



**SICOM Overseas
Diversified Fund**

**ANNUAL
REPORT**

2019

**SICOM UNIT TRUST - SICOM OVERSEAS DIVERSIFIED FUND
MANAGER'S REPORT AND AUDITED FINANCIAL STATEMENTS**

CONTENTS	Pages
MANAGEMENT AND ADMINISTRATION	1
MANAGER'S INVESTMENT REPORT	2 - 4
CORPORATE GOVERNANCE REPORT	5 - 14
INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS	15 - 15(b)
STATEMENT OF FINANCIAL POSITION	16
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	17
STATEMENT OF CHANGES IN NET ASSETS	18
STATEMENT OF CASH FLOWS	19
NOTES TO THE FINANCIAL STATEMENTS	20 - 40

MANAGER AND REGISTRAR

SICOM Financial Services Ltd

Registered Office

SICOM Financial Services Ltd
SICOM Building
Sir Cellcourt Antelme Street, Port Louis
Telephone : (230) 203 8420
Fax : (230) 208 0874
Email Address: sfsi@sicom.intnet.mu
Website : www.sfsi.mu

TRUSTEE

The Mauritius Commercial Bank Limited
9-15 Sir William Newton Street
Port Louis

AUDITORS

Ernst & Young
9th Floor, Tower 1
NeXTeracom
Cybercity
Ebene

BANKER

The Mauritius Commercial Bank Limited

We are pleased to present our report of the SICOM Overseas Diversified Fund (the "Fund") for the financial year ended 30 June 2019.

Investor Profile

The Fund is designed to give investors a broad exposure to global financial markets. Given that the Fund is diversified across a number of markets and a range of asset classes, it is more suited for investors who are looking for long-term capital appreciation with a moderate income flow.

The Fund is exposed to a certain number of risks such as economic and currency risks as well as to the high volatility of financial markets. The Fund is best suited for investors with at least a 3 to 5 year investment horizon.

Investment Objectives & Approach

The overall objectives of the SICOM Overseas Diversified Fund are as follows:

- To maximise returns over the long term
- To keep risks at an acceptable level through a diversified portfolio of assets invested globally
- To provide a yearly income flow

The Fund has a globally diversified portfolio and can invest up to 100% of its assets overseas. The financial instruments in which the Fund may invest might include, inter alia, mutual funds and other collective investment schemes, equity and equity linked securities, debt securities, convertible debt securities, bonds, fixed income securities and cash/short term/money market instruments.

SICOM Financial Services Ltd, the Manager of the Fund, has set up an Investment Committee, a sub-Committee of its Board of Directors, to define investment objectives and strategies of the Fund. The investment strategies are based on an in-depth analysis of the current financial market and economic perspectives. Moreover, investment strategy and key investment decisions are made with reference to the overall objectives of the portfolio of the Fund as a whole, available investment opportunities and instruments on financial markets, cash flow availability and the need for diversification of a well-balanced portfolio.

Risk Management

The risk management framework of the Fund aims at reducing the absolute risk of the Fund. This objective is achieved mainly through set investment restrictions as well as specific allowable allocations in respect of asset classes, currencies and geographical location of investments being made so that the portfolio is well diversified. There is a comprehensive analysis of investments made so as to assemble an optimal mix of securities that would yield our targeted risk level.

Governance

SICOM Overseas Diversified Fund is a Collective Investment Scheme with SICOM Financial Services Ltd (The Manager) carrying out the investment function as per the terms and conditions of the Trust Deed. The assets of the Fund are registered in the name of and held by the Trustee whose responsibility is to safeguard unitholders and ensure that the Manager carries out its duties. Therefore, through this governance structure, the best interests of unitholders are maintained.

Economic and Market Review

According to the International Monetary Fund (IMF), the global economy is estimated to have grown by 3.6% in 2018 as the solid expansion under way since mid-2016 continues. However, the expansion turned less balanced with downside risks to global growth increasing in the second half of 2018 and the potential for upside surprises declining. While momentum in the United States (US) remained strong as fiscal stimulus continued to increase, growth disappointed in other advanced economies, most notably in the United Kingdom and the euro area, with the latter experiencing slower export growth. Within the emerging market and developing economy group, aggregate growth stabilised during the first half of 2018. Overall, financial conditions tightened slightly during 2018 and the divergence between advanced and emerging market economies increased. In some emerging market economies, this was mainly due to a combination of country-specific factors, worsening external financing conditions and trade tensions.

Economic and Market Review (Cont'd)

In the first half of 2019, momentum in global activity remained subdued against a challenging backdrop that included heightened US-China trade and technology tensions as well as protracted uncertainty related to Brexit. Overall, positive surprises to growth were noted in advanced economies, but activity in emerging market and developing economies was weaker-than-expected.

Global equities posted sharp declines in the second half of 2018 on persistent concerns over global trade, slowing economic growth and tightening monetary policy. However, these losses were reversed during the first half of 2019 as concerns over the China-US trade dispute eased and major central banks grew more accommodative.

During the financial year ended 30 June 2019, the S&P 500 and the MSCI World Index recorded gains of 8.2% and 4.3% respectively. The MSCI Europe declined by 1.2%, but performances across the main European markets were mixed with CAC 40 and DAX rising by 4.1% and 0.8% respectively, while FTSE 100 dropped by 2.8%. Similarly, the Nikkei 225 declined by 4.6%. The MSCI Emerging Markets posted a negative return of 1.4%, with MSCI China falling by 8.9% and MSCI India rising by 6.5%.

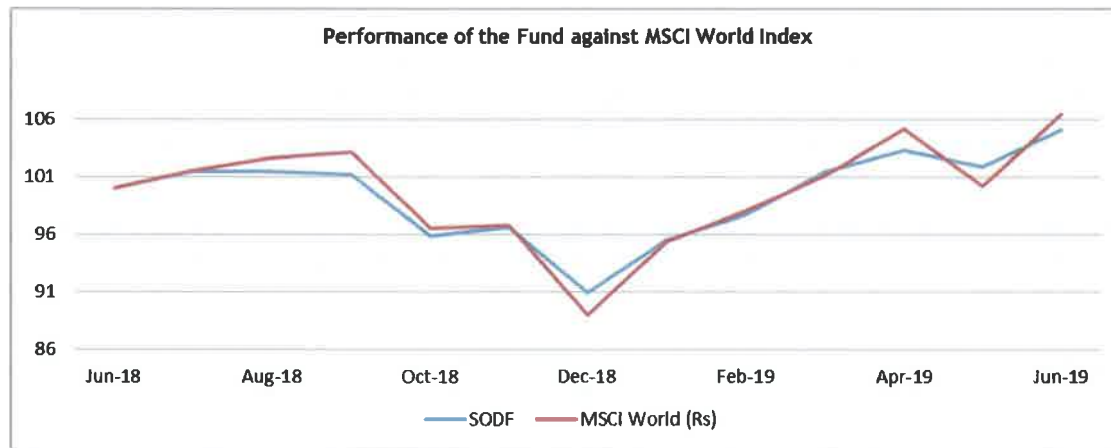
Fund Review

Total Value & Total Assets

The total value of the SICOM Overseas Diversified Fund was Rs 80.9 million as at 30 June 2019 compared to Rs 77.8 million as at 30 June 2018. The total assets of the Fund stood at Rs 84.1 million as at 30 June 2019 as compared to Rs 80.8 million last year. The Net Asset Value per Unit of the Fund was Rs 12.54 as at 30 June 2019 as compared to Rs 12.33 as at 30 June 2018.

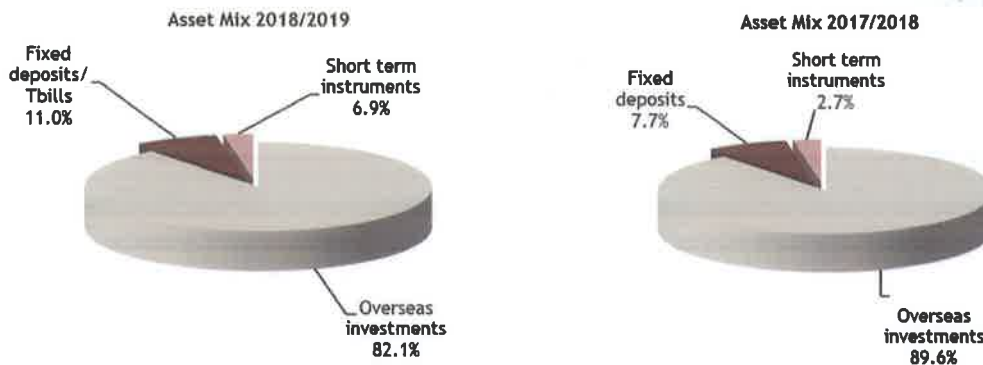
Performance

The return of the SICOM Overseas Diversified Fund stood at 5.1% for the year under review as compared to the MSCI World Index which increased by 4.3% in USD terms and 6.4% in MUR terms.



