



PLF

ANNUAL REPORT 2020

PORT LOUIS FUND LTD


Dear Shareholders,

The Board of Directors is pleased to present the Annual Report of Port Louis Fund Ltd for the financial year ended 30 June 2020.

The Directors’ Report was approved by the Board on 11 November 2020 and the Audited Financial Statements were approved on 15 October 2020.



Mr. G. Goburdhun, G.O.S.K.
Chairman



Mr. V. Bhubuth
Director

Table of Contents

| CONTENTS | PAGES |
|---|---------|
| Corporate Data | 2 - 3 |
| Statutory Disclosures | 4 - 6 |
| Corporate Governance Report | 7 - 28 |
| Statement of Compliance with Code of Corporate Governance | 29 |
| Certificate from the Secretary | 30 |
| Directors’ Report | 31 - 48 |
| Independent Auditors’ Report | 49 - 52 |
| Statement of Financial Position | 53 |
| Statement of Comprehensive Income | 54 |
| Statement of Changes in Net Assets Attributable to Holders of Redeemable Shares.. | 55 |
| Statement of Cash Flows | 56 |
| Notes to the Financial Statements | 57 - 84 |
| List of Abbreviations | 85 |

**Corporate Data****Directors**

| | Date appointed |
|---|-----------------------|
| Mr. Goolabchund Goburdhun, G.O.S.K. | 19 June 2019 |
| Mr. Yusuf Hassam Aboobaker, S.C, C.S.K. | 09 June 1997 |
| Mr. Vijay Bhuguth | 17 April 2000 |
| Mr. Veenay Rambarassah | 17 December 2008 |
| Mrs. Anista Devi Indira Ramphul-Punchoo | 13 May 2015 |
| Mr. Jean Yves Violette | 16 December 2019 |

Company Secretary

Prime Partners Ltd
15th Floor, Air Mauritius Centre
6, President John Kennedy Street
Port Louis
Republic of Mauritius

Register and Transfer office

Prime Partners Ltd
15th Floor, Air Mauritius Centre
6, President John Kennedy Street
Port Louis
Republic of Mauritius

Website

http://www.portlouisfund.com

Auditors

- Grant Thornton Mauritius
Ebene Tower
52 Cybercity
Ebene 72201
Republic of Mauritius
- Nexia Baker & Arenson (Internal Auditor)
5th Floor C&R Court
49 Labourdonnais Street
Port Louis
Republic of Mauritius

PORT LOUIS FUND LTD

Corporate data (Contd)

Bankers

- : Absa Bank (Mauritius) Limited
- AfrAsia Bank Limited
- Bank of Baroda
- Bank One Limited
- ICICI Bank Ltd (India)
- MauBank Ltd
- SBM Bank (Mauritius) Ltd
- Standard Bank (Mauritius) Ltd
- The Hongkong and Shanghai Banking Corp Ltd
- The Mauritius Commercial Bank Ltd

Custodians

- : ICICI Bank Ltd (India)
- SBM Bank (Mauritius) Ltd

Fund Manager

- : Capital Asset Management Ltd
- 6, Sir Celicourt Antelme Street
- Second floor, Celicourt Building
- Port Louis
- Republic of Mauritius

Foreign Fund Managers

- : Imara Asset Management Ltd
- Franklin Templeton Investments Ltd
- Fidelity Investments International
- T. Rowe Price Group
- BlackRock

Stockbroking Companies

- : AXYS Stockbroking Ltd
- Capital Markets Brokers Ltd
- LCF Securities Ltd
- MCB Stockbrokers Ltd
- Redwood Finance Ltd
- SBM Capital Markets Ltd
- SWAN Securities Ltd

Indian Stockbrokers

- : Indsec Securities & Finance Ltd
- SPA Securities Ltd



PLF

PORT LOUIS FUND LTD

Statutory Disclosures

The Board of Directors (the “Board”) of Port-Louis Fund Ltd (the “Company”) is pleased to present the annual report together with the audited financial statements of the Company for the year ended 30 June 2020.

Incorporation

The Company is a Collective Investment Scheme as per Securities Act 2005. It was incorporated on 09 June 1997 as a Public Company with limited liability. It initially obtained approval from the Ministry of Finance to be an Authorised Mutual Fund under Section 35 of the Companies Act 1984, now replaced by the Companies Act 2001.

Principal activities

The principal activities of the Company are:

- (a) to carry on business as an investment holding company;
- (b) to deal in securities and properties of all kinds and;
- (c) to manage and advise on investment funds.

Results and dividends

The results for the year are as shown on page 54.

For the year under review, the directors have declared a dividend of Rs **19,367,588** representing Rs 0.40 per share on 24 June 2020 (2019: Rs 35,060,663 representing Rs 0.70 per share).

Directors

The present membership of the Board is set out on page 2.

Directors’ responsibilities in respect of the financial statements

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

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

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

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements are in accordance with International Financial Reporting Standards and comply with the requirements of the Mauritius Companies Act 2001 and the Financial Reporting Act 2004. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statutory Disclosures (Contd)

Directors' service contracts

The Company has no service contracts with its directors.

Directors' remuneration and fees

During the year ended 30 June 2020, the directors received an aggregate amount of Rs **831,161** (2019: Rs 721,591) as fees from the Company.

| | 2020 | 2019 |
|--------------------------------|-----------------|---------|
| | Rs | Rs |
| Mr. G. Goburdhun, G.O.S.K | 168,000* | 5,591 |
| Mr. Y.H. Aboobaker, S.C, C.S.K | 158,000 | 158,000 |
| Mr. V. Bhuguth | 160,000 | 160,000 |
| Mr. V. Rambarassah | 140,000 | 140,000 |
| Mrs. A. D. I. Ramphul-Punchoo | 140,000* | 140,000 |
| Mr. Jean Yves Violette | 65,161 | - |
| Mr. M. Beejan | - | 118,000 |
| Total directors' fees | 831,161 | 721,591 |

** Paid to the State Investment Corporation Limited*

Directors' share interests

No shares are held by the directors in the Company.

Donations

No donation was made during the financial year ended 30 June 2020 (2019: Nil).

Auditors

The auditors, **Grant Thornton Mauritius**, have indicated their willingness to continue in office

| | 2020 | 2019 |
|--------------------------------|--------|--------|
| | Rs'000 | Rs'000 |
| Audit services (VAT exclusive) | 260 | 240 |
| Tax services (VAT exclusive)* | 23 | 22 |

** These services are provided by Grant Thornton (Advisory Services) Ltd, a separate legal entity headed by non-audit partners. The fees paid during the year are in respect of tax compliance services.*



Mr. G. Goburdhun, G.O.S.K.
Chairman



Mr. V. Bhuguth
Director

Date: 15 October 2020

**Statutory Disclosures (Contd)**

Disclosure as per Sixth schedule of the Securities (Collective Investment Scheme and Close- Ended Funds) Regulations 2008, Securities Act 2005.

| Financial Highlights | 2018(Rs'000) | 2019 (Rs'000) | 2020 (Rs'000) |
|--|---------------------|----------------------|----------------------|
| Net asset value at beginning of year | 1,511,605 | 1,602,481 | 1,623,550 |
| Total revenue | 43,006 | 49,546 | 52,896 |
| Total expenses | 18,323 | 19,818 | 22,041 |
| Realised gains (losses) for the period | 745 | 571 | 430 |
| Unrealised gains (losses) for the period | 109,984 | 28,516 | (111,566) |
| Total increase (decrease) from operations | 142,236 | 59,152 | (79,910) |
| Total Annual Distributions | 40,132 | 35,061 | 19,368 |
| Net asset value at end of year prior to share capital adjustment | 1,613,709 | 1,626,572 | 1,524,272 |
| Net asset value at end of year post share capital adjustment | 1,602,481 | 1,623,550 | 1,527,681 |
| Key indicators | 2018 | 2019 | 2020 |
| Number of shares outstanding | 50,217,740 | 50,122,463 | 50,232,949 |
| Management expense ratio | 1.21% | 1.23% | 1.26% |
| Portfolio turnover ratio | 0.59% | 7.62% | 0.53% |

Corporate Governance Report

Port Louis Fund Ltd (“the Company” or “PLF”) has always been committed to promote high standards of Corporate Governance. The Governance Framework has been established to ensure that Directors and employees fulfill their functions responsibly whilst protecting and furthering the interest of stakeholders. The Company is a Public Interest Entity, as defined by law. The Board strives to promote transparency within the Company and to comply with all principles and guidelines set out in National Code of Corporate Governance in Mauritius (2016) (the “Code”).

This report outlines the Company’s Corporate Governance processes and provides explanations for any deviation.

PRINCIPLE 1 - Governance Structure

“All organisations should be headed by an effective Board. Responsibilities and accountabilities within the organisation should be clearly identified.”

Governance Framework

Governance refers to the framework of rules, relationships, system and processes by which an enterprise is directed, controlled and held to account and whereby authority within an organisation is exercised and maintained. It encompasses authority, accountability, stewardship, leadership, direction and control in any organisation.

The Board is ultimately responsible for providing effective leadership and is responsible and accountable for the affairs of the Company. The Board assumes responsibility for, inter alia, setting the strategic direction, overseeing the financial and investment affairs corporate governance, risk management, internal control and compliance issues.

The Board of PLF is collectively accountable and responsible for the affairs of the Company. The Board fulfills its duties and responsibilities as defined in the Company’s Constitution and the Companies Act 2001 (the Act).

The directors of the Company are skilled, knowledgeable and experienced professionals. The Board takes its fiduciary responsibilities very carefully. Each director is appointed with the understanding of the amount of time and care that they will need to devote to the Board and to the organisation for it to prosper. The Board has approved all the guiding documents and policies, including Board/Committee Charters and job description of senior governance positions. The following governance documents are available on the Company’s website:-

- Constitution;
- Code of Ethics;
- Board and Committee Charters;
- Organisation Chart; and
- Job Description of Senior Governance Position.

The key guiding documents are reviewed at least once annually to keep abreast of the development in law regulations and governance best practice. Any changes are approved by the Board.

Key Governance Responsibilities

The Board has ensured that the key governance positions within the organisation are matched with the corresponding accountabilities.

Key Governance Positions

Chairman of the Board

The Chairman of the Board is responsible for the activities of the Board and its Sub-Committees. He acts as spokesman for the Board and is the principal Board contact for the Executive team. The Chairman and the Executive team of the Board meet regularly. The Chairman of the Board presides over the meetings of shareholders.



Corporate Governance Report (Contd)

PRINCIPLE 1 - Governance Structure (Contd)

Key Governance Positions (Contd)

Chairman of the Board (Contd)

The key responsibilities of the Chairman of the Board are as follows: -

- (i) the Board fulfills its duties;
- (ii) Board Members, when appointed, participate in an induction program and, if needed, in supplementary training programs;
- (iii) Members receive all the information necessary for them to perform their duties;
- (iv) the agenda of Board meetings are determined;
- (v) the Board meetings are chaired in an effective manner;
- (vi) the Board has sufficient time for deliberation and decision-making;
- (vii) minutes of Board and Committee meetings are properly recorded and stored
- (viii) the Committees function properly;
- (ix) consultations are held with external advisors appointed by the Board;
- (x) the performance of Board Members is evaluated regularly;
- (xi) problems related to the performance of individual Board Members are addressed;
- (xii) internal disputes and conflicts of interest concerning individual Board Members, including the possible resignation of such Members as a result, are addressed; and
- (xiii) the Board has proper contact with the executive team.

Mr. G. Goburdhun, G.O.S.K. is the Chairman of the Board.

Chairman of the Audit and Risk Committee

The Chairman of the Audit and Risk Committee works in close cooperation with and provides support and advice to the Chairman of the Board. He has the following responsibilities, amongst others:-

- To provide risk expertise to the Committee;
- To ensure the financial statements comply with the appropriate accounting standards;
- To guide and advise the Board on an appropriate risk management framework; and
- To report the deliberations of the Audit and Risk Committee to the Board.

Mr. V. Bhuguth is the Chairman of the Audit and Risk Committee.

Chairman of the Corporate Governance Committee

The Chairman of the Corporate Governance Committee works in close collaboration with, and provides support and advice to, the Chairman of the Board. He has the following responsibilities, amongst others:-

- To provide expertise in the areas of corporate governance;
- To ensure that the Board is up to the standard with the Code;
- To report the deliberations of the Corporate Governance Committee to the Board; and
- To ensure that an evaluation is carried out each year of the Board performance.

Mr. Y. Aboobaker, S.C, C.S.K is the Chairman of the Corporate Governance Committee.

Corporate Governance Report (Contd)

PRINCIPLE 1 - Governance Structure (Contd)

Chairman of the Investment Committee

The Chairman of the Investment Committee provides support and advice on the following:-

- Investment strategies, policies and guidelines;
- New investment proposal; and
- Disposal of unquoted and/or strategic investments.

Mr. G. Goburdhun, G.O.S.K. is the Chairman of the Investment Committee.

Company Secretary

The Company Secretary is appointed by the Board. The role of the Company Secretary is to ensure that Board Members have the proper advice and resources for performing their duties to shareholders under the relevant legal frameworks. The Company Secretary is also responsible for organization and coordination of the Board and Committee meetings, and ensuring that the records, or minutes of those meetings, reflect the proper exercise of those duties.

Prime Partners Ltd is the Company Secretary of Port Louis Fund. Prime Partners Ltd, a wholly owned subsidiary of The State Investment Corporation Limited, is actively involved in the provision of statutory corporate secretarial services, registrar & transfer office services to Domestic Companies/Trusts/Mutual Funds registered in Mauritius.

Other Key Governance Positions

Management of Port Louis Fund Ltd

The management of the Company has been outsourced to a CIS Manager, namely, Capital Asset Management Ltd, "CAM". CAM is licensed by the Financial Services Commission as a CIS Manager and Investment Adviser (Unrestricted) under the Securities Act 2005. The Board has not deemed it necessary to appoint a Chief Executive Officer and Executive Directors. A representative of CAM is invited to attend the Company's Board/Committee meetings and assists directors in their decision-making process.

Management Team at the Company

Mr. Vedprakash Auckaloo, Executive Director, holds an M.Sc. in Financial Management, a B.Sc. (Hons) in Economics, an LLB (Hons) and a Postgraduate Diploma in Digital Business. He has more than 21 years of experience in the financial services sector and had previously worked in the Government service and in the banking sector. He joined CAM in 2001.

Ms. Shweta Beeharee, Portfolio Manager, joined CAM in 2007. She holds an MBA from Ducere Global Business School and a B.A. (Hons.) in Law and Management. She is also a member of the Association of Chartered Certified Accountants. She is also a member of the Mauritius Institute of Professional Accountants (MIPA). She has more than 18 years of experience in the financial and regulatory sectors.

Mrs. Rachna Nunkoo, Senior Accountant, joined CAM in October 2017. She is a Fellow of the Association of Chartered Certified Accountants (FCCA) and holds an MSc in Financial Management awarded by Heriot-Watt University, UK. She is also a member of the Mauritius Institute of Professional Accountants (MIPA). She has more than 9 years of experience in the financial services sector ranging from Auditing, Private Equity and Real Estate Investment Fund Services, Accounting, Finance and Administration.



Corporate Governance Report (Contd)

PRINCIPLE 1 - Governance Structure (Contd)

Other Team Members at the Company

Mrs Farzana Jaulim Lallmahomed, Investment Analyst, holds a Master's in Business Administration and a B.Sc. (Hons) in Finance from the University of Mauritius. She also holds a business certificate in CIMA. She joined the investment team in March 2019 and has over 12 years of experience in the financial services sector.

Mr. Rishi Jomadar, Investment Analyst, joined the investment team in September 2019. He holds an M.Sc. in International Management and is an ACCA Affiliate. He has over 11 years of experience in the financial sector. He also holds an Investment foundation programme certificate.

Ms. Umme Salma Nauyock, Assistant Investment Analyst, joined the investment team in October 2019. She holds a B.Sc. (Hons) in Business Statistics with Finance and has over 5 years of experience in the financial sector.

Ms. Vidya Ramchurn, Assistant Investment Analyst, joined the investment team in November 2019. She holds an M.Sc. in Risk & Finance and a B.Sc. (Hons) in Mathematics with Finance, both awarded by the University of Southampton. She has over 3 years of experience in the financial services sector.

Mr. Adarsh Nardeosingh, Assistant Investment Analyst, joined the investment team in November 2019. He holds a B.Sc. in Accounting and Finance from the University of Lancaster and has over 3 years of experience in auditing and private equity valuations.

PRINCIPLE 2 - The Structure of The Board and its Board Committees

“The Board should contain independently minded directors. It should include an appropriate combination of executive directors, independent directors and non-independent non-executive directors to prevent one individual or a small group of individuals from dominating the Board’s decision taking. The Board should be of a size and level of diversity commensurate with the sophistication and scale of the organisation. Appropriate Board committees may be set up to assist the Board in the effective performance of its duties.”

Board Structure

Governance of the Company is vested in a unitary Board with:-

- 3 Non-Executive Directors;
- 3 Independent Non-Executive Directors.

The Board is responsible for the stewardship of PLF, overseeing its strategy, conduct and affairs to create sustainable value growth for its shareholders. The Directors are:-

| Director Name | Role | Category |
|---|----------|----------------|
| Mr. G. Goburdhun, G.O.S.K. | Chairman | Non-Executive |
| Mr. Y. Aboobaker, S.C , C.S.K. | Member | Independent |
| Mr. V. Bhuguth | Member | Independent |
| Mr. V. Rambarassah | Member | Non- Executive |
| Mrs. A. D. I. Ramphul Punchoo | Member | Non- Executive |
| Mr. J. Y. Violette (As from 16 December 2019) | Member | Independent |

Corporate Governance Report (Contd)

PRINCIPLE 2 - The Structure of The Board and its Board Committees (Contd)

Board Diversity

The goal of PLF is to ensure that the Board is well balanced and appropriate for the needs of the business, comprising Directors who are sufficiently experienced and independent of character and judgement. When recommending new directors to the Board, the Corporate Governance Committee has regard to the balance of skills, knowledge and experience required for the Board and its Committee to operate effectively. The Board consists of an appropriate mix of diverse skills and experience in the fields of Investment, Economics, Finance, Accounting, Legal and as well as Administration.

The Board acknowledges the requirement for gender representation in its membership. In this regard, Mrs. Anista Devi Indira Ramphul Punchoo joined the Board of PLF as Non-Executive Directors on 13 May 2015.

Only Board Members attend Board Meetings. Management and other subject matter experts attend the meeting or part thereof on invitation of the Chairman. The use of Alternate Director is discouraged. A clear division of responsibilities at Board level ensures that no Director has unfettered powers in decision making.

All Directors are resident in Mauritius.

The Chairman of the Board and the Chairmen of the Board Committees are all appointed based on their relevant knowledge and experience in these key governance roles.

Executive Directors

Since management of the Company has been outsourced to CAM, the Board has not deemed it necessary to appoint a Chief Executive Officer and/or Executive Directors. A representative of CAM is invited to attend the Company's Board/Committee meetings and assists the Non-Executive Directors in the decision-making process.

The Board is of the view that the appointment of two Executive Directors on the Board, as required by the Code, is not necessary taking into consideration the present level of operations of the Company and given the current working arrangement with CAM.

Director's Independence Review

The Board is determined to ensure on an annual basis and as and when the circumstances require, whether or not a director is independent. Additionally, rigorous reviews are conducted and particular consideration is given to directors who have served on the Board for more than nine consecutive years, from the date of their first election. The Board has considered the following directors as Independent directors of the Company: -

- Mr. Yusuf Hassam Aboobaker, S.C, C.S.K.
- Mr. Vijay Bhuguth
- Mr. Jean Yves Violette (Appointed as from 16 December 2019)

The Board recognizes that over time independent directors develop significant insights in the Company's business and operations and can contribute objectively to the Board as a whole. In circumstances where a director has served as an Independent Director for over nine years, the Board will do a rigorous review of their continuing contribution and independence.

Messrs Yusuf Hassam Aboobaker S.C, C.S.K. and Vijay Bhuguth have served on the Board as Independent Directors for more than nine years.

