

**MCB CASH MANAGEMENT FUND**  
the "FUND"

**ANNUAL REPORT**

**FOR THE YEAR ENDED JUNE 30, 2024**

# **MCB CASH MANAGEMENT FUND**

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<b>TABLE OF CONTENTS</b>	<b>PAGES</b>
MANAGEMENT & ADMINISTRATION	1
CORPORATE GOVERNANCE REPORT	2 - 15
STATEMENT OF COMPLIANCE	15 (a)
MANAGER'S REPORT	16
SECRETARY'S CERTIFICATE	17
INDEPENDENT AUDITOR'S REPORT	18 - 18 (b)
AUDITED FINANCIAL STATEMENTS	19 - 44

### **NOTICE**

Unless otherwise mentioned herein, all references of Acts and Regulations in this Annual Report relates to legislations issued in the Republic of Mauritius.

# MCB CASH MANAGEMENT FUND

## MANAGEMENT & ADMINISTRATION

		<b>Date of appointment</b>	<b>Date of resignation</b>
<b>BOARD MEMBERS</b>	Mr Patrick Eric Ronald Lam Yan Foon	December 09, 2015	-
	Mr Jean Hok Yui How Hong	September 21, 2017	-
	Ms Li Fa Cheung Kai Suet	January 31, 2022	March 19, 2024
	Mr Krishen Patten	May 06, 2024	-
	Ms Medina Sarah Torabally	June 11, 2024	-
<b>PLACE OF BUSINESS OF THE FUND</b>	C/o MCB Investment Management Co. Ltd 9-15, Sir William Newton Street Port Louis, MAURITIUS		
<b>REGISTERED OFFICE</b>	C/o Apex Fund & Corporate Services (Mauritius) Ltd Lot 15 A3 1st Floor, Cybercity Ebène 72201, MAURITIUS		
<b>FUND MANAGER</b>	<b>MCB Investment Management Co. Ltd</b> 9-15, Sir William Newton Street Port Louis, MAURITIUS		
<b>CORPORATE SECRETARY</b>	<b>Apex Fund &amp; Corporate Services (Mauritius) Ltd</b> Lot 15 A3 1st Floor, Cybercity Ebène 72201, MAURITIUS		
<b>REGISTRAR</b>	<b>MCB Registry &amp; Securities Ltd</b> 9-15, Sir William Newton Street Port Louis, MAURITIUS		
<b>BANKER</b>	<b>The Mauritius Commercial Bank Ltd</b> 9-15, Sir William Newton Street Port Louis, MAURITIUS		
<b>CUSTODIAN FOR INVESTMENTS</b>	<b>The Mauritius Commercial Bank Ltd</b> 9-15, Sir William Newton Street Port Louis, MAURITIUS		
<b>AUDITOR</b>	<b>BDO &amp; Co</b> 10, Frère Felix de Valois Street Port Louis, MAURITIUS		
<b>ISIN</b>	MU0511S00008		

# MCB CASH MANAGEMENT FUND

## CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED JUNE 30, 2024

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### 1. GOVERNANCE STRUCTURE

#### 1.1 Overview

MCB Cash Management Fund (the "Fund") was incorporated in Mauritius under the Companies Act 2001 on December 09, 2015 as a public company with liability limited by shares and is authorised by the Financial Services Commission (the "FSC") to operate as a Collective Investment Scheme, categorised as an Expert Fund pursuant to a Global Business Licence issued by the FSC. The Fund is not a public interest entity as defined by law but is required to apply the National Code of Corporate Governance for Mauritius (2016) (the "Code") by the FSC. It is committed to the highest standard of business integrity, transparency and professionalism in all its activities to ensure that the activities of the Fund are managed ethically and responsibly to enhance value for all stakeholders.

The Fund is managed by MCB Investment Management Co. Ltd (the "Manager"), a company duly licensed by the FSC to promote, manage and administer collective investment schemes and closed-end funds.

The Fund has no employees and its day-to-day operations are handled by its functionaries which include the Manager, a registrar and a custodian.

#### 1.2 Statement of Compliance

The board of directors has given and will continue to give due consideration to the principles of good corporate governance which are applicable to the Fund under the Code. It is worth noting that the Manager and the ultimate holding company of the Manager, MCB Group Limited ("MCBG"), are required to comply with the principles of the Code.

Throughout the year ended June 30, 2024 to the best of the Board's knowledge, the organisation has complied with the Code in all material aspects except for certain sections as mentioned and explained in the table below.

Principle	Section relating to	Reasons for non-compliance
2	Organisations should have at least an Audit Committee and a Corporate Governance Committee	Given that the Fund is a Collective Investment Scheme, this Principle is being complied with at the level of the Manager's holding and ultimate holding companies.
2	Board Structure with a designated chairperson, with an appropriate combination of executive, non-executive and independent directors and having both genders.	Given that the Fund is a Collective Investment Scheme with no employees, executive directors cannot be appointed. There is no designated Chairperson for the Fund and the chairperson for board meetings is decided when the directors meet. Moreover, the Board of the Manager is fully compliant with this Principle.

The board of directors will regularly reassess the requirements of the Code to ensure that the Fund remains compliant thereto.

# MCB CASH MANAGEMENT FUND

## CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED JUNE 30, 2024

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### 1.3 Constitutive documents or Charter documents

#### 1.3.1 Board Charter

The Board Charter has been duly approved by the Board and is reviewed by the latter on a regular basis. The Charter provides for delegation of authority and clear lines of responsibility with a reporting mechanism whereby matters affecting the affairs and reputation of the Fund are duly escalated to the Board of the Fund.

#### 1.3.2 Constitution and Prospectus

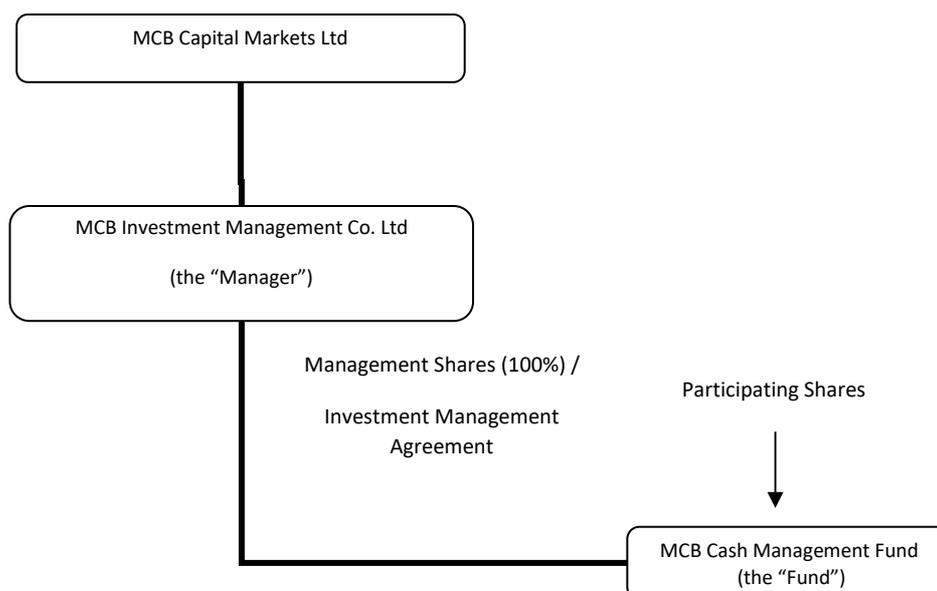
The constitution and prospectus of the Fund (the “Constitutive Documents”) have been duly approved by the Board and are reviewed by the latter on a regular basis. The Constitutive Documents provide for delegation of authority and clear lines of responsibility with a reporting mechanism whereby matters affecting the affairs and reputation of the Fund are duly escalated to the Board of the Fund.

The Constitutive Documents provide amongst others the following main objectives:

- (i) Defining the Fund's purpose, strategy and value;
- (ii) Determining policies and best practices to ensure that the business is conducted with the highest standards of ethical conduct within the Fund;
- (iii) Reviewing and, where appropriate, approving risk policy of the Fund; and
- (iv) Reviewing and approving the financial statements of the Fund.

#### 1.3.3 Organisation Structure

The Fund has issued one management share to the Manager, a wholly owned subsidiary of MCB Capital Markets Ltd (“MCBCM”), which is itself wholly-owned by MCBG.



# MCB CASH MANAGEMENT FUND

## CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED JUNE 30, 2024

### 1.3.4 Statement of Main Accountabilities

The Board is responsible and accountable for the long-term success of the Fund and has approved and set the main accountabilities of the Board collectively as follows:

Main Accountabilities	
<b>Chairperson</b>	<ul style="list-style-type: none"><li>-Provides overall leadership to the Board</li><li>-Ensures that the Board is effective in its tasks of setting and implementing the Fund's direction and strategy</li><li>-Ensures that the development needs of the directors are identified and appropriate training is provided to continuously update their skills and knowledge</li><li>-Maintains sound relations with the shareholders</li></ul>
<b>Board</b>	<ul style="list-style-type: none"><li>-Ensures compliance by the Fund with applicable legislation, regulation and policies</li><li>-Safeguards the assets of the Fund</li><li>-Ensures Board decisions are being implemented and the long-term interests of the shareholders are being served</li></ul>
<b>Secretary</b>	<ul style="list-style-type: none"><li>-Providing guidance to the Board relating to their duties, responsibilities and powers</li><li>-Informing the Board of all legislation pertaining to meetings of the shareholders and the Board</li><li>-Ensuring that the minutes of all meetings of shareholders and Board are properly recorded, and that all statutory registers are properly maintained</li><li>-Certifying in the annual financial statements, that the Fund has filed with the Registrar of Companies all such returns as are required under the Companies Act 2001 (the "Act") as may be amended from time to time</li></ul>

### 1.3.5 Material Clauses of the Constitution

As per the constitution of the Fund, no shareholder shall have any pre-emptive rights whatsoever to subscribe for any additional shares issued by the Fund. The Board is expressly permitted to issue further Redeemable Participating Shares as the case may be, at any time ranking as to voting or distribution rights or both equally with Redeemable Participating Shares, already issued by the Fund without such issue qualifying as a variation of class rights of the existing Redeemable Participating Shares.