Asset Mix

The asset mix of the investment portfolio of the Fund as at 30 June 2019 as compared to 30 June 2018 is represented below:



Fund Review (Cont'd)

Investment Income

Gross investment income for the financial year ended 30 June 2019 was Rs 7.6 million as compared to Rs 8.9 million last year due to a decrease in the amount of unrealised gain on financial assets given volatile market conditions. It may be noted that with the adoption of IFRS9 during the financial year under review, unrealised gain or loss on financial assets are accounted in gross investment income.

Dividend

The income available for distribution for the financial year ended 30 June 2019 stood at Rs 2.4 million compared to Rs 2.6 million as at 30 June 2018. The dividend per unit is Rs 0.3625 for the year under review as compared to Rs 0.3945 per unit last year.

Prospect

According to the International Monetary Fund, global growth is projected to slow from 3.6% in 2018 to 3.2% in 2019, reflecting a combination of factors affecting major economies. In fact, after experiencing a broad-based upswing in cyclical growth over the previous two years, activity softened amid an increase in trade tensions and tariff hikes between the US and China, a decline in business confidence, a tightening of financial conditions and higher policy uncertainty across many economies.

Based on early 2019 growth data releases, together with generally softening inflation, weaker-than-anticipated global activity is expected over the remaining of the year as investment and demand for consumer durables have been subdued across advanced and emerging market economies. Growth in advanced economies is projected to slow from 2.2% in 2018 to 1.9% in 2019, partly reflecting the anticipated negative effects of the tariff increases enacted in 2018 and the waning off in 2019 of the temporary boost to US and trading partner growth from the sizable previous US fiscal stimulus. Global growth in 2019 is also weighed down by the emerging market and developing economy group, where growth is expected to tick down to 4.1% in 2019, from 4.5% in 2018.

Downside risks to the forecasts have intensified recently and include further escalation on trade and technology tensions that could cause deterioration in business confidence and investor sentiment, the possibility of a protracted risk-off episode that exposes financial vulnerabilities accumulated over years of low interest rates, geopolitical tensions, and mounting disinflationary pressures that make adverse shocks more persistent. In addition, disinflationary risks have revived following slower global growth and the lower core inflation across advanced and emerging market economies.

Against a backdrop of slowing global growth and rising uncertainty in the macro outlook, the investment portfolio of SICOM Overseas Diversified Fund is being repositioned to preserve capital and benefit from perceived areas of opportunity depending on market conditions.

Acknowledgements

The Directors would like to place on record their appreciation of the support given to the SICOM Overseas Diversified Fund by the Financial Services Commission, its valued Unitholders, its Trustee, Registrar, Stockbrokers, duly authorised Agents and the dedication of staff and Management.


SICOM Financial Services Ltd
Manager

Date: 23 SEP 2019

INTRODUCTION

SICOM Overseas Diversified Fund (the “Company”) is an open ended collective investment Scheme established as a unit trust with its registered office situated at SICOM Building, Sir Celicourt Antelme street, Port Louis.

The overall objective of SICOM Overseas Diversified Fund is to maximise returns whilst acting prudently at all times and diversifying its portfolio with a long term view.

1. GOVERNANCE STRUCTURE

1.1. Adoption of the National Code of Corporate Governance

The Company does not qualify as a public interest entity as defined under the Financial Reporting Act 2004 but in pursuance to the circular letter CL280218 issued by the FSC on 28 February 2018, the Company adopted the National Code of Corporate Governance (the “New Code”).

The New Code, which is based on 8 principles, departs from a “Comply or Explain” principle to move towards an “Apply and Explain” basis and is applicable to specified companies for the financial period commencing 01 July 2017 or after.

The Board of the Manager (the “Board”) is responsible for leading and controlling the Company and is committed to high standards of corporate governance.

1.2. Legal and regulatory requirements

The Board of the Manager is aware of its responsibilities to ensure that the Company adheres to all relevant legislations and it assumes the responsibility for meeting all legal and regulatory requirements of the Company.

1.3. Company’s Trust Deed

The Company is governed by a Trust Deed. There is no material clause in the Trust Deed which requires disclosure.

A copy of the Company’s Trust Deed is available at the registered office of the Company.

1.4. Code of Ethics

The Manager’s Code of Ethics for Director and Employees were approved by the Board of the Manager and published on its website. Both Directors and employees are made aware of the requirements of the respective Code.

The Board shall monitor compliance with the Code of Ethics on an ongoing basis.

1. GOVERNANCE STRUCTURE (CONTINUED)

1.5. Organisational Chart

SICOM Financial Services Ltd is the Manager of the Unit Trust and Mauritius Commercial Bank is the Trustee and the activities of both parties are guided by the principles laid out in the Trust Deed.



1.6. Company's Website

The annual report of the Company is published in full on the Manager's website: www.sfsl.mu

2. THE STRUCTURE OF THE BOARD AND ITS COMMITTEES

2.1. Board Structure

The Manager is led by a unitary Board which is collectively responsible for its long term success, reputation and governance.

The Board of the Manager assumes its responsibility for meeting all legal and regulatory requirements and takes its fiduciary responsibilities with great care and diligence. The roles and responsibilities of the Board are set out in a Board Charter.

The Board of the Manager has approved the following key governance documents which are available on the Manager's website:

- Board Charter; and
- Board Committees Charters.

The Board of the Manager has also approved the following:

- Position Statement of the Chairperson of the Board and the Chairperson of Sub-Committees
- Code of Ethics for Directors;
- Code of Ethics for Employees;
- Position Statement of the Group Chief Executive Officer ('Group CEO') and the Company Secretary;
- Anti-Harassment and Non-Discriminatory Policy;
- Whistleblowing Policy; and
- Remuneration Policy for Directors and Senior Executives

The Manager has a Board of Directors which oversees the general business of the Company. The Board exercises leadership, enterprise, integrity and judgment in directing the Company. The delegation of authority to any Committee does not relieve the Board of its responsibilities in respect of the actions and decisions of that Committee.

The Board composition of the Manager as of 30 June 2019 is as follows:

<i>Chairperson</i>	Sakurdeep S
<i>Directors</i>	Bhoojedhur - Obeegadoo K G (Mrs) Chaperon J M C G Gopy D K Hussenee N E S S (up to 27 August 2018) Late Ramdhonee B I R (up to 21 July 2019) Ramdewar N (Mrs) (as from 04 January 2019) Seewoochurn N
<i>Manager</i>	SICOM Financial Services Ltd Celicourt Antelme Street Port Louis
<i>Trustee</i>	The Mauritius Commercial Bank Ltd Sir William Newton Street Port Louis

3. MANAGER APPOINTMENT PROCEDURES

3.1. Board Responsibilities in Manager Appointment and Succession Planning

The Manager has a unitary Board with the right balance of skills, experience and diversity. As at 30 June 2019, out of the seven members of the Board, two (2) were Executive Directors, two (2) were Non- Executive Directors and three (3) were Independent Directors, who were all resident of Mauritius. The Manager complies with the statutory number of directors required and has a Board Charter which is reviewed by the Board as and when required.

The Non-Executive Directors come from diverse business backgrounds, such as finance, economics etc., and they possess the skills, objectivity, integrity, experience and commitment to make sound judgments on various key issues relevant to the business of the Company. The Non-Executive Directors do not have any involvement in the operations of the Company, and none of the appointed independent directors were employed by the Company during the past three years.

Having regard to the blend of mixed skills of its Members, the Board is of opinion that these are sufficient to enable the Board to effectively discharge its responsibilities.

Currently, the Manager's Board has three (3) committees, namely (i) Risk Management/ Conduct Review Committee, (ii) Audit Committee, (iii) Investment Committee, each comprising of members with a diversity of knowledge and experience in fields relevant to the operations of the Company such as finance, legal and business administration. Each Board committee has its own charter, approved by the Board of the Manager and which may be reviewed as and when required. The Chairperson of the Board and the Chairperson of each of the sub-committees are selected for their relevant knowledge and experience in these key governance roles. Their responsibilities have been clearly defined in their respective position statements.

3. MANAGER APPOINTMENT PROCEDURES (CONT'D)

3.1. Board Responsibilities in Manager Appointment and Succession Planning (Cont'd)

As regards gender balance, the Code provides that all organisations should have directors from both genders as members of the Board i.e. at least one male and one female director. As at 30 June 2019, the Manager's Board comprised of five male directors and two female directors.

Succession Planning

The Manager's Board ensures that suitable plans are in place for the orderly succession of appointments to the Board and to Senior Management positions in order to maintain an appropriate balance of knowledge, skills and experience within the Company and on the Board.