During the review, the Board considered and noted that although Mr. Yusuf Hassam Aboobaker S.C, C.S.K. and Mr. Vijay Bhuguth have served the Board for more than nine years, their independence has not been affected, as they continue to exercise independent judgement and demonstrate objectivity in their conduct and deliberations at Board and Board Committees.



Corporate Governance Report (Contd)

PRINCIPLE 2 - The Structure of The Board and its Board Committees (Contd)

Role of Non- Executive Directors

The Non-Executive Directors constructively challenge and help develop proposals on strategy, review the performance of management in attaining goals and objectives, monitor the reporting of performance and meet regularly without the presence of Management. The Non-Executive Directors meet and/or hold discussion regularly without the presence of Management.

Powers of the Board

The Board is responsible for establishing the Company's purpose, values and strategy, promoting its culture and overseeing its conduct and affairs to create sustainable value for the benefit of the Shareholders over the short, medium and long terms. The objectives of the Board are to work in unity with the Senior Management Team so as to achieve not only profitability, but also long-term sustainability of the Company. Management are expected to act in the best interests of the Company and its stakeholders. Management is expected to deliver on agreed performance targets which are aligned to the organisation's strategy and to act in the best interests of the Company and its stakeholders. The role and responsibilities of the Board are set out in the Board Charter. The role and responsibilities of the Board are set out in the Board Charter.

The Board serves as the focal point and custodian of the Company's corporate governance. It is responsible for providing ethical and effective leadership to the Company. It agrees on the strategic direction and approves the policy frameworks used to measure organizational performance.

The Board is aware of its responsibility to ensure that the Company adheres to all relevant legislations such as the Mauritius Companies Act 2001 and the Securities Act 2005. The Board has adopted the principle of good corporate governance as recommended in the Code.

Board Meetings

The Board met seven (7) times during the financial year ended 30 June 2020.

The Board deliberated on a range of issues including:-

- examination and endorsement of the recommendations of various Board Committees;
- review of asset allocation, investment strategy of the Fund and its performance;
- governance and internal audit issues;
- approval of audited accounts;
- valuation of unquoted shares in the portfolio;
- declaration and payment of dividends; and
- review of tenders for allocation of contracts to service providers.

Board Attendance

The following table depicts the attendance at Board/Board Committees meeting of the directors during the year under review:-

| Director | Category | Board |
|---|----------------|-------|
| Mr. G. Goburdhun, G.O.S.K. | Non- Executive | 7/7 |
| Mr. Y. Aboobaker, S.C , C.S.K. | Independent | 5/7 |
| Mr. V. Bhuguth | Independent | 7/7 |
| Mr. V. Rambarassah | Non-Executive | 7/7 |
| Mrs. A. D. I. Ramphul Punchoo | Non-Executive | 6/7 |
| Mr. J. Y. Violette (As from 16 December 2019) | Independent | 4/4 |

Corporate Governance Report (Contd)**PRINCIPLE 2 - The Structure of The Board and its Board Committees (Contd)****Board Committees**

The Board has established Committees to assist in fulfilling its responsibilities in line with the provisions of its Charter, promote independent judgment and ensure a balance of power.

The Board acknowledges that delegating authorities to these Committees does not detract from its responsibility to discharge its fiduciary duties to the Company.

As focal point of the Corporate Governance system, the Board is ultimately responsible and accountable for the performance and affairs of the Company. The following Committees have been established to assist the Board and its directors in discharging their duties through a more comprehensive evaluation of specific issues, followed by well-considered recommendations to the Board namely:-

- Audit & Risk Committee;
- Corporate Governance Committee; and
- Investment Committee.

The objectives of these Committees are (i) to bring focus and appropriate expertise and specialization to the consideration of specific Board issues; (ii) to enhance Board efficiency and effectiveness; (iii) to enable key issues to be studied in depth; and (iv) to make recommendations to the Board.

The Board reviews each Committee's Charter set out the roles, responsibilities and scope of authority, composition of the Committee. The Board ensures that the Company are being managed in line with the Company's objectives through deliberations and reporting of its various Committees.

Audit & Risk Committee

The Audit & Risk Committee is governed by a Charter in line with the provisions of the Code. The Charter of the Committee was approved by the Board and is available on the website of the Company.

The Board considers that the members of the Audit & Risk Committee are appropriately qualified to discharge their responsibilities of the Audit & Risk Committee.

The Audit & Risk Committee has the explicit authority to investigate any matter within its terms of reference. In addition, the Audit & Risk Committee has full access to and co-operation of Management as well as full discretion to invite any Director to attend its meetings.

The duties of the Audit & Risk Committee include amongst others:-

- Examining and reviewing the quality and integrity of the financial statements of the Company including its annual report;
- Compliance with International Financial Reporting Standards and legal requirements;
- Keeping under review the adequacy and effectiveness of the Company's systems of internal control, including internal financial control and business risk management and maintaining effective internal control systems;
- Reviewing the annual compliance work plan and other reports from the Compliance function;
- Ensuring the Internal Auditor has direct access to the Board Chairperson and to the Committee Chairperson and is accountable to the Committee;
- Consider and make recommendations to the Board, to be put to shareholders for approval at the Annual Meeting of Shareholders, in relation to the appointment, re-appointment and removal of the Company's External Auditor;
- Making recommendations to the Board as it deems appropriate, on any area within its remit where action or improvement is needed.



Corporate Governance Report (Contd)

PRINCIPLE 2 - The Structure of The Board and its Board Committees (Contd)

Audit & Risk Committee (Contd)

In performing its function, the Audit & Risk Committee meets with the internal and external auditors. Where necessary, the Audit & Risk Committee also meets separately with the internal and external auditors whereby any issues may be raised directly to the Audit & Risk Committee, without the presence of Management. The internal and external auditors have unrestricted access to the Audit & Risk Committee.

The Committee met twice during the year. It examined the half-yearly and annual accounts, discussed issues raised by the External and Internal Auditors and deliberated on their recommendations.

Members and Attendance

| Director | Role | Audit & Risk Committee |
|--------------------------------|----------|------------------------|
| Mr. V. Bhuguth | Chairman | 2/2 |
| Mr. Y. Aboobaker, S.C , C.S.K. | Member | 2/2 |
| Mrs. A. D. I. Ramphul-Punchoo | Member | 2/2 |

Corporate Governance Committee

The Corporate Governance Committee is governed by a Charter in line with the provisions of the Code. The Charter of the Corporate Governance Committee was approved by the Board and is available on the website of the Company.

The Corporate Governance Committee is a useful mechanism for making recommendations to the Board on various corporate governance issues so that the Board remains effective and complies with good governance principles.

The duties of the Corporate Governance Committee include the following:-

- Oversee the implementation of the corporate governance framework;
- Periodically review and evaluate the effectiveness of the Company's Code of Conduct and Ethics;
- Review the position descriptions of the Chairperson, and Board Committee chairs and recommend any amendment to the Board; and
- Review annually the size and composition of the Board as a whole.

The Committee met **twice** during the year. It examined the appointment of a new Director and the Corporate Governance report.

Members and Attendance

| Director | Role | Corporate Governance Committee |
|--------------------------------|----------|--------------------------------|
| Mr. Y. Aboobaker, S.C , C.S.K. | Chairman | 1/2 |
| Mr. V. Rambarassah | Member | 2/2 |
| Mrs. A. D. I. Ramphul-Punchoo | Member | 2/2 |

Investment Committee

The Investment Committee is governed by a Charter in line with the provisions of the Code. The Charter of the Investment Committee has been approved by the Board and is available on the website of the Company.

The main function of the Investment Committee is to advise the Board on asset allocation, investment policies, processes, strategies and on optimal risk/return level. The Committee reviewed the evolving financial market conditions and deliberated on investment opportunities available on both the local and international fronts. The present asset allocation was maintained.

The Investment Committee met twice during the year.

Corporate Governance Report (Contd)
PRINCIPLE 2 - The Structure of The Board and its Board Committees (Contd)
Members and Attendance

| Director | Role | Investment Committee |
|-------------------------------|----------|----------------------|
| Mr. G. Goburdhun, G.O.S.K. | Chairman | 2/2 |
| Mr. Y. Aboobaker, S.C , C.S.K | Member | 2/2 |
| Mr. V. Bhuguth | Member | 2/2 |
| Mr. V. Rambarassah | Member | 2/2 |

Directors' Profile

Mr. G. Goburdhun, G.O.S.K. is currently the Chairman of the Company. He is a Fellow of the Association of Chartered Certified Accountants and holds an M.Sc in Finance from University of Mauritius. He has extensive experience in the field of accounting and finance. He is registered with the Mauritius Institute of Professional Accountants (MIPA) as 'Professional Accountant.'

Mr. G. Goburdhun is currently the Managing Director of The State Investment Corporation Limited (SIC) and holds directorship on various SIC Investee Companies, including Air Mauritius Ltd, Lottotech Ltd and Casino Companies. In the past, he was in public practice as a Chartered Certified Accountant providing services relating to Accounting, Auditing, Management, Tax Consultancy and Corporate Secretarial Services. He also held Chairmanship on various Government-related companies/institutions such as MauBank Holdings Ltd, MPCB (now MauBank Ltd), National Pensions Board and Responsible Gambling and Capacity Building of the Gambling Regulatory Authority.

Mr. Y. H. Aboobaker, S.C., C.S.K., holds a B.A.(Hons) in Economics. He is a Senior Counsel practicing at the Bar of Mauritius since March 1972 and sits on the board of some of the leading companies in Mauritius.

Mr. V. Bhuguth is a Fellow of the Association of Chartered Certified Accountants (FCCA). He reckons 27 years of experience in accounting firms and holds a post-graduate diploma in International Tax Planning from the University of Miami. He is presently leading an accounting firm in Port Louis.

Mr. V. Rambarassah is a Fellow of the Association of Chartered Certified Accountants (FCCA) and holds a M.Sc in Finance and Investment. He is currently Director Investment of National Pensions Fund. He has a wide experience in investment, accounting and finance fields.

Mrs. A. D. I. Ramphul Punchoo is Senior Investment Executive at the State Investment Corporation Limited. She holds a B.Sc Econ Banking and Finance from University of Cardiff Wales, UK. She is also Director on several Boards such as Les Pailles Management Ltd, Casino de Maurice Ltd, Pointe Coton Resort Hotel Co. Ltd.

Mr. J. Y. Violette is an Associate Member with a Certified Insurance Professional status (CIP) of the Australian and New Zealand Institute of Insurance and Finance (ANZIFF). He is a Claims Professional having walked his way in an insurance career of more than forty (40) years in all classes of general insurance claims and management including Motor, Non Motor, Financials, Engineering, Marine Hull & Cargo, Travel, Liability amongst others. He escalated positions of Manager, Principal Manager and Senior Manager in the largest insurance group of the island Swan Group. He is also a member of the Motor Vehicle Insurance Arbitration Committee.



Corporate Governance Report (Contd)

PRINCIPLE 2 - The Structure of The Board and its Board Committees (Contd)

Directorship in other companies

| Company | Mr. G. Goburdhun | Mr. V. Rambarassah | Mr. Y. H. Aboobaker | Mrs. A. D. I. Ramphul Punchoo | Mr. V. Bhuguth | Mr. J.Y. Violette |
|--|---------------------|-----------------------|------------------------|----------------------------------|-------------------|----------------------|
| National Investment Trust Limited | | √ | - | - | | |
| Compagnie Immobiliere Limitee | | - | √ | - | | |
| The State Investment Corporation Limited | √ | | | | | |
| Capital Asset Management Ltd | √ | | | | | |
| Prime Partners Ltd | √ | | | | | |
| SIC Development Co. Ltd | √ | | | | | |
| Casino de Maurice Limited | √ | | | √ | | |
| Le Caudan Waterfront Casino Limited | √ | | | √ | | |
| Grand Baie Casino Ltd | √ | | | √ | | |
| Le Grand Casino du Domaine | √ | | | √ | | |
| SIC Management Services Co. Ltd | √ | | | | | √ |
| Guibies Holdings Ltd | √ | | | | | |
| Guibies Properties Ltd | √ | | | | | |
| Domaine Les Palilles Limitee | √ | | | | | |
| Prime Reals Estate Limited | √ | | | √ | | |
| Compagnie Mauricienne D'Hippodromes Limitee | √ | | | | | |
| EREIT Management Ltd | √ | | | | | |
| Les Pailles Management Ltd | √ | | | √ | | |
| Lakepoint Ltd | √ | | | | | |
| State Investment Finance Corporation Ltd | √ | | | | | |
| Ebene Accelerator Ltd | | | | √ | | |
| Le Val Development Co. Ltd | √ | | | √ | | |
| SIC Capital Support Ltd | √ | | | | | |
| SBM (Mauritius) Infrastructure Development Company Ltd | √ | | | | | |
| Mauritius Technologies Holdings Ltd | √ | | | | | |
| SME Equity Fund Ltd | √ | | | | | |
| National Real Estate Ltd | √ | | | | | |
| Mauritius Cargo Community Services Ltd | √ | | | | | |
| Air Mauritius Ltd | √ | | | | | |
| Air Mauritius Holdings Ltd | √ | | | | | |
| Airports of Mauritius Ltd | √ | | | | | |
| Pointe Coton Ltd | √ | | | √ | | |
| Ebene CarPark Ltd | √ | | | | | |
| Lottotech Ltd | √ | | | | | |
| Mauritius Estate Development Corporation Ltd | √ | | | | | |
| Vita Rice Ltd | √ | | | | | |
| Beach Casino Limited | | | | √ | | |
| Sun Casino Limited | | | | √ | | |
| Prime Securities Ltd | | | | √ | | |
| National Housing Development Co. Ltd | | | | √ | | |
| National Equity Fund Ltd | | | | √ | | |
| Island Resorts Ltd | | | | √ | | |
| Eastern and Southern African Trade Fund | | √ | | | | |

Corporate Governance Report (Contd)

PRINCIPLE 2 - The Structure of The Board and its Board Committees (Contd)

Directorship on listed companies

Mr. G.Goburdhun, G.O.S.K. is a Director of the following listed companies:-

- (i) Lottotech Ltd.
- (ii) Air Mauritius Ltd.

Mr. V. Rambarassah is Chairman of National Investment Trust Limited and Mr. Y. H. Aboobaker S.C, C.S.K is a Director of Compagnie Immobiliere Limitee.

The other Board Members of the Company are not Directors of Listed Companies.

PRINCIPLE 3 – Directors Appointment Procedures

“There should be a formal, rigorous and transparent process for the appointment, election, induction and re-election of Directors. The search for Board candidates should be conducted, and appointments made, on merit, against objective criteria (to include skills, knowledge, experience, and independence and with due regard to the benefits of diversity on the Board, including gender). The Board should ensure that a formal, rigorous and transparent procedure be in place for planning the succession of all key officeholders.”

The Constitution of the Company provides that the minimum number of directors shall be five (5) and the maximum shall be nine (9).

Appointment of Directors

The Board carefully considers the needs of the Company in appointing Board Members. The following factors are considered:-

- Skills, knowledge and expertise required on the Board;
- Skills, knowledge and expertise of the proposed Director;
- Previous experience as a Director;
- Specific roles required on the Board such as Chairman of a Committee;
- Balance required on the Board such as gender and age;
- Independence where required;
- Amount of time the proposed director is able to devote to the business of the Board; and
- Conflicts of interests.

As per the adopted Charter of Corporate Governance Committee, the role of the said Committee in respect of nomination of Directors include the following:-

- (i) To keep under review the leadership needs of the Company, both executive and non-executive, with a view to ensuring the continued ability of the Company to compete effectively in the marketplace; and
- (ii) To identify and nominate for the approval of the Board, candidates to fill board vacancies as and when they arise.

The proposed appointee is required to disclose any other business interests that may result in a conflict of interest and to report any future business interests that could result in a conflict of interest.

The Board considers its succession very carefully and assumes responsibility for succession planning. The Corporate Governance Committee is responsible to give consideration to succession planning for directors and other senior executives in the course of its work, taking into account the challenges and opportunities facing the Company, and the skills and expertise needed on the Board in the future.



Corporate Governance Report (Contd)

PRINCIPLE 3 – Directors Appointment Procedures (Contd)

Professional Development

The Board has reviewed the professional development and on-going education of Directors. During the Board evaluation exercise, the Board Members are invited to indicate any training development programme they require.

Induction

On appointment to the Board, all directors receive a formal induction program designed to provide them with sufficient knowledge and understanding of the nature of business, opportunity and challenges, to enable them to effectively contribute to strategic discussions and oversight of the Company. The topics covered by the induction include the Board Charter, which clearly outlines their duties and obligations, the Code for Corporate Governance in Mauritius, the Risk Management Framework and introduction to key stakeholders. They are also provided with the Company's relevant constitutive documents.

Mr. J.Y. Violette who was appointed during the year, followed the above-mentioned program.

Election and Re-election of Directors

Each director is elected by a separate resolution at the Annual Meeting of Shareholders until the next Annual Meeting.

Article 34.4 of the Constitution provides that the Board may appoint any person to be a director, either to fill a casual vacancy or as an additional to the existing directors but so that the total number of directors shall not at any time exceed the number fixed in accordance to the Constitution. The director appointed to fill up a casual vacancy or as an addition to the existing directors holds office only until the next Annual Meeting.

PRINCIPLE 4 - Director Duties, Remuneration And Performance

“Directors should be aware of their legal duties. Directors should observe and foster high ethical standards and a strong ethical culture in their organisation. Each director must be able to allocate sufficient time to discharge his or her duties effectively. Conflicts of interest should be disclosed and managed. The Board is responsible for the governance of the organisation’s information, information technology and information security. The Board, committees and individual directors should be supplied with information in a timely manner and in an appropriate form and quality to perform to required standards. The Board, committees and individual directors should have their performance evaluated and be held accountable to appropriate stakeholders. The Board should be transparent, fair and consistent in determining the remuneration policy for directors and senior executives.”

Legal Duties

All Directors on the Board are fully apprised of their legal duties as laid out in the Companies Act 2001.

Code of Ethics

The Company has outsourced its management to CAM which is an established fund management company licensed by the Financial Services Commission as a CIS Manager. CAM has adopted an appropriate Code of Ethics and Business conduct. The code of ethics is accessible on the website of CAM. The Board regularly monitors and evaluates compliance with the Code of Ethics.

Corporate Governance Report (Contd)

PRINCIPLE 4 - Director Duties, Remuneration And Performance (Contd)

Conflict of Interest

Board Members have a duty to declare any conflict or potential conflict of interest that they may have in relation to business matters. In their capacity as Board Members, they must subordinate personal individual business, third-party and other interests to the welfare and best interests of the Company.

A conflict of interest occurs when a present transaction or relationship might conflict with a Board Member's obligations owed to the Company and the Board Member's personal, business or other interests.

The Company ensures that Directors declare any interest and report to the Chairman and Company Secretary any related party transactions. A register of conflicts of interests is kept by the Company Secretary.

All conflicts of interest and related-party transactions have been conducted in accordance with the Code of Ethics adopted by the Company.

Information, IT and Information Security Governance

The Board of Directors ensures that appropriate resources are allocated for the implementation of an information and IT security framework. CAM has in place an Information Security policy which is regularly reviewed. It has implemented security policies to ensure that data is safeguarded both within its premises as well as those hosted on the server including access rights granted only to authorised personnel, password expiry and complexity policy implemented and backup of digital information. Testing of daily backup of the server are also conducted on a regular basis by the IT department. CAM also has in place a Disaster Recovery Plan which ensures that in the event of a major disaster that causes the site to be unavailable, systems and business operations will be restored at a backup site within two working days.

Board Information

The Chairperson is responsible for ensuring that the directors receive accurate, timely and clear information. The Company Secretary's responsibilities include ensuring good information flows within the Board and its Committees and between senior management and non-executive directors. Management has an obligation to provide accurate, timely and clear information. Directors seek clarification or amplification where necessary.

The Board ensure that directors have access to independent professional advice at the company's expense in cases where the directors judge it necessary for discharging their responsibilities as directors.

All directors keep information relating to the Company, gathered in their capacity as directors, strictly confidential and private and do not divulge them to anyone without the authority of the Board.

The Company Secretary should arrange appropriate Directors and Officers Insurance for all Board members, the Company Secretary and other appropriate staff.

