flows from investing activities | | |
| Income from quoted securities | 15,265,421 | 10,216,938 |
| Interest received | 20,674,122 | 17,872,150 |
| Proceeds from disposal of securities | 386,190,729 | 160,425,897 |
| Purchase of investments | (543,518,237) | (411,048,183) |
| Management and other charges | (5,282,907) | (2,841,942) |
| Net cash used in investing activities | (126,670,872) | (225,375,140) |
| Foreign exchange gains/(losses) | 1,684,722 | (436,616) |
| Net (decrease)/increase in cash and cash equivalents | (43,296,801) | 25,204,869 |
| Movement in cash and cash equivalents | | |
| At January 1, | 114,877,354 | 89,672,485 |
| (Decrease)/increase | (43,296,801) | 25,204,869 |
| At December 31, | 71,580,553 | 114,877,354 |
| Represented by: | | |
| Bank balance | 29,238,365 | 14,711,665 |
| Dealings account | 42,342,188 | 100,165,689 |
| | 71,580,553 | 114,877,354 |

The notes on pages 13 to 29 form an integral part of these financial statements.
Auditors' report on pages 5 to 7.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2019

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, 2019 were authorised for issue in accordance with a resolution of Management Committee as dated on page 8.

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).

Standards, Amendments to published Standards and Interpretations effective in the reporting period

IFRS 16 Leases results in the recognition of almost all leases on balance sheet. The standard removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. The Fund has adopted IFRS 16 from 1 January 2019, but has not restated comparatives for 2018, as permitted under the specific transition provisions. The reclassifications and adjustments arising from the new leasing rules are recognised in the opening balance sheet on 1 January 2019.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Statement of compliance (cont'd)

On adoption of IFRS 16, the Fund recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under IAS 17. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019.

For leases previously classified as finance leases the entity recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right of use asset and the lease liability at the date of initial application. The measurement principles of IFRS 16 are only applied after that date. The remeasurements to the lease liabilities were recognised as adjustments to the related right-of-use assets immediately after the date of initial application.

IFRIC 23 Uncertainty over Income Tax Treatments explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. There are no new disclosure requirements but requirement to provide information about judgements and estimates made in preparing the financial statements. The interpretation has no impact on the Fund's financial statements.

Prepayment Features with negative compensation (Amendments to IFRS 9) enable entities to measure certain prepayable financial assets with negative compensation at amortised cost. These assets, which include some loan and debt securities, would otherwise have to be measured at fair value through profit or loss. To qualify for amortised cost measurement, the negative compensation must be 'reasonable compensation for early termination of the contract' and the asset must be held within a 'held to collect' business model. The amendments have no impact on the Fund's financial statements.

Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28) clarify the accounting for long-term interests in an associate or joint venture, which in substance form part of the net investment in the associate or joint venture, but to which equity accounting is not applied. Entities must account for such interests under IFRS 9 before applying the loss allocation and impairment requirements in IAS 28. The amendments have no impact on the Fund's financial statements.

Annual Improvements to IFRSs 2015–2017 Cycle

- IFRS 3 – clarified that obtaining control of a business that is a joint operation is a business combination achieved in stages.
- IFRS 11 – clarified that party obtaining joint control of a business that is a joint operation should not remeasure its previously held interest in the joint operation.
- IAS 12 – clarified that income tax consequences of dividends on financial instruments classified as equity should be recognised according to where the past transactions or events that generated distributable profits were recognised.
- IAS 23 – clarified that, if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of general borrowings.

The amendments have no impact on the Fund's financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Statement of compliance (cont'd)

Plan Amendment, Curtailment or Settlement (Amendments to IAS 19) clarify that entities must:

- calculate the current service cost and net interest for the remainder of the reporting period after a plan amendment, curtailment or settlement by using the updated assumptions from the date of the change.
- recognise any reduction in a surplus immediately in profit or loss, either as part of past service cost or as a gain or loss on settlement. In other words, a reduction in a surplus must be recognised in profit or loss even if that surplus was not previously recognised because of the impact of the asset ceiling.
- separately recognise any changes in the asset ceiling through other comprehensive income.