3.2. Director's Profile for the Manager's Board

SAKURDEEP Subiraj

Attorney-at-Law

Subiraj Sakurdeep has been practicing since April 1993 after having completed his Articleship with Attorneys and Senior Attorneys. During his career, he has worked as legal adviser for various District Councils and other companies and entities. Subiraj Sakurdeep has extensive experience in Labour Laws, Matrimonial Cases, recovery of debts, accident cases, Petition for Division-in-kind, encroachment cases and defamation cases.

CHAPERON J M C Gilles

*Associate of the Chartered Insurance Institute
Chartered Insurer*

Gilles Chaperon joined SICOM as a Technical Officer in 1981 and served in the Life and Pensions Department in various positions at management level and was later promoted to Senior Manager (Legal and Compliance). He held the position of Chief Support Officer responsible for the Group's Corporate Marketing, Communication, CSR and Compliance functions. He was also the Money Laundering Reporting Officer (MLRO) of the Group and was overseeing the Group's Risk Management and IT functions. Since 1 October 2017, he is the Acting Group Chief Executive Officer.

BHOOJEDHUR-OBEEGADOO Karuna G

*Fellow of the Institute of Actuaries, UK
Fellow of the Mauritius Institute of Directors
BSc (Hons) in Actuarial Science, London School of Economics and Political Science*

Karuna Bhoojedhur-Obeegadoo was the Group Chief Executive Officer heading the SICOM Group of Companies until her retirement in September 2017. She has also worked with M&G Reinsurance Company in London (now Swiss Re) prior to joining SICOM and was appointed Actuarial Adviser to the National Pensions Fund and member of its Investment Committee. In the past, she has served as Director on the board of several companies, including State Bank of Mauritius Ltd, National Mutual Fund Ltd, First Republic Fund Ltd, Cyber Properties Investment Ltd, Mauritius Housing Company Ltd, National Housing Development Company Ltd, China Index Fund Ltd and China Actis Ltd. She was also a Founding Member of the National Committee on Corporate Governance and of the Board of Investment. She is currently a Director on the Board of companies within the SICOM Group and is also a member of the Board of the MCB Group Ltd and of its Remuneration and Corporate Governance Committee.

3. MANAGER APPOINTMENT PROCEDURES (CONT'D)

3.2. Director's Profile for the Manager's Board (Cont'd)

GOPY Dev K

*Diplôme d'Etude Approfondies (DEA) in Finance and
Maîtrise in Financial Management, Institut d'Administration des Entreprises (IAE) of the University of
Montpellier II, France
Qualified Stockbroker*

Dev Gopy joined SICOM in 2001 after working for a leading local banking institution. He is responsible for managing the different funds of the SICOM Group. He is also responsible for the proper running of the operations of the Leasing and Unit trusts businesses transacted by SICOM Financial Services Ltd and the operations of SICOM Global Fund Ltd and SICOM Management Ltd. He currently serves as Executive Director on the Board of SICOM Financial Services Ltd and is also a Director of Cyber Properties Investments Ltd.

RAMDEWAR Nandita

*Fellow of the Association of Chartered Certified Accountants
Masters in Business Administration - specialisation in Finance, Manchester Business School
Fellow of the Mauritius Institute of Directors
Member of the International Fiscal Association (Mauritius)*

Nandita Ramdewar joined SICOM in 1992 after working in a leading audit firm. Since then, she has been heading several departments of the Group at senior management level and acted as the Company Secretary. She has acquired along the years a broad experience in the areas of finance, strategy, insurance, financial services and corporate matters. In February 2018, she was appointed Deputy Group Chief Executive Officer, besides acting as Chief Finance Officer. She currently serves as Director on the Boards of SICOM Financial Services Ltd, SICOM Global Fund Limited and SICOM Management Limited. She has in the past acted as the Chairperson of the Private Secondary Schools Authority and has been a Director of the Stock Exchange of Mauritius Ltd and Central Depository and Settlement Co. Ltd.

Late RAMDHONEE Baboo Indraduth Rye

BSc in Economics and in Management, University of Poona

Late Baboo Indraduth Rye Ramdhonee held the position of Senior Manager at SICMS, managing the Casinos of Mauritius for the past 30 years. Mr Ramdhonee supported 23 companies in their journey towards ISO 9001:2008, Quality Standards. He was also the chairperson of the Casinos of Mauritius Pensions Fund. He has also participated in local and international seminars concerning fraud and corruption. Moreover, Baboo Indraduth Rye Ramdhonee has followed intensive courses in Quality Management at the Indian Institute of Quality Management, Jaipur.

SEEWOOCHURN Nankumar

Diploma in Financial Management, University of Mauritius

Nankumar Seewoochurn reckons more than 20 years of service in the Public Service and has served different Ministries as well as a Mauritius Diplomatic Mission overseas. He has also been a board member of different statutory bodies and served on different Committees. Nankumar Seewoochurn is currently Assistant Permanent Secretary at the Ministry of Financial Services and Good Governance. Prior to that, he was posted at the Ministry of Social Integration and Economic Empowerment and the Ministry of Tourism.

LEE SHING PO Theresa M.

*Company secretary
Attorney-at-Law*

Theresa Lee Shing Po was admitted as Attorney-at-Law in 1986. She had her private practice and also worked in an international accounting and auditing firm, and at the Attorney General's Office. She joined SICOM in 2000 as Legal Officer. She currently serves as the Senior Executive Officer - Legal, responsible for the overall operational and strategic functions of the Legal Department and deals with and advises the Group in all legal matters. Theresa Lee Shing Po also acts as Company Secretary to the State Insurance Company of Mauritius Ltd, SICOM General Insurance Ltd, SICOM Financial Services Ltd and SICOM Foundation.

3. MANAGER APPOINTMENT PROCEDURES (CONT'D)

3.2. Director's Profile for the Manager's Board (Cont'd)

Profile of SICOM Financial Services Ltd Management

CHADIEN Moorganaden

Manager

*Fellow of the Association of Chartered Certified Accountants
Masters in Business Administration, University of Surrey, UK*

Moorganaden Chadien joined the State Insurance Company of Mauritius Ltd in 1994, where he gathered experience in different departments before moving to SICOM Financial Services Ltd during its setting-up in 2000. He has over the years achieved a rich experience in deposit taking, leasing and unit trust administration. He is presently the Manager of SICOM Financial Services Ltd where he is responsible for the day-to-day operations of the Company.

KASENALLY-BOODOO Ameerah

Deputy Manager

*BSc (Honours) in Economics, London School of Economics and Political Science
Masters in Business Administration, University of Birmingham*

Ameerah Kaseinally-Boodoo joined the State Insurance Company of Mauritius Ltd in 2003 where she worked in the Investment Department before moving to SICOM Financial Services Ltd in 2008. She is currently the Deputy Manager and is assisting in the running of the Company's operations.

4. MANAGER AND TRUSTEE DUTIES, REMUNERATION AND PERFORMANCE

4.1 Manager's and Trustee's Duties

Manager

The Manager has the following main duties:

- Management and administration of all Funds for the benefit of Unit Holders
- Carry out and conduct business in an efficient manner
- Sale and issue of Units
- Calculation of pricing for the Funds on a weekly basis
- Preparation of Annual Reports for both Funds

Trustee

The Trustee has the following main duties:

- Shall keep safe custody of Unit Holders accounts
- Ensure that all investments of the Unit Trusts are properly executed
- Manage the bank accounts of the Unit Trusts

The Manager and the Trustee are aware of their legal duties.

4. MANAGER AND TRUSTEE DUTIES, REMUNERATION AND PERFORMANCE (CONT'D)

4.2 Conflict of Interest

The Company makes every effort to ensure that Manager and Trustee declare any interest and report to the Board regarding any related party transactions.

4.3 Remuneration Policy

The remuneration of the Manager is 1% of the Net Asset Value of the Company while that of the Trustee is 0.15% of the Net Asset Value of the Company. The fees are in accordance with the Trust Deed.

4.4 Information, Information Technology and Information Security Governance

Information security is a key component of the Manager's overall information security management framework and reflects management intents on information security commitments. The Manager gives high importance in safeguarding data and preserving confidentiality, integrity and availability.

5 RISK GOVENANCE AND INTERNAL CONTROL

5.1 Risk Governance

The Board is ultimately responsible for the governance of risk and for determining the nature and extent of the principal risks it is willing to take to achieve the Company's strategic objectives. It is also responsible for the Company's system of internal control and for reviewing its effectiveness.

5.1.1 Financial Risks

The financial risks of the Company have been set out in note xx of these financial statements.

5.1.2 Non-Financial Risks

- *Political, economic and social risk*

Political, economic and social factors, changes in countries' laws, regulations and the status of those countries' relations with other countries may adversely affect the business of the company.

- *Compliance risk*

Compliance risk arises from failure or inability to comply with laws, regulations or codes applicable to the industry. Non-compliance can lead to fines, public reprimands and enforced suspension of operations or, in extreme cases, withdrawal of authorisation to operate. This risk is managed by the Compliance Department of SICOM.