## 2. THE BOARD STRUCTURE

### 2.1 Board roles and responsibilities

The Board's primary function is to direct and supervise the business and affairs of the Fund. The Board currently consists of four directors, at least two of whom shall at all times be resident in Mauritius. All board meetings of the Fund are chaired from and decisions are taken in Mauritius. The members of the Board are appointed by the holder of the Management Share.

The Fund is currently managed by a unitary Board of four members, residents of Mauritius, out of whom two (2) are Non-Executive and two (2) are Independent Non-Executive Directors.

There is no designated Chairperson for the Fund. The Chairperson for board meetings is decided when the directors meet.

# MCB CASH MANAGEMENT FUND

## CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED JUNE 30, 2024

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The Board meets at least four times a year to review the investments, operations and administrative affairs of the Fund. There are no service contracts between the Fund and any of its directors in their personal capacity, nor are any such contracts proposed. A director may vote at, or be counted in the quorum of any meeting of the Board to consider any contract in which the director is interested, provided that such director declares the interest prior to the taking the vote at the meeting and causes such interest to be recorded in the register of interests.

All the members of the Board possess the necessary knowledge, skills, objectivity, intellectual honesty, integrity, experience and commitment to make sound judgements on various key issues relevant to the business of the Fund, independent of the Manager and to protect the interests of shareholders, clients and other stakeholders.

All directors receive timely information so that they are equipped to play as full a part as possible in board meetings. All board members have access to the Company Secretary for any further information they require.

The Fund has entered into an investment management agreement of unlimited duration with the Manager which gives the Manager full power to administer, supervise and direct the acquisition and/or disposal (by whatever means) of the Fund's investments subject to and in compliance with the investment objectives and in light of any reasonable instructions that may be given by the Board.

### 2.2 Composition of the Board

The Board examines the size, composition and the essential competencies of its members annually to ensure that there is an appropriate balance of skill, experience and knowledge to enable it to carry out its duties and responsibilities effectively. The Board currently comprises of four members as detailed below:

Name	Title	Category	Gender	Country of Residence
Jean Hok Yui HOW HONG	Director	Independent	Male	Mauritius
Patrick Eric Ronald LAM YAN FOON	Director	Non-Executive	Male	Mauritius
Krishen PATTEN	Director	Non-Executive	Male	Mauritius
Medina Sarah TORABALLY	Director	Independent	Female	Mauritius

The size of the Board and its level of diversity are commensurate with the size of the Fund which is a Collective Investment Scheme with no employees.

Given that the Fund has no employees, it is not possible to have executive directors. Day-to-day operations are handled by its functionaries which include the Manager, a registrar and a custodian.

Mr Patrick Eric Ronald Lam Yan Foon is a director of the Fund, the Manager and MCBCM.

### 2.3 Profile of Directors

A brief profile of each director along with their directorships is set out below:

#### (i) Jean Hok Yui How Hong, Independent Director

Mr. How Hong holds a Diploma in Sugar Technology (School of Agriculture, University of Mauritius). He has 40 years' management experience in the agro-industry, wholesale and distribution sector at Innodis Ltd. He was the Chief Operating Officer for 3 years and then Chief Executive Officer for 8 years prior to retiring in December 2016. Mr. How Hong has assumed functions of Executive Director of Mauritius Farms Ltd, and General Manager (Commercial Division) of Happy World Ltd.

Directorship in listed companies: Innodis Ltd, MCB India Sovereign Bond ETF and African Domestic Bond Fund (Stock Exchange of Mauritius).

# MCB CASH MANAGEMENT FUND

## CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED JUNE 30, 2024

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### (ii) Patrick Eric Ronald Lam Yan Foon (Rony Lam), Non-Executive Director

Mr. Lam started his career with KPMG in Beijing and London, where he qualified as a Chartered Accountant. Since 2000, he has pursued a career in investment banking at HSBC Investment Bank and Barclays in London and Asia. From 2007 to 2012, he was a Partner at Fenchurch Advisory Partners, a leading UK investment banking firm focused exclusively on advising financial institutions on mergers and acquisitions and capital markets transactions. Mr Lam was a Cambridge Commonwealth Trust scholar and holds a BA (Honours) and MA (Cantab) in Economics from Cambridge University. He also has a Diploma in Mandarin Chinese from Renmin University of China.

Directorship in listed companies: MCB India Sovereign Bond ETF and African Domestic Bond Fund (Stock Exchange of Mauritius).

### (iii) Krishen Patten, Non-Executive Director

Krishen Patten is the Head of Financial Risk at The Mauritius Commercial Bank Ltd since March 2021. He started his career at Goldman Sachs in London in 2006 in the Market Risk Management & Analysis unit covering market risks across several asset classes before joining LCH.Clearnet in London as a Fixed Income Risk Manager in 2012. He subsequently relocated to Abu Dhabi as a Senior Risk Specialist for the Abu Dhabi Investment Council from 2013 to 2016. He then joined AXYS Investment Partners Ltd as Chief Risk Officer from 2016 until 2021.

Krishen holds a first class Honours degree in Actuarial Science from the London School of Economics & Political Science. He is also both a CFA and FRM charterholder.

Directorship in other listed companies: MCB India Sovereign Bond ETF and African Domestic Bond Fund (Stock Exchange of Mauritius).

### (iv) Medina Sarah Torabally, Independent Director

Miss Medina Torabally holds a Bachelor of Laws (LLB) from the University of Reading (UK) and is a practising lawyer at the Bar of Mauritius. She is also admitted to the Bar of England & Wales. Prior to joining Prism Chambers as an associate, Medina was a litigation associate at Benoit Chambers for three years and a Fellow of the Permanent Court of Arbitration in Mauritius. Her practice since 2016 centred around commercial dispute resolution. She presently spearheads the dispute resolution team at Prism Chambers with a focus on tax controversy and advice.

Directorship in other listed companies: MCB India Sovereign Bond ETF and African Domestic Bond Fund (Stock Exchange of Mauritius).

## 2.4 Corporate Secretary

The Fund's secretary is Apex Fund & Corporate Services (Mauritius) Ltd, a private company incorporated in Mauritius with registered office address at Lot 15 A3, 1st Floor Cybercity, Ebene, 72201 Mauritius ("Corporate Secretary"). Apex Fund & Corporate Services (Mauritius) Ltd, is regulated by the Financial Services Commission and provide inter-alia management, fund administration, trusteeship and other corporate administration and secretarial services. The Corporate Secretary has a pool of professionals who have in-depth knowledge and understanding of the latest rules and regulations governing businesses and other legal entities. All board members have access to the Corporate Secretary for information relating to the Board matters. Profile of the key personnel of Apex Fund & Corporate Services (Mauritius) Ltd is below:

# MCB CASH MANAGEMENT FUND

## CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED JUNE 30, 2024

### Purnima Boyjonauth-Bhogun (Deepti)

Deepti is currently a Vice President at Apex Fund and Corporate Services Limited (AFCS) whereby she oversees a portfolio of clients which include a mixture of Funds, Global Business Licence companies, Authorised companies, Investment Managers, Investment Advisors, Trusts, Foundation and Domestic companies. Her main role is to ensure excellent client service, ensuring clients are being managed in line with the regulatory framework. She also acts as Director and authorised signatory on client companies. Moreover she leads a team and ensures proper guidance and coaching at all times along with ensuring efficiency.

Deepti holds a BSc (Hons.) Finance from the University of Mauritius and is ACCA (Association of Chartered Certified Accountants) qualified.

### Mohammad Salman Ibrahim Hatteea

More than a decade in the offshore industry during which he amassed the savoir-faire in fiduciary & corporate services.

During his career, he has been exposed to sophisticated vehicles including Investment Funds, regulated intermediaries amongst others. Such exposure had enhanced his understanding of the industry and given him the capabilities to participate in corporate structuring, handling company establishment and ongoing administration, be responsible for liaison with authorities, provided dedicated investors' services to HNWI/Institution Investors and much more.

He is currently pursuing his Bsc (Hons) Finance with Law at the Open University of Mauritius.

## 2.5 Board Attendance

Board meetings are usually held at least four times a year but may be convened at any time in case urgent matters need to be discussed.

No of Meetings held during the year *	4
<b>Directors</b>	
Mr. Jean Hok Yui How Hong*	4
Mr. Patrick Eric Ronald Lam Yan Foon	4
Ms. Li Fa Cheung Kai Suet (Resigned on March 19, 2024)	3
Mr. Krishen Patten (Appointed on May 06, 2024)	1
Ms. Medina Sarah Torabally (Appointed on June 11, 2024)	-

\* Physically or through their duly appointed alternate director pursuant to Article 23.9 of the Constitution.

## 2.6 Board Committees

Given that the Fund is a Collective Investment Scheme, all board committees have been set up at the level of the Manager's Group.