The amendments have 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, 2020 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 17 Insurance Contracts
Definition of a Business (Amendments to IFRS 3)

Definition of Material (Amendments to IAS 1 and IAS 8)

Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)

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. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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 through changes in net assets available for benefits

The fund classifies the financial asset at fair value through changes in net assets available for benefits for equity investments that are held for trading.

(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 acquisition cost 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. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

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.

| | 2019 | 2018 |
|-------------------|----------------|------------------|
| | Rs | Rs |
| Impact on: | | |
| US Dollar | 679,964 | 985,077 |
| UK Pound | - | 371,223 |
| Euro | 10,939 | 268,118 |
| Australian Dollar | 77 | - |
| | 690,980 | 1,624,418 |

3. FINANCIAL RISK MANAGEMENT (cont'd)**3.1 Financial risk factors (cont'd)****(a) Market risk (cont'd)****(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%.

| | Impact on changes in net assets available for benefits | |
|---------------------------------|--|------------|
| | 2019 | 2018 |
| | Rs | Rs |
| Category of investments: | | |
| Designated at fair value | 37,025,716 | 29,883,852 |

(iii) Cash flow and fair value interest rate risk

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

| | Currency | 2019 | 2018 |
|--------------------------------|----------|------------|--------|
| | | % p.a. | % p.a. |
| Financial assets | MUR | 4-6 | 4-8 |
| Financial assets at fair value | | | |

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:

| | 2019 | 2018 |
|---------|---------------|--------|
| | Rs | Rs |
| Surplus | 50,463 | 45,916 |

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 | |
|-------------------------------------|-------------------------------|-------------|
| | 2019 | 2018 |
| | Rs | Rs |
| Contributions and other receivables | 20,914,166 | 22,136,343 |
| Bank balance | 29,238,365 | 14,711,665 |
| Dealing account | 42,342,188 | 100,165,689 |
| | 92,494,719 | 137,013,697 |

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:

| | Less than 1 year | |
|------------------|-------------------------|-----------|
| | 2019 | 2018 |
| | Rs | Rs |
| Accounts payable | 24,937,772 | 2,904,709 |

3. FINANCIAL RISK MANAGEMENT (cont'd)**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.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (cont'd)**4.1 Critical accounting estimates and assumptions (cont'd)****(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.

(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. FINANCIAL ASSETS AT FAIR VALUE

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

| | 2019 | | |
|------------------------|--------------------|--------------------|--------------------|
| | Local | Foreign | Total |
| | Rs. | Rs. | Rs. |
| At January 1, | 216,327,824 | 381,349,214 | 597,677,038 |
| Additions | 21,400,306 | 126,449,303 | 147,849,609 |
| Disposals | (8,986,261) | (75,805,051) | (84,791,312) |
| Fair value gains | (4,347,166) | 84,126,146 | 79,778,980 |
| At December 31, | 224,394,703 | 516,119,612 | 740,514,315 |
| Non-current | 224,394,703 | 516,119,612 | 740,514,315 |
| Current | - | - | - |
| | <u>224,394,703</u> | <u>516,119,612</u> | <u>740,514,315</u> |

5. FINANCIAL ASSETS AT FAIR VALUE 3. (cont'd)

| | 2019 | | |
|--|--------------------|--------------------|--------------------|
| | Local | Foreign | Total |
| | Rs. | Rs. | Rs. |
| Denominated in the following currencies: | | | |
| - Rupee | 224,394,703 | - | 224,394,703 |
| - US Dollar | - | 470,475,509 | 470,475,509 |
| - British Pound | - | 6,646,515 | 6,646,515 |
| - Euro | - | 38,997,588 | 38,997,588 |
| | <u>224,394,703</u> | <u>516,119,612</u> | <u>740,514,315</u> |
| | Level 1 | Level 2 | Level 3 |
| | Rs. | Rs. | Rs. |
| At December 31, 2019 | | | |
| Total | <u>740,514,315</u> | <u>-</u> | <u>740,514,315</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.