5.2 Internal Controls

The Board is ultimately responsible for implementing, maintaining, monitoring and evaluating the internal control systems.

6 REPORTING WITH INTEGRITY

The Manager is responsible for the preparation of financial statements that fairly present the state of affairs of the Company in accordance with applicable laws and regulations. The Trust Deed further requires the Manager to prepare the financial statements in accordance with International Financial Reporting Standards for each financial year.

The Manager and Trustee are also responsible for keeping adequate accounting records, explaining the Company's transactions and disclosing, with reasonable accuracy, at any time, the financial position of the Company.

7 AUDIT

7.1 External Audit

The Company has appointed Ernst & Young to perform its external audit for the period 01 July 2018 to 30 June 2019. Audit fees of Rs 168,000 (excluding VAT) are payable to Ernst & Young for the audit of the financial year ended 30 June 2019.

Ernst & Young is subject to re-appointment at the next annual general meeting of shareholders of the Company.

No non-audit services, excluding tax services, were provided to the Company during financial year ended 30 June 2019.

7.2 Internal Audit

The Manager has a service level agreement with its Holding Company, SICOM whereby the latter provides the services of internal audit, among others. The following are examples of risk areas for the Company:

Type	Risks
Financial	<ul style="list-style-type: none"> Liquidity and cash flow management
Operational	<ul style="list-style-type: none"> The risk of over-reliance on key staff and service providers. The risk that security of IT systems is breached leading to disruptions in operations and reputational damage.
Compliance	<ul style="list-style-type: none"> The risk of non-compliance with the regulatory framework resulting in reputational damage and fines. The risk that data privacy related regulation is not complied with resulting in dissatisfaction of the owners of the data and reputational damage.

The Manager is assisted in its function of implementing, monitoring and evaluating the compliance controls by the Compliance Department of SICOM.

The role of the Compliance Department of SICOM is as follows:

- (i) Promoting compliance with the AML/CFT laws and regulations;
- (ii) Ensuring a speedy and appropriate reaction to any matter in which ML/TF is suspected;
- (iii) Informing employees and officers of regulatory changes;
- (iv) Reporting to the board of directors on the outcome of reviews on the Company's compliance with AML/CFT laws and regulation;
- (v) Designing and updating internal policies to mitigate the risk of the Company breaking laws and regulations; and
- (vi) Leading internal audits of procedures.

The Compliance Department of SICOM reports directly to the Board to maintain their independence and objectivity. There are no restrictions placed over the right of access by the Compliance Department to the records of the Company.

8 RELATIONS WITH UNITHOLDERS AND OTHER KEY STAKEHOLDERS

8.1 Company's Unitholders

Number of units in issue as at 30 June 2019: 6,645,173

8.2 Company's Key Stakeholders

The table below sets out the Company's main stakeholders and how the Company responds to their reasonable expectation and interests:

Unitholders:	<p>For the unitholders, the Company will:</p> <ul style="list-style-type: none"> • Ensure that no contributions will be made to political parties; • Conduct business honestly, fairly and responsibly; • Comply with legislation, industry regulations and prescribed practices; • Generate an attractive and sustainable return; • Not engage in restrictive trade practices and comply with competition laws; • Maintain executive responsibility for decision making on material matters; • Produce accurate and timely accounting statements and unitholder information; • Report developments that may have a material impact on the value of the unitholders' assets; • Strive to expand and maintain the business and profitability of the Company; and • Take reasonable steps to protect and enhance the Company's assets.
Potential Clients:	<p>For the potential clients, the Company will:</p> <ul style="list-style-type: none"> • Act justly, fairly and in the best interests of each individual; • Communicate in an open, timely, honest and transparent manner; • Constantly strive to improve its products and services; • Deal with complaints and enquiries in a prompt and efficient manner; • Protect the confidentiality of information in accordance with the law and prescribed practices; • Render a responsible and effective service; • Report accurately on its performance and prospects; and • Uphold the letter and spirit of agreements it is party to.
Future Employees and Management:	<ul style="list-style-type: none"> • Not applicable
Government and Regulatory Authorities	<p>For the Government and Regulatory Authorities, the Company will directly or through its Company Secretary:</p> <ul style="list-style-type: none"> • Attend regular meetings with the regulators; • Attend to all written communication with the relevant authorities in a timely manner; • Effect regulatory returns as and when required; • Liaise with the regulators in connection with onsite and offsite supervision; • Seek regulatory approvals as and when necessary; • Comply with acts, regulations and guidelines; and • Ensure there is proper risk management and internal control.

8 RELATIONS WITH UNITHOLDERS AND OTHER KEY STAKEHOLDERS (CONT'D)

8.2. Company's Key Stakeholders (Cont'd)

The Board confirms that the relevant stakeholders have been or will be involved in a dialogue on the Company's position and its performance and outlook.

The Company shall arrange for adoption of these financial statements by the shareholders through an annual general meeting.

STATEMENT OF COMPLIANCE

Name:

Reporting Period: 30 June 2019

We, the Manager, confirm that to the best of our knowledge, the Company has complied with the principles of the Code of Corporate Governance.


For and on behalf of the Manager

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SICOM UNIT TRUST - SICOM OVERSEAS DIVERSIFIED FUND

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of SICOM Unit Trust - SICOM Overseas Diversified Fund (the "Fund") set out on pages 16 to 40 which comprise the statement of financial position as at 30 June 2019, and the statement of profit or loss and other comprehensive income, statement of changes in net assets and statement of cash flows for the year then ended, and notes to the financial statements, including significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of SICOM Unit Trust - SICOM Overseas Diversified Fund as at 30 June 2019, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Manager is responsible for the other information. The other information comprise the Manager's Investment Report, but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, 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.

Corporate Governance report

The Directors are responsible for preparing the Corporate Governance Report. Our responsibility under the Financial Services Commission' Circular Letter CL280218 is to report on the compliance with the Code of Corporate Governance (the "Code") disclosed in the Corporate Governance Report and assess the explanations given for non-compliance with any requirement of the Code. From our assessment of the disclosures made on corporate governance in the Corporate Governance Report, the Fund has complied with the requirements of the Code.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SICOM UNIT TRUST - SICOM OVERSEAS DIVERSIFIED FUND (CONTINUED)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Responsibilities of the Manager for the Financial Statements

The Manager is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as the Manager determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intend to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.
- Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SICOM UNIT TRUST - SICOM OVERSEAS DIVERSIFIED FUND (CONTINUED)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Use of our report

This report is made solely to the Fund's members, as a body. Our audit work has been undertaken so that we might state to the Fund's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Fund and the Fund's members, as a body, for our audit work, for this report, or for the opinions we have formed.



ERNST & YOUNG
Ebène, Mauritius



PATRICK NG TSEUNG, A.C.A.
Licensed by FRC

Date: **23 SEP 2019**

SICOM UNIT TRUST- SICOM OVERSEAS DIVERSIFIED FUND
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2019

16.

	Notes	2019		2018	
		Rs.	% of Fund	Rs.	% of Fund
ASSETS					
Non-current assets					
Financial assets at fair value through profit or loss:					
Overseas quoted equities	5	68,919,383	85.15	72,309,465	92.96
Income tax recoverable	10	90,796	0.11	43,457	0.06
		<u>69,010,179</u>	<u>85.26</u>	<u>72,352,922</u>	<u>93.02</u>
Current assets					
Debt instrument at amortised cost:					
Local currency denominated deposits/Treasury Bills	6(a)	4,450,871	5.50	6,239,882	8.02
Foreign currency denominated deposits	6(b)	4,801,950	5.93	-	0.00
Other receivables	7	1,079	0.00	36,147	0.05
Bank balances		5,816,825	7.19	2,168,904	2.79
		<u>15,070,725</u>	<u>18.62</u>	<u>8,444,933</u>	<u>10.86</u>
TOTAL ASSETS		<u>84,080,904</u>	<u>103.88</u>	<u>80,797,855</u>	<u>103.88</u>
CURRENT LIABILITIES					
Other payables	8	734,070	0.90	436,650	0.56
Dividend payable	9	2,408,875	2.98	2,571,498	3.32
TOTAL CURRENT LIABILITIES		<u>3,142,945</u>	<u>3.88</u>	<u>3,008,148</u>	<u>3.88</u>
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		<u>80,937,959</u>	<u>100.00</u>	<u>77,789,707</u>	<u>100.00</u>
NET ASSET VALUE PER UNIT					
- Before distribution		<u>12.54</u>		<u>12.33</u>	
- After distribution		<u>12.18</u>		<u>11.93</u>	

These financial statements have been approved for issue by the Manager on 23 SEP 2019

Signed on behalf of the Manager by:


Signature


Signature

S. Sakurdeep

D.K. Gopy

The notes on pages 20 to 40 form an integral part of these financial statements.
 Auditors' report on pages 15 to 15(b).

SICOM UNIT TRUST - SICOM OVERSEAS DIVERSIFIED FUND
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2019

17.