## 3 DIRECTORS APPOINTMENT PROCEDURES

### 3.1 Directors Selection

The Remuneration, Corporate Governance, Ethics and Sustainability Committee (RCGESC) of MCBG identifies suitable candidates for the Board of the Fund after determining whether the potential candidates have the required criteria it has established. The RCGESC then proposes the selected candidates to the Manager and the Board of the Fund for review and approval. The ultimate authority for appointment and induction of directors and for succession planning remain with the Board of directors of the Fund.

# MCB CASH MANAGEMENT FUND

## CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED JUNE 30, 2024

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### 3.2 Election and Re-election of Directors

All directors are re-elected each year at the annual meeting of shareholder.

### 3.3 Induction of new Directors

Ms. Medina Sarah Torabally and Mr. Krishen Patten were appointed as directors during the financial year. All new directors are given an induction pack, which comprises the offering and constitutive documents and the minutes of the last meeting of the Board. An introductory meeting is organised to explain the business activities of the Fund and its governing policies. The other directors as well as the Company Secretary are readily available to answer any queries that newly appointed directors may have with respect to the Fund.

The above mentioned induction programme meets the specific needs of both the Fund and the newly appointed directors and enable the latter to participate actively in Board discussions.

### 3.4 Professional Development

Directors are encouraged to keep themselves up to date with the professional practices and industry related developments. The Board regularly reviews and comes to an agreement with each director, if necessary, on his or her training and development needs. Upon request from directors, the Fund provides the necessary resources for developing and updating its directors' knowledge and capabilities.

### 3.5 Succession Planning

The Fund does not have any direct employees. MCBG is one of the largest group of companies in Mauritius with a large pool of talent with different skills, academic and professional qualifications, and expertise in various fields of business. The MCB Group strategy includes the recognition and fostering of talents within executive and management levels across the Group thus ensuring that opportunities are created to develop current and future leaders.

### 3.6 Time Commitment

Each director is expected to devote sufficient time and attention to the affairs of the Fund. The Fund anticipates a time commitment of at least 48 hours per annum. This will include attendance at Board meetings, the Annual Meeting of Shareholders and meetings as part of the Board evaluation process and training and development programmes. There is always the possibility of additional time commitment in respect of ad-hoc matters that may arise from time to time, and particularly when the Fund is undergoing a period of increased activity. The directors allocate sufficient time to the Fund's operation (refer to 2.5).

## 4 DIRECTORS DUTIES, REMUNERATION AND PERFORMANCE

### 4.1 Legal duties of Directors

The directors are aware of their legal duties under the Act and other relevant legislations. They exercise the required standard degree of care, skill and diligence which a reasonably prudent and competent director in such position would exercise. The Directors allocate sufficient time to the Company's operation (refer to 2.5).

### 4.2 Remuneration Philosophy

The RCGESC is responsible for the setting up and developing of the Group's policy concerning the remuneration of directors. MCB Group Ltd lays significant emphasis on appointing the right people with relevant skills and appropriate behaviours, and rewarding them, in line with market practice.

The Fund's remuneration philosophy for directors is a fixed annual director fees and a board attendance fee.

# MCB CASH MANAGEMENT FUND

## CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED JUNE 30, 2024

### 4.3 Directors' Remuneration

Directors	Remuneration from the Fund	
	2024	2023
	USD	USD
Mr. Jean Hok Yui HOW HONG	805	327
Mr. Patrick Eric Ronald LAM YAN FOON	-	-
Ms. Li Fa CHEUNG KAI SUET (Resigned on March 19, 2024)	106	327
Mr. Krishen PATTEN (Appointed on May 06, 2024)	-	-
Ms. Medina Sarah TORABALLY (Appointed on June 11, 2024)	-	-
	<u>911</u>	<u>654</u>

Directors who are already in an executive position within the MCB Group do not receive additional remuneration as Board member, in line with MCBG policy. Mr Jean Hok Yui How Hong and Ms Medina Sarah Torabally are entitled to a fixed annual director fees of MUR 75,000 and a fee of MUR 1,250 for board attendance each. The Board reviews the remuneration of independent and those non-executive directors who are eligible to receive director's remuneration, and recommendations are made to the RCGESC of MCB Group Ltd, the ultimate holding company.

### 4.4 Directors' interests in shares

The directors do not hold shares in the Fund directly or through any associate (as defined under the Listing Rules of the Stock Exchange of Mauritius).

### 4.5 Directors' service contracts

There are no fixed term contracts or service contracts between the Fund and the directors.

### 4.6 Related Party Transactions

Related party transactions have been conducted in accordance with the Conflicts of interest and Related Party Transaction Policy and the Code of Ethics. For related party transactions, please refer to note 17 of the Financial Statements.

### 4.7 Policies of the Fund and Code of Ethics

The following policies of the ultimate holding company, MCBG, have been adopted by the Manager:

- Information, Information Technology and Information Security Governance Policy
- Conflicts of interest and Related Party Transaction Policy
- Whistleblowing Policy
- Code of Ethics

Compliance with the Code of Ethics is regularly monitored and evaluated by the Board of the Manager. The above policies can be viewed on the website of MCBG.

### 4.8 Whistleblowing

The Whistleblowing Policy of MCBG provides all employees within the Group, including those of the Manager, a reporting channel on suspected misconduct or malpractice within the Manager without the risk of subsequent victimization or discrimination. The policy outlines the complaint handling and reporting processes to improve transparency.

# MCB CASH MANAGEMENT FUND

## CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED JUNE 30, 2024

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### 4.9 Information Governance

The Fund has outsourced substantially all its operations to reputable service providers, mainly within the MCB Group, to whom the policies (as per 4.7 above) of MCBG applies. The Board oversees information governance of its service providers.

### 4.10 Register of Interest

An interest register is maintained by the Corporate Secretary and is available for consultation by the shareholder upon request.

### 4.11 Directors' Performance

The Board acknowledges the need of regularly reviewing the performance and effectiveness of the Board and its Directors. The directors endeavour to maintain the same vigilance in leading the Fund. A review is currently being carried out by means of a questionnaire to be filled by each Director to assess the Board's effectiveness and whether directors continue to discharge their respective duties effectively.

## 5 RISK GOVERNANCE AND INTERNAL CONTROL

The Board of Directors has delegated the responsibilities to ensure the effectiveness of the internal control systems to the Manager of the Fund which has set adequate policies to provide reasonable assurance that risks are identified and managed appropriately. Any serious issue arising is take at Board level.

The Manager's policy on risk management encompasses all significant business risks including physical, operational, human resources, technology, business continuity, financial, compliance and reputational which could influence the achievement of the Fund's objectives.

The system of internal control, which is embedded in all key operations of the Manager, provides reasonable rather than absolute assurance that the Fund's business objectives will be achieved.

The Manager, is responsible for the design, implementation and monitoring of all risk, compliance and anti-money laundering policies and procedures of the Fund and has a direct reporting line to the Board of Directors.

The Board is satisfied regarding the implementation, operation and effectiveness of internal control and risk management.

The risk management mechanisms in place include:

- A system for the ongoing identification and assessment of risk;
- Development of strategies in respect of risk and definition of acceptable and non-acceptable levels of risk;
- Reviewing the effectiveness of the system of internal control; and
- Processes to reduce or mitigate identified risks and contain them within the levels of tolerance defined by the Board.

The key risks for the Fund are legal, regulatory, operational, reputational, performance and financial risks. The Board is ultimately responsible for these matters but delegates the ongoing tasks to the Manager.

**Legal and regulatory risks** are mainly the risks that the Fund does not comply with legal & regulatory requirements namely FSC and Registrar of Companies. These risks are managed by the Board, taking advice from the Fund's legal advisor where appropriate and setting out of proper processes and procedures in order to comply with all relevant legislations in force to safeguard the assets of the Company. The Board is also covered under appropriate insurance cover taken by the Fund's immediate holding company. Regulatory reporting has outsourced to experienced team of professionals within the MCB Group.

# MCB CASH MANAGEMENT FUND

## CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED JUNE 30, 2024

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The **operational risks** profile of business activities and processes have been analysed and following evaluation, appropriate controls have been designed and implemented. In addition, risk arising from business processes is managed through the application of the necessary technical controls at every stage of those processes.

**Reputational and performance risks** are managed by the Board.

The identification and management of the financial risks are discussed in note 4 to the Financial Statements.

During the financial year under review all significant areas with respect to risk governance were covered by the internal control and no risk or deficiency has been noted in the organisation's system of internal controls.

### 6 REPORTING WITH INTEGRITY

#### 6.1 Health and Safety Issues

The Manager is committed to the highest standards of integrity and ethical conduct in dealing with all its stakeholders.

The Fund however does not have any employees.

#### 6.2 Corporate Social Responsibility

There were no Corporate Social Responsibility contributions made during the year under review.

#### 6.3 Charitable Donation

No donation was made by the Fund during the year under review.

#### 6.4 Political Donation

The Fund did not make any political donation during the year under review.

#### 6.5 Documents on website

The prospectus, constitution, Board charter, the interim accounts and the latest Audited Financial Statements as well as the Manager's corporate governance undertakings are published on the website of MCB Capital Markets. These documents have been approved by the Board and are monitored and updated in a timely manner further to any changes in laws requirements from regulatory bodies or decision taken by the Board.

#### 6.6 Assessment of the organisation's financial, environmental, social and governance position performance and outlook

The assessment of the organisation's financial, social and governance position performance and outlook are detailed in the Manager's report.

### 7 AUDIT

#### 7.1 Internal Audit

Given that the Fund is a Collective Investment Scheme, internal audit assignments are done at the level of the Manager.

The internal audit function of the Manager is outsourced to the Group Internal Audit Department of The Mauritius Commercial Bank Ltd (GIA), which provides another balanced assessment of key risks and controls, independent from reports received from the Manager's management.