| | 2018 | | |
|------------------------|--------------------|--------------------|--------------------|
| | Local | Foreign | Total |
| | Rs. | Rs. | Rs. |
| At January 1, | 186,718,793 | 307,013,535 | 493,732,328 |
| Additions | 43,457,784 | 158,106,408 | 201,564,192 |
| Disposals | (12,071,761) | (53,872,198) | (65,943,959) |
| Fair value losses | (1,776,992) | (29,898,531) | (31,675,523) |
| At December 31, | 216,327,824 | 381,349,214 | 597,677,038 |
| Non-current | 216,327,824 | 381,349,214 | 597,677,038 |
| Current | - | - | - |
| | <u>216,327,824</u> | <u>381,349,214</u> | <u>597,677,038</u> |

NOTES TO THE FINANCIAL STATEMENT - YEAR ENDED DECEMBER 31, 2019

5. FINANCIAL ASSETS AT FAIR VALUE 3. (cont'd)

| | 2018 | | |
|--|--------------------|--------------------|--------------------|
| | Local | Foreign | Total |
| | Rs. | Rs. | Rs. |
| Denominated in the following currencies: | | | |
| - Rupee | 216,327,824 | - | 216,327,824 |
| - US Dollar | - | 344,349,809 | 344,349,809 |
| - Australian Dollar | - | 2,761,495 | 2,761,495 |
| - Euro | - | 34,237,910 | 34,237,910 |
| | <u>216,327,824</u> | <u>378,587,719</u> | <u>597,677,038</u> |
| | Level 1 | Level 2 | Level 3 |
| | Rs. | Rs. | Rs. |
| At December 31, 2018 | | | |
| Total | <u>597,677,038</u> | <u>-</u> | <u>597,677,038</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 represents monies with the custodian for investments by the Fund Managers.

7. ACCOUNTS RECEIVABLE

| | 2019 | 2018 |
|-------------------------|-------------------|--------------------|
| | Rs | Rs |
| Contribution receivable | 24,545,496 | 14,711,665 |
| Less: loss allowance | (3,631,330) | 100,165,689 |
| | <u>20,914,166</u> | <u>137,013,697</u> |

NOTES TO THE FINANCIAL STATEMENT - YEAR ENDED DECEMBER 31, 2019

7. ACCOUNTS RECEIVABLE (cont'd)

The carrying amount of accounts receivable approximate their fair value.

The ageing of contribution receivable is as follows :

| | 2019 | 2018 |
|---------------------|-------------------|-------------------|
| | Rs | Rs |
| 0 to 3 months | 19,247,047 | 19,439,121 |
| 3 to 6 months | 955,443 | 1,388,982 |
| 6 months to 1 year | 711,676 | 1,308,240 |
| Greater than 1 year | 3,631,330 | - |
| | <u>24,545,496</u> | <u>22,136,343</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 before December 31, 2019, 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.

On that basis, the loss allowance as at December 31, 2019 was determined as follows for contribution receivables:

| At December 31, 2019 | Less than 90 days | More than 180 days past due | More than 360 days past due | More than 360 days past due | Total |
|--|-------------------|-----------------------------|-----------------------------|-----------------------------|------------|
| | Rs | Rs | Rs | Rs | Rs |
| Expected loss rate | Nil | Nil | Nil | 100% | 15% |
| Gross carrying amount - contribution receivables | 19,247,047 | 955,443 | 711,676 | 3,631,330 | 24,545,496 |
| Loss allowance | - | - | - | 3,631,330 | 3,631,330 |