Directors & Officers Liability Insurance

The Company has contracted with SICOM a Directors & Officers Liability Insurance policy in respect of legal action or liability that can arise against its directors and officers. The cover does not provide insurance against fraudulent, malicious or willful acts or omissions.



Corporate Governance Report (Contd)

PRINCIPLE 4 - Director Duties, Remuneration And Performance (Contd)

Board Evaluation

The Company has established a system of Board Appraisal to assess the effectiveness/ performance of the Board and sub-committees. The Directors are required to fill in an Evaluation Questionnaire, focusing on the following major governance issues relevant to the Board: -

- Objectives and Strategy;
- Performance Measurement;
- Relationships with key stakeholders;
- Propriety, Fraud and Other Leakage;
- Project Management;
- Risk Management;
- Oversight of Management;
- The Audit Committee, Internal Audit and Corporate Reporting;
- Composition of the Board;
- Conduct of Board Meetings.

The results are analysed and discussed by the Corporate Governance Committee and action considered for implementation. The Board considers that the current evaluation process is sufficient. No independent Board evaluator was appointed. The Board Evaluation was conducted in January 2020.

Statement of Remuneration Philosophy

The directors are remunerated for their knowledge, experience and insight. The remuneration policy is to reward the collective contribution of directors towards achievement of the Company's objectives. The directors' remuneration in similar companies is also used as a guide. The remuneration of directors are reviewed at the annual Shareholders Meeting.

The table below depicts the total fees earned by directors during the year under review in their capacity as Board and Committee Members of PLF:-

| Directors | Category | Directors' Remuneration |
|---------------------------------|---------------|-------------------------|
| Mr. G. Goburdhun, G.O.S.K. | Non-Executive | 168,000* |
| Mr. Y. Aboobaker, S.C. , C.S.K. | Independent | 158,000 |
| Mr. V. Bhuguth | Independent | 160,000 |
| Mr. V. Rambarassah | Non-Executive | 140,000 |
| Mrs. A. D. I. Ramphul Punchoo | Non-Executive | 140,000* |
| Mr. J. Y. Violette | Independent | 65,161 |

**The Directors' remunerations for Mr. G. Goburdhun and Mrs. A. D. Ramphul-Punchoo were paid to The State Investment Corporation Limited.*

The directors have not received remuneration in the form of share options or bonuses associated with the Company's performance. All Directors remuneration are fixed and they do not benefit from any long-term incentive plans.

Corporate Governance Report (Contd)

PRINCIPLE 5 – Risk Governance And Internal Control

“The Board should be responsible for risk governance and should ensure that the organisation develops and executes a comprehensive and robust system of risk management. The Board should ensure the maintenance of a sound internal control system.”

The Board of directors is responsible for determining the overall strategic direction and the proper risk management strategy and policies of the Company. It sets the appropriate risk level and tolerance of the Company. A risk register has been developed and this covers all the major risk areas in which the Company has significant exposure. The risk management strategy is based on diversification and acceptable levels of exposure/limits to different asset classes, currencies, issuers, regions and risk levels.

The risk register is periodically assessed relative to changes in market conditions and tactical re-allocations. The CIS Manager, CAM, is responsible for implementing the risk strategy and policies approved by the Board of Directors. It oversees the day-to-day risk management issues in line with the approved strategy, policies and procedures. The Audit & Risk Committee has evaluated the organisation’s strategic, financial, operational and compliance risk.

In addition, the internal auditors ensure that appropriate controls are in place to mitigate all potential risk areas of the Company and their recommendation is considered by the Audit & Risk Committee on a regular basis.

Assurance on risk management processes

The Board relies on the internal and external audit functions to report on any weaknesses and to make recommendations via the Audit & Risk Committee, the objective being to ensure the effective and efficient use of available resources and ascertaining the accuracy of information used in the preparation of financial statements.

The internal and external auditors report directly to the Audit & Risk Committee on a regular basis for identification of any deficiency noted in internal processes and controls, compliance issues and any material misstatements noted in the financial reports.

The principal risks faced by the Company and the way in which each is managed are as follows:

Operational Risk

Operational risk is defined by the Basel Committee on Banking Supervision as “the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.” The main areas of risk of loss are risks relating to internal fraud due to unauthorised activity, theft or fraud due to theft, systems’ security failure or tampering, employment practices and workplace safety due to unhealthy employee relations, improper environment, improper business or market practices, disputes over performance and management of monies, damage to physical assets due to disaster and other events, business disruptions, system’s failures and inaccurate reporting.

The Company does not have any employees: its day-to-day management is carried out by CAM which has adequate logistics, experience and technical capabilities to carry out its contractual obligations vis-à-vis the Fund. In this respect, CAM absorbs most of the operational risks of the Company. CAM has established control procedures to mitigate any operational risks related to the management of the Company. The major risk areas addressed are investment and currency risks and supervisory control. The CAM’s IT support team ensures that technological risks are minimised through frequent system maintenance and updates, restricted access to external parties and data backup system. An IT Agreement has been signed by the staff members to ensure their adherence to terms, policies and procedures to minimise risks.

Financial risk factors

Please refer to note 4 of the Notes to the Financial Statements.



Corporate Governance Report (Contd)

PRINCIPLE 5 – Risk Governance And Internal Control (Contd)

Solvency Risk

Solvency risk is minimal since the Company has no debt.

Frameworks and processes for the sound management of risk and Internal Controls

The Audit & Risk Committee has appointed an independent internal auditor for reviewing the effectiveness of the Company's systems of internal control, including internal financial control and business risk management and maintaining effective internal control systems. This ensures that appropriate frameworks and effective processes are in place for a sound management of risk.

Management is responsible for the implementation of internal control and risk management systems under the supervision of the Audit & Risk Committee which ensure that proper accounting records are maintained and that the strategies and policies adopted by the Board are being implemented.

The internal auditor covers all key areas of activities, including IT. Any deviation in policies and non-performance of internal control are duly reported and discussed at large at Management and Audit & Risk Committee levels.

Based on the issues or risks identified by the internal and external auditors, their recommendations and management actions adopted to mitigate the risks, the Board received assurance that the internal control systems are adequate and effective. Subsequently, the Board ensures that controls in place result in an acceptable level of risk with the Audit and Risk Committee overseeing the effectiveness of the Company's internal control systems. The Board has ensured that risk management framework have been communicated to management and all existing and new employees as appropriate to their roles within the organisation and has ensured that communication has been effective and understood.

Corrective actions are promptly taken, and regular follow ups are done. This enables the Board to derive assurance that the internal control systems are effective.

There has been no identification of any significant areas which was not covered by the internal auditors during the year. Based on the internal audit report and review of the Board on the internal control systems, no major risk or deficiency has been found in the Company's system of internal controls. The Board is ultimately responsible for the Company's system of internal control and for reviewing its effectiveness.

The Board has ensured that risk management policies are communicated to management and all other employees as appropriate to their roles within the Fund and has ensured that the communication has been effective and understood.

Whistle-blowing rules and procedures

For any suspicious or illegal transactions or behaviour, officers and directors are encouraged to lodge reports promptly to the Money Laundering officer as per the Financial Intelligence and Anti Money Laundering Act 2002 and Prevention of Corruption Act 2002.

Corporate Governance Report (Contd)

PRINCIPLE 6- Reporting With Integrity

“The Board should present a fair, balanced and understandable assessment of the organisation’s financial, environmental, social and governance position, performance and outlook in its annual report”

The Annual Report is published in full on the Company’s website.

The Annual Report comprise several key elements:

- Performance review
- Economic and market review
- Principle risks faced by the Company
- Corporate social responsibility and donations
- Environmental policy

In addition, the following is included on the website of the Company:

- Annual report and accounts
- Board and committee charters
- Code of ethics
- Details on board and governance structure
- Dividend policy and declaration
- Financial Highlights
- Share price is updated daily

Corporate social responsibility and donations

For its CSR, the Company had paid directly its contribution to the Mauritius Revenue Authority. There were no donations made during the year.

Environmental Policy

Due to the nature of its activities, the Company’s operation has no major impact on environment.

Safety and Health Issues

Management of the Company is outsourced to CAM. We have received assurance that CAM complies with the Occupational Safety and Health Act 2005 and other legislative and regulatory frameworks.

Statement of Directors’ Responsibilities

Directors acknowledge their responsibilities for:

- Adequate accounting records and for maintenance of effective internal control systems;
- Preparation of financial statements which fairly present the state of affairs of the Company at end of the financial year and the cash flows for that period, and which comply with International Financial Reporting Standards (IFRS);
- Using appropriate accounting policies supported by reasonable and prudent judgments and estimates;
- Ensuring that adequate accounting records and an effective system of internal controls and risk management have been maintained;
- Ensuring that appropriate accounting policies supported by reasonable and prudent judgments and estimates have been used consistently;
- Ensuring that the IFRS have been adhered to. Any departure has been disclosed, explained and quantified in the financial statements; and
- Ensuring that the Code of Corporate Governance has been adhered to in all material aspects. Reasons for non-compliance have been provided, where appropriate.

The External Auditors are responsible for reporting on whether the financial statements are fairly presented.



Corporate Governance Report (Contd)

PRINCIPLE 7 – Audit

“Organisations should consider having an effective and independent internal audit function that has the respect, confidence and co-operation of both the Board and the management. The Board should establish formal and transparent arrangements to appoint and maintain an appropriate relationship with the organisation’s auditors”

Internal Audit

The role of Internal Audit is to provide independent and objective assurance to management and the Board of Directors through the Audit & Risk Committee. By following a systematic and disciplined approach, Internal Audit helps to accomplish the Company’s objectives by evaluating and recommending improvements to operations, internal controls, risk management systems, and governance process.

During the year, the internal audit function was outsourced to Messrs Nexia Baker & Arenson. The latter is a professional firm and its internal audit department is adequately staffed with qualified auditors and certified internal auditors. The internal audit is performed on a half-yearly basis and they report to the Audit & Risk Committee at least once per year.

The main areas, systems and processes covered by internal audit during the year were as follows:

- (i) Investments:
 - Compliance with the investment strategy (investment limits and restrictions)
 - Authorisation and processing of transactions
 - Classification of securities (for IFRS purposes)
 - Maintaining accounting and other financial records
 - Monitoring of financial performance of the Fund (including valuation of unquoted securities)
- (ii) Redeemable shares:
 - Issue and redemption of shares
 - Review calculation of Net Assets Value (NAV) of the Fund
 - Compliance with the Anti-Money Laundering laws and regulations

The internal auditor reports directly to the Audit & Risk Committee, has unrestricted access to review all activities and transactions undertaken within the Company and to appraise and report thereon. There was no restriction placed over the right of access by internal audit to the records, management or employees of the organisation.

Internal auditors have no operational responsibility or authority over any of the activities audited. Accordingly, they are not involved in internal controls, developing procedures, installing systems, preparing records, or engaging in any other activity that may impair the internal auditor’s judgment.

External Audit

Grant Thornton Mauritius was re-appointed as the external auditors for the financial year ended 30 June 2020 at the Annual General Meeting held on December 2019. They are in office for the last 4 consecutive years for the audit of the financial statements of the Company.

The Audit & Risk Committee ensures that the external auditor is rotated at least every 7 years. The approach to appointing an external auditor is done through a tendering process. The last tender for appointment of Grant Thornton Mauritius was conducted in November 2016.

Corporate Governance Report (Contd)

PRINCIPLE 7 – Audit (Contd)

Meeting with Audit & Risk Committee

The External Auditors meet with the Chairman of the Audit & Risk Committee as and when they find it necessary, without the presence of Management. During such meetings, they discuss on matters such as the financial statements of the Company, timeline of the audit, the audit approach, the accounting principles and critical policies adopted. The Audit & Risk Committee has discussed critical policies, judgements and estimates with the external auditor.

Evaluation of the Auditors

The Audit & Risk Committee evaluates the external auditor in fulfilling their duty annually, to make an informed recommendation to the Board for the reappointment of the auditor. The Audit & Risk Committee assesses the qualifications and performance of the auditor; the quality of the auditor’s communications with the Audit & Risk Committee and the auditor’s independence, objectivity and professional scepticism.

The key issues raised by the auditors are discussed at the Audit & Risk Committee and Management is invited to explain and take remedial measures.

Information on non-audit services

The Company has appointed Grant Thornton (Advisory Services) Ltd for tax compliance services. The fees charged for this service is Rs 23,000, excluding VAT, for the year ended 30 June 2020.

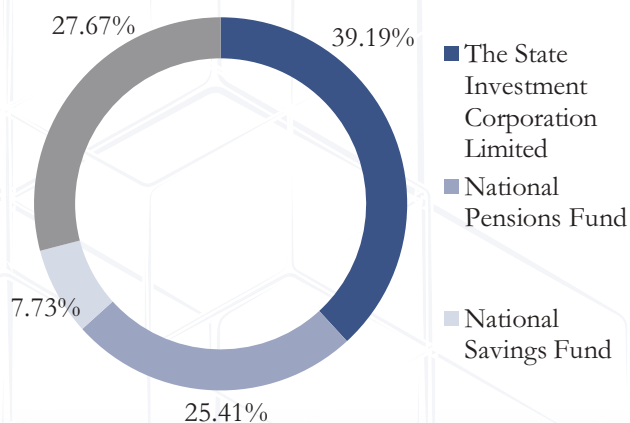
The audit and tax department of Grant Thornton are two separate departments and the manager and signing partner for the provision of each service are different persons.

PRINCIPLE 8- Relations With Shareholders And Other Key Stakeholders

“The Board should be responsible for ensuring that an appropriate dialogue takes place among the organisation, its shareholders and other key stakeholders. The Board should respect the interests of its shareholders and other key stakeholders within the context of its fundamental purpose”

Share Capital Structure

The holding structure of Port Louis Fund Ltd as at June 30, 2020 was as follows:-



| Shareholder | % of share capital |
|--|--------------------|
| The State Investment Corporation Limited | 39.19 |
| National Pensions Fund | 25.41 |
| National Savings Fund | 7.73 |
| Others | 27.67 |
| TOTAL | 100.00 |



Corporate Governance Report (Contd)

PRINCIPLE 8- Relations With Shareholders And Other Key Stakeholders (Contd)

Shareholders holding more than 5% share capital of the Company as at June 30, 2020:-

| Shareholder | No. of Shares | % of share capital |
|--|---------------|--------------------|
| The State Investment Corporation Limited | 19,688,443 | 39.19% |
| National Pensions Fund | 12,766,470 | 25.41% |
| National Savings Fund | 3,882,297 | 7.73% |

Shareholding analysis as at June 30, 2020

| Range (No. of shares) | No. of Shareholders | No. of shares | % of share capital | % of all shareholders |
|--------------------------|------------------------|-------------------|-----------------------|--------------------------|
| 1 – 1,000 | 2,931 | 1,172,477 | 2.33 | 66.51 |
| 1,001 – 5,000 | 887 | 2,440,038 | 4.86 | 20.12 |
| 5,001 – 10,000 | 332 | 2,604,830 | 5.19 | 7.53 |
| 10,001 – 25,000 | 190 | 3,125,145 | 6.22 | 4.31 |
| 25,001 – 50,000 | 47 | 1,575,879 | 3.14 | 1.07 |
| 50,001 – 100,000 | 10 | 723,605 | 1.44 | 0.23 |
| 100,001 – 1,000,000 | 7 | 2,253,765 | 4.49 | 0.16 |
| Over 1,000,000 | 3 | 36,337,210 | 72.33 | 0.07 |
| TOTAL | 4,407 | 50,232,949 | 100.00 | 100.00 |

Category of Shareholders as at June 30, 2020

| Shareholders Type | No. of shareholders | No. of shares | % shareholding |
|-----------------------------|---------------------|-------------------|----------------|
| Individuals | 4,353 | 12,146,691 | 24.18 |
| Corporate Bodies and others | 54 | 38,086,258 | 75.82 |
| TOTAL | 4,407 | 50,232,949 | 100.00 |

Company Key Stakeholders

The Company continuously engages with its stakeholders to understand the concern and priorities. The Board ensures that the Company maintains constructive relationships and dialogue with its stakeholders. The Company's key stakeholders and its interactions are as follows:-

Shareholders

All shareholders are entitled to voting rights in proportion of their shareholding. Each share carries one vote.

CIS Manager ("Fund Manager")

The Company has an Investment Management Agreement with Capital Asset Management Ltd (CAM). CAM supplies the necessary skills and expertise to deliver as mandated. A representative of the Fund Manager attends all Board/Committee Meetings of the Fund. There exist fair payment practices between the Fund and the Fund Manager.

Corporate Governance Report (Contd)

PRINCIPLE 8- Relations With Shareholders And Other Key Stakeholders (Contd)

Registrar and Transfer Office

The Company has an agreement with Prime Partners Ltd (“the Registry”) to provide Registrar and Transfer Office Services. The Registry participates in events organized by the Fund and they work in a spirit of partnership with the Fund Manager. Daily communication take place between Registry and the Fund Manager. There is a good working relationship between the Fund Manager and the Registry.

Custodian Services - Local

The Company has an agreement with SBM Bank (Mauritius) Ltd to provide custodian services for its local and foreign investments. The Company ensures fair and reasonable contract terms, timely payment of custodian fees and timely and effective decisions between the two parties.

Custodian Services - Foreign

The Company has an agreement with ICICI Bank Ltd of India to provide custodian services for its investments in the Indian stock market. The Company ensures fair and reasonable contract terms, timely payment of custodian fees and timely and effective decisions between the two parties.

Regulators

Relationships with the regulators, mainly the Financial Services Commission, the Registrar of Companies and the Mauritius Revenue Authority are considered as critical for good running of the Company.

The Company maintains relationship with its regulators through written communications, filing of returns and financial reports, participation in forums, conferences and workshops as well as compliance with relevant legislations.

These relationships are viewed as strategic partnerships to ensure that the Company upholds and maintains best practices with full transparency.

Contract with Shareholders

The Company does not have any contract with shareholders, except a Liquidity Contract with The State Investment Corporation Limited to ensure that there is sufficient liquidity to complete transactions based on demand for and supply of the Company’s shares.

Conduct of Shareholders’ Meetings

All Directors and External Auditors are invited to attend Shareholders’ meetings.

The Constitution allows a shareholder of the Company to appoint a proxy whether a shareholder or not, to attend and vote on his/her behalf.

At the Shareholders’ meeting, each issue is proposed in a separate resolution:-

- The approval of the Annual Report and Audited Financial Statements;
- The ratification of dividend (if applicable);
- The election or re-election of Board Directors on an Annual basis;
- The appointment or re-appointment of Auditors under section 200 of the Companies Act 2001; and
- Any other matter which may require the Shareholders’ approval.



Corporate Governance Report (Contd)

PRINCIPLE 8- Relations With Shareholders And Other Key Stakeholders (Contd)

Communication with the Shareholders

Communication between the Company and its shareholders takes place on a regular basis. At the first level of communication, the Net Asset Value per share of the Fund and factsheet detailing the performance are published daily and monthly respectively on its website, www.portlouisfund.com.

Annual report containing the audited accounts, performance review and other essential information is sent to all shareholders. The shareholders are also invited to the Annual Meeting where they are encouraged to interact with directors and ask questions or seek clarifications from the Board and Management regarding the Fund. Furthermore, any queries addressed to the Share Registry and/or the Fund Manager, are promptly attended to.

A statement of holdings, including the value of investments, is sent to every shareholder annually.

Annual Meeting of Shareholders

The next Annual Meeting of the Company is scheduled in November/December 2020 and appropriate notice of meeting is given to the shareholders.

Calendar of Important Events

The following is a schedule of events for the financial year 30 June 2020:

| Date | Event |
|------------------|--------------------------------|
| 24 June 2020 | Declaration of Dividends |
| 30 June 2020 | End of Financial Year |
| 19 July 2020 | Payment of Dividends |
| 22 December 2020 | Annual Meeting of Shareholders |

**Statement of Compliance
(Section 75 (3) of the Financial Reporting Act)**

Name of PIE : Port Louis Fund Ltd
Reporting period : Financial year ended June 30, 2020

We, the Directors of Port Louis Fund Ltd, the “Company” confirm to the best of our knowledge that the Company has complied with all of its obligations and requirements under the Code of Corporate Governance except for the following section:-

Principle 2: The Structure of the Board and its Board Committees

Board Composition

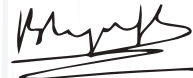
The recommendation of the Code is to have at least two executive directors.