# MCB CASH MANAGEMENT FUND

## CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED JUNE 30, 2024

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The Head of GIA is independent of the Executive Management of the Manager and reports to the Audit Committee of MCBCM semi-annually. The audit team executes its duties freely and objectively in accordance with the Institute of Internal Auditors' Code of Ethics and International Standards on independence and objectivity. All members of the audit team are required to sign the Code of Ethics on an annual basis.

GIA ensures that the quality of internal audit services provided to the Manager is aligned with recognised best practices. GIA leverages on a systematic and disciplined approach, notably through the use of well-focused audit work programs and computer aided audit techniques to evaluate the effectiveness of the internal control systems of the Manager. The Institute of Internal Auditors requires each internal audit function to have an external quality assessment conducted at least once every five years. The last exercise was carried out in October 2023, by an internationally recognised auditing firm which confirmed the Internal Audit BU's compliance with the International Standards for the Professional Practice of Internal Audit issued by the above-mentioned institute.

Areas, systems and processes covered by internal audit including non-financial matters are as follows:

- Governance: Review of minutes of Board meetings and review of monitoring process of the Risk and Compliance Unit
- Accounting: Bank reconciliation and fixed assets
- Investment: Investment agreement
- CIS Management: Settlement and dealing, pricing and reporting
- Client take-on: Unit trust –application and redemption
- IT: Quantis logical access management, disaster recovery, shared folder administration, Service Level Agreement
- Others: Human resources analysis
- AML/CFT procedures in place

There are no restrictions placed on the internal auditors in conducting their audit exercises.

### 7.2 External Auditor

The current auditor is BDO & Co and has been appointed in June 2016 and the tenure of office will be reviewed in due course in line with good governance.

The Board receives reports from the Fund's external auditor. The external auditor did not carry out non-audit services for the Fund during the financial year under review.

The Board recommends the appointment of external auditor to the shareholder.

The Board also evaluates the performance of the External Auditor and reviews the integrity, independence and objectivity of the External Auditor by:

- Confirming that the External Auditor is independent from the Fund
- Considering whether the relationships that may exist between the Fund and the External Auditor impair the External Auditor's judgement

The board will recommend that the audit partner for the Fund be rotated every seven years.

# MCB CASH MANAGEMENT FUND

## CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED JUNE 30, 2024

### 7.3 Auditor's Fees

The audit fees payable to the auditor for the year under review were as follows:

	2024	2023
	USD	USD
Audit fees - BDO & Co	<u>4,365</u>	<u>3,968</u>

Fees are inclusive of VAT. No other services have been provided by the auditor for the year under review.

### 8 RELATIONS WITH THE SHAREHOLDER AND OTHER KEY STAKEHOLDERS

Shareholders are kept properly informed on matters affecting the Fund. The annual meeting of shareholder is held in accordance with the Act and upon consultation with the shareholder. Notices for the annual meeting and other shareholder meetings are duly sent to the shareholder.

The Fund's website is used to provide relevant information to other stakeholders. Open lines of communication are maintained to ensure transparency and optimal disclosure.

#### 8.1 Shareholders Agreement Affecting The Governance of the Fund by the Board

There is currently no such agreement.

#### 8.2 Major Transaction

No major transaction as defined under section 130(2) of the Act was undertaken.

#### 8.3 Third Party Management Agreement

##### (a) Investment Management Agreement

The Fund has entered into an investment management agreement with the Manager which gives the latter full power to administer, supervise and direct the acquisition and/or disposal (by whatever means) of the Fund's investments subject to and in compliance with the investment objectives and in light of any reasonable instructions that may be given by the Board. The Manager fulfils additional duties and reporting obligations including:

- (i) To provide instructions with respect to the execution of purchases and sales of investments on behalf of the Fund as it deems to be in the best interests of the Fund;
- (ii) To make all material disclosures to the Fund regarding itself and its members, managers, partners, officers, directors, shareholders, employees, affiliates or any person who controls any of the foregoing, their investment performance and general investment methods, the investment performance of their customer accounts;
- (iii) To maintain a continuous record of all investments and securities acquired by the Fund and with respect to all transactions effected by it or on behalf of the Fund in accordance with such regulatory and reporting requirements of the FSC and such other relevant authorities;
- (iv) To maintain such books and records as are appropriate, check all periodical reports, transaction advice and/or statements received from time to time from the Custodian and shall render to the Fund such periodic and special reports as the Fund may reasonably request from time to time;
- (v) To deal with applications for shares of the Fund and cause for the issue of shares duly subscribed for;
- (vi) To calculate the Net Asset Value of the Redeemable Participating Shares; and
- (vii) To perform (by itself or through other service providers) all administrative services required by the Fund and engage in any other lawful activities.

# MCB CASH MANAGEMENT FUND

## CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED JUNE 30, 2024

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### (b) Registrar

The Fund has appointed MCB Registry and Securities Ltd as its registrar (the "Registrar"). The Registrar is incorporated under the laws of Mauritius and is licensed by the FSC as a Registrar and Transfer Agent. The duties of the Registrar include:

- (i) Maintaining, in relation to each class of shares, the register of shareholders of the Fund and generally performing all actions related to the issuance and transfer of Redeemable Participating Shares and the safe-keeping of certificates, if any;
- (ii) Recording in the register all redemption and/or issue of Redeemable Participating Shares;
- (iii) Dealing with and replying to all correspondence and other communications addressed to the Fund in relation to the replacement or transfer of Redeemable Participating Shares; and
- (iv) Performing all other incidental services necessary to its duties, which duties are set out in the registrar and transfer agent agreement.

### (c) Corporate Secretary

Apex Fund & Corporate Services (Mauritius) Ltd has been appointed as corporate secretary. The Corporate Secretary is incorporated under the laws of Mauritius and is licensed by the FSC as a Management Company to, inter alia, provide company management services to Global Business companies. The duties of the Corporate Secretary include:

- (i) Providing guidance to the Board relating to their duties, responsibilities and powers;
- (ii) Informing the Board of all legislation pertaining to meetings of the shareholders and the Board;
- (iii) Ensuring that the minutes of all meetings of shareholders and Board are properly recorded, and that all statutory registers are properly maintained; and
- (iv) Certifying in the annual financial statements, that the Fund has filed with the Registrar of Companies all such returns as are and may be required under Mauritian laws.

## 8.4 Shareholders Holding more than 5% of the Fund

### Holders of Management Shares as at June 30, 2024

MCB Investment Management Co. Ltd	100.0%
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Mr. Patrick Eric Ronald Lam Yan Foon is director of the Fund, the Manager and MCBCM.

## 8.5 Share Option Plan

No such scheme currently exists within the Fund.

## 8.6 Timetable of important events

The Board aims to hold board meetings at least twice a year. Annual Meeting of Shareholders is usually held in November/December.

## 8.7 Distribution Policy

The Fund does not have a distribution policy as the holders of both Management Share and Redeemable Participating Shares do not have any rights to dividends.

# MCB CASH MANAGEMENT FUND

## CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED JUNE 30, 2024

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### STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors collectively as a Board acknowledge their responsibilities for the following and state that:

- (i) the financial statements fairly present the state of affairs of the Fund as at the end of the financial year and the result of operations and cash flows for the year;
- (ii) adequate accounting records and effective internal control systems and risk management have been maintained;
- (iii) appropriate accounting policies supported by reasonable and prudent judgements and estimates have been used consistently;
- (iv) the financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), International Accounting Standard (IAS) and the Companies Act 2001;
- (v) the financial statements have been prepared on a going concern basis;
- (vi) they are responsible for safeguarding the assets of the Fund;
- (vii) they are responsible for leading and controlling the organization and meeting all legal and regulatory requirements;
- (viii) they have taken reasonable steps for the prevention and detection of fraud and other irregularities.

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

Having taken all the matters considered by the Board and brought to the attention of the Board during the year into account, we are satisfied that the annual report and financial statements taken as a whole are fair, balanced and understandable.

For and on behalf of the Board of Directors:



.....  
Ms Medina Sarah Torabally  
**Director**



.....  
Mr Krishen Patten  
**Director**

Date: September 26, 2024

# MCB CASH MANAGEMENT FUND

## STATEMENT OF COMPLIANCE FOR THE YEAR ENDED JUNE 30, 2024

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### STATEMENT OF COMPLIANCE FOR THE YEAR ENDED JUNE 30, 2024

As per circular letter issued by the FSC on October 28, 2021

Name of Fund : MCB Cash Management Fund

Reporting Period : July 01, 2023 to June 30, 2024

We, the directors of MCB Cash Management Fund, confirm to the best of our knowledge that the Fund has complied with all of its obligations and requirements under the Code of Corporate Governance except for certain sections as mentioned and explained in section 1.2 of the Corporate Governance Report.

Signed for and on behalf of the Board of Directors on September 26, 2024.



.....  
Ms Medina Sarah Torabally  
Director



.....  
Mr Krishen Patten  
Director

# MCB CASH MANAGEMENT FUND

## MANAGER'S REPORT

### FOR THE YEAR ENDED JUNE 30, 2024

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#### Performance Review

As at June 30, 2024, the Fund size was USD 10.6m. It delivered an annualised return of 1.6% since inception (July 16, 2016) against its benchmark which returned 2.0% annualised for the same period. The Fund's benchmark was changed from 1 month Libor to SOFR + 15basis points as from July 2023. During the year, the Fund was up by 5.5% same as the benchmark return.