NOTES TO THE FINANCIAL STATEMENT - YEAR ENDED DECEMBER 31, 2019

7. ACCOUNTS RECEIVABLE (cont'd)

(ii) The closing loss allowances for contribution receivables as at December 31, reconcile to the opening loss allowances as follows:

| | 2019 Rs |
|---|------------------|
| Loss allowance as at January 1, | - |
| Loss allowance recognised in employer reserve account during the year | 3,631,330 |
| At December 31, | 3,631,330 |

7A. FINANCIAL ASSETS AT AMORTISED COST

| | 2019 Rs | 2018 Rs |
|--------------------------------------|--------------------|-------------|
| Non-current | | |
| Deposits with financial institutions | 10,648,800 | 20,003,068 |
| Government bonds | 227,776,580 | 90,099,419 |
| Other notes and bonds | 181,214,884 | 106,791,472 |
| | 419,640,264 | 216,893,959 |
| Current | | |
| Deposits with financial institutions | - | 18,940,993 |
| Government bonds | 13,131,278 | 53,265,395 |
| Other notes and bonds | 922,070 | 31,255,154 |
| Other receivables | 855,983 | 7,961,841 |
| | 14,909,331 | 111,423,383 |
| | 434,549,595 | 328,317,342 |

8. ACCOUNTS PAYABLE

| | 2019 Rs | 2018 Rs |
|-----------------------------|-------------------|------------|
| Benefits payable | 21,272,961 | 21,272,961 |
| Other payables and accruals | 3,664,811 | 3,664,811 |
| | 24,937,772 | 24,937,772 |

NOTES TO THE FINANCIAL STATEMENT - YEAR ENDED DECEMBER 31, 2019

9. EMPLOYER RESERVE ACCOUNT

| | 2019 Rs | 2018 Rs |
|-----------------------------|--------------------|------------|
| At January 1, | 19,480,344 | 16,448,049 |
| (Loss)/surplus for the year | (2,506,248) | 3,032,295 |
| At December 31, | 16,974,096 | 19,480,344 |

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.

10. CONTRIBUTIONS RECEIVABLE

| | 2019 Rs | 2018 Rs |
|------------------------------------|--------------------|-------------|
| Employers' contributions | 88,635,125 | 93,838,288 |
| Employees' contributions | 23,129,471 | 21,683,662 |
| Employers' special contributions | 1,034,552 | 157,286,021 |
| Transfer from other funds | 2,411,257 | 6,339,810 |
| Additional voluntary contributions | - | 4,062,136 |
| | 115,210,405 | 283,209,917 |

11. BENEFITS PAYABLE

| | 2019 Rs | 2018 Rs |
|-------------------------------|------------------|------------|
| Lump sums retirement benefits | 6,147,215 | 5,878,188 |

12. PAYMENTS TO AND ON ACCOUNT OF LEAVERS

| | 2019 Rs | 2018 Rs |
|---------------------------------------|-------------------|------------|
| Individual transfers to other schemes | 40,690,113 | 19,775,328 |
| Transfer to employers' reserve | 17,943,852 | 19,648,477 |
| Refund of contributions | 651,030 | 944,267 |
| | 59,284,995 | 40,368,072 |

13. INVESTMENT INCOME

| | 2019 | 2018 |
|-------------------------------------|-------------------|------------|
| | Rs | Rs |
| Dividend income | 14,687,414 | 9,711,383 |
| Interest income: | | |
| - On dealings accounts | - | 173,767 |
| - On financial assets at fair value | 19,002,772 | 17,547,284 |
| | 33,690,186 | 27,432,434 |

14. INVESTMENT MANAGEMENT EXPENSES

| | 2019 | 2018 |
|-------------------------------|------------------|-----------|
| | Rs | Rs |
| Management and custodian fees | 5,199,736 | 5,199,736 |
| Other expenses | 23,289 | 23,289 |
| | 5,223,025 | 5,223,025 |

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. EVENT AFTER THE REPORTING PERIOD

The Coronavirus disease 2019 ("COVID-19") outbreak has caused extensive disruptions to businesses operation around the globe. On March 11, 2020, COVID-19 was labelled as pandemic by the World Health Organisation. The Management Committee is of the opinion that it is difficult to predict the overall outcome and impact of COVID-19 on the financial statements of the Fund at this stage but do not expect any going concern issue.