The management of the Company has been outsourced to Capital Asset Management Ltd (CAM) as CIS Manager. Given the circumstances, the Board has not deemed it necessary to appoint an executive director. A representative of CAM attends Board/Committee meetings and assists the Directors in the decision-making process.

Signed on behalf of the Board of Directors:



Mr. G. Goburdhun, G.O.S.K.
Chairman



Mr. V. Bhuguth
Director



PLF

PORT LOUIS FUND LTD

Certificate from the Secretary to the members of Port-Louis Fund Ltd

We certify, to the best of our knowledge and belief, that we have filed with the Registrar of Companies all such returns as are required of **Port-Louis Fund Ltd**, under the Mauritius Companies Act 2001, in terms of Section 166 (d), during the financial year ended 30 June 2020.

**Prime Partners Ltd
Company Secretary
Per Christophe Brette**

Registered office:

15th Floor, Air Mauritius Centre,
6, President John Kennedy Street
Port Louis
Republic of Mauritius

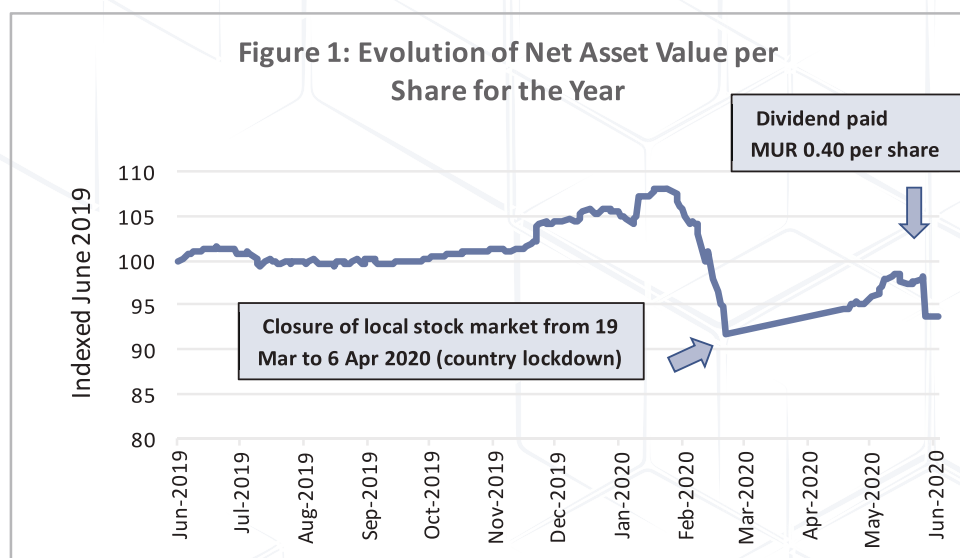
Date: 15 October 2020

Performance Review (Contd)

Directors' Report

FUND PERFORMANCE

The Fund registered a negative return of 4.9% for the financial year ended 30 June 2020. The adverse performance of the Fund was a result of a general market downfall due to the COVID-19 pandemic. The cumulative return of the Fund since its launch and assuming that dividends were reinvested totalled 601.2% (annualized return of 8.8%).



The Fund’s upward progression halted and saw its NAV per share decrease from MUR 32.39 as at June 2019 to MUR 30.41 on 30 June 2020. The NAV per share peaked at MUR 35.02 on 20 February 2020, before falling to MUR 29.72 on 19 March 2020 as Mauritius went through a nation-wide lockdown for a period of two and a half months. Despite its negative performance, the Fund paid a dividend of MUR 0.40 per share to all shareholders registered on 24 June 2020.

The local stock market has severely been affected by the COVID-19 pandemic, which has prompted a general downfall in stock prices. The SEMDEX (a proxy for local stock market performance) lost 21.9% during the period under review. The unquoted shares were revalued downwards as a result of the uncertainty over the foreseeable future, triggered by the pandemic. On the other hand, despite the COVID-19 disruptions, the global equities ended the financial year on a positive note with the MSCI World Index (a proxy for foreign stock market performance) generating a return of 1.1% in USD terms, translating into a return of 13.8 % in MUR terms. The appreciation of foreign currencies against the MUR impacted positively on the foreign portfolio with the USD gaining 12.6% during the year.

ASSET CLASS PERFORMANCE

The Net Asset Value of the Fund as at 30 June 2020 stood at MUR 1,527.7M compared to MUR 1,623.6M in the previous financial year, representing a drop of 6.3% over the year.



Performance Review (Contd)

Directors' Report

Asset allocation is a strategic decision which to a large extent determines the performance of the Fund. The asset allocation is reviewed periodically and adjusted in light of changes in market conditions so as to balance the risk minimization and return maximization targets. The asset classes of the Fund can be broadly classified into three categories: locally listed equity, unquoted shares and foreign investments. The total estimated return of each asset class is summarised in Table 1 below.

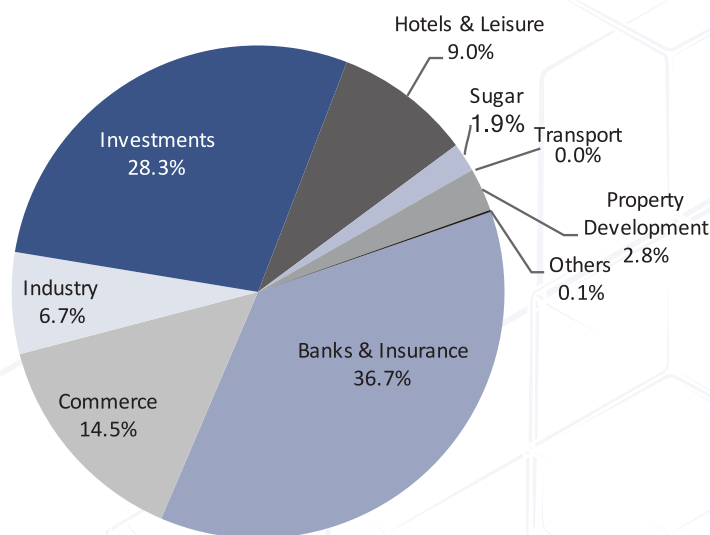
Table 1: Portfolio Overview (Total Return Decomposition)

| Asset Class | Estimated Total Return |
|-----------------------|------------------------|
| Locally Listed Equity | -21.9% |
| Unquoted Shares | 1.1% |
| Foreign Investments | 9.1% |

Locally Listed Equity Portfolio

The value of locally listed equity, for the period under review, decreased from MUR 499.0M to MUR 385.5M. Total value of securities bought for the year amounted to MUR 19.8M whereas total disposals were MUR 4.5M. Total dividends received from this asset class amounted to MUR 19.7M. The Fund remained exposed mainly in Banking & Insurance, Investments and Commerce sectors as depicted in Figure 2. (The sectoral breakdown is as per SEM classification).

Figure 2 : Locally Listed Equity Sectoral Breakdown





Performance Review (Contd)

Directors' Report

The locally listed equity portion had an average weight of 25.2% of the total portfolio for the financial year ended 30 June 2020. This segment registered a negative return of 21.9%. As an indication, the SEMDEX and DEMEX posted negative returns of 21.9% and 9.4% respectively while SEMTRI recorded a loss of 19.4%. The sector breakdown of locally listed equity portfolio is shown in Table 2.

Table 2: Sector Breakdown of Locally Listed Equity Portfolio in both Official and DEM Markets

| Sector | (MUR M) | % of Locally Listed Equity Portfolio | % of SEMDEX | % of Total Portfolio |
|----------------------|--------------|--------------------------------------|---------------|----------------------|
| Banks & Insurance | 141.5 | 36.7% | 39.5% | 9.3% |
| Commerce | 55.9 | 14.5% | 20.9% | 3.7% |
| Industry | 25.7 | 6.7% | 9.2% | 1.7% |
| Investments | 109.0 | 28.3% | 22.6% | 7.1% |
| Hotels & Leisure | 34.6 | 9.0% | 6.3% | 2.3% |
| Sugar | 7.3 | 1.9% | 0.5% | 0.5% |
| Transport | 0.0 | 0.0% | 0.4% | 0.0% |
| Property Development | 10.9 | 2.8% | 0.4% | 0.7% |
| Others | 0.5 | 0.1% | 0.2% | 0.0% |
| Total | 385.5 | 100.0% | 100.0% | 25.3% |

Unquoted Shares

The value of unquoted shares decreased from MUR 706.7M to MUR 685.5M, as a consequence of the impact of COVID-19 on the local market. No trade transactions were conducted during the period; however, this asset class was subject to regular revaluation exercises carried out by an independent valuer. The investments in SICOM were revalued down by 3.4%, whilst Maurinet Investment Ltd and Le Grand Casino du Domaine Limitee's investments remained constant. The value of the total unquoted securities decreased by 3.0% for the year under review. Nevertheless, total dividends of MUR 28.5M were received from this segment during the year, resulting in a total return of 1.1% for this asset class.



Figure 3 : Unquoted Shares Sectoral Breakdown

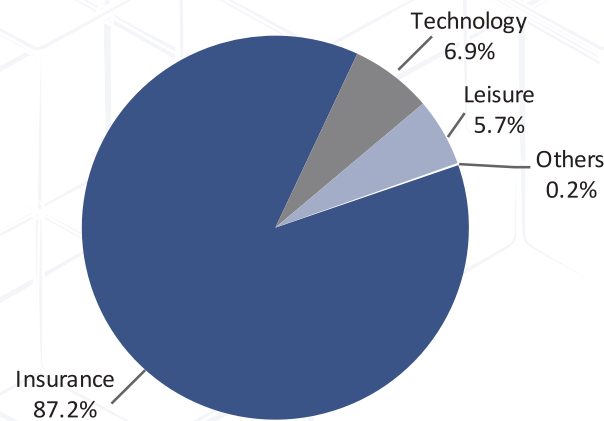


Figure 3 above and table 3 below give the sectoral breakdown and the portfolio details of the investment in unquoted shares.

| Table 3: Sector Breakdown of Unquoted Securities | | | |
|--|---------------|--------------------------|----------------------|
| Sector | Value (MUR M) | % of Unquoted Securities | % of Total Portfolio |
| Insurance | 598.0 | 87.2% | 39.2% |
| Technology | 47.0 | 6.9% | 3.1% |
| Leisure | 39.2 | 5.7% | 2.6% |
| Others | 1.3 | 0.2% | 0.1% |
| Total | 685.5 | 100.0% | 44.9% |

Top 5 local Holdings

The top five holdings of the Fund amounted to a market value of MUR 816.5M as depicted below in Table 4, representing 76.2% of the local segment and 53.6% of the total portfolio.

| Table 4: Top 5 Holdings Local Equities | | | |
|--|----------------------|-------------------|----------------|
| Security | Market Value (MUR M) | % of Local Equity | % of Portfolio |
| SICOM | 598.0 | 55.8% | 39.2% |
| MCB | 97.8 | 9.1% | 6.4% |
| Maurinet | 47.0 | 4.4% | 3.1% |
| GCD | 39.2 | 3.7% | 2.6% |
| Ascencia | 34.5 | 3.2% | 2.3% |
| Total | 816.5 | 76.2% | 53.6% |

The State Insurance Company Ltd (SICOM)

SICOM is one of the leading insurance companies in Mauritius and its portfolio of activities consists of Life Assurance, General Insurance, Group Life and Pensions, Actuarial Services, Group Medical, Loans, Financial Services and Investment Management. For the period under review SICOM Group's total assets have increased

from MUR 19.0 Billion to MUR 20.2 Billion. The Group profit after tax reached MUR 624.5M as at 30 June 2020 from MUR 580M, representing an increase of 7.7 %. The Fund received a total dividend of MUR 24.3M from SICOM for the period under review.

The Mauritius Commercial Bank Group Ltd (MCBG)

MCBG is the leading banking and financial services group and also the largest company in terms of market capitalisation listed on the SEM since 1989. As at 30 June 2020, its market capitalisation stood at MUR 56.5 Billion representing 27.9% of the SEMDEX. For the period 30 June 2019 to 30 June 2020 the operating income of MCBG increased by 8.5% to reach MUR 21.9 Billion whilst the share price declined by 18.4 %. The Group recorded an unprecedented impairment of MUR 5 Billion resulting from the high level of uncertainty in the market.

Maurinet Investment Ltd (Maurinet)

Maurinet is the holding company of Mauritius Network Services Ltd (MNS). Maurinet's activities are to develop, maintain, operate and manage electronic information and communication systems. As per audited accounts for the year ended 31 December 2019, the company posted revenue of MUR 195.4M, representing an increase of 18.1% over the previous year, while profit soared by 45.2%. Total assets increased by 14.8% to MUR 427.2M. For the period under review, PLF received around MUR 4.2M worth of dividend from Maurinet.

Le Grand Casino du Domaine Limitee (GCD)

The main activity of GCD is the operation of a casino at Domaine Les Pailles. GCD is the largest casino in terms of table game operation in Mauritius. The draft financial statements of the company reported a profit after tax of around MUR 29.7M for the year ended 31 December 2019. The company's total assets stood at MUR 53.3M for the year ended 31 December 2019.

Ascencia Ltd

Ascencia is the largest property fund in Mauritius, specialising in retail properties. Its main activity is to acquire, invest and hold investments in real estate, primarily located on the island. Its portfolio of properties currently comprises seven shopping malls, including regional and national facilities like Phoenix and Riche Terre Malls and the Bagatelle Mall. Ascencia is listed on the Development & Enterprise Market of the Stock Exchange of Mauritius. Ascencia's share price decreased by 12.7% over the period under review and closed at MUR 16.9 on 30 June 2020. The Group's operating profit saw a fall of 24.2% for the nine months ended 31 March 2020 compared to the previous period.



Performance Review (Contd)

Directors' Report

Foreign Investments

As at 30 June 2020, the Fund invested in foreign markets to an extent of MUR 427.4M. The foreign component carried a weightage of 28.0% of the total portfolio. Disposals of foreign securities amounted to MUR 3.4M while acquisitions amounted to MUR 1.2M over the course of the year. The foreign portfolio is invested to the tune of 95.8% in equities, 4.2% in bonds, cash & others, as highlighted in Figure 4 and Table 5. An amount of MUR 129.9 M (30.2% of the foreign investment portfolio) was allocated to the Indian stock market and the remainder was spread over the rest of the world.

The total return on the foreign portfolio as at 30 June 2020 was 9.1%. As an indication, MSCI World Index gained 1.1% in USD terms, translating into a return of 13.8% in MUR terms and the MSCI Emerging Market index generated a return of -5.7% in USD terms, translating into a return of 6.2% in MUR terms. Investment in foreign funds is carried out via foreign fund managers, mostly, Franklin Templeton, Fidelity Investments, T. Rowe Price & BlackRock amongst others.

Whilst foreign stock markets were on an uptrend in the first half of the year with S&P 500 registering returns of 9.8%, FTSE 100 gained 1.6%, Nikkei 225 gained 11.2%, among others, the foreign indices went into freefall in March 2020 before recovering some of the losses by June 2020. On a year on year basis, S&P 500 registered returns of 5.39%, whilst FTSE 100 lost 16.9% and Nikkei 225 gained around 4.8%.

Figure 4: Foreign Portfolio Breakdown

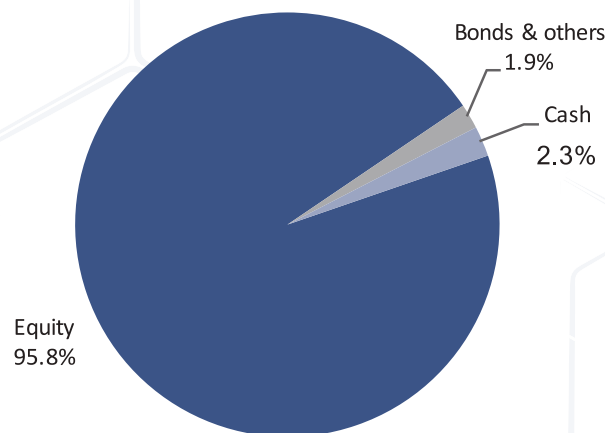


Table 5: Foreign Investment Asset Class Breakdown

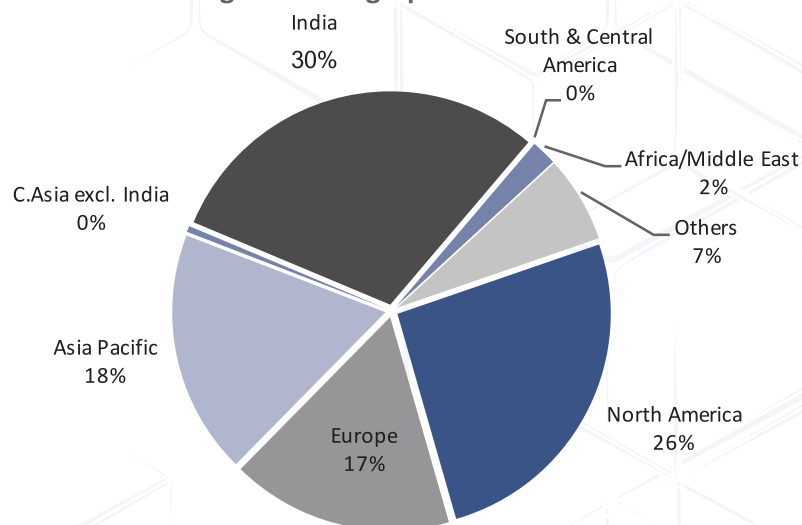
| Asset Type | Value (MUR'M) | % of Foreign Investments Portfolio (including India) | % of Total Portfolio |
|----------------|---------------|--|----------------------|
| Equity | 409.5 | 95.8% | 26.8% |
| Bonds & others | 8.1 | 1.9% | 0.5% |
| Cash | 9.8 | 2.3% | 0.6% |
| Total | 427.4 | 100.0% | 28.0% |



Geographical allocation

As at end of June 2020, the foreign allocation was largely dominated by exposure in the Indian, USA and Asia Pacific geographical areas constituting approximately 74.2% of the Fund's foreign assets. The geographical exposure of the foreign segment is depicted in Figure 5.

Figure 5: Geographical Breakdown



Currency distribution

The foreign portfolio segment of the Fund is managed by adopting a conservative approach leading to exposures to major hard currencies. As a result, the foreign portfolio is mainly exposed to 3 main currencies (USD, EUR, and INR), with USD and EUR collectively accounting for more than 60% of the total exposure.

Table 6: Foreign Investment Currency Breakdown

| Currency | Value (MUR'M) | % of Foreign Investments Portfolio (including India) | % of Total Portfolio |
|--------------|---------------|--|----------------------|
| USD | 179.6 | 42.0% | 11.8% |
| EUR | 86.5 | 20.2% | 5.7% |
| GBP | 5.9 | 1.4% | 0.4% |
| INR | 124.7 | 29.2% | 8.2% |
| Others | 30.7 | 7.2% | 2.0% |
| Total | 427.4 | 100.0% | 28.0% |



Performance Review (Contd)

Directors' Report

Top 5 Foreign Holdings

The top 5 holdings, worth MUR 106.4M, represented 35.6% of the foreign investments segment (excluding investments in India), translating into 7.0% of the total portfolio as summarised in Table 7. This portion of the portfolio is also well diversified in terms of geographical distribution, with main exposures to the American, Asia Pacific and European markets.

Table 7: Top 5 Holdings in Foreign Investments

| Security | Market Value (MUR'M) | % of Foreign Portfolio (Excluding India) | % of Portfolio |
|--|----------------------|--|----------------|
| T. Rowe Price- US Blue Chip | 25.0 | 8.4% | 1.6% |
| Fidelity World Fund | 22.6 | 7.6% | 1.5% |
| T. Rowe Price European Smaller Companies | 21.9 | 7.3% | 1.4% |
| Franklin Templeton- US Opportunity Fund | 21.5 | 7.2% | 1.4% |
| Fidelity Global Technology Funds | 15.4 | 5.2% | 1.0% |
| Total | 106.4 | 35.6% | 7.0% |

Indian Equity

The GDP growth for the Indian economy stood at 4.2% for the year 2019-2020. However, similar to other economies, the Indian economy took a massive hit during the year and the country's GDP is now projected to contract by 10.3% for the forthcoming year. The economy is expected to bounce back in 2021-22 with a robust 8.8% growth rate.