#### Portfolio Review

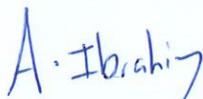
The Fund invests in short term (maturities less than a year) corporate and government bonds. The Fund invest across different maturities whilst maintaining a duration of 6 months. During the year, the Fund maintained an average of 30% exposure to high yield bonds (Investment Grade at 70%) in an effort to enhance yield of the portfolio. The Fund continues to deliver very attractive returns in such environment.

Portfolio characteristics as at the end of June 2024 are shown below:

Statistic	Fund
USD Exposure %	100.00%
Investment Grade exposure %	79.00%
Effective Duration (Years)	0.44
Current Yield %	5.80%

#### Outlook for Markets

The US Federal reserve (Fed) continued its hiking cycle during the first quarter of financial year 2024 and delivered a hike of 25 basis points in July 2023. It maintained the high interest rate environment throughout the financial year at 5.25-5.5%. Inflation rates showed some signs of easing compared to the peaks of 2022, but core inflation remained resilient. Yields on the short end remained very attractive during the year. The market is now anticipating the Fed to start cutting rates in September.



**MANAGER**

For and on behalf of

**MCB INVESTMENT MANAGEMENT CO. LTD**

## **MCB CASH MANAGEMENT FUND**

### **SECRETARY'S CERTIFICATE**

**FOR THE YEAR ENDED JUNE 30, 2024**

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Pursuant to section 166(d) of the Companies Act 2001, we certify that, to the best of our knowledge and belief, the Fund has filed with the Registrar of Companies all such returns as are required under the Companies Act 2001.



**SECRETARY**

For and on behalf of

**Apex Fund & Corporate Services (Mauritius) Ltd**

**Date: September 26, 2024**



## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of MCB Cash Management Fund

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of MCB Cash Management Fund (the "Fund"), set out on pages 19 to 44 which comprise the statement of financial position as at June 30, 2024, and the statement of profit or loss and other comprehensive income, statement of net assets attributable to holders of redeemable participating shares and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at June 30, 2024, and of its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") and comply with the Mauritian Companies Act 2001.

#### 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' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (the "IESBA Code"). 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.

#### Emphasis of matter

During the year ended June 30, 2020, the investment in notes issued by CM Structured Finance (1) Ltd for a facility to NMC Healthcare LLC ("NMC") had been impaired by USD 6M following various announcements made on the Regulatory News Service of the London Stock Exchange, whereby NMC Health PLC had reported debts of USD 2.1 billion as at June 30, 2019 and an estimated undisclosed debts of USD 4.5 billion as at March 23, 2020. At June 30, 2024, the Fund had a financial asset of USD 0.6M representing a 10% first loss guarantee which is recoverable at the end of the recovery process. As of date, the Fund awaits the outcome of the recovery process. Our opinion is not modified in respect of this matter.

#### Other Information

The Directors are responsible for the other information. The other information comprises the Management and Administration, Manager's Report and Secretary's Certificate but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

To the Shareholders of MCB Cash Management Fund

### **Responsibilities of Directors for the Financial Statements**

The Directors are responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards and in compliance with the requirements of the Mauritian Companies Act 2001, and for such internal control as the Directors determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

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

The Directors are responsible for overseeing the Fund's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

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

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



## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

To the Shareholders of MCB Cash Management Fund

### Report on Other Legal and Regulatory Requirements

#### *Mauritian Companies Act 2001*

The Mauritian Companies Act 2001 requires that in carrying out our audit we consider and report on the following matters. We confirm that:

- We have no relationship with, or interests in, the Fund, other than in our capacity as auditor and dealings in the ordinary course of business.
- We have obtained all information and explanations we have required.
- In our opinion, proper accounting records have been kept by the Fund as far as it appears from our examination of those records.

#### *Mauritian Financial Services Act 2007*

Our responsibility under the Mauritian Financial Services Act 2007 Circular Letter CL281021 is to report on the compliance with the Code of Corporate Governance ("Code") disclosed in the Annual Report and assess the explanations given for non-compliance with any requirement of the Code. From our assessment of the disclosures made on corporate governance in the Annual Report, the Fund has complied with the requirements of the Code.

#### **Other Matter**

This report is made solely to the Fund's Shareholders as a body, in accordance with Section 205 of the Mauritian Companies Act 2001. Our audit work has been undertaken so that we might state to the Fund's Shareholders 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 Shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Port Louis,  
Mauritius

*BDO & Co*

**BDO & Co**  
Chartered Accountants

**Pravesh Mogun, FCCA**  
Licensed by FRC

27 SEP 2024

18(b)

**MCB CASH MANAGEMENT FUND**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT JUNE 30, 2024**

	<b>Notes</b>	<b>2024</b>	<b>2023</b>
		<b>USD</b>	<b>USD</b>
<b>ASSETS</b>			
Other receivables	7	1,611,413	608,938
Current tax asset	11 (a)	668	-
Financial assets at fair value through profit or loss	6	8,879,437	18,013,788
Cash and cash equivalents	16 (b)	<u>1,163,293</u>	<u>851,310</u>
<b>Total assets</b>		<u><b>11,654,811</b></u>	<u><b>19,474,036</b></u>
<b>EQUITY</b>			
Management share	9	<u>10</u>	<u>10</u>
<b>LIABILITIES</b>			
Other payables	10	1,038,518	10,588
Current tax liabilities	11 (a)	<u>-</u>	<u>4,933</u>
Total liabilities (excluding net assets attributable to holders of redeemable participating shares)		<b>1,038,518</b>	15,521
<b>Net assets attributable to holders of redeemable participating shares</b>	8	<u><b>10,616,283</b></u>	<u>19,458,505</u>
<b>Total liabilities</b>		<u><b>11,654,801</b></u>	<u>19,474,026</u>
<b>Total equity and liabilities</b>		<u><b>11,654,811</b></u>	<u><b>19,474,036</b></u>
<b>Net asset value per share</b>		<u><b>1,132.35</b></u>	<u>1,074.53</u>

These financial statements have been approved for issue by the Board of Directors on September 26, 2024



Ms Medina Sarah Torabally  
 Director



Mr Krishen Patten  
 Director

The notes on pages 23 to 44 form an integral part of these financial statements.  
 Independent auditor's report on pages 18 to 18 (b).

## MCB CASH MANAGEMENT FUND

### STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2024

	Notes	2024 USD	2023 USD
<b>Income</b>			
Interest on fixed income securities	3 (b)	469,904	897,040
Refund from Manager (to cap total expense ratio)		19,744	18,900
		<u>489,648</u>	<u>915,940</u>
<b>Expenses</b>			
Manager's fees	12	28,916	57,952
Registrar's fees	13	5,326	10,663
Custodian's fees	14	4,627	9,273
Licence fees		8,969	8,014
Professional fees		6,035	5,341
Secretarial fees		3,278	4,133
Bank charges		931	1,244
		<u>58,082</u>	<u>96,620</u>
<b>Net income</b>		<u>431,566</u>	<u>819,320</u>
Fair value gains/(losses) on financial assets	6	42,403	(44,263)
Gains on disposal of financial assets		131,530	22,714
		<u>173,933</u>	<u>(21,549)</u>
<b>Profit before taxation</b>		605,499	797,771
Taxation	11 (b)	(9,233)	(37,621)
<b>Profit for the year</b>		<u>596,266</u>	<u>760,150</u>
Other comprehensive income		-	-
<b>Increase in net assets attributable to holders of redeemable participating shares</b>		<u>596,266</u>	<u>760,150</u>

The notes on pages 23 to 44 form an integral part of these financial statements.  
Independent auditor's report on pages 18 to 18 (b).

## MCB CASH MANAGEMENT FUND

### STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE PARTICIPATING SHARES FOR THE YEAR ENDED JUNE 30, 2024

	<u>Note</u>	<u>2024</u> USD	<u>2023</u> USD
At July 01,		19,458,505	25,551,333
Redemption of redeemable participating shares	8	(9,438,488)	(6,852,978)
Increase in net assets attributable to holders of redeemable participating shares		<u>596,266</u>	<u>760,150</u>
At June 30,		<u><u>10,616,283</u></u>	<u><u>19,458,505</u></u>

The notes on pages 23 to 44 form an integral part of these financial statements.  
Independent auditor's report on pages 18 to 18 (b).

# MCB CASH MANAGEMENT FUND

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2024

	<b>Notes</b>	<b>2024</b>	<b>2023</b>
		<b>USD</b>	<b>USD</b>
<b>Cash flows from operating activities</b>			
Cash used in operations	16 (a)	<b>(1,043,313)</b>	(79,134)
Tax paid	11 (a)	<b>(14,834)</b>	(40,942)
Interest received		<b>593,196</b>	847,472
Purchase of financial assets*		<b>(12,951,448)</b>	(25,930,065)
Proceeds from disposal of financial assets*		<b>23,166,870</b>	28,339,550
<b>Net cash generated from operating activities</b>		<b>9,750,471</b>	3,136,881
<b>Cash flows from financing activities</b>			
Redemption of redeemable participating shares	8	<b>(9,438,488)</b>	(6,852,978)
<b>Increase/(decrease) in cash and cash equivalents</b>		<b>311,983</b>	(3,716,097)
<b>Movement in cash and cash equivalents</b>			
At July 01,		<b>851,310</b>	4,567,407
Increase/(decrease) in cash and cash equivalents		<b>311,983</b>	(3,716,097)
<b>At June 30,</b>	16 (b)	<b>1,163,293</b>	851,310

\*Purchase of financial assets and proceeds from disposal of financial assets have been reclassified from investing activities to operating activities due to the nature of business of the Fund.

The notes on pages 23 to 44 form an integral part of these financial statements.  
Independent auditor's report on pages 18 to 18 (b).