If the financial markets and/or the overall economy are impacted for an extended period, the carrying value of the investments and the Fund's investment results may be materially adversely affected.

Except for the above, there have been no material events since the end of the reporting period which would require disclosure or adjustment to the financial statements for the year ended December 31, 2019.

"All the sub-portfolios of Super Fund are very much diversified in terms of asset allocation, geographical mix, and sector blend, amongst others, such that risk is well-spread and mitigated. However the covid-19 has been having an inexorable impact on all investments, with some sectors more affected than others. For eg, whether be it on the Mauritian stock market or global markets, sectors such as leisure & hotels and airline industry have been severely impacted.

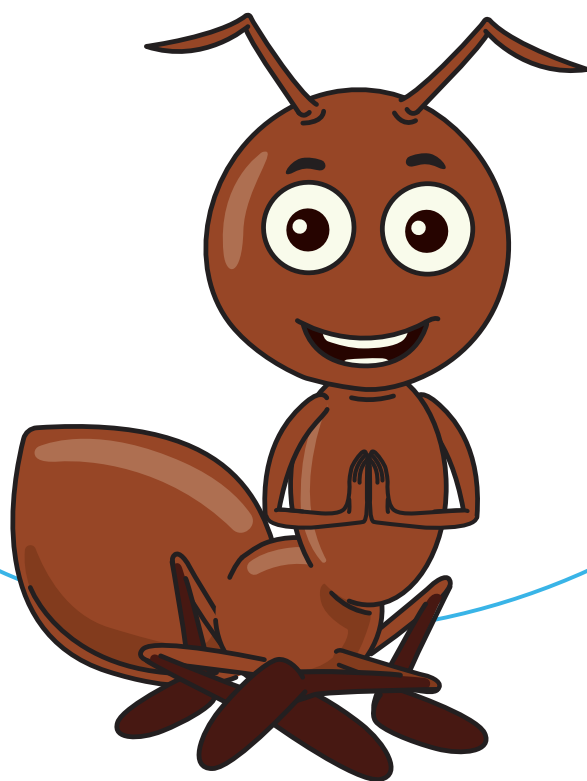
At Super Fund level, as part of the conservative strategy adopted since a few months, three out of the four sub-portfolios, as at 30 June 2020, were underweight in local equity exposure versus their respective benchmark, and, on the foreign equity side, underweight versus the respective benchmark for all portfolios. Even within the foreign equities realm, emphasis was still on being prudent with exposure to defensive sectors ranging from 38% to 59% of the foreign equity portfolio.

Furthermore, on the fixed income side, most sub-portfolios are overweight local fixed income, Cash, Short Term Instruments & Money market funds, as well as foreign fixed income instruments. The local fixed income portfolio is well diversified in terms of government and corporate bonds, as well as in maturity profile. On the foreign fixed income side, there is no direct exposure to high yield bond funds.

This conservative strategy has proved successful as shown in the performance of the first quarter of 2020 of all sub-portfolios which outperformed their respective benchmarks over the period, showing the portfolios' resilience in times of global market crisis. As most global markets surged over the second quarter of the year 2020, on the back of short-term exuberance in our view, the sub-portfolios which are still geared towards a conservative strategy lagged behind correspondingly. We deem that, in current market where visibility is hard, volatility unpredictable and sharp when arisen, and macro-economic figures pointing to a general slowdown, being prudent is the best attitude to adopt.

Currently, the focus is more on protecting the downside risk than the pursuit of upside. This is a time for investors to keep a long-term perspective and ride out this wave.

NOTES



super fund
caring for your retirement



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