	Notes	2019	2018
		Rs.	Rs.
Realised Gain on Disposal of Assets		2,990,205	2,957,656
Net Gain/(Loss) on Financial Assets at FVTPL		4,086,708	5,124,518
Other Income		510,158	803,414
	12	7,587,071	8,885,588
FUND EXPENSES			
Manager's fees	13	776,186	766,390
Trustee's fees	14	116,428	114,959
Auditors' remuneration		217,350	207,000
Other operating expenses		5,500	4,775
		1,115,464	1,093,124
PROFIT FROM OPERATING ACTIVITIES		6,471,607	7,792,464
EQUALISATION	3(d)		
<u>Add:</u> Income received on units created		147	410
<u>Less:</u> Income paid on units liquidated		(685)	(5,959)
		(538)	(5,549)
Profit before taxation		6,471,069	7,786,915
Income tax credit/ (charge)	11(i)	25,049	(91,083)
Profit for the year before distribution		6,496,118	7,695,832
Dividend distribution to unitholders		(2,408,875)	(2,571,498)
Net Profit /(loss) after distribution		4,087,243	5,124,334
APPROPRIATION OF PROFIT FOR DISTRIBUTION			
PROFIT FOR DISTRIBUTION		6,496,118	7,695,832
Unrealised loss/ (gain) on fair value of investments		(4,086,708)	(5,124,518)
		2,409,410	2,571,314
Income brought forward		123	307
Profit Available for distribution		2,409,533	2,571,621
Distribution to unitholders	9	(2,408,875)	(2,571,498)
Profit for distribution carried forward		659	123

The notes on pages 20 to 40 form an integral part of these financial statements.
Auditors' report on pages 15 to 15(b).

**SICOM UNIT TRUST - SICOM OVERSEAS DIVERSIFIED FUND
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 30 JUNE 2019**

18.

	<u>2019</u>	<u>2018</u>
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS	Rs.	Rs.
Net assets of the Fund at 01 Jul	77,789,707	73,484,717
Units created	2,188,246	1,726,551
Units liquidated	(613,230)	(586,451)
Profit not distributed for the year	4,087,366	5,124,641
Realised loss on disposal of securities	(2,514,007)	(1,959,444)
Income and distribution account	(123)	(307)
Net assets of the Fund at 30 June	<u>80,937,959</u>	<u>77,789,707</u>

The notes on pages 20 to 40 form an integral part of these financial statements.
Auditors' report on pages 15 to 15(b).

SICOM UNIT TRUST - SICOM OVERSEAS DIVERSIFIED FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2019

19.

	Notes	2019	2018
		Rs.	Rs.
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation (after dividend and net gains on investments)		4,062,193	5,215,417
Adjustments for:			
Gain on disposal of investment securities		(2,990,205)	(2,957,656)
Net increase in fair value of HFT investments	5	(4,086,708)	(5,124,518)
Distribution to unitholders	9	2,408,875	2,571,498
Operating loss before working capital changes		(605,845)	(295,259)
Decrease in other receivables		33,191	1,879,970
Increase in other payables		297,420	26,895
Cash generated from /(used in) operations		(275,234)	1,611,606
Dividend paid		(2,571,498)	(2,038,870)
Tax paid	11	(22,290)	(9,032)
Cost of investments purchased		(15,571,617)	(26,612,217)
Proceeds of investments sold/matured		20,513,544	20,534,038
Net cash (used in)/generated from operating activities		2,072,905	(6,514,475)
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash received for units created	15(a)	2,188,246	1,726,551
Cash paid for units liquidated	15(a)	(613,230)	(586,451)
Net cash generated from financing activities		1,575,016	1,140,100
NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS		3,647,921	(5,374,375)
CASH AND CASH EQUIVALENTS AT 1 JULY		2,168,904	7,543,278
CASH AND CASH EQUIVALENTS AT 30 JUNE		5,816,825	2,168,904

The notes on pages 20 to 40 form an integral part of these financial statements.
Auditors' report on pages 15 to 15(b).

1. GENERAL INFORMATION

SICOM Overseas Diversified Fund is an open ended Collective Investment Scheme established as a Unit Trust with its registered office situated at SICOM Building, Sir Celicourt Antelme Street, Port Louis. It was authorised under Section 3(1)(a) of the Unit Trust Act 1989 which was repealed and replaced by the Securities (Amendment) Act 2007 and established by a Supplemental Trust Deed dated 31 May 2006 between SICOM Financial Services Ltd (The Manager) and The Mauritius Commercial Bank Ltd (The Trustee).

A Unit Trust is a Collective Investment Fund requiring two parties, a Manager to carry out the investment function, and a Trustee which performs a fiduciary role on behalf of the investors.

The overall objective of the SICOM Overseas Diversified Fund is to maximise returns whilst acting prudently at all times and diversifying its portfolio with a long term view.

2. CHANGES IN ACCOUNTING POLICIES

2.1 STANDARDS, AMENDMENTS TO PUBLISHED STANDARDS AND INTERPRETATIONS EFFECTIVE IN THE REPORTING PERIOD

The accounting policies adopted in these financial statements are consistent with those of the previous financial year except for the following new and amended IFRS adopted during the year starting 1 July 2018:

	Effective for accounting period beginning on or after
<u>New or revised standards</u>	
IFRS 15 Revenue from Contracts with Customers	01-Jan-18
IFRS 9 Financial Instruments	01-Jan-18
IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration	01-Jan-18
<u>Amendments</u>	
Transfers of Investment Property (Amendments to IAS 40)	01-Jan-18
IAS 28 Investments in Associates and Joint Ventures – Clarification that measuring investees at fair value through profit or loss in an investment – by- investment choice	01-Jan-18
Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)	01-Jan-18
Clarifications to IFRS 15 'Revenue from Contracts with Customers'	01-Jan-18
Applying IFRS 9 'Financial Instruments' with IFRS 4 'Insurance Contracts' (Amendments to IFRS 4)	01-Jan-18
IFRS 1 First-time Adoption of International Financial Reporting Standards - Deletion of short-term exemptions for first-time adopters	01-Jan-18

2. CHANGES IN ACCOUNTING POLICIES (CONT'D)

2.1 STANDARDS, AMENDMENTS TO PUBLISHED STANDARDS AND INTERPRETATIONS EFFECTIVE IN THE REPORTING PERIOD (CONT'D)

Where the adoption of the new and amended IFRS have an impact on the financial statements of the Company, the effect of the changes are described below:

IFRS 9 Financial Instruments

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement and is effective as from 1 January 2018. IFRS 9 includes requirements for the classification and measurement of financial assets and liabilities, impairment of financial assets and hedge accounting. The impairment requirements will lead to significant changes in the accounting for financial instruments for the Company. The Company will not restate comparatives on initial application of IFRS 9 on 1 July 2018 but will provide detailed transitional disclosures in accordance with the amended requirements of IFRS 7 Financial Instruments: Disclosures. Any change in the carrying value of financial instruments upon initial application of IFRS 9 will be recognised in equity.

The impact of adopting IFRS 9 is disclosed below.

The nature of these adjustments is described below.

(a) Classification and measurement

Under IFRS 9, debt instruments are subsequently measured at fair value through profit or loss, amortised cost, or fair value through OCI. The classification is based on two criteria: the Company's business model for managing the assets; and whether the instruments' contract cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

Financial assets will be measured at amortised cost if they are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and their contractual cash flows represent solely payments of principal and interest.

Financial assets will be measured at fair value through other comprehensive income if they are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and their contractual cash flows represent solely payments of principal and interest.

Other financial assets are measured at fair value through profit and loss. There is an option to make an irrevocable election for non-traded equity investments to be measured at fair value through other comprehensive income, in which case dividends are recognised in profit or loss, but gains or losses are not reclassified to profit or loss upon derecognition and impairment is not recognised in profit or loss.

The accounting for financial liabilities is largely unchanged.

The assessment of the Company's business model was made as of the date of application, 1 July 2018. The assessment of whether the contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

2. CHANGES IN ACCOUNTING POLICIES (CONT'D)

2.1 STANDARDS, AMENDMENTS TO PUBLISHED STANDARDS AND INTERPRETATIONS EFFECTIVE IN THE REPORTING PERIOD (CONT'D)

(a) Classification and measurement (Cont'd)

The following are the changes in the classification of the Company's financial assets:

(i) Other receivables (excluding prepayments and interest receivable), deposits and cash and cash equivalents were classified as 'Loans and receivables' as at 30 June 2018 were held under the business model to collect contractual cash flows and that gave rise to cash flows representing solely payments of principal and interest. These were classified and measured as debt instruments at amortised cost beginning 1 July 2018.

(ii) The Company investment in equity securities were classified as financial assets at fair value through profit or loss and under IFRS 9 these are still being classified as financial assets at fair value through profit or loss. Hence no changes in classification.