# **MCB CASH MANAGEMENT FUND**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **FOR THE YEAR ENDED JUNE 30, 2024**

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#### **1 OBJECTIVE**

The Fund's objective is to achieve a consistent level of return commensurate with low risk investment strategies by investing primarily in fixed income securities issued by corporates and government.

These financial statements will be submitted for consideration and approval at the forthcoming annual meeting of shareholders of the Fund.

#### **2 BASIS OF PREPARATION**

The financial statements of MCB Cash Management Fund comply with the Companies Act 2001 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 that financial assets at fair value through profit or loss are stated at their fair values.

The financial statements of the Fund are presented in US Dollars (USD) which is the functional currency of the Fund and all values are rounded to the nearest dollar, except where otherwise indicated.

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

##### **IFRS 17 Insurance contracts**

IFRS 17 creates one accounting model for all insurance contracts in all jurisdictions that apply IFRS Accounting Standards. IFRS 17 requires an entity to measure insurance contracts using updated estimates and assumptions that reflect the timing of cash flows and take into account any uncertainty relating to insurance contracts. The financial statements of an entity will reflect the time value of money in estimated payments required to settle incurred claims. Insurance contracts are required to be measured based only on the obligations created by the contracts. An entity will be required to recognise profits as an insurance service is delivered, rather than on receipt of premiums. This standard replaces IFRS 4 – Insurance Contracts. The amendments have no impact on the Fund's financial statements.

##### **IAS 1 Presentation of Financial Statements & IFRS Practice Statement 2 Making Materiality Judgements**

Disclosure of Accounting Policies: The amendments require companies to disclose their material accounting policy information rather than their significant accounting policies, with additional guidance added to the Standard to explain how an entity can identify material accounting policy information with examples of when accounting policy information is likely to be material. These amendments have no effect on the measurement or presentation of any items of the Fund's financial statements but affect the disclosure of accounting policies of the Fund. During the year, only material accounting policy information is disclosed in the Fund's financial statements.

##### **IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors**

Definition of Accounting Estimates: The amendments clarify how companies should distinguish changes in accounting policies from changes in accounting estimates, by replacing the definition of a change in accounting estimates with a new definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". The requirements for recognising the effect of change in accounting prospectively remain unchanged. The amendments have no impact on the Fund's financial statements.

# **MCB CASH MANAGEMENT FUND**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **FOR THE YEAR ENDED JUNE 30, 2024**

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#### **2 BASIS OF PREPARATION (CONT'D)**

##### ***Standards, Amendments to published Standards and Interpretations effective in the reporting period (Cont'd)***

###### **IAS 12 Income Taxes**

Deferred Tax related to Assets and Liabilities arising from a Single Transaction: The amendment clarifies how a company accounts for income tax, including deferred tax, which represents tax payable or recoverable in the future. In specified circumstances, companies are exempt from recognising deferred tax when they recognise assets or liabilities for the first time. The aim of the amendments is to reduce diversity in the reporting of deferred tax on leases and decommissioning obligations, by clarifying when the exemption from recognising deferred tax would apply to the initial recognition of such items. The amendments have no impact on the Fund's financial statements.

International Tax Reform — Pillar Two Model Rules: The amendments provide a temporary exception to the requirements regarding deferred tax assets and liabilities related to pillar two income taxes. The amendments have no impact on the Fund's financial statements.

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

Certain standards, amendments to published standards and interpretations have been issued that are mandatory for accounting periods beginning on or after January 1, 2024 or later periods, but which the Fund has not early adopted.

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

##### **Effective date January 1, 2024**

###### **IAS 1 Presentation of Financial Statements**

Classification of Liabilities as Current or Noncurrent: Narrow-scope amendments to IAS 1 to clarify how to classify debt and other liabilities as current or non-current.

Non-current Liabilities with Covenants: Subsequent to the release of amendments to IAS 1 Classification of Liabilities as Current or Non-Current, the IASB amended IAS 1 further in October 2022. If an entity's right to defer is subject to the entity complying with specified conditions, such conditions affect whether that right exists at the end of the reporting period, if the entity is required to comply with the condition on or before the end of the reporting period and not if the entity is required to comply with the conditions after the reporting period. The amendments also provide clarification on the meaning of 'settlement' for the purpose of classifying a liability as current or non-current.

###### **IFRS 16 Leases**

Lease Liability in a Sale and Leaseback: The amendment clarifies how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale.

###### **IAS 7 Statement of Cash Flows & IFRS 7 Financial Instruments: Disclosures**

Supplier Finance Arrangements: The amendments add disclosure requirements, and 'signposts' within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangements

# **MCB CASH MANAGEMENT FUND**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **FOR THE YEAR ENDED JUNE 30, 2024**

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#### **2 BASIS OF PREPARATION (CONT'D)**

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

##### **Effective date January 1, 2025**

##### **IAS 21 The Effects of Changes in Foreign Exchange Rates**

Lack of Exchangeability: The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not.

##### **Effective date January 1, 2026**

##### **IFRS 9 Financial Instruments & IFRS 7 Financial Instruments: Disclosures**

Classification and Measurement of Financial Instruments: The amendments clarify that a financial liability is derecognised on the 'settlement date' and introduce an accounting policy choice to derecognise financial liabilities settled using an electronic payment system before the settlement date. Other clarifications include the classification of financial assets with ESG linked features via additional guidance on the assessment of contingent features. Clarifications have been made to non-recourse loans and contractually linked instruments. Also, additional disclosures have been introduced for financial instruments with contingent features and equity instruments designated at fair value through other comprehensive income.

##### **Effective date January 1, 2027**

##### **IFRS 18 Presentation and Disclosure in Financial Statements**

Presentation and disclosure in financial statements: IFRS 18 introduces new requirements on presentation within the statement of profit or loss, including specified totals and subtotals presented within the statement of profit or loss within one of the following five categories – operating, investing, financing, income taxes, and discontinued operations. It also requires disclosure of management-defined performance measures and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements and the notes. In addition, it brings about consequential amendments to other accounting standards. This standard replaces IAS 1 - Presentation of Financial Statements.

##### **IFRS 19 Subsidiaries without Public Accountability: Disclosures**

Subsidiaries without Public Accountability: Disclosures: IFRS 19 is a non-mandatory standard. It specifies the disclosure requirements that eligible subsidiaries are permitted to apply instead of the disclosure requirements in other IFRS accounting standards. It allows eligible entities to benefit from reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS accounting standards. Subsidiaries are eligible to apply IFRS 19 if they do not have public accountability and their parent, intermediate parent or ultimate parent company produces consolidated financial statements available for public use that comply with IFRS Accounting Standards.

##### **The effective date of this amendment has been deferred indefinitely until further notice**

##### **IFRS 10 Consolidated Financial Statements**

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28): Narrow scope amendment address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28 (2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

# MCB CASH MANAGEMENT FUND

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2024

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#### 2 BASIS OF PREPARATION (CONT'D)

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

The effective date of this amendment has been deferred indefinitely until further notice (Cont'd)

##### IAS 28 Investments in Associates and Joint Ventures

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28): Narrow scope amendment to address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28 (2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

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

#### 3. ACCOUNTING POLICIES

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

##### (a) Financial assets

The Fund classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired. The Manager determines the classification of investments at initial recognition.

##### (i) Fair value through profit or loss

The Fund classifies the following financial assets at fair value through profit or loss (FVTPL):

- investment in debt instruments which are held for trading and elected to be classified as FVTPL by the directors
- debt investments that do not qualify for measurement at either amortised cost or FVOCI

##### (i) Fair value through profit or loss

The Fund classifies the following financial assets at fair value through profit or loss (FVTPL):

- investment in debt instruments which are held for trading and elected to be classified as FVTPL by the directors
- debt investments that do not qualify for measurement at either amortised cost or FVOCI

##### (ii) Amortised cost

These assets arise principally where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

The Fund's financial assets measured at amortised cost comprise other receivables and cash and cash equivalents in the statement of financial position.

Cash and cash equivalents include bank balances.

# MCB CASH MANAGEMENT FUND

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2024

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#### 3. ACCOUNTING POLICIES (CONT'D)

##### (a) Financial assets (cont'd)

###### 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.

##### (b) Financial liabilities

The Fund classifies its financial liabilities as follows:

- Other payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

###### Derecognition of financial liabilities

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

##### (c) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Fund and the revenue can be reliably measured.

Interest income is recognised in profit or loss as it accrues.

##### (d) Net gains/(losses) from financial instruments at fair value through profit or loss

Net gains/(losses) from financial instruments at fair value through profit or loss include all realised and unrealised fair value changes.

##### (e) Fees & other expenses

Fees and other expenses are recognised in profit or loss on an accrual basis.

##### (f) Current and deferred income tax

###### *Current tax*

The current income tax charge is based on taxable income for the year calculated on the basis of tax laws enacted or substantively enacted by the end of the reporting period.

###### *Deferred tax*

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred income tax is determined using tax rates that have been enacted or substantively enacted at the reporting date and are expected to apply in the period when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable amounts will be available against which deductible temporary differences and losses can be utilised.

**MCB CASH MANAGEMENT FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2024**

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**3. ACCOUNTING POLICIES (CONT'D)**

**(g) Provisions**

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

**(h) Participating Shares**

The Fund classifies financial instruments issued as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments.

The Participating Shares are the most subordinate classes of financial instruments in the Fund and rank *pari passu* in all material respects and have the same terms and conditions. The Participating Shares provide investors with the right to require redemption for cash at a value proportionate to the investor's share in the Fund's net assets at each daily redemption date and also in the event of the Fund's liquidation.

The Participating Shares are classified as financial liabilities and are measured at the present value of the redemption amount.