The growth rate of eight core industries in India for April 2020 fell by 38.1% after a fall of 9% in March 2020 outlining the impact of the global pandemic. The annual headline inflation rate averaged 4.8% for the fiscal year 2019-20 slightly above the target of 4.0% set by the Reserve Bank of India. The impact of COVID-19 on inflation is ambiguous with a possible decline in food items prices being offset by potential cost-push increases in prices of non-food items due to supply disruptions.

The current account deficit for the year reduced to 0.9% of GDP from 2.1% in 2018-19 as merchandise trade deficit contracted, as a result of trade gains accrued from lower commodity prices for crude oil, coal and fertilisers, and a contraction in import volumes.

According to Reserve Bank of India, its current balance witnessed a marginal surplus of US\$ 0.6 Billion which represents 0.1% of GDP in Q4 of 2019-20 as against a deficit of US\$ 4.6 Billion representing 0.7% of GDP in Q4 of 2018-19. The surplus was due to a lower trade deficit at USD 35.0 Billion and a sharp rise in net invisible receipts at US\$ 35.6 Billion as compared with the corresponding period of last year. The Reserve Bank of India cut the policy repo rate on 22nd May 2020 by 40 basis points from 4.4% to 4.0%.



The Indian equity portion represented 30.2% of the foreign portfolio of the Fund, which translated to 8.5% of the whole portfolio. This segment of the portfolio was valued at MUR 129.9M (INR 243.0M) as of 30 June 2020. For the year ended 30 June 2020, in MUR terms, the Indian equity portfolio registered a negative return of 6.2%. As a reference, the SENSEX index (a proxy for Indian stock markets) fell by 8.9% in MUR terms over the same period.

The portfolio is well-diversified, as graphically shown below, with a higher exposure to the Indian financial sector. The top 5 holdings make up to 51.6% of this portion of the portfolio, equating to 4.2% of the total portfolio.

Figure 6: Indian Equity Sector Breakdown

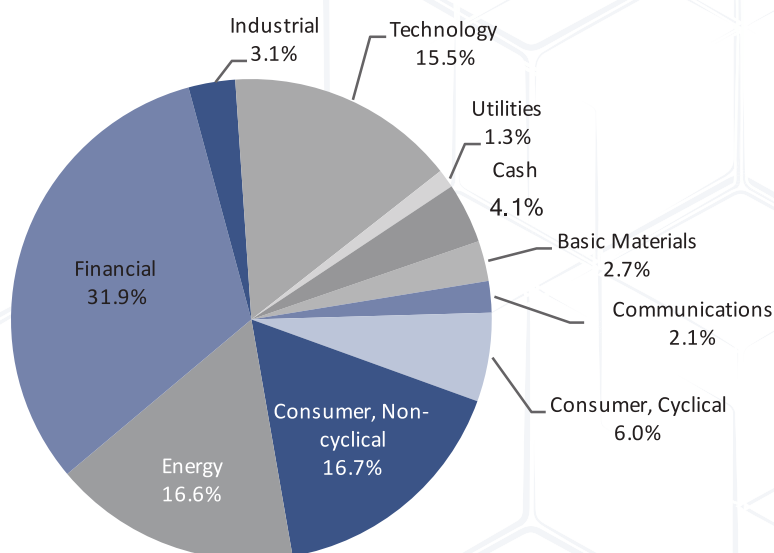


Table 8: Top 5 Holdings India

| Security | Sector | Market Value (MUR'M) | % of Indian Equity | % of Total Portfolio |
|-------------------------|------------|----------------------|--------------------|----------------------|
| Reliance Industries Ltd | Energy | 19.9 | 16.1% | 1.3% |
| HDFC Bank Ltd | Financial | 14.7 | 11.9% | 1.0% |
| HDFC Ltd | Financial | 10.3 | 8.3% | 0.7% |
| Infosys Ltd | Technology | 10.0 | 8.1% | 0.7% |
| ICICI Bank Ltd | Financial | 9.0 | 7.3% | 0.6% |
| Total | | 64.0 | 51.6% | 4.2% |

**Performance Review (Contd)****Directors' Report****Reliance Industries Ltd**

Reliance Industries Ltd (RIL) is India's largest petrochemical firm and among the largest companies. RIL is India's largest and most profitable private sector company. RIL continued to be a significant global player in the integrated energy value chain while establishing leadership positions in the retail and digital services business in India. The company's profit grew by 11.3% during its financial year 2019-2020, while the share price grew by 41.1% in MUR terms for the period 30 June 2019 to 30 June 2020. The company has recently completed the Rights Issue of INR 53,124 crore (equivalent to USD 7.1 Billion), which was oversubscribed by 1.59 times. This was the largest Rights Issue in the last 10 years globally by a non-financial institution, and the largest in India.

HDFC Bank Ltd

HDFC Bank Ltd offers a wide range of services to the global corporate sector. The bank provides corporate banking and custodial services and is active in the treasury and capital markets. The financial performance of the Bank during the year ended March 2020, remained healthy with an increase in net profits by 24.6%. For the period 30 June 2019 to 30 June 2020, the share price of HDFCB Bank Ltd fell by 10.3% in MUR terms.

Housing Development Finance Corporation Ltd (HDFC Ltd)

HDFC Ltd provides housing finance in India. The company provides long-term housing loans to low and middle-income individuals, as well as to corporations. The principal business is providing finance to individuals, corporates, and developers for the purchase, construction, development and repair of houses, apartments and commercial properties in India. Net Interest Income grew by 10.2% during the financial year 2019-2020. The share price fell by 17.7% in MUR terms from June 2019 to June 2020.

Infosys Ltd (Infosys)

Infosys, established in 1981, is the first Indian IT company to be listed on the NASDAQ. Infosys provides IT consulting and software services, including e-business, program management, and supply chain solutions. The Group's services include application development, product co-development, and system implementation and system engineering. Infosys targets businesses specializing in the insurance, banking, and telecommunication and manufacturing sectors. The profit after tax growth stood at 8.9% in fiscal year March 2019-20. The share price gained around 3.4% in MUR terms for the period June 2019 to June 2020.

ICICI Bank Ltd (ICICI)

ICICI Bank Ltd operates a network of banks located throughout India. The Group specializes in retail and corporate banking, in addition to forex and treasury operations. ICICI also provides a wide variety of investment banking, insurance, and financial services to its clients. Net profits of the bank grew by 18.1% in MUR terms during fiscal year 2019-20. The share price fell by 17.3% in MUR terms from June 2019 to June 2020.

According to the World Economic Outlook published in January 2020, the growth in global output in 2019 was 2.9% and the sluggish global growth was expected to continue at a pace of around 3.3% for 2020. However, as a result of COVID-19 pandemic, global growth predictions have been revised to -4.4 % for 2020 in the latest World Economic Outlook report of October 2020 and economic recovery in 2021 is projected to be around 5.2%.

The COVID-19 which originated in China spread rapidly to European countries, the USA and then intensified in large emerging economies such as Brazil and India. As uncertainty was looming surrounding the provision of a cure to the virus, nations imposed stringent lockdown measures where half of the worldwide population was asked to stay at home in April 2020. Worldwide economies are now facing recession following the slowdown in economic activity. This has caused larger disruptions to economic activity than anticipated. Governments, through their respective central banks, have provided monetary stimulus and liquidity facilities to individuals and corporations to support confidence and to limit the amplification of the shock, thus ensuring that the economy is better placed to recover.

According to the International Labour Organization, the global decline in work hours in Q1 and Q2 2020 was equivalent to the loss of 130 million full-time jobs and to more than 300 million full-time jobs respectively. Global trade contracted by -3.5% (year on year) in the first quarter, reflecting weak demand, the collapse in cross-border tourism, and supply dislocations related to shutdowns. Average inflation in advanced economies had dropped about 1.3 percentage points since the end of 2019, to 0.4 % (year on year) as of April 2020, while in emerging market economies it had fallen 1.2 percentage points, to 4.2%.

The US economy saw a contraction of 5.0% in the first quarter of 2020 and the biggest quarterly contraction of 31.7% in GDP on record in the second half, whilst Euro zone sank by 12.1% in Q2 compared to 3.6% in Q 1. The German economy fell by 10.1%, Italy's plunged by 12.4%, France's and Spain's contracted by 13.8% and 18.5% respectively. The European Central Bank (ECB) forecast a GDP drop of 8.7% in the Euro area in 2020. Some countries (notably in Europe) have decided to furlough employees in order to limit job losses.

The Federal Reserve's Open Market Committee decided to maintain the target range for the Federal Funds rate at 1.50% - 1.75% in December 2019, at the same level as October 2019 on the basis of a strong economic outlook, strong labour market conditions and inflation near the Committee's symmetric 2.0% objective. However, the Federal Funds rate was decreased to a target range of 0 - 0.25 % at its monetary policy meeting of June 2020 compared to a target range of 1.0% - 1.25% decided in March 2020, following a weaker oil demand and lower oil prices, which are keeping consumer price inflation at reduced levels.

At its last monetary policy meeting in June 2020, the ECB kept interest rate on the main refinancing operations, on the marginal lending facility and the deposit facility unchanged at 0.00%,

**Global Economic and Market Review (Contd)****Directors' Report**

0.25% and -0.50% respectively. The amount for the Pandemic Emergency Purchase Programme (PEPP) in relation to COVID-19 has also been increased by €600 Billion to a total of €1,350 Billion.

The UK GDP has plummeted to a record 20.4% in Q2 2020 compared to 2.2% in Q1. The Monetary Policy Committee of Bank of England maintained its Bank Rate at 0.1% and decided to continue with the existing programme of £200 Billion of UK government bond and sterling non-financial investment-grade corporate bond purchases.

According to IMF's October 2020 World Economic Outlook report, China is projected to recover from the sharp contraction suffered in the first quarter of 2020 and achieve a growth of 1.9% this year supported by policy stimulus. Its GDP growth in 2019 was 6.1% and is expected to jump to 8.2% in 2021.

Indian economy shrank by 23.9% in the second quarter following a longer period of lockdown and slower recovery than anticipated, the first contraction in more than 40 years. India's GDP contraction is projected to be 10.3% for the year, before rebounding by 8.8% in 2021. BSE SENSEX recorded a loss of 11.4% in INR terms. The Reserve Bank of India announced a cut in repo rate to 4% to boost money supply in the economy in view to maintain the accommodative stance of the Monetary Policy Committee.

MSCI World Index gained 13.8% in MUR (1.1% in USD terms) during the year ended 30 June 2020. After a steep decline in quarter 1, MSCI World Index ascended in quarter 2 supported by the performance of US and euro-zone equities driven mostly by gains in information technology and bio technology sectors. The MSCI Emerging Market index generated a return of 6.2% in MUR terms (-5.7% in USD terms) for the year under review. The MSCI Emerging Market index underperformed the MSCI World Index as a strong dollar and lower oil price negatively impacted the emerging economies.

Table 9: Performance of main international indices over the Financial Year

| Index | Return (Domestic) | Return (MUR) |
|---------------|-------------------|--------------|
| S&P 500 | 5.39% | 18.69% |
| FTSE 100 | -16.91% | -8.60% |
| Nikkei 225 | 4.76% | 17.84% |
| MSCI World | 1.08% | 13.81% |
| MSCI Emerging | -5.67% | 6.22% |
| BSE SENSEX | -11.37% | -8.92% |

Local Market Review

Although measures such as lockdown and the curfew order imposed by the government from 20 March 2020 to 1 June 2020 has caused a downturn in economic activities, Mauritius has nevertheless successfully curbed the spread of the virus locally.

During the first quarter of 2020, the Mauritian economy had lost its growth momentum which it had acquired in 2019. On a 12-month average period, headline inflation stood at 1.8% representing an increase of 0.8% from June 2019. The Bank of Mauritius has revised its forecasts for real GDP contraction to the tune of 14.3% for 2020, the worst contraction since 1980. As per the Bank of Mauritius, the real GDP growth rate is expected stand at 7.5% for 2021.

As lockdown restrictions began to ease in the month of July 2020, a recovery in economic activity is projected in the second half of the year. However, uncertainty remains as the outlook in some of the major pillars of our economy, namely the tourism and manufacturing industries remain precarious. As our borders are not fully open to tourists and quarantine measures are obligatory for all visitors entering the country, the slowdown in the tourism sector is projected to last longer than previously anticipated.

The inclusion of Mauritius on the European Commission (EC) list for having strategic weaknesses in the AML/CFT systems calls for attention as this can have a detrimental impact on the long-term attractiveness and competitiveness Mauritius as an International Financial Centre. Efforts are ongoing by the authorities and the financial community to exit the EC list and tremendous progress has been noted.

Key Government support measures

The Government had introduced a Wage Support Scheme to assist private sector businesses in paying wages and a Self-Employed Assistance Scheme, coupled with other measures to support SMEs and MMEs through a number of institutions. In addition, the Bank of Mauritius also announced a number of support measures for households and economic operators.

Furthermore, a COVID-19 Act was enacted on 15 May 2020 with amendments brought to various legislations, including the Workers' Rights Act and the Employment Relations Act, with the objective to safeguard employment during this period of economic downturn, while granting more flexibility through leave without pay, with payment of transitional unemployment benefit and reduced hours for reduced pay under specific conditions.



Local Economy Review & Outlook (Contd)

Directors' Report

The Bank of Mauritius Act was revised to permit the Central Bank to assist the Government in its fiscal measures to soothe the economy amid the pandemic.

Industry analysis 2019

As support to the domestic economy, the services sector such as Financial Services & Insurance and ICT remain important pillars. ICT contributed to around 5.8% in Gross Value Added (sum of value added by all firms, government institutions, householders in the country). At end of 2019, the number of mobile cellular phone subscriptions per 100 inhabitants decreased from 151.6 to 147.5 and the number of internet subscriptions per 100 inhabitants went up from 107.1 to 118.2.

Financial Services and Insurance sector has grown by 5.2% in 2019 and forecasted to grow by around 1.0% in 2020 based on lower expected global business activities. In addition, within the FinTech realm, there has been the adoption of the Peer to Peer/crowdlending platform which can provide alternative lending solutions to entrepreneurs but at the same time challenge the traditional lending methods through banks.

The performance of the manufacturing sector, on the other hand, continues to be a major cause for concern. The textile and apparel sector continued to suffer a negative growth for four consecutive years. In 2019, the textile industry recorded a negative growth of 5.9%. The manufacturing sector, more precisely textile manufacturing, is expected to drop by 45.0%. The textile industry which was already experiencing troubles since some years is expected to worsen further post COVID-19 following poor demand from main export partners.

The agricultural sector grew by 4.1% in 2019 as opposed to a decline of 1.3% in 2018 with the cane industry expected to perform better on the back of higher local sugar production.

For the year ended 31 December 2019, the tourism sector contracted by 1.1% compared to previous year, with visits hovering around 1.383 Mn people. Among the main markets, only France recorded a positive growth (5.8%). All the other markets registered decreases ranging from -0.6% for Reunion Island to -35.0% for People's Republic of China. For the year 2020, from January to August, Mauritius has welcomed around 300,000 tourists as compared to 872,000 for the same period last year. As per the Bank of Mauritius, tourism revenue in the first half of 2020 would fall short of 2019 receipts by around MUR 18 billion. In the event the national borders remain closed for the rest of the year, the shortfall could rise to around MUR 50 billion.

The Local Fixed Income Market

Figure 7 indicates the yield curve for the last 3 years. The weighted average yields for 91-day decreased from 3.24% to 2.28% whereas the 182-day Treasury bills decreased from 3.45% to 2.04%. The yields on the 5-year and 15-year tenures government bonds were 3.25% and 4.59% whereas in FY 2019, they stood at 4.82% and 4.9% respectively as shown in table 10.

The Key Repo Rate (KRR) has witnessed a declining trend since Aug 2019. On 09 Aug 2019, the MPC cut the KRR by 15 basis points to 3.35%. The KRR was further reduced to 2.85% and 1.85% on 10 March 2020 and 16 April 2020 respectively in an attempt to revive growth and mitigate the impact of COVID-19 on the economy. On 8 July 2020, the MPC kept the repo unchanged at 1.85%. This has led to a substantial fall in the yields of all government issued papers. For instance, the yield on 1-year treasury bill was around 2.24% as at end of June 2020 compared to 3.58% last year.

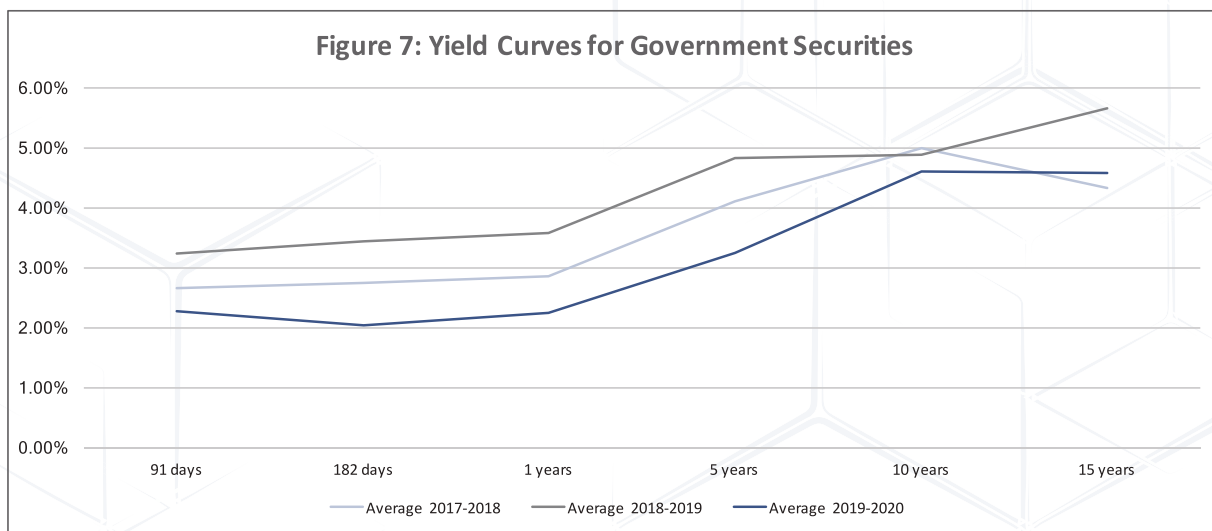
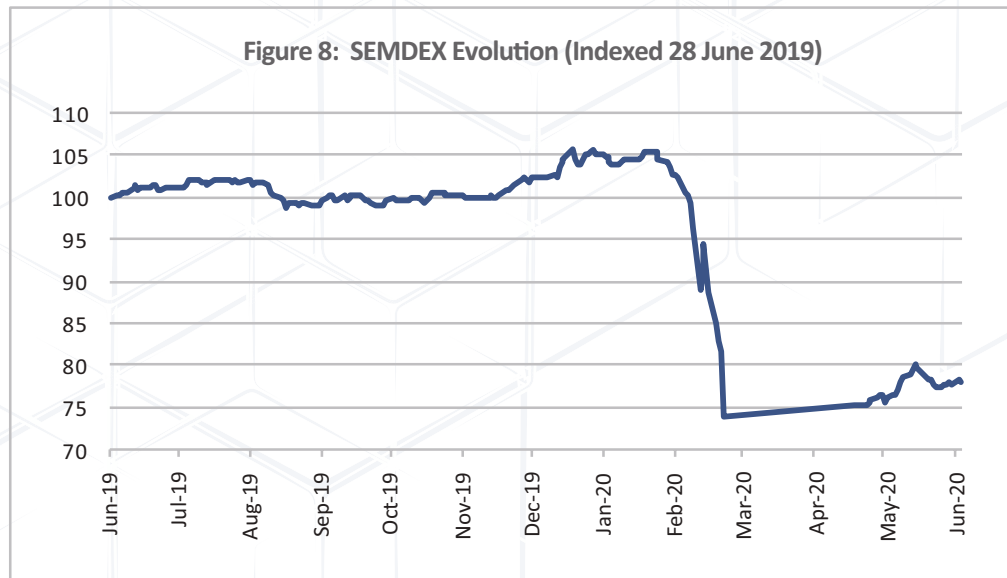


Table 10: Average yields for government securities

| | 91 days | 182 days | 1 year | 5 years | 10 years | 15 years |
|-------------------|---------|----------|--------|---------|----------|----------|
| Average 2017-2018 | 2.66% | 2.75% | 2.87% | 4.10% | 5.00% | 4.33% |
| Average 2018-2019 | 3.24% | 3.45% | 3.58% | 4.82% | 4.90% | 5.66% |
| Average 2019-2020 | 2.28% | 2.04% | 2.24% | 3.25% | 4.61% | 4.59% |



The local stock market indices registered negative performances. SEMDEX closed at 1,662 points (-21.9%) whilst DEMEX closed at 206.9 points (-9.4%) for the financial year ended 30 June 2020 as shown in Figure 8. The market capitalisation stood at MUR 201.7 billion on 30 June 2020 compared to MUR 252.7 billion as at 30 June 2019.