(b) Impairment

IFRS 9 introduces a revised impairment model which requires entities to recognise Expected Credit Losses ('ECL') based on unbiased forward-looking information. This replaces the existing IAS 39 incurred loss model which only recognises impairment if there is objective evidence that a loss is already incurred and would measure the loss based on the most probable outcome. The IFRS 9 impairment model is applicable to all financial assets at amortised cost, lease receivables, debt financial assets at fair value through other comprehensive income, loan commitments and financial guarantee contracts. This presents a change from the scope of the IAS 39 impairment model which excludes loan commitments and financial guarantee contracts (these were covered by IAS 37: Provisions, Contingent Liabilities and Contingent Assets).

The measurement of expected credit loss involves increased complexity and judgement including estimation of probabilities of default, loss given default, a range of unbiased future economic scenarios, estimation of expected lives, estimation of exposures at default and assessing increases in credit risk.

The Company has short term deposits with reputable financial institution and these assets are investment grades and hence low credit risks are associated with holding of these assets. The ECL adjustments have been determined to be insignificant hence no adjustment made to the financial statements.

2.2 ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The following standards, amendments to existing standards and interpretations were in issue but not yet effective. They are mandatory for accounting periods beginning on or after the specified dates, but the Company has not early adopted them and intends to adopt those standards when they become effective.

	Effective for accounting period beginning on or after
<u>New or revised standards</u>	
IFRS 16 Leases	01-Jan-19
IFRS 17 Insurance Contracts	01-Jan-21

2. CHANGES IN ACCOUNTING POLICIES (CONT'D)

2.2 ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (CONT'D)

	Effective for accounting period beginning on or after
Amendments	
Amendments to IFRS 10 and IAS 28: Sales on contribution of Assets between an investor and its associate or joint venture deferred indefinitely	01-Jan-19
Long term Interests in Associates and Joint Ventures – Amendments to IAS 28	01-Jan-19
Plan Amendments, Curtailment or settlement – Amendment to IAS 19	01-Jan-19
AIP IFRS 3 Business Combinations – Previously held Interests in a joint operation	01-Jan-19
AIP IFRS 11 Joint Arrangements – Previously held interests in Joint operation	01-Jan-19
AIP IAS 12 Income Taxes – Income tax consequences of payments on financial instrumen	01-Jan-19
AIP IAS 23 Borrowing costs – Borrowing costs eligible for capitalisation	01-Jan-19
Definition of a Business – Amendments to IFRS 3	01-Jan-20
Definition of Material – Amendment to IAS 1 and IAS 8	01-Jan-20
The conceptual Framework for Financial Reporting	01-Jan-20
IFRIC Interpretation 23 Uncertainty over Income Tax Treatments	01-Jan-19
Prepayment Features with Negative Compensation (Amendments to IFRS 9)	01-Jan-19

The new standards and interpretations listed above are not expected to have an impact on the financial statements of the Company.

3. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of preparation

The financial statements of SICOM Overseas Diversified Fund comply with the Trust Deed and have been prepared in accordance with International Financial Reporting Standards (IFRS). Where necessary, comparative figures have been amended to conform with change in presentation in the current year. The financial statements are prepared under the historical cost convention except for financial assets at fair value through profit or loss are stated at their fair value and loans and receivables are carried at amortised cost.

(b) Financial instruments

Initial recognition, classification and measurement (Policy effective from 1 July 2018)

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Financial instruments (Cont'd)

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Company. The Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows

And

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Company's financial assets at amortised cost includes other receivables (Note 5), and investment in bonds and deposits.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Financial instruments (Cont'd)

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

This category has two sub-categories: 'financial assets held for trading and those designated at fair value through profit or loss at inception'. A financial asset is classified into the 'financial assets at fair value through profit or loss category at inception if acquired principally for the purpose of selling in the short term, if it forms part of a portfolio of financial assets in which there is evidence of short-term profit-taking, or if so designated by management. The Company has classified its investment in equity securities as financial assets at fair value through profit or loss and these are managed on a fair value basis.

These investments are initially recorded at fair value. Subsequent to initial recognition, they are re-measured at fair value. Changes in fair value are recorded in net gain/ (loss) on financial assets at fair value through profit or loss'.

Initial recognition, classification and measurement (Policy effective before 1 July 2018)

Financial assets and financial liabilities are recognised in the statement of financial position when the Fund has become party to the contractual provisions of the financial instruments.

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL) and 'held-for-maturity'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

(i) *Effective interest method*

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant year. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or where appropriate, a shorter period.

(ii) *Financial assets at FVTPL*

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- on initial recognition it is a part of an identified portfolio of financial instruments that the Fund manages together and has any recent actual pattern of short-term profit-taking.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Fund's documented risk management and investment strategy, and information about the grouping is provided internally on that basis.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Financial instruments (Cont'd)

Financial assets at FVPTL are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend on the financial asset. Fair value is determined in the manner described in note 3(g).

(iii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate.

(iv) Impairment of financial assets

Policy effective from 1 July 2018

Overview of the ECL principles

As described in Note 2.2, the adoption of IFRS 9 has fundamentally changed the Company's loss impairment method by replacing IAS 39's incurred loss approach with a forward-looking ECL approach. From 1 July 2018, the Company has been recording the allowance for expected credit losses on other debt financial assets not held at FVPL, in this section all referred to as 'financial instruments'. Equity instruments are not subject to impairment under IFRS 9.

The Company has invested in investment grade term deposits and hold these with reputable financial institutions. The credit risk have been assessed as low and ECL assessed to be insignificant.

Policy effective before 1 July 2018

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets. If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Financial instruments (Cont'd)

(v) Derecognition of financial assets

The Fund derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Fund neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Fund recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Fund retains substantially all the risks and rewards of ownership of a transferred financial asset, the Fund continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities

Financial liabilities are classified as other financial liabilities.

Other financial liabilities

Other financial liabilities, including borrowings and other payables, are initially measured at fair value, net of transaction costs. Subsequently they are measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

(i) Derecognition of financial liabilities

The Fund derecognises financial liabilities when, and only when, the Fund's obligations are discharged, cancelled or they expire.

(ii) Units

Units issued by the Fund are recorded at the proceeds received net of direct issue costs. They are redeemable at any time at the option of the unitholder for cash and do not have a par value and an unlimited number of units may be issued. The units are financial liabilities and therefore the net assets attributable to unitholders are classified within liabilities in the statement of financial position and distributions to unitholders are included as dividend in profit or loss.

(c) Dividend and interest income

Interest receivable from bank, foreign deposits, loan and treasury bills are credited to profit or loss on an accrual basis using effective interest method. Dividends receivable from securities are accounted for in profit or loss when the right for payment is established.

(d) Equalisation

Accrued income included in the issue and repurchase prices of units are dealt with in profit or loss

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

(i) Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Fund's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

(ii) Deferred tax

Deferred taxation is provided on the comprehensive basis using the liability method. Deferred tax liabilities are recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Deferred income tax is determined using tax rates that have been enacted or substantively enacted at the reporting date and are expected to apply on the period when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised.

(f) Foreign currency translation

Monetary assets and monetary liabilities denominated in foreign currencies at the end of the reporting period are translated into Mauritian rupees at the rate of exchange ruling at that date. Any exchange gains or losses arising are recognised in profit or loss. Foreign currency transactions are converted into Mauritian rupees at the exchange rate ruling at the dates of the transactions.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date of the transactions.

Translation differences on non-monetary items, such as equities held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on non-monetary items, such as equities classified as available-for-sale financial assets, are included in the fair value reserve in equity.

(g) Fair value

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

The fair value of the financial instruments traded in active markets is based on quoted market prices at the reporting date. The quoted market price used for financial assets and financial liabilities is the current market price.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Provisions

A provision is recognised when there is a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each financial reporting date and adjusted to reflect the current best estimate.

(i) Cash and cash equivalents

Cash and cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. They are measured at fair value, based on the relevant exchange rates at the reporting date.

(j) Related parties

Related parties are individuals and companies where the individual or company has the ability directly or indirectly, to control the other party or exercise significant influence over the other party in making operating and financial decisions.

(k) Transactions costs

Transactions costs are costs incurred to acquire financial assets or liabilities at fair value through profit or loss. They include fees and commissions paid to agents and brokers. Transactions costs, when incurred, are immediately recognised in profit or loss as an expense.

(l) Distributions payable to unitholders

Proposed distributions to unitholders are recognised in profit or loss when they are appropriately authorised and the decision is deemed irrevocable. The distribution on the units is recognised as dividend in profit or loss.

(m) Increase/decrease in net assets attributable to unitholders

Income not distributed is included in net assets attributable to unitholders. Movements in net assets attributable to unitholders are recognised in the statement of movements in net assets.

4. ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements in accordance with IFRS requires management to exercise judgement in the process of applying the accounting policies. It also requires the use of accounting estimates and assumptions that may affect the reported amounts and disclosures in the financial statements. Judgements and estimates are continuously evaluated and are based on historical experience and other factors, including expectations and assumptions concerning future events that are believed to be reasonable under the circumstances. The Fund makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

4. ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

Areas where management has applied a higher degree of judgement that have a significant effect on the amounts recognised in the financial statements, or estimations and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

Units in issue

The Fund has classified the units in issue as financial liabilities on the basis that apart from the contractual obligation to redeem the units, the Fund has a contractual obligation to distribute income to the unitholders either by way of dividend, bonus issue or in whatever form the Manager may think fit.

5. OVERSEAS QUOTED EQUITIES

Financial Assets at Fair Value through Profit or Loss (FVTPL)

(a) The movement in investments is as follows:

<i>Fair value through profit or loss - held for trading investments</i>	2019	2018
	Rs.	Rs.
At 1 July	72,309,465	58,289,584
Additions	-	20,372,335
Disposals	(7,476,790)	(11,476,972)
Fair value gains/(losses)	4,086,708	5,124,518
At 30 June	68,919,383	72,309,465

(b) FVTPL investments are denominated in the following currency:

	2019	2018
	Rs.	Rs.
United States Dollar (USD)	68,919,383	72,309,465

	2019	2018	% of Fund	
	Rs.	Rs.	2019	2018
Mature Market	8,429,737	7,714,277	10.42	9.92
Mutual Funds:				
Equity Funds	43,419,984	48,440,334	53.64	62.27
Mixed Allocation Funds	17,069,662	16,154,855	21.09	20.77
	68,919,383	72,309,465	85.15	92.96

The overseas equities are stated at fair value based on the net asset value per share published as at 30 June 2019.

6 (a). DEBT INSTRUMENT AT AMORTISED COST

LOCAL CURRENCY DENOMINATED DEPOSITS/TREASURY BILLS

	2019	2018
	Rs.	Rs.
Financial assets at amortised cost		
At 1 July	6,239,882	8,058,855
Additions	6,320,673	6,239,882
Maturity	(12,560,555)	(8,058,855)
At 30 June	-	6,239,882
TREASURY BILLS	2019	2018
	Rs.	Rs.
Financial assets at amortised cost		
At 1 July	-	-
Additions	4,450,871	-
Maturity	-	-
At 30 June	4,450,871	-

These consist of deposits with financial institutions with interest rates 3.00% to 3.23% per annum and maturing between June 2018 to December 2019. None of the financial assets are either past due or impaired.

6 (b). DEBT INSTRUMENT AT AMORTISED COST

FOREIGN CURRENCY DENOMINATED DEPOSITS

These comprise of the following:

	2019	2018	% of Fund	
	Rs.	Rs.	2019	2018
<u>Cash and cash equivalents</u>				
Call deposits denominated in USD	4,801,950	-	5.93	-

These consist of deposits with financial institutions with interest rates 2.73% per annum and maturing in September 2019. None of the financial assets are either past due or impaired.

7. OTHER RECEIVABLES

	2019	2018	% of Fund	
	Rs.	Rs.	2019	2018
Interest receivable on deposits	1,079	36,147	0.00	0.05
	1,079	36,147	0.00	0.05

The carrying amount of other receivables approximates their fair value. The classes within other receivables do not contain impaired assets. The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The Fund does not hold any collateral as security.

SICOM UNIT TRUST - SICOM OVERSEAS DIVERSIFIED FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

32.

8. OTHER PAYABLES

	2019	2018	% of Fund	
			2019	2018
	Rs.	Rs.		
Manager's fees	448,113	198,907	0.55	0.25
Trustee's fees	67,217	29,836	0.08	0.04
Auditors' remuneration	217,350	207,000	0.27	0.27
Other fees	1,390	907	0.00	0.00
	734,070	436,650	0.90	0.56

The carrying amount of other payables approximates their fair value due to their short term nature.

9. DIVIDENDS PAYABLE - DISTRIBUTION TO UNITHOLDERS

	2019	2018
	Rs.	Rs.
Distribution of Re 0.3625 (2018: Re 0.3945) per unit	2,408,875	2,571,498

Distribution is recognised as a liability because in terms of the Trust Deed, the Fund has to distribute its net income.

10. INCOME TAX RECOVERABLE

	2019	2018
	Rs.	Rs.
At 1 July	43,457	125,508
Credited to profit or loss (note 11(i))	25,049	(91,083)
Tax paid previous year	22,290	9,032
At 30 June	90,796	43,457

Deferred income tax is calculated on all temporary differences under the liability method at the rate of 15% (2018: 15%). The tax losses expire on a rolling basis over 5 years.

11. TAXATION

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

	2019	2018
(i) <i>Income tax charge/(credit)</i>	Rs.	Rs.
Underprovision in previous year	65,747	134,540
Deferred tax (note 10)	(90,796)	(43,457)
To profit or loss	(25,049)	91,083

SICOM UNIT TRUST - SICOM OVERSEAS DIVERSIFIED FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

33.

11. TAXATION (CONT'D)

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

	<u>2019</u>	<u>2018</u>
	Rs.	Rs.
Profit for the year before dividend	<u>6,471,069</u>	<u>7,786,915</u>
Tax calculated at 15% (2018: 15%)	970,660	1,168,037
Tax effects of:		
- Expenses not deductible for tax purposes	(1,061,537)	(1,212,327)
- Income not subject to tax	81	832
- Under provision in previous year	<u>65,747</u>	<u>134,540</u>
Tax (credit)/charge	<u>(25,049)</u>	<u>91,083</u>

12. INVESTMENT INCOME

	<u>2018</u>	<u>2018</u>
	Rs.	Rs.
<u>Loans and receivables</u>		
Interest on deposits	111,193	217,797
<u>Cash and cash equivalents</u>		
Interest and net exchange losses/gains on bank balances	261,938	370,680
<u>Held for trading</u>		
Dividend on overseas securities	137,027	214,937
Profit on disposal of overseas securities	2,990,205	2,957,656
Fair Value Adjustment	<u>4,086,708</u>	<u>5,124,518</u>
	<u>7,587,071</u>	<u>8,885,588</u>

13. MANAGER'S FEES

Manager's fees are paid to SICOM Financial Services Ltd based on 1% p.a of the Net Asset Value of the Fund. The fees which are calculated on a daily basis are payable monthly in arrears.

14. TRUSTEE'S FEES

Trustee's fees are paid to the Mauritius Commercial Bank Limited based on 0.15% p.a of the Net Asset Value of the Fund. The fees are calculated on a daily basis and are payable monthly in arrears.

SICOM UNIT TRUST - SICOM OVERSEAS DIVERSIFIED FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

34.

15. UNITS

(a) Movements in units during the year:

	2019		2018	
	No. of Units	Rs.	No. of Units	Rs.
Net assets of the Fund at 1 -Jul	6,518,371.54	77,789,707	6,419,616.92	73,484,717
Units created	180,780.08	2,188,246	149,243.37	1,726,551
Units liquidated	(53,978.43)	(613,230)	(50,488.75)	(586,451)
Profit not distributed for the year	-	4,087,366	-	5,124,641
Realised loss on disposal of securities	-	(2,514,007)	-	(1,959,444)
Income and distribution account	-	(123)	-	(307)
Net assets of the Fund at 30 June	6,645,173.19	80,937,959	6,518,371.54	77,789,707

(b) Net asset value per unit:

	2019	2018
	Rs.	Rs.
NAV per unit (cum-div)	12.54	12.33
NAV per unit (ex-div)	12.18	11.93

(c) Prices per unit at 2019 and 2018 (valuation dates)

	2019	2018
	Rs.	Rs.
Issue price (cum-div)	12.80	12.54
Re-purchase price (cum-div)	12.15	11.92

16. RELATED PARTY DISCLOSURES

The Fund is making the following disclosures in accordance with IAS 24 (Related Party Disclosures):

(a) Investment manager's holding company

	2019	2018
	Rs.	Rs.
(i) Units in Fund held at fair value		
At 1 July (ex-div)	41,656,621	38,927,455
Additions	1,414,878	1,108,617
Change in fair value	1,954,503	3,035,427
At end (cum-div)	45,026,002	43,071,499
Dividend payable	(1,342,462)	(1,414,878)
At 30 June (ex-div)	43,683,540	41,656,621
(ii) Dividend payable to investment manager's holding company	1,342,462	1,414,878

**SICOM UNIT TRUST - SICOM OVERSEAS DIVERSIFIED FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

35.