**(i) Management Share**

Management share is classified as equity. Incremental costs directly attributable to the issue of management shares is recognised as a deduction from equity, net of any tax effects.

**(j) Capital Management**

The Redeemable Participating Shares issued by the Fund provide an investor with the right to require redemption for cash at a value proportionate to the investor's share in the Fund's net assets at each daily redemption date and are classified as liabilities. See Note 8 for a description of the terms of the Redeemable Participating Shares issued by

The Fund's objectives in managing the Redeemable Participating Shares are to ensure a stable base to maximise returns to all investors, and to manage liquidity risk arising from redemptions.

The Fund is not subject to any externally imposed capital requirements.

**(k) Foreign currencies**

**(i) *Functional and presentation currency***

The financial statements are presented in US Dollars (USD), which is the Fund's functional and presentation currency. The Fund's business or other activity is carried out in a currency other than the Mauritian rupee, which is a requirement of the Financial Services Act 2007. Subscriptions and redemptions of the redeemable participating shares in the Fund are denominated in US Dollar. The performance of the Fund is measured and reported to the investors in USD. The Board of Directors considers the USD as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions.

# **MCB CASH MANAGEMENT FUND**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **FOR THE YEAR ENDED JUNE 30, 2024**

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#### **3. ACCOUNTING POLICIES (CONT'D)**

##### **(k) Foreign currencies (cont'd)**

##### *(ii) Transactions and balances*

Foreign currency transactions are translated into the functional currency of the Fund using the mid-exchange rates prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transaction and from the translation at year-end mid-exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss and other comprehensive income.

#### **4 FINANCIAL RISK MANAGEMENT**

##### **(a) Introduction and Overview**

The Fund has exposure to the following risks although the list below is not exhaustive:

- Credit Risk
- Liquidity Risk
- Market Risk
- Interest Rate Risk
- Operational Risk

This note presents information about the Fund's exposure to each of the above risks, the Fund's objectives, policies and processes for measuring and managing risk, and the Fund's management of capital.

##### *Risk Management Framework*

The Fund may maintain positions in a variety of derivative and non-derivative financial instruments in accordance with its investment management strategy. To enable the Fund to do so, the Manager shall take active positions in eligible bonds and currencies, but within risk parameters which are more fully described in the prospectus of the Fund.

The Fund's investments comprises of quoted debt securities and the Fund intends to hold most of the securities until maturity so as to limit trading costs.

Asset purchases and sales are determined by the Manager, who has been given discretionary authority to manage the asset allocation to achieve the Fund's investment objectives. Compliance with the target asset allocations and the composition of the portfolio is monitored by the Board of Directors. In instances where the portfolio has diverged from target asset allocations, the Manager is obliged to take actions to rebalance the portfolio in line with the established targets, within prescribed time limits.

**MCB CASH MANAGEMENT FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2024**

**4 FINANCIAL RISK MANAGEMENT (CONT'D)**

**(b) Credit Risk**

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund, resulting in a financial loss to the Fund. It arises principally from debt securities held and cash and cash equivalents.

A Fund could lose money if the issuer or guarantor of a fixed income security (including a security purchased with securities lending collateral), or the counterparty to a derivative contract, repurchase agreement or a loan of portfolio securities, is unable or unwilling, or is perceived (whether by market participants, rating agencies, pricing services or otherwise) as unable or unwilling, to make timely principal and/or interest payments, or to otherwise honour its obligations. The downgrade of the credit of a security held by the Fund may decrease its value. Securities are subject to varying degrees of credit risk, which are often reflected in credit ratings.

The Fund invests in investment grade and unrated securities issued by corporates, governments and government-backed institutions.

At June 30, 2024 and 2023, the Fund has invested in debt securities with the following credit quality:

Rating	2024	2023
AAA	4.23%	4.17%
AA	0.00%	6.43%
A	21.48%	31.37%
BBB	45.29%	45.55%
BB	11.73%	0.00%
B	17.26%	12.48%
Not Rated	0.00%	0.00%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

*Derivative Financial Instruments*

The Fund enters into over-the-counter (OTC) derivatives. OTC derivatives expose the Fund to the risk that the counterparties to the derivative financial instruments might default on their obligations to the Fund. The Fund mitigates this risk by entering in transactions with highly rated and reputed counterparties.

# **MCB CASH MANAGEMENT FUND**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **FOR THE YEAR ENDED JUNE 30, 2024**

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#### **4 FINANCIAL RISK MANAGEMENT (CONT'D)**

##### **(b) Credit Risk (cont'd)**

Derivative financial instruments are transacted with The Mauritius Commercial Bank Ltd, (the leading bank in Mauritius) within predetermined limits, and with whom the Fund has signed master netting agreements. Following Moody's Investors Service's ("Moody's" or the "Agency") rating action on the Mauritian Government's long-term issuer rating on 28 July 2022, the Agency has affirmed all ratings and assessments of Mauritius Commercial Bank Ltd ("MCB" or the "Bank") with its Long-term Deposit and Issuer Ratings maintained at Baa3 with a stable outlook. The stable outlook on the Bank's Long-Term Deposit and Issuer Ratings incorporates the stable outlook on the sovereign rating and reflects the view that MCB's ratings already capture the current risks to its financials from the still difficult operating conditions.

##### *Settlement Risk*

The Fund's activities may give rise to risk at the time of settlement of transactions. Settlement risk is the risk of loss due to the failure of an entity to honour its obligations to deliver cash, securities or other assets as contractually agreed.

For the vast majority of transactions, the Fund mitigates this risk by conducting settlements through a broker or by participating in primary auctions of Central Banks.

##### **(c) Liquidity Risk**

Liquidity risk exists when particular investments are difficult to purchase or sell. Illiquid securities are securities that cannot be disposed of within seven days in the ordinary course of business at approximately the value at which the Fund has valued the securities. The Fund's investments in illiquid securities may reduce the returns of the Fund because it may be unable to sell the illiquid securities at an advantageous time or price. This situation can be exacerbated in times of adverse market or economic conditions.

##### *Management of Liquidity Risk*

The Fund's constitution provides for the daily creation and cancellation of shares and it is therefore exposed to the liquidity risk of meeting shareholder redemptions at each redemption date.

The Fund's liquidity risk is managed by requiring investors to provide a notice of redemption before 9.00hrs (Mauritian Time) on any dealing day, such day being every business day, in order to be processed at the redemption price prevailing on that dealing day. All Redemption Requests received after 9.00hrs (Mauritian Time) will be processed on the following dealing day's redemption price. Redemption monies will be paid to the applicant within seven business days of deal date.

# **MCB CASH MANAGEMENT FUND**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **FOR THE YEAR ENDED JUNE 30, 2024**

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#### **4 FINANCIAL RISK MANAGEMENT (CONT'D)**

##### **(d) Market Risk**

Market risk is the risk that changes in market prices due to fluctuations in interest rates, foreign exchange rates and credit spreads (not relating to changes in the obligor's/issuer's credit standing) will affect the Fund's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

The market price of securities owned by the Fund may go up or down. Securities may decline in value due to factors affecting securities markets generally or particular industries represented in the securities markets. The value of a security may decline due to general market conditions which are not specifically related to a particular Fund, such as real or perceived adverse economic conditions, changes in the general outlook for corporate earnings, changes in interest or currency rates or adverse investor sentiment generally. The value of a security may also decline due to factors which affect a particular industry or industries, such as labour shortages or increased production costs and competitive conditions within an industry. During a general downturn in the securities markets, multiple asset classes may decline in value simultaneously.

##### *Management of Market Risk*

The Fund's strategy for the management of market risk is driven by the Fund's investment objective.

The Fund's market risk is managed on a daily basis by the Manager in accordance with policies and procedures in place.

The Fund may use derivatives to manage its exposure to interest rate. The instruments used include forward contracts, futures and options. The Fund does not apply hedge accounting.

##### **(e) Interest Rate Risk**

The Fund is exposed to the risk that the fair value or future cash flows of its financial instruments will fluctuate as a result of changes in market interest rates.

Duration is a measure used to determine the sensitivity of a security's price to changes in interest rates. The longer a security's duration, the more sensitive it will be to changes in interest rates. Duration is proportional to the time to maturity of a security and inversely proportional to the magnitude of the coupon. The duration of securities whose cash flows fluctuate, such as inflation linked bonds, will change as the cash flow profile changes.

##### **(f) Currency Risk**

##### *Exposure to currency risk*

The Fund is not exposed to any currency risk as its assets and liabilities are denominated in USD.

##### **(g) Operational Risk**

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Fund's operations either internally within the Fund or externally at the Fund's service providers, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of investment management behaviour. Operational risks may arise from all of the Fund's activities.

# **MCB CASH MANAGEMENT FUND**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **FOR THE YEAR ENDED JUNE 30, 2024**

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#### **4 FINANCIAL RISK MANAGEMENT (CONT'D)**

##### **(g) Operational Risk (cont'd)**

The Fund's objective is to manage operational risks so as to balance limiting of financial losses and damage to its reputation with achieving its investment objective of generating returns to investors.

The Fund may face increased operational risks as a result of the growth of its business. Operational risk is the risk of direct and indirect loss resulting from inadequate or failed internal processes, people, systems or external events. Operational risks are inherent in the Fund's business, including the risk of loss resulting from inadequate or failed internal and external processes, documentation, people and systems or from external events. The Fund's business is dependent on its ability to process accurately and efficiently a high volume of complex transactions across numerous and diverse products and services, in different currencies and subject to a number of different legal and regulatory regimes. The Fund's systems and processes are designed to ensure that the operational risks associated with its activities are appropriately controlled, but any weakness in these systems could result in a negative impact on the Fund's business, financial condition, results of operations and prospects.