The SEMDEX, like most indices, recorded a significant fall owing to COVID-19 since March 2020. When the nationwide lockdown was declared in Mauritius on 18 March 2020, the local market remained closed from 19 March to 6 April 2020 to minimise major disruptions in the prices. The tourism industry, representing a quarter of the Mauritian GDP, has been the most heavily impacted sector. For the period under review, major hotel groups such as NMH Ltd (-66.8%), Sun Ltd (-57.7%) and Lux Island Resorts (-51.7%) negatively impacted the SEMDEX. However, stocks such as MUA Ltd (+31.9%), Vivo Energy (+31.8%), National Investment Trust Ltd (28.0%) and Phoenix Beverages (+5.9%) registered positive gains.

On a comparable basis for SEMDEX, the Dividend Yield rose from 3.30% in June 2019 to 5.22% in June 2020 whilst Price to Earnings ratio increased from 31.1x to 52.12x during the same period. The Price to Book ratio decreased from 0.45x to 0.36x. The ratios have been summarised in Table 11.

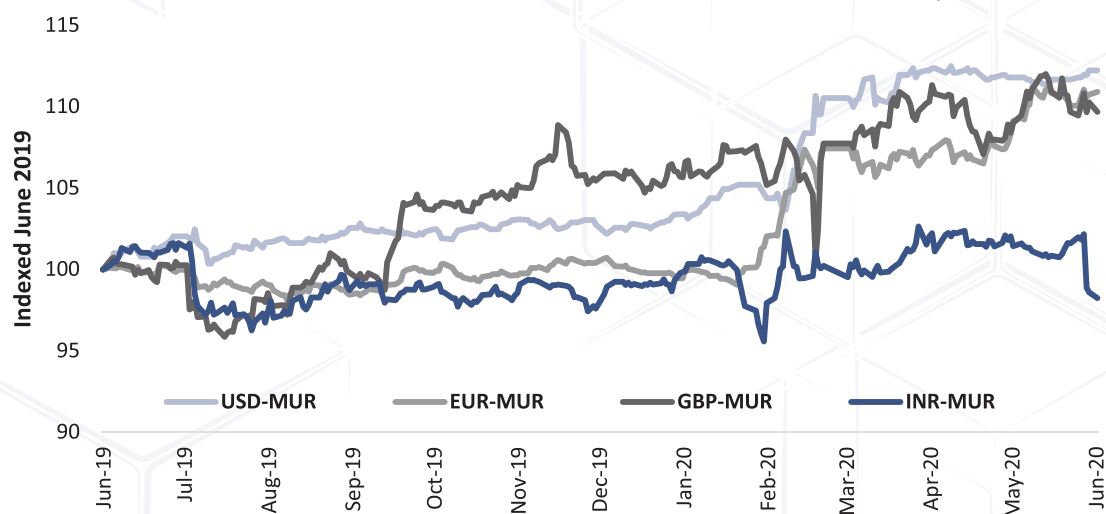
The Mauritian Stock Market (Contd)

Directors' Report

| Table 11: Valuation Ratios | | |
|----------------------------|-------|------|
| Ratios | 2020 | 2019 |
| Dividend Yield (%) | 5.22 | 3.3 |
| P/E (x) | 52.12 | 31.1 |
| P/B (x) | 0.36 | 0.45 |

The Foreign Exchange Market

Figure 9 :Evolution of the MUR-FX Rates Indexed June 30,2019)



During the financial year ended 30 June 2020, the USD appreciated by 12.6% against the MUR. Whilst the EUR was trading around the MUR 40 threshold pre-COVID, it went on a steep rise in March 2020 to register a gain of 11.3% against MUR as at 30 June 2020. Moreover, whilst the GBP was depreciating during the first months of FY 2019-20 owing to uncertainty pertaining to Brexit, it finished the year with an appreciation of 10.0% vis-à-vis the MUR. On the Asian market side, the INR suffered a depreciation of 2.7% during the year under review.

**Prospects****Directors' Report**

The COVID-19 Pandemic has heavily impacted the global economy and its effects shall be prolonged for longer than expected. The world is facing unprecedented uncertainty as a vaccine is yet to be developed and most global economies are experiencing economic contraction. However, over the second half of the year, global output predictions were revised to account for signs of stronger recovery in the third quarter of the year. In these uncertain times, we continue to keep an eye on opportunities on the international markets with attractive risk return profile. The foreign segment remains well diversified in terms of currency, geography, and sector exposures. The foreign portfolio has not had major movements during the year.

For 2021, the performance of the Mauritian economy would continue to be subject to significant uncertainties. The real GDP growth rate is expected to be 7.5% over the next financial year. Our tourism sector, representing around 25% of our GDP, will face slow and unpredictable recovery. The United Nations World Tourism Organisation expects that international tourism travel would take up to four years to return to the pre-COVID levels. Going forward, until the economy regains its normal course, we would adopt a more cautious approach and hold our current positions until we have more visibility over the foreseeable future.

We have steered the Fund's asset allocation by diversifying in both local and foreign portfolio. Over the medium term, we project that the local stock will recover from the current positions and we will focus on companies with robust earnings and stable growth. For our foreign investments, we will keep a prudent and diversified approach and we will target specific countries/sectors with sustainable growth potential and positive long term outlook.

The Fund will focus on enhancing returns for its shareholders by adopting an active management strategy while using a risk controlled strategy to manage risk.

Mr G. Goburdhun, G.O.S.K
Chairman

Certain numbers in this annual report have been rounded up or down. There may therefore be discrepancies between the actual totals of the individual amounts in the tables and the totals shown as well as between the numbers in the tables and the numbers given in the corresponding analyses in the text of the annual report.

**Independent auditors' report
To the members of Port-Louis Fund Ltd**

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **Port-Louis Fund Ltd**, the “Company”, which comprise the statement of financial position as at 30 June 2020, and the statement of comprehensive income, statement of changes in net assets attributable to holders of redeemable shares and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements on pages 53 to 84 give a true and fair view of the financial position of the Company as at 30 June 2020 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and in compliance with the requirements of the Mauritius Companies Act 2001 and the Financial Reporting Act 2004.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Financial Statements and Auditors' Report Thereon (“Other Information”)

Management is responsible for the Other Information. The Other Information comprises mainly of information included under the Corporate Data, Annual Report, Corporate Governance Report, Statement of Compliance and Report from the Company's secretary as required by the Mauritius Companies Act 2001, but does not include the financial statements and our auditors' 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, with the exception of the information provided below.



Independent auditors' report (Contd) To the members of Port-Louis Fund Ltd

Report on the Audit of the Financial Statements (Contd)

Information Other than the Financial Statements and Auditors' Report Thereon ("Other Information") (Contd)

Corporate Governance Report

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of the financial statements in accordance with International Financial Reporting Standards and in compliance with the requirements of the Mauritius Companies Act 2001 and the Financial Reporting Act 2004, and for such internal control as management determines 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, management is responsible for assessing the Company'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 management either intends to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' 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 auditors' 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 International Standards on Auditing 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 International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

**Independent auditors' report (Contd)
To the members of Port-Louis Fund Ltd****Report on the Audit of the Financial Statements (Contd)****Auditors' Responsibilities for the Audit of the Financial Statements (Contd)**

- 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management'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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Other matter

Our report is made solely to the members of the Company as a body in accordance with Section 205 of the Mauritius Companies Act 2001. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' 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 Company and the Company's members as a body, for our audit work, for this report, or for the opinion we have formed.



**Independent auditors' report (Contd)
To the members of Port-Louis Fund Ltd**

Report on Other Legal and Regulatory Requirements

Mauritius Companies Act 2001

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

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

Grant Thornton

Grant Thornton
Chartered Accountants

JUNAID HAJEE ABDOULA, FCCA
Licensed by FRC

Date: 15 October 2020

Ebene 72201, Republic of Mauritius



Statement of financial position as at 30 June

| | Notes | 2020 Rs'000 | 2019 Rs'000 |
|--|-------|------------------|----------------|
| ASSETS | | | |
| Non-current | | | |
| Portfolio of domestic securities | 7 | 695,777 | 716,686 |
| Portfolio of foreign securities | 8 | 423,028 | 389,397 |
| Non-current assets | | 1,118,805 | 1,106,083 |
| Current | | | |
| Portfolio of domestic securities | 7 | 385,507 | 498,903 |
| Portfolio of foreign securities | 8 | 4,385 | 4,589 |
| Other receivables | 9 | 878 | 2,065 |
| Current tax asset | 12 | 56 | - |
| Cash and cash equivalents | 19(b) | 45,541 | 22,949 |
| Current assets | | 436,367 | 528,506 |
| Total assets | | 1,555,172 | 1,634,589 |
| LIABILITIES | | | |
| Other payables | 11 | 4,269 | 4,734 |
| Bank overdrafts | 19(b) | 210 | 2,817 |
| Dividend payable | 18 | 23,012 | 3,488 |
| Total liabilities excluding net assets attributable to holders of redeemable shares | | 27,491 | 11,039 |
| Net assets attributable to holders of redeemable shares | | 1,527,681 | 1,623,550 |
| Total liabilities | | 1,555,172 | 1,634,589 |
| Net asset value per share | 20 | 30.41 | 32.39 |

Approved by the Board of Directors on 15 October 2020 and signed on its behalf by:

Mr. G. Goburdhun, G.O.S.K.
Chairman

Mr. V. Bhuguth
Director

The notes on pages 57 to 84 form an integral part of these financial statements.



Statement of comprehensive income for the year ended 30 June

| | Notes | 2020 Rs'000 | 2019 Rs'000 |
|---|-----------|------------------|-----------------|
| Income | | | |
| Investment income | 13 | 52,896 | 49,546 |
| Net gain on disposal of securities | | 430 | 571 |
| Net increase in fair value of financial assets through profit or loss | 7, 8 & 14 | - | 28,395 |
| Other income | | 371 | 337 |
| Total income | | 53,697 | 78,849 |
| Expenditure | | | |
| Net decrease in fair value of financial assets through profit or loss | 7, 8 & 14 | (111,844) | - |
| Management fees | 15 | (14,669) | (14,448) |
| Registry costs | 16 | (1,208) | (978) |
| Other operating expenses | 17 | (6,004) | (4,107) |
| Total expenditure | | (133,725) | (19,533) |
| (Loss)/profit before tax | 17 | (80,028) | 59,316 |
| Tax expense | 12 | (160) | (285) |
| (Loss)/profit for the year | | (80,188) | 59,031 |
| Other comprehensive income: | | | |
| <i>Items that will be reclassified subsequently to profit or loss:</i> | | | |
| Increase in fair value of financial assets at FVOCI | 7 | 278 | 121 |
| <i>Items that will not be reclassified subsequently to profit or loss</i> | | | |
| | | - | - |
| Other comprehensive income for the year, net of tax | | 278 | 121 |
| Total comprehensive income for the year | | (79,910) | 59,152 |

Note: EPS information is not disclosed as the class of shares that are publicly traded are redeemable shares.

The notes on pages 57 to 84 form an integral part of these financial statements.



Statement of changes in net assets attributable to holders of redeemable shares for the year ended 30 June

| | 2020 Rs'000 | 2019 Rs'000 |
|---|------------------|------------------|
| Net assets attributable to holders of redeemable shares at 01 July | 1,623,550 | 1,602,481 |
| Proceeds from issue of redeemable shares | 18,674 | 13,121 |
| Payments on redemption of redeemable shares | (15,265) | (16,143) |
| Dividends distribution to holders of redeemable shares | (19,368) | (35,061) |
| Transactions with the shareholders | (15,959) | (38,083) |
| (Loss)/profit for the year | (80,188) | 59,031 |
| Other comprehensive income for the year | 278 | 121 |
| Total comprehensive income for the year | (79,910) | 59,152 |
| Net assets attributable to holders of redeemable shares at 30 June | 1,527,681 | 1,623,550 |

The notes on pages 57 to 84 form an integral part of these financial statements.



Statement of cash flows for the year ended 30 June

| | Notes | 2020 Rs'000 | 2019 Rs'000 |
|--|---------------|-----------------|----------------|
| Net cash used in operating activities * | 19 (a) | (16,718) | (20,403) |
| Investing activities | | | |
| Purchase of investments | | (21,063) | (121,563) |
| Proceeds from disposal of investments | | 8,327 | 137,077 |
| Dividends received | | 50,316 | 46,087 |
| Interest received | | 928 | 967 |
| Net cash from investing activities | | 38,508 | 62,568 |
| Financing activities | | | |
| Redemption of shares | | (15,265) | (16,143) |
| Issue of shares | | 18,674 | 13,121 |
| Dividend paid to holders of redeemable shares | | - | (33,871) |
| Net cash from /(used in) financing activities | | 3,409 | (36,893) |
| Net change in cash and cash equivalents | | 25,199 | 5,272 |
| Cash and cash equivalents, at beginning of the year | | 20,132 | 14,860 |
| Cash and cash equivalents, at the end of the year | | 45,331 | 20,132 |
| Cash and cash equivalents made up of: | | | |
| Bank overdrafts | | (210) | (2,817) |
| Cash at bank | | 45,541 | 22,949 |
| Total | 19 (b) | 45,331 | 20,132 |
| *Non-cash transaction | | | |
| Dividend reinvested | | 440 | 1,190 |

The notes on pages 57 to 84 form an integral part of these financial statements.

Notes to the financial statements

For the year ended 30 June 2020

1. General information and statement of compliance with IFRS

Port Louis Fund Ltd, the “Company”, is a Collective Investment Scheme as per the Securities Act 2005. The Company was incorporated on 09 June 1997 as a public company with limited liability. It initially obtained approval from the Ministry of Finance to be an Authorised Mutual Fund under Section 35 of the Companies Act 1984, now replaced by the Companies Act 2001. The Company’s registered address is at 15th Floor, Air Mauritius Centre, 6, President John Kennedy Street, Port Louis, Republic of Mauritius.

The principal activities of the Company are:

- (a) to carry on business as an investment holding company;
- (b) to deal in securities and properties of all kinds and;
- (c) to manage and advise on investment funds.

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

2. Application of new and revised IFRS

2.1 New and revised standards that are effective for annual periods beginning on 01 July 2019

In the current year, the following new and revised standards issued by the IASB became mandatory for the first time for the financial year beginning on 01 July 2019:

IFRS 16, Leases

The new standard requires lessees to account for leases ‘on-balance sheet’ by recognising a ‘right of use’ asset and a lease liability. It will affect most companies that report under IFRS and are involved in leasing, and will have a substantial impact on the financial statements of lessees of property with high value equipment.

IFRIC 23, Uncertainty over Income Tax Treatments

IFRIC had observed that there was diversity in practice for various issues on the recognition and measurement of a tax liability or asset in circumstances where there is uncertainty in the application of the tax law in concern. IFRIC 23 addresses uncertainty over how tax treatments should affect the accounting for income taxes.

IFRS 9, Prepayments Features with Negative Compensation (Amendments to IFRS 9)

This amends the existing requirements in IFRS 9 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments.

IAS 28, Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28)

The amendment clarifies that an entity applies IFRS 9, Financial Instruments to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.



Notes to the financial statements

For the year ended 30 June 2020

2. Application of new and revised IFRS (Contd)

2.1 New and revised standards that are effective for annual periods beginning on 01 July 2019 (Contd)

IAS 19, Plan Amendment, Curtail or Settlement (Amendments to IAS 19)

The International Accounting Standards Board (IASB) has published 'Plan Amendment, Curtailment or Settlement (Amendments to IAS 19)' thus finalising one of two issues relating to IAS 19 submitted to the IFRS Interpretations Committee and exposed together in June 2015.

Annual Improvements to IFRS Standards 2015-2017 Cycle - IAS 12, IAS 23, IFRS 3 and IFRS 11.

The amendments were made for IFRS 3, Business Combinations - A company remeasures its previously held interest in a joint operation when it obtains control of the business; IFRS 11 Joint Arrangements - A company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business; IAS 12, Income Taxes - A company accounts for all income tax consequences of dividend payments in the same way; and IAS 23, Borrowing Costs - A company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

Management has assessed the impact of these new and revised standards and interpretation and concluded that these standards and interpretation did not have any impact on these financial statements.

2.2 Standards, amendments to existing standards and interpretation that are not yet effective and have not been adopted early by the Company

At the date of authorisation of these financial statements, certain new standards, amendments to existing standards and interpretation have been published but are not yet effective, and have not been adopted early by the Company.

Management anticipates that all of the relevant pronouncements, as relevant to the Company's activities, will be adopted in the Company's accounting policies for the first period beginning after the effective date of the pronouncements. Information on new standards, amendments and interpretations is provided below:

IFRS 17, Insurance Contracts

IFRS 17 provides guidance on how to assess the significance of insurance risk based on the possibility of a loss on a present value basis (rather than nominal), and how to evaluate changes in the level of insurance risk.

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

The International Accounting Standards Board (IASB) has issued 'Definition of Material (Amendments to IAS 1 and IAS 8)' to clarify the definition of 'material' and to align the definition used in the Conceptual Framework and the standards themselves.

Various – Amendments to References to the Conceptual Framework in IFRS Standards

The IASB has issued a revised Conceptual Framework which will be used in standard-setting decisions with immediate effect. Key changes include increasing the prominence of stewardship in the objective of financial reporting, reinstating prudence as a component of neutrality among others.

Notes to the financial statements

For the year ended 30 June 2020

2. Application of new and revised IFRS (Contd)

2.2 Standards, amendments to existing standards and interpretation that are not yet effective and have not been adopted early by the Company (Contd)

IFRS 3 Definition of a Business (Amendments to IFRS 3)

The International Accounting Standards Board (IASB) has issued narrow-scope amendments to IFRS 3, Business Combinations to improve the definition of a business. The amendments will help companies determine whether an acquisition made is of a business or a group of assets, effective for accounting periods beginning on or after 01 January 2020.

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

The International Accounting Standards Board (IASB) has published Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7), in response to the ongoing reform of interest rate benchmarks around the world. The amendments aim to provide relief for hedging relationships.

Management has yet to assess the impact of the above Standards, amendments to existing Standards and Interpretation on the Company's financial statements.

3. Summary of accounting policies

3.1 Overall considerations

The financial statements have been prepared using the significant accounting policies and measurement bases summarised below.

3.2 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and short-term bank deposit. Cash equivalents are short term, highly liquid investments maturing within 90 days from the date of acquisition that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

Bank overdrafts are shown in liabilities.

3.3 Share capital

The Company's share capital consists of redeemable shares.

They are redeemable at the shareholder's option and at prices based on the value of the Company's net assets at the time of issue or redemption and are classified as financial liabilities.



Notes to the financial statements

For the year ended 30 June 2020

3. Summary of accounting policies (Contd)

3.3 Share capital (Contd)

The shares are redeemed for cash and have a par value.

Dividend distributions payable to equity shareholders are included in current liabilities when the dividends have been approved by the Board prior to the reporting date.

3.4 Financial instruments

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument. Subsequent measurement of financial assets and liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expired.

Classification and subsequent measurement of financial assets

All financial assets are initially measured at fair value adjusted for transaction costs.