16. RELATED PARTY DISCLOSURES (CONT'D)

	2019	2018
	Rs.	Rs.
(b) <u>Investment manager</u>		
(i) Units in Fund held at end of year (fair value)	<u>15,035,530</u>	<u>14,262,349</u>
(ii) Investment Manager's fees	<u>776,186</u>	<u>766,390</u>
(iii) Dividend payable to Manager	<u>447,487</u>	<u>471,626</u>
(iv) Outstanding balances payable:		
- Manager's fees	<u>448,113</u>	<u>198,907</u>
(c) <u>Trustee</u>		
(i) Trustee's fees	<u>116,428</u>	<u>114,959</u>
(ii) Interest income on balances and deposits with local bank (Trustee)	<u>419</u>	<u>32,237</u>
(iii) Bank charges	<u>2,200</u>	<u>2,575</u>
(iv) Balances and deposits with local bank (Trustee)	<u>5,816,825</u>	<u>2,168,904</u>
(v) Outstanding balances payable:		
- Trustee's fees	<u>67,217</u>	<u>29,836</u>

17. FINANCIAL RISK MANAGEMENT

17.1 Financial risk factors

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

A description of the significant risk factors is given below:

(i) Market price risk

The Fund trades in overseas quoted securities.

All securities investment present a risk of loss of capital. The Fund's investment securities are susceptible to market price risk arising from uncertainties about future prices of the instruments. The Fund Manager moderates this risk through a careful selection of securities, investment diversification and by having investment limits. The maximum risk resulting from investment securities is determined by the fair value of the financial instruments. The Fund's overall market positions are monitored on a regular basis by the Fund Manager.

17. FINANCIAL RISK MANAGEMENT (CONT'D)

17.1 Financial risk factors (Cont'd)

(i) Market price risk (Cont'd)

The following table details the Fund's sensitivity to a 5% increase/decrease in the prices of securities.

	<u>2019</u>	<u>2018</u>
	Rs.	Rs.
<i>Increase/decrease of 5% in the prices of securities</i>		
Increase/decrease in net assets attributable to Unitholders	<u>3,445,969</u>	<u>3,615,473</u>

(ii) Foreign currency risk

The Fund has deposits and overseas investments denominated in USD and GBP. The Manager monitors the Fund's currency position on a regular basis. The carrying amount of the Fund's foreign currency denominated assets and liabilities at the reporting date are as follows:-

Assets	<u>2019</u>	<u>2018</u>
	Rs.	Rs.
Concentration of assets under:		
USD	72,527,117	85,452,783
GBP	<u>93,992</u>	<u>50,905</u>
	<u>72,621,109</u>	<u>85,503,688</u>

Liabilities

The Fund has no foreign currency denominated liabilities.

Consequently the fund is exposed to risks that the exchange rate of the Rupee relative to those other currencies may change in a manner which has an adverse effect on the reported value of that portion of the Fund's assets which is denominated in currencies other than the Rupee.

The following table details the Fund's sensitivity to a 5% increase/decrease of the Rupee against the USD and GBP.

	<u>2019</u>	<u>2018</u>
	Rs.	Rs.
<i>Increase/decrease of 5% in rate of exchange</i>		
Increase/decrease in net assets attributable to Unitholders	<u>3,631,055</u>	<u>4,275,184</u>

17. FINANCIAL RISK MANAGEMENT (CONT'D)

17.1 Financial risk factors (Cont'd)

(iii) Interest rate risk

The Fund is exposed to interest rate fluctuations on the international and domestic markets. The Manager monitors closely interest rate trends and related impact on investment income for performance evaluation and better fund management.

The interest rate profile of the Fund at 30 June was:

Financial assets	2019	2018
	% p.a	% p.a
<i>Cash and cash equivalents</i>		
Local currency denominated deposit	2.73 to 3.23	2.05 to 2.90
Bank Balances		
MUR	-	1.80
USD	-	0.88

Financial liabilities

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

The following table details the Fund's sensitivity to a 5% increase/decrease of the rate of interest of financial assets.

Increase/decrease of 5% in interest rate	2019	2018
	Rs.	Rs.
Increase/decrease in net assets attributable to Unitholders	-	1,882
Increase/decrease in income available for distribution to Unitholders	-	1,882

The increase or decrease in the interest rate sensitivity is due to fluctuations in bank balances and foreign deposits at 30 June 2019 as compared to 30 June 2018.

The interest rate sensitivity analysis excludes local fixed deposits which have fixed interest rates and will not be affected by fluctuations in the level of interest rates.

(iv) Credit and counterparty risk

Credit risk is the risk of financial loss to the Fund if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

Financial instruments which potentially expose the Fund to credit and counterparty risk consist principally of cash and cash equivalents and investments in equity securities. The Fund seeks to mitigate its exposure to credit and counterparty risk by placing its cash and transacting its securities with reputable financial institutions.

17. FINANCIAL RISK MANAGEMENT (CONT'D)

17.1 Financial risk factors (Cont'd)

(v) Liquidity risk

The Fund is exposed to daily cash redemptions of units and to repayment of other financial liabilities. Redemptions of units are permitted weekly. The Fund's other financial liabilities have contractual repayment ranging from on demand to six months. It therefore invests mostly in assets that are easily convertible into cash.

The Manager monitors the Fund's liquidity position on a regular basis. The Fund does not anticipate any significant liquidity concerns in funding redemption requests and other liabilities.

Liquidity risk is the risk that the Fund will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivery of cash or another financial assets.

The Fund manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of the financial assets and liabilities. It includes the Fund's assets and trading liabilities at fair values, categorised by the earlier of contractual re-pricing or maturity dates.

The maturity profile of the financial instruments is summarised as follows:

At 30 June 2019	Less than 1 month	1 to 3 Months	3 months to 1 year	No Stated Maturities	Total
	Rs.	Rs.	Rs.	Rs.	Rs.
Financial assets					
<u>Held for trading</u>					
Overseas quoted equities	-	-	-	68,919,383	68,919,383
All the quoted investments are classified as held-for-trading					
Local deposits/ Treasury Bills	-	2,086,231	2,364,640	-	4,450,871
Foreign Deposits		4,801,950			4,801,950
Other receivables		1,079	-		1,079
<u>Cash and cash equivalents</u>					
Bank balances	5,816,825	-	-	-	5,816,825
Total financial assets	5,816,825	6,889,260	2,364,640	68,919,383	83,990,108
Financial Liabilities					
Other payables	734,070	-	-	-	734,070
Dividend payable	-	2,408,875	-	-	2,408,875
Net assets attributable to unitholders	-	-	-	80,937,959	80,937,959
Total financial liabilities	734,070	2,408,875	-	80,937,959	84,080,904
Total liquidity gap	5,082,755	4,480,385	2,364,640	(12,018,576)	(90,796)

SICOM UNIT TRUST - SICOM OVERSEAS DIVERSIFIED FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

39.

17. FINANCIAL RISK MANAGEMENT (CONT'D)

(v) Liquidity risk (Cont'd)

At 30 June 2018	Less than 1 month	1 to 3 Months	3 months to 1 year	No Stated Maturities	Total
	Rs.	Rs.	Rs.	Rs.	Rs.
Financial assets					
<i>Held for trading</i>					
Overseas quoted equities	-	-	-	72,309,465	72,309,465
All the quoted investments are classified as held-for-trading					
Local deposits	-	4,202,818	2,037,064	-	6,239,882
Other receivables	-	3,777	32,370	-	36,147
<i>Cash and cash equivalents</i>					
Bank balances	2,168,904	-	-	-	2,168,904
Total financial assets	2,168,904	4,206,595	2,069,434	72,309,465	80,754,398
Financial Liabilities					
Other payables	436,650	-	-	-	436,650
Dividend payable	-	2,571,498	-	-	2,571,498
Net assets attributable to unitholders	-	-	-	77,789,707	77,789,707
Total financial liabilities	436,650	2,571,498	-	77,789,707	80,797,855
Total liquidity gap	1,732,254	1,635,097	2,069,434	(5,480,242)	(43,457)

17.2 Fair value estimation

The fair value of financial instruments traded in active markets is based on quoted market price at the end of the reporting period. A market is regarded as active if quoted prices are readily available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions. The quoted market price used for financial assets held by the Fund is the last traded price. These instruments are included in level 1. Instruments included in level 1 comprise primarily quoted equity investments classified as held-for-trading.

The fair value hierarchy of the Fund's financial assets (by class) measured at fair value is analysed as follows:

At 30 June 2019

Assets	Level 1
	Rs.
Financial assets held-for-trading	
- Overseas quoted equities	68,919,383

17. FINANCIAL RISK MANAGEMENT (CONT'D)

17.2 Fair value estimation (Cont'd)

At 30 June 2018

Assets	Level 1
	Rs.
Financial assets held-for-trading	
- Overseas quoted equities	72,309,465

Investments whose values are based on quoted market prices in active markets, and therefore classified within level 1, include overseas quoted equities. The Fund does not adjust the quoted price for these instruments.

The nominal value less estimated credit adjustments of other receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Fund for similar financial instruments.



SICOM Building, Sir Cécilcourt Antelme Street, Port Louis, Mauritius
t: (230) 203 8420 | f: (230) 208 0874 | e: sfsi@sicom.intnet.mu | w: www.sicomgroup.mu