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- Amortised cost;
- Fair value through profit or loss (FVTPL); and
- Fair value through other comprehensive income (FVOCI).

In the current year, the Company has financial assets categorised as FVOCI, FVTPL and amortised cost.

The classification is determined by both:

- the Company's business model for managing the financial asset.
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance income, finance costs or other financial items, except for impairment of financial asset which is presented within other expenses.

All income and expenses relating to financial assets are recognised in the statement of comprehensive income.

Notes to the financial statements

For the year ended 30 June 2020

3. Summary of accounting policies (Contd)

3.4 Financial instruments (Contd)

Classification and subsequent measurement of financial assets (Contd)

Financial assets at fair value through profit or loss

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit or loss. Further, irrespective of business model financial assets where contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL.

Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

The Company's financial assets at fair value through profit or loss consist of investments in both quoted and unquoted companies domestically as well as in foreign countries.

Financial assets at fair value through other comprehensive income ('FVOCI')

Financial assets are accounted for at FVOCI if the assets meets the following conditions:

- they are held under a business model whose objective is 'hold to collect' the associated cash flow and sell; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on principal amount outstanding.

The option to designate an equity instrument at FVOCI is available at initial recognition and is irrevocable. This designation results in all gains and losses being presented in other comprehensive income (OCI) except for dividend income which is recognised in profit or loss. All other gains and losses are recognised in OCI without reclassification on derecognition.

The Company's investment in bonds are classified at FVOCI.

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents and most of other receivables fall into this category of financial instruments.



Notes to the financial statements

For the year ended 30 June 2020

3. Summary of accounting policies (Contd)

3.4 Financial instruments (Contd)

Impairment of financial assets

IFRS 9's impairment requirements use more forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. Instruments within the scope of the requirement include other debt-type financial assets measured at FVOCI and other receivables.

Recognition of credit losses is no longer dependent on the Company first identifying a credit loss event. Instead the Company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1'); and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Classification and measurement of financial liabilities

The Company's financial liabilities include other payables, dividend payables and bank overdrafts.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Company designated a financial liability at fair value through profit or loss.

Subsequent measurement of financial liabilities

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

Notes to the financial statements

For the year ended 30 June 2020

3. Summary of accounting policies (Contd)

3.4 Financial instruments (Contd)

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

3.5 Foreign currency

Functional and presentation currency

The financial statements are presented in currency Mauritian Rupee (“Rs”), which is also the functional currency of the Company.

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency of the Company, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items denominated in foreign currency at year-end exchange rates are recognised in the statement of comprehensive income.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

3.6 Revenue

To determine whether to recognise revenue, the Company ensures that the following 5 conditions are satisfied:

1. Identifying the contract with a customer.
2. Identifying the performance obligations.
3. Determining the transaction price.
4. Allocating the transaction price to the performance obligations.
5. Recognising revenue when/as performance obligation(s) are satisfied.

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

Interest income is recognised on an accrual basis unless collectability is in doubt.

Gain on disposal arises from the sale of financial assets at FVTPL. It is the difference between the sales proceeds and the fair value of the financial asset.

3.7 Income taxes

Tax expense recognised in profit or loss comprises the sum of deferred tax, current tax and CSRF (Corporate Social Responsibility Fund) not recognised in other comprehensive income or directly in equity.



Notes to the financial statements

For the year ended 30 June 2020

3. Summary of accounting policies (Contd)

3.7 Income taxes (Contd)

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting years, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting year.

The Company is subject to CSR and the contribution is at the rate of 2% on the chargeable income of the preceding financial year. However, effective as from 01 January 2017, further to changes in the income tax legislation, the Company is required to contribute at least 50% of its CSR money to the National CSR Foundation through the Mauritius Revenue Authority. The remaining 50% of the CSR can be used by the Company in accordance with its own CSR Fund. Effective 01 January 2019, the contribution to the Mauritius Revenue Authority must be at least 75% or reduced up to 50% if prior written approval of the National CSR Foundation is obtained.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective year of realisation, provided they are enacted or substantively enacted by the end of the reporting year.

Deferred tax assets are recognised to the extent that it is probable that they will be able to be utilised against future taxable income, based on the Company's forecast of future operating results which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. Deferred tax liabilities are always provided for in full.

Deferred tax assets and liabilities are offset only when the Company has a right and intention to set off current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognised as a component of tax income or expense in the statement of comprehensive income, except where they relate to items that are recognised in other comprehensive income or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity respectively.

3.8 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. At the time of the effective payment, the provision is deducted from the corresponding expenses. All known risks at reporting date are reviewed in detail and provision is made where necessary.

3.9 Expense recognition

All expenses are accounted for on the accrual basis.

Notes to the financial statements

For the year ended 30 June 2020

3. Summary of accounting policies (Contd)

3.10 Management fees and Registry costs

Management fees and registry cost are accounted on an accrual basis as per the terms and conditions of the agreement with the fund manager and the company secretary respectively.

3.11 Related parties

A related party is a person or company where that person or company has control or joint control of the reporting company; has significant influence over the reporting company; or is a member of the key management personnel of the reporting company or of a parent of the reporting company.

3.12 Impairment of assets

At each reporting date, the Company reviews the carrying amount of its assets to determine whether there is any indication that those assets have suffered an impairment loss. When an indication of impairment loss exists, the carrying amount of the asset is assessed and written down to its recoverable amount.

3.13 Other payables

Other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

3.14 Other receivables

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

3.15 Comparatives

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

3.16 Significant management judgement in applying accounting policies and estimation uncertainty

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

Significant management judgement

The following are significant management judgements in applying the accounting policies of the Company that have the most significant effect on the financial statements.

Determination of functional currency

The determination of the functional currency of the Company is critical since recording of transactions and exchange differences arising therefrom are dependent on the functional currency selected. Management has considered those factors and has determined that the functional currency of the Company is the Mauritian rupee (Rs).



Notes to the financial statements

For the year ended 30 June 2020

3. Summary of accounting policies (Contd)

3.16 Significant management judgement in applying accounting policies and estimation uncertainty (Contd)

Significant management judgement (Contd)

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

Going concern

The World Health Organisation ("WHO") declared the new coronavirus ("COVID-19") outbreak to be a pandemic on 11 March 2020. The spread of COVID-19 has severely impacted many local economies around the globe. In many countries, businesses are being forced to cease or limit operations for long or indefinite periods of time.

The directors acknowledge the current outbreak of COVID-19 and its adverse impact on industries and markets. The directors have assessed that COVID-19 has adversely impacted on the business operations and results for the year ended 30 June 2020. However, the long term impact of COVID-19 on the Company's operations is still unclear and the directors are monitoring the situation closely and have adopted various measures to mitigate the risk involved such as business continuity planning so that it does not affect the going concern of the Company.

Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Fair value measurement

Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available). This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible but this is not always available. In that case management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

4. Financial instrument risk

Risk management objectives and policies

The Company is exposed to various risks in relation to financial instruments. The Company's financial assets and liabilities by category are summarised below.

Notes to the financial statements

For the year ended 30 June 2020

4. Financial instrument risk (Contd)

Risk management objectives and policies (Contd)

Financial assets and financial liabilities

| 30 June 2020 | FVTPL Rs'000 | FVOCI Rs'000 | Amortised cost Rs'000 | Total Rs'000 |
|---|------------------|-----------------|--------------------------|------------------|
| Financial assets | | | | |
| Non-current | | | | |
| Portfolio of domestic securities | 685,488 | 10,289 | - | 695,777 |
| Portfolio of foreign securities | 423,028 | - | - | 423,028 |
| Current | | | | |
| Portfolio of domestic securities | 385,507 | - | - | 385,507 |
| Portfolio of foreign securities | 4,385 | - | - | 4,385 |
| Other receivables* | - | - | 840 | 840 |
| Cash and cash equivalents | - | - | 45,541 | 45,541 |
| Total financial assets | 1,498,408 | 10,289 | 46,381 | 1,555,078 |
| Financial liabilities | | | | |
| Current | | | | |
| Net assets attributable to holders of redeemable shares | 1,527,681 | - | - | 1,527,681 |
| Bank overdrafts | - | - | 210 | 210 |
| Other payables** | - | - | 4,246 | 4,246 |
| Dividend payable | - | - | 23,012 | 23,012 |
| Total financial liabilities | 1,527,681 | - | 27,468 | 1,555,149 |

* Other receivables excludes prepayments.

** Other payables excludes PAYE.

| 30 June 2019 | FVTPL Rs'000 | FVOCI Rs'000 | Amortised cost Rs'000 | Total Rs'000 |
|----------------------------------|------------------|-----------------|--------------------------|------------------|
| Financial assets | | | | |
| Non-current | | | | |
| Portfolio of domestic securities | 706,675 | 10,011 | - | 716,686 |
| Portfolio of foreign securities | 389,397 | - | - | 389,397 |
| Current | | | | |
| Portfolio of domestic securities | 498,903 | - | - | 498,903 |
| Portfolio of foreign securities | 4,589 | - | - | 4,589 |
| Other receivables* | - | - | 2,027 | 2,027 |
| Cash and cash equivalents | - | - | 22,949 | 22,949 |
| Total financial assets | 1,599,564 | 10,011 | 24,976 | 1,634,551 |



Notes to the financial statements

For the year ended 30 June 2020

4. Financial instrument risk (Contd)

Risk management objectives and policies (Contd)

Financial assets and financial liabilities (Contd)

| 30 June 2019 | FVTPL Rs'000 | FVOCI Rs'000 | Amortised cost Rs'000 | Total Rs'000 |
|---|------------------|-----------------|--------------------------|------------------|
| Financial liabilities | | | | |
| Current | | | | |
| Net assets attributable to holders of redeemable shares | 1,623,550 | - | - | 1,623,550 |
| Bank overdrafts | - | - | 2,817 | 2,817 |
| Other payables | - | - | 4,734 | 4,734 |
| Dividend payable | - | - | 3,488 | 3,488 |
| Total financial liabilities | 1,623,550 | - | 11,039 | 1,634,589 |

The Company's activity exposes it to a variety of financial risks: market risk (including foreign currency risk, interest rate risk and price risk), credit risk, liquidity risk and concentration risk.

The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

The most significant financial risks to which the Company is exposed are described below.

4.1 Market risk analysis

The Company is exposed to market risk through its use of financial instruments and specifically to currency risk, which result from both its operating and investing activities.

Foreign currency sensitivity

The Company's transactions are carried out in the Mauritian Rupee (MUR). Exposure to currency exchange rates arise from the Company's overseas purchases, which are primarily denominated in USD, EURO and INR. The Company does not use any financial instruments to hedge its foreign exchange risk.

Currency exposure arising from the Company's foreign operations is managed primarily through borrowings denominated in the relevant foreign currencies. Foreign currency denominated financial assets which expose the Company to currency risk are disclosed below. The Company did not have any financial liabilities in foreign currencies during the year ended 30 June 2020 and 2019.

| | Financial assets 2020 Rs'000 | Financial assets 2019 Rs'000 |
|----------------------------|------------------------------------|------------------------------------|
| United States Dollar (USD) | 183,658 | 150,582 |
| Euro (EUR) | 86,537 | 75,829 |
| Indian Rupee (INR) | 129,971 | 137,510 |
| Others | 36,752 | 33,858 |
| Total | 436,918 | 397,779 |

Notes to the financial statements

For the year ended 30 June 2020

4. Financial instrument risk (Contd)

Risk management objectives and policies (Contd)

4.1 Market risk analysis

Foreign currency sensitivity

The following table illustrates principally the sensitivity of profit and net assets attributable to holders of redeemable shares with regards to the Company's financial assets and the Mauritian rupee against foreign exchange rate, "all other things being equal". It assumes the following changes in exchange rates for the year ended 30 June 2020, based on the average market volatility in exchange rates in the previous 12 months. The sensitivity analysis is based on the Company's foreign currency financial instruments held at each reporting date.

It assumes a change of 3% in the exchange rate for the year ended 30 June 2020 (2019: 1%). The sensitivity analysis is based on the Company's foreign currency financial instruments held at each reporting date.

If the MUR had weakened by 3% (2019: 1%), then this would have the following impact:

| | 2020 | | Profit Rs'000 | 2019 | |
|--------|----------------|---|------------------|------------------|---|
| | Loss Rs'000 | Net assets attributable to holders of redeemable shares Rs'000 | | Profit Rs'000 | Net assets attributable to holders of redeemable shares Rs'000 |
| INR | 5,510 | 5,510 | 1,375 | 1,375 | |
| EURO | 2,596 | 2,596 | 758 | 758 | |
| USD | 3,899 | 3,899 | 1,506 | 1,506 | |
| Others | 1,103 | 1,103 | 339 | 339 | |

If the MUR had strengthened by 3% (2019: 1%), then this would have the following impact:

| | 2020 | | Profit Rs'000 | 2019 | |
|--------|----------------|---|------------------|------------------|---|
| | Loss Rs'000 | Net assets attributable to holders of redeemable shares Rs'000 | | Profit Rs'000 | Net assets attributable to holders of redeemable shares Rs'000 |
| INR | (5,510) | (5,510) | (1,375) | (1,375) | |
| EURO | (2,596) | (2,596) | (758) | (758) | |
| USD | (3,899) | (3,899) | (1,506) | (1,506) | |
| Others | (1,103) | (1,103) | (339) | (339) | |

Interest rate sensitivity

The Company's exposure to interest rate risk is limited to its bank overdraft and the interest thereon is based on market rates. If interest rate had been 25 basis point higher/lower, the effect on loss would have been Rs 525 (2019: Rs 7,042) lower/higher.

4.2 Price risk sensitivity

The Company's securities are susceptible to market price risk arising from uncertainties about future prices of the investments. The Company's market price risk is managed through diversification of its investment portfolio.



Notes to the financial statements

For the year ended 30 June 2020

4. Financial instrument risk (Contd)

Risk management objectives and policies (Contd)

4.2 Price risk sensitivity (Contd)

An estimate of the effect on the increase or decrease in net assets attributable to redeemable preference shareholders for the period due to a reasonably possible change in equity indices, with all other variables held constant is indicated in the table below. In practice, the actual trading results may differ from the sensitivity analysis below and the difference could be material. An equivalent decrease in each of the indices shown below would have resulted in an equivalent, but opposite, impact.

Sensitivity analysis

The table below summarises the impact of increase/decrease in the fair value of the investments on the Company's net asset value. The analysis is based on the assumption that the fair value had increased/decreased by 5%.

| | Impact on profit or loss | | Impact on other comprehensive income | |
|---|--------------------------|--------|--------------------------------------|--------|
| | 2020 | 2019 | 2020 | 2019 |
| | Rs'000 | Rs'000 | Rs'000 | Rs'000 |
| Designated at fair value through other comprehensive income | - | - | 514 | 501 |
| Designated at fair value through profit or loss | 40,646 | 44,644 | - | - |

4.3 Credit risk analysis

The Company's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date, as summarised below:

| | 2020 | 2019 |
|----------------------------------|------------------|-----------|
| | Rs'000 | Rs'000 |
| Financial assets | | |
| Non-current | | |
| Portfolio of domestic securities | 695,777 | 716,686 |
| Portfolio of foreign securities | 423,028 | 389,397 |
| | 1,118,805 | 1,106,083 |
| Current | | |
| Portfolio of domestic securities | 385,507 | 498,903 |
| Portfolio of foreign securities | 4,385 | 4,589 |
| Other receivables | 840 | 2,027 |
| Cash and cash equivalents | 45,541 | 22,949 |
| | 436,273 | 528,468 |
| Total | 1,555,078 | 1,634,551 |

Notes to the financial statements

For the year ended 30 June 2020

4. Financial instrument risk (Contd)

Risk management objectives and policies (Contd)

4.3 Credit risk analysis (Contd)

The Company's exposure to credit risk is limited to the carrying amount of its portfolio of domestic and foreign securities, other receivables and cash and cash equivalents.

The Company's credit risk concentration is spread between interest rate and equity securities. All transactions in listed securities are settled/paid for upon delivery using approved brokers. The risk of default is considered minimal since delivery of securities sold is only made once the broker has received payment. On a purchase, payment is made once the securities have been received by the broker. If either party fails to meet their obligations, the trade will fail.

The extent of the Company's exposure to credit risk in respect of the financial assets at FVTPL and FVOCI approximates the carrying values as at the reporting date.

The credit risk for the cash and cash equivalents is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

None of the financial assets are secured by collateral or other credit enhancements.

4.4 Liquidity risk analysis

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as and when they fall due. The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of cash balance. The Company has entered into a liquidity contract with The State Investment Corporation Ltd to ensure that the Company has enough cash to maintain flexibility in funding.

The following are the contractual maturities of financial liabilities:

| 30 June 2020 | Carrying amount Rs'000 | Contractual cash flows Rs'000 | On demand Rs'000 | Less than 1 year Rs'000 |
|---|-----------------------------------|--|-----------------------------|------------------------------------|
| Net assets attributable to holders of redeemable shares | 1,527,681 | 1,527,681 | 1,527,681 | - |
| Bank overdrafts | 210 | 210 | - | 210 |
| Other payables | 4,246 | 4,246 | - | 4,246 |
| Dividend payable | 23,012 | 23,012 | - | 23,012 |
| Total | 1,555,149 | 1,555,149 | 1,527,681 | 27,468 |



Notes to the financial statements

For the year ended 30 June 2020

4. Financial instrument risk (Contd)

Risk management objectives and policies (Contd)

4.4 Liquidity risk analysis

| 30 June 2018 | Carrying amount Rs'000 | Contractual cash flows Rs'000 | On demand Rs'000 | Less than 1 year Rs'000 |
|---|---------------------------------------|--|-----------------------------|--|
| Net assets attributable to holders of redeemable shares | 1,623,550 | 1,623,550 | 1,623,550 | - |
| Bank overdrafts | 2,817 | 2,817 | - | 2,817 |
| Other payables | 4,734 | 4,734 | - | 4,734 |
| Dividend payable | 3,488 | 3,488 | - | 3,488 |
| Total | 1,634,589 | 1,634,589 | 1,623,550 | 11,039 |

4.5 Concentration risk

The Company has invested in unquoted companies whose securities are considered to be illiquid. Such illiquidity may adversely affect the ability of the Company to acquire or dispose of such investments. These investments may be difficult to value and to sell or otherwise liquidate and the risk of investing in such company is much greater than the risk of investing in publicly traded securities. On account of the inherent uncertainty of valuation, the estimated values may differ significantly from the values that would be used had a ready market for the investment existed. However, the directors consider the investment to be a strategic one and the concentration risk is manageable.

5. Capital management policies and procedures

The Company's capital management objectives are:

- to ensure its ability to continue as a going concern; and
- to provide an adequate return to the shareholders and other stakeholders.

The Company monitors capital in proportion to risk. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid, reduce capital, issue new shares, or sell assets to reduce debts.

The Company was not geared for the years ended 30 June 2019 and 30 June 2020.

Notes to the financial statements

For the year ended 30 June 2020

6. Fair value measurement

6.1 Fair value measurement of financial instruments

The following table presents financial assets measured at fair value in the statement of financial position in accordance with the fair value hierarchy. This hierarchy groups financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and liabilities. The fair value hierarchy has the following levels:

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

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

The financial assets measured at fair value in the statement of financial position are grouped into the fair value hierarchy as follows:

| Financial assets 30 June 2020 | Level 1 Rs'000 | Level 2 Rs'000 | Level 3 Rs'000 | Total Rs'000 |
|--|---------------------------------|---------------------------------|---------------------------------|-------------------------------|
| Designated at fair value through profit or loss | 812,920 | 684,202 | 1,286 | 1,498,408 |
| Designated at fair value through other comprehensive income | 10,289 | - | - | 10,289 |
| Total | 823,209 | 684,202 | 1,286 | 1,508,697 |

| Financial assets 30 June 2019 | Level 1 Rs'000 | Level 2 Rs'000 | Level 3 Rs'000 | Total Rs'000 |
|---|---------------------------------|---------------------------------|---------------------------------|-------------------------------|
| Designated at fair value through profit or loss | 892,887 | 705,400 | 1,277 | 1,599,564 |
| Designated at fair value through other comprehensive income | 10,011 | - | - | 10,011 |
| Total | 902,898 | 705,400 | 1,277 | 1,609,575 |

| Financial liabilities 30 June 2020 | Level 1 Rs'000 | Level 2 Rs'000 | Level 3 Rs'000 | Total Rs'000 |
|--|---------------------------------|---------------------------------|---------------------------------|-------------------------------|
| Net assets attributable to holders of redeemable shares | - | - | 1,527,681 | 1,527,681 |

| Financial liabilities 30 June 2019 | Level 1 Rs'000 | Level 2 Rs'000 | Level 3 Rs'000 | Total Rs'000 |
|---|---------------------------------|---------------------------------|---------------------------------|-------------------------------|
| Net assets attributable to holders of redeemable shares | - | - | 1,623,550 | 1,623,550 |



Notes to the financial statements

For the year ended 30 June 2020

6. Fair value measurement (Contd)

6.1 Fair value measurement of financial instruments (Contd)

Measurement of fair value

The methods used for the purpose of measuring fair values are detailed below:

Listed securities

The fair values of listed equity securities have been determined by reference to the quoted bid price at the reporting date.

Unquoted securities

The fair values of the unquoted investments have been estimated by an experienced and qualified team of valuers for financial reporting purposes by using generally accepted valuation models like dividend discount model, price-to-book approach, price earnings ratio of peer companies and dividend yield where appropriate, and also making use of assumptions that are based on market conditions existing at the reporting date.

All valuation processes and fair value changes are discussed with the Investment Committee who report to the Board of Directors regularly.

The reconciliation of the carrying amounts of financial instruments within Level 3 is detailed in Note 7 (c).

6.2 Fair value measurement of financial instruments not carried at fair value

The Company's other financial assets and financial liabilities are measured at their carrying amounts which approximate their fair values.

6.3 Fair value measurement of non-financial instruments

The Company's non-financial assets consist of prepayments and current tax assets and its non-financial liabilities consist of current tax liabilities and PAYE.

For both non-financial assets and non-financial liabilities, the fair value measurement is not applicable since these are not measured at fair value on a recurring or non-recurring basis in the statement of financial position.

7. Portfolio of domestic securities

Domestic securities consist mainly of investments made on the Stock Exchange of Mauritius (SEM), Development & Enterprise Market (DEM) and unquoted companies classified as fair value through profit or loss financial assets and debt instrument classified as fair value through other comprehensive income.

Notes to the financial statements

For the year ended 30 June 2020

7. Portfolio of domestic securities (Contd)

Financial assets consist of investments made in quoted, unquoted companies and treasury bills.

| | 2020 | 2019 |
|---|------------------|-----------|
| | Rs'000 | Rs'000 |
| Financial assets at fair value through profit or loss | 1,070,995 | 1,205,578 |
| Financial assets at fair value through other comprehensive income | 10,289 | 10,011 |
| | 1,081,284 | 1,215,589 |

Analysed as:

Non-current assets:

| | | |
|---|----------------|---------|
| Financial assets at fair value through profit or loss | 685,488 | 706,675 |
| Financial assets at fair value through other comprehensive income | 10,289 | 10,011 |
| | 695,777 | 716,686 |

Current assets

| | | |
|---|---------|---------|
| Financial assets at fair value through profit or loss | 385,507 | 498,903 |
|---|---------|---------|

| | | |
|--------------|------------------|-----------|
| Total | 1,081,284 | 1,215,589 |
|--------------|------------------|-----------|

Following the application of IFRS 9, Financial Instruments, Available-for-sale financial assets have been classified at FVTPL or FVOCI where applicable.

Financial assets at fair value through profit or loss

| 30 June 2020 | Listed on | Listed on | Unquoted | Total |
|------------------------|----------------|---------------|----------------|------------------|
| | SEM | DEM | | |
| | Rs'000 | Rs'000 | Rs'000 | Rs'000 |
| At 01 July 2019 | 425,069 | 73,834 | 706,675 | 1,205,578 |
| Additions | 14,586 | 5,231 | - | 19,817 |
| Disposals | (1,928) | (2,550) | - | (4,478) |
| Impairment | (2,176) | - | - | (2,176) |
| Movement in fair value | (113,208) | (13,351) | (21,187) | (147,746) |
| At 30 June 2020 | 322,343 | 63,164 | 685,488 | 1,070,995 |

Subsequent to the year ended 30 June 2020, the Company's investments in domestic companies have continued to be adversely impacted due to further decreases in the share prices of those domestic companies.



Notes to the financial statements

For the year ended 30 June 2020

7. Portfolio of domestic securities (Contd)

Financial assets at fair value through profit or loss (Contd)

| 30 June 2019 | Listed on | Listed on | Unquoted | Total |
|---|-----------|-----------|----------|-----------|
| | SEM | DEM | | |
| | Rs'000 | Rs'000 | Rs'000 | Rs'000 |
| At 01 July 2018 | 467,185 | 67,494 | 39,186 | 573,865 |
| Additions | 51,892 | 4,078 | 531 | 56,501 |
| Disposals | (52,293) | (635) | - | (52,928) |
| Reclassification from available-for-sale financial assets | - | - | 631,565 | 631,565 |
| Movement in fair value | (41,715) | 2,897 | 35,393 | (3,425) |
| At 30 June 2019 | 425,069 | 73,834 | 706,675 | 1,205,578 |

Financial assets at fair value through other comprehensive income

| | 2020 | 2019 |
|---|--------|--------|
| | Total | Total |
| | Rs'000 | Rs'000 |
| At 01 July | 10,011 | - |
| Reclassification from available-for-sale financial assets | - | 9,890 |
| Movement in fair value | 278 | 121 |
| At 30 June | 10,289 | 10,011 |

Available-for-sale financial assets

| | 2019 |
|---|-----------|
| | Rs'000 |
| At 01 July | 641,455 |
| Additions | - |
| Increase in fair value | - |
| Reclassification to financial assets at fair value through profit or loss | (631,565) |
| Reclassification to financial assets at fair value through other comprehensive income | (9,890) |
| At 30 June | - |

(b) At 30 June 2020

| | Level 1 | Level 2 | Level 3 | Total |
|---|---------|---------|---------|-----------|
| | Rs'000 | Rs'000 | Rs'000 | Rs'000 |
| Financial assets at fair value through profit or loss | 385,507 | 684,202 | 1,286 | 1,070,995 |
| Financial assets at fair value through OCI | - | 10,289 | - | 10,289 |
| At 30 June 2020 | 385,507 | 694,491 | 1,286 | 1,081,284 |

Notes to the financial statements

For the year ended 30 June 2020

7. Portfolio of domestic securities (Contd)

At 30 June 2019

| | Level 1 Rs'000 | Level 2 Rs'000 | Level 3 Rs'000 | Total Rs'000 |
|---|-------------------|-------------------|-------------------|-----------------|
| Financial assets at fair value through profit or loss | 498,903 | 705,398 | 1,277 | 1,205,578 |
| Financial assets at fair value through OCI | - | 10,011 | - | 10,011 |
| At 30 June 2019 | 498,903 | 715,409 | 1,277 | 1,215,589 |

(c) The table below shows the changes in level 3 instruments

| | 2020 Rs'000 | 2019 Rs'000 |
|-----------------------------------|----------------|----------------|
| At 01 July | 1,277 | 765 |
| Additions | - | 531 |
| Increase/(decrease) in fair value | 9 | (19) |
| At 30 June | 1,286 | 1,277 |

8. Portfolio of foreign securities

Foreign securities consist mainly of investment made in quoted companies/funds which are classified as fair value through profit or loss under IFRS 9 standards.

| | 2020 Rs'000 | 2019 Rs'000 |
|---|----------------|----------------|
| Financial assets at fair value through profit or loss | 427,413 | 393,986 |

Analysed as:

Non-current assets:

| | | |
|---|---------|---------|
| Financial assets at fair value through profit or loss | 423,028 | 389,397 |
|---|---------|---------|

Current assets

| | | |
|---|-------|-------|
| Financial assets at fair value through profit or loss | 4,385 | 4,589 |
|---|-------|-------|

Total

| | | |
|--|---------|---------|
| | 427,413 | 393,986 |
|--|---------|---------|

| Financial assets at fair value through profit or loss | 2020 Rs'000 | 2019 Rs'000 |
|---|----------------|----------------|
| Non-current assets | | |
| At 01 July | 393,986 | - |
| Reclassification from available-for-sale financial assets | - | 378,070 |
| Additions | 1,246 | 65,062 |
| Disposals | (3,434) | (80,966) |
| Increase in fair value | 35,615 | 31,820 |
| At 30 June | 427,413 | 393,986 |



Notes to the financial statements

For the year ended 30 June 2020

8. Portfolio of foreign securities (Contd)

| Available-for-sale financial assets | 2019 |
|---|-----------|
| | Rs'000 |
| Non-current assets | |
| At 01 July | 378,070 |
| Reclassification to financial assets at fair value through profit or loss | (378,070) |
| At 30 June | - |

(a) Financial assets at fair value through profit or loss

| | 2020 | 2019 |
|----------------|----------------|---------|
| | Rs'000 | Rs'000 |
| Level 1 | 427,413 | 393,986 |

(b) Financial assets at fair value through profit or loss are denominated in the following currencies:

| | 2020 | 2019 |
|------------------|----------------|---------|
| | Rs'000 | Rs'000 |
| US Dollar | 179,557 | 150,582 |
| Euro | 86,510 | 75,805 |
| INR | 124,728 | 133,837 |
| Other currencies | 36,618 | 33,762 |
| Total | 427,413 | 393,986 |

9. Other receivables

| | 2020 | 2019 |
|---------------------|------------|--------|
| | Rs'000 | Rs'000 |
| Dividend receivable | 840 | 2,027 |
| Prepayment | 38 | 38 |
| Total | 878 | 2,065 |

The carrying amount of other receivables is considered to be a reasonable approximation of the fair value.

10. Stated capital

Shares are issued at the holders' option at prices based on the value of the Company's net assets at the time of issue/redemption.

Notes to the financial statements

For the year ended 30 June 2020

10. Stated capital (Contd)

| | 2020 | 2019 |
|--|---------------|---------------|
| | Rs'000 | Rs'000 |
| Authorised | | |
| 120,000,000 redeemable shares of Rs 10 par value | 1,200,000 | 1,200,000 |
| Issued and fully paid (Number of shares in thousands) | | |
| At 01 July | 50,122 | 50,218 |
| Issue of shares | 576 | 409 |
| Redemption of shares | (465) | (505) |
| At 30 June | 50,233 | 50,122 |

11. Other payables

| | 2020 | 2019 |
|-----------------------------|--------------|--------------|
| | Rs'000 | Rs'000 |
| Amount due to related party | 3,496 | 3,648 |
| Other payables | 773 | 1,086 |
| Total | 4,269 | 4,734 |

- (i) The amount due to the related party is interest free, unsecured and repayable within one year.
- (ii) The carrying amount of other payables is considered to be a reasonable approximation of the fair value.

12. Taxation

12.1 Income tax expense

The Company is liable to income tax at the rate of 15% (2019: 15%) and at 30 June 2020 it had income tax asset of Rs 56,085 (2019: tax liability of Rs 818). The income tax asset/liability is calculated according to the tax rate and tax laws applicable to the fiscal period to which it relates, based on the taxable profit for the year.

The Company is also subject to the Advanced Payment Scheme (APS) whereby it is required to submit an APS Statement and pay tax quarterly on the basis of either last year's income or the income for the current quarter.

Contribution to the CSR Fund is at a rate of 2% on the 'chargeable income' of the preceding financial year.



Notes to the financial statements

For the year ended 30 June 2020

12. Taxation (Contd)

12.1 Income tax expense (Contd)

(a) Statement of financial position

| | 2020 Rs'000 | 2019 Rs'000 |
|------------------------------|----------------|----------------|
| At 01 July | - | 263 |
| Tax liability for the year | 111 | 238 |
| Tax paid | - | (263) |
| CSR | 31 | 48 |
| Tax paid under APS | (198) | (285) |
| Tax liability not recognised | - | (1) |
| Current tax asset | (56) | - |

(b) Statement of profit or loss and other comprehensive income

| | 2020 Rs'000 | 2019 Rs'000 |
|---------------------------------|----------------|----------------|
| Income tax on adjusted profit | 111 | 238 |
| Tax liability not recognised | - | (1) |
| CSR | 31 | 48 |
| Foreign tax paid for prior year | 18 | - |
| Tax expense | 160 | 285 |

The tax on the Company's (loss)/profit before tax differs from the theoretical amount that would arise using the basic rate of tax of the Company as follows:

| | 2020 Rs'000 | 2019 Rs'000 |
|---------------------------------|----------------|----------------|
| (Loss)/profit before tax | (80,028) | 59,316 |
| Tax at 15% | (12,004) | 8,897 |
| Exempt income | (7,883) | (11,446) |
| Non-allowable expenses | 19,998 | 2,787 |
| CSR | 31 | 48 |
| Tax liability not recognised | - | (1) |
| Foreign tax paid for prior year | 18 | - |
| Tax expense | 160 | 285 |

Notes to the financial statements

For the year ended 30 June 2020

13. Investment income

| | 2020 | 2019 |
|-----------------------|---------------|---------------|
| | Rs'000 | Rs'000 |
| Dividend income | 51,155 | 48,323 |
| Interest income | 928 | 967 |
| Foreign exchange gain | 813 | 256 |
| Total | 52,896 | 49,546 |

14. Net (decrease)/increase in fair value of financial assets through profit or loss

| | 2020 | 2019 |
|---------------------------------|------------------|--------|
| | Rs'000 | Rs'000 |
| Domestic and foreign securities | (111,844) | 28,395 |

Domestic securities include investments in quoted and unquoted companies in the Republic of Mauritius which have been revalued at year end using prices from active markets and valuation reports. Foreign securities relate to investments in quoted companies/ funds in foreign countries which have been revalued at year end using prices from active markets.

15. Management fees

Management fee of 1.25% of the Company's net asset value is payable on a yearly basis to Capital Asset Management Ltd as per the investment management agreement dated 09 June 1997. The management fees are at present based on a graduated fee structure based on the performance of the Company presently at 0.9% with maximum of 1.25% of the net asset value of the Company.

| | 2020 | 2019 |
|---------------------------|--------------|-------|
| Annual Fund Return | | |
| Up to 27% | 0.90% | 0.90% |
| 27% - 35% | 1.00% | 1.00% |
| Above 35% | 1.25% | 1.25% |

16. Registry costs

Registry costs are payable to Prime Partners Ltd on a quarterly basis. For the year ended 30 June 2020, Rs 301,875 was accrued per quarter.



Notes to the financial statements

For the year ended 30 June 2020

17. (Loss)/profit before tax

| | 2020 | 2019 |
|---|-----------|----------|
| | Rs'000 | Rs'000 |
| <i>The above is stated after (charging)/ crediting:</i> | | |
| Net (decrease)/increase in fair value through profit or loss financial assets | (111,844) | 28,395 |
| <i>Dividend income</i> | | |
| - Listed (local) | 19,710 | 22,665 |
| - Foreign | 2,925 | 2,379 |
| - Unquoted | 28,520 | 23,279 |
| Other income | 371 | 337 |
| Interest income | 928 | 967 |
| Foreign exchange gain / (loss) | 813 | 256 |
| <i>Major components of expenditure:</i> | | |
| Directors' fee | (831) | (722) |
| Management fees | (14,669) | (14,448) |
| Registry cost | (1,208) | (978) |
| Custodian and brokerage fees | (834) | (827) |
| Impairment on investment* | (2,176) | - |

*Impairment on investment relates to impairment charges on the Company's investment in Air Mauritius Ltd for an amount of Rs 2,175,837 since the Board of Directors have considered the impact of voluntary administration and Covid-19 on its investment in Air Mauritius Ltd and concluded that the investment should be fully impaired.

18. Dividends

The Board of Directors has declared a dividend of Rs **19,367,588** representing Rs **0.40** per share on 24 June 2020 (2019: Rs 35,060,663 representing Rs 0.70 per share).

Dividend of Rs **3,644,210** (2019: Rs 3,488,146) declared in prior years has not been claimed by shareholders. These dividends have been reclassified under current liabilities.

Notes to the financial statements

For the year ended 30 June 2020

19. Notes to the statement of cash flows

(a) Cash used in operations

| | 2020 Rs'000 | 2019 Rs'000 |
|---|-----------------|-----------------|
| (Loss)/profit before tax | (80,028) | 59,316 |
| <i>Adjustments for:</i> | | |
| Dividend income | (51,155) | (48,323) |
| Interest income | (928) | (967) |
| Net decrease/ (increase) in fair value of financial assets at FVTPL | 111,844 | (28,395) |
| Impairment on investment | 2,176 | - |
| Dividend reinvested | 440 | 1,190 |
| Profit on disposal of investments | (430) | (571) |
| Total adjustments | 61,947 | (77,066) |
| <i>Net changes in working capital:</i> | | |
| Change in trade and other receivables | 2,026 | (2,445) |
| Change in trade and other payables | (465) | 77 |
| Total changes in working capital | 1,561 | (2,368) |
| Tax paid | (198) | (285) |
| Net cash used in operating activities | (16,718) | (20,403) |

(b) Cash and cash equivalents

| | 2020 Rs'000 | 2019 Rs'000 |
|----------------|----------------|----------------|
| Cash at bank | 45,541 | 22,949 |
| Bank overdraft | (210) | (2,817) |
| Total | 45,331 | 20,132 |

20. Net asset value per share

| | 2020 Rs'000 | 2019 Rs'000 |
|--|----------------|----------------|
| Net asset value | 1,527,681 | 1,623,550 |
| Number of redeemable shares in issue (Note 10) | 50,233 | 50,122 |
| Net asset value per share | 30.41 | 32.39 |



Notes to the financial statements

For the year ended 30 June 2020

21. Related party transactions

For the year ended 30 June 2020, the Company entered into the following transactions with related parties:

| | 2020 Rs'000 | 2019 Rs'000 |
|--|----------------|----------------|
| Transactions with common shareholders | | |
| Management fee expenses – Capital Asset Management Ltd | 14,669 | 14,448 |
| Transactions with secretary | | |
| Registry costs – Prime Partners Ltd | 1,208 | 978 |
| Brokerage fees – Prime Partners Ltd | 220 | 188 |
| Secretarial fees – Prime Partners Ltd | 110 | 101 |
| Key management personnel | | |
| Short term benefits – Director fees | 699 | 591 |
| Balances | | |
| Amount payable to related party – Capital Asset Management Ltd | (3,496) | (3,648) |
| Amount payable to related party – Prime Partners Ltd | - | (311) |

The terms and conditions are as shown in Note 11 to the financial statements.

22. Events after the reporting date

Subsequent to the year ended 30 June 2020, the Company's investments in domestic companies have continued to be adversely impacted due to further decreases in the share prices of those domestic companies.

**List of Abbreviations**

| | |
|--------|--|
| BOM | Bank of Mauritius |
| CAM | Capital Asset Management Ltd |
| CIS | Collective Investment Scheme |
| CSR | Corporate Social Responsibility |
| DEMEX | Development and Enterprise Market Index |
| D/Y | Dividend Yield |
| ECB | European Central Bank |
| EPS | Earnings Per Share |
| EUR | Euro |
| FED | Federal Reserve |
| FT | Franklin Templeton Investments |
| FY | Financial Year |
| GBP | British Pound |
| GDP | Gross Domestic Product |
| IFRS | International Financial Reporting Standards |
| INR | Indian Rupee |
| KRR | Key Repo Rate |
| MPC | Monetary Policy Committee |
| MSCI | Morgan Stanley Capital International |
| MUR | Mauritian Rupee |
| NAV | Net Asset Value |
| P/B | Price to book ratio |
| P/E | Price earnings ratio |
| PAT | Profit after tax |
| PIE | Public Interest Entity |
| PLF | Port Louis Fund Ltd |
| Q1 | Quarter 1 |
| Q2 | Quarter 2 |
| SEM | Stock Exchange of Mauritius |
| SEMDEX | Stock Exchange of Mauritius Official Index |
| SENSEX | Bombay Exchange Sensitive Index |
| SEMTRI | Stock Exchange of Mauritius Total Return Index |
| USD | US Dollar |
| VAT | Value Added Tax |



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Notes



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