The primary responsibility for the development and implementation of controls over operational risk rests with the Board of Directors. This responsibility is supported by the development of overall standards for the management of operational risk, which encompasses the controls and processes at the service providers and the establishment of service levels with the service providers.

Operational risk relating to systems and personnel has been minimised by investing in adequate training. The Fund has invested in backup computing systems and infrastructure that are held offsite whereby qualified personnel will be able to act in a timely manner should the need arise. Operational procedures have been set to ensure that all transactions are done with the highest standards.

The directors' assessment over the adequacy of the controls and processes in place at the service providers with respect to operational risks is carried out via regular discussions with the service providers.

#### **5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

##### **Critical accounting estimates and assumptions**

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

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

##### **(a) 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 the 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.

**MCB CASH MANAGEMENT FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2024**

**5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)**

**(a) Limitation of sensitivity analysis (cont'd)**

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

**(b) Impairment of financial assets**

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

**6 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS**

The movement in financial assets at fair value through profit or loss may be summarised as follows:

	<b>2024</b>	<b>2023</b>
	<b>USD</b>	<b>USD</b>
At July 01,	<b>17,784,378</b>	22,897,140
Additions during the year	<b>13,981,878</b>	23,248,337
Disposals during the year	<b>(23,080,929)</b>	(28,571,200)
Fair value release on disposal	<b>45,589</b>	254,364
Fair value gains/(losses) on financial assets	<b>42,403</b>	(44,263)
	<b>8,773,319</b>	17,784,378
Interest receivable	<b>106,118</b>	229,410
<b>At June 30,</b>	<b>8,879,437</b>	<b>18,013,788</b>

**7 OTHER RECEIVABLES**

	<b>2024</b>	<b>2023</b>
	<b>USD</b>	<b>USD</b>
Trade receivable	<b>1,000,000</b>	-
Other receivable	<b>600,000</b>	600,000
Prepaid expenses	<b>6,281</b>	5,792
Receivable from Manager	<b>5,122</b>	3,136
Share capital receivable	<b>10</b>	10
	<b>1,611,413</b>	<b>608,938</b>

(i) The carrying amounts of other receivables approximate their fair value and do not contain impaired balances. The Fund does not hold any collateral as security.

(ii) Other receivable of USD 600,000 consists of a 10% first loss guarantee on the investment made in the notes issued by CM Structured Finance (1) Ltd for a facility to NMC Healthcare LLC ("NMC"), which will be payable at the end of the NMC recovery process.

**MCB CASH MANAGEMENT FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2024**

**8 MOVEMENT IN REDEEMABLE PARTICIPATING SHARES**

The analysis of movements in the number of redeemable participating shares during the year under review are as follows:

<b>(i) Issued and Fully Paid</b>	<b>2024</b>	<b>2023</b>
	<b>USD</b>	<b>USD</b>
<b>At July 01,</b>	<b>19,625,365</b>	26,478,343
Redemption of shares during the year	<b>(9,438,488)</b>	(6,852,978)
<b>At June 30,</b>	<b>10,186,877</b>	19,625,365
<b>(ii) Number of Shares</b>	<b>2024</b>	<b>2023</b>
	<b>No. of Shares</b>	<b>No. of Shares</b>
<b>At July 01,</b>	<b>18,109</b>	24,590
Redemption of shares during the year	<b>(8,733)</b>	(6,481)
<b>At June 30,</b>	<b>9,375</b>	18,109

**(iii) Class Rights**

**Rights of Redeemable Participating Shares:**

The Redeemable Participating Shares have no par value and are issued at the issue price in accordance to the Offering Memorandum. They shall confer upon the holders thereof the rights set out below.

a) Voting rights

The holders of Redeemable Participating shares shall not have the right to receive notice of meeting of shareholders and attend such meetings, and shall have no right to vote at any meeting of shareholders, other than class meetings, of the Fund and/or to approve any resolution of the Fund.

b) Distributions

The holders of Redeemable Participating Shares shall not have any rights to distributions.

c) Distribution of surplus assets

Upon winding up of the Fund, the holders of Redeemable Participating Shares shall have the right to a pro-rata share of any surplus assets of the Fund but in priority to the holder of Management Shares in accordance with the Constitution.

**MCB CASH MANAGEMENT FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2024**

**8 MOVEMENT IN REDEEMABLE PARTICIPATING SHARES (CONT'D)**

**(iv) Reconciliation of Net Assets and Net Asset Value per Share**

	<b>2024</b>	<b>2023</b>
	<b>USD</b>	<b>USD</b>
Net Assets calculated as per Prospectus as at June 30,	<b>10,619,537</b>	19,447,558
Adjustments:		
Interest receivable	<b>(6,395)</b>	8,357
Other receivable	<b>1,628</b>	1,168
Other payables	<b>(437)</b>	-
Income tax adjustment	<b>1,950</b>	1,422
Net Assets as per Financial Reporting as at June 30,	<b>10,616,283</b>	19,458,505
	<b>2024</b>	<b>2023</b>
	<b>USD</b>	<b>USD</b>
	<b>Per Share</b>	<b>Per Share</b>
Net Assets per share as per Prospectus as at June 30,	<b>1,132.70</b>	1,073.93
Adjustments:		
Interest receivable	<b>(0.68)</b>	0.47
Other receivable	<b>0.17</b>	0.06
Other payables	<b>(0.04)</b>	-
Income tax adjustment	<b>0.20</b>	0.07
Net Assets per share as per Financial Reporting as at June 30,	<b>1,132.35</b>	1,074.53

**9 MANAGEMENT SHARE**

One Management Share of USD 10 was issued by the Fund to MCB Investment Management Co. Ltd on incorporation.

**Rights of Management Share**

a) Voting rights

The holder of the Management Share shall have the right to receive notice of meeting of any meeting of the shareholders of the Fund and shall have all the voting rights of the Fund requiring shareholders' approval under the Act.

b) Distributions

The holder of the Management Share shall not have any rights to distributions.

**MCB CASH MANAGEMENT FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2024**

**9 MANAGEMENT SHARE (CONT'D)**

c) Distribution of surplus assets

Upon winding up of the Fund, the holder of the Management Share shall have the right to receive an amount equal to the sums paid up on such Management Share but after payment to the holders of Participating Shares in accordance with the Constitution.

The Management Share shall be non-redeemable.

**10 OTHER PAYABLES**

	<b>2024</b>	<b>2023</b>
	<b>USD</b>	<b>USD</b>
<b>Amount due within one year</b>		
Investment settlement*	1,030,430	-
Manager's fees payable to Manager	2,206	4,409
Professional fees payable	5,123	4,686
Custodian's fees payable to Custodian	353	682
Registrar's fees payable to Registrar	406	811
	<b>1,038,518</b>	<b>10,588</b>

\*The investment settlement arises from purchase of debt security which was settled after year end.

(i) The carrying amounts of other payables approximate their fair value.

(ii) Amount due to related parties is disclosed in Note 17 (d).

**11 INCOME TAX**

The Fund is a tax incentive company in Mauritius and, under current laws and regulations, is liable to pay tax on its net income at a rate of 15%. The Fund is entitled to either (a) a foreign tax credit equivalent to the actual foreign tax suffered on its foreign income against the Fund's tax liability computed at 15% on such income, or (b) an 80% exemption on its income other than interest which qualifies for an 95% exemption as per the Second Schedule of the Income Tax Act 1995.

**(a) In the statement of financial position**

	<b>2024</b>	<b>2023</b>
	<b>USD</b>	<b>USD</b>
At July 01,	4,933	8,254
Tax charge for the year	9,233	37,621
Tax paid during the year	<b>(14,834)</b>	<b>(40,942)</b>
At June 30,	<b>(668)</b>	4,933
<b>Split as follows:</b>		
Current tax assets	<b>(668)</b>	-
Current tax liabilities	-	4,933
	<b>(668)</b>	4,933

**MCB CASH MANAGEMENT FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2024**

**11 INCOME TAX (CONT'D)**

<b>(b) In the statement of profit or loss and other comprehensive income</b>	<b>2024</b>	<b>2023</b>
	<b>USD</b>	<b>USD</b>
Current tax on the adjusted profit for the year at 15% (2023: 15%)	<b>3,608</b>	24,793
Withholding tax	<b>5,625</b>	12,828
Charge for the year	<b>9,233</b>	37,621

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

	<b>2024</b>	<b>2023</b>
	<b>USD</b>	<b>USD</b>
Profit before taxation	<b>605,499</b>	797,771
Tax effect on:		
Expenses not deductible for tax purposes	<b>11,581</b>	91,549
Exempt Income	<b>(580,573)</b>	(663,603)
<b>Chargeable income</b>	<b>36,508</b>	225,717
Tax calculated at 15% (2023: 15%)	<b>5,476</b>	33,856
Withholding tax	<b>5,625</b>	12,828
Foreign tax credit relief (80%)	<b>(1,868)</b>	(9,063)
<b>Taxation charge</b>	<b>9,233</b>	37,621

**12 MANAGER'S FEES**

A management fee is payable by the Fund to the Manager, calculated as a percentage per annum of the NAV of the Fund. The management fee accrues on a daily basis and is payable on the last Business Day of each month. This percentage may from time to time be revised by the Manager after agreement with the Board. The rate of the management fee currently stands at 0.25% per annum (2023: 0.25%).

**13 REGISTRAR'S FEES**

A registrar fee is payable by the Fund to the Registrar, calculated as a percentage per annum of the NAV of the Fund for keeping the register of shareholders. The registrar fee accrues on a daily basis and is payable on the last Business Day of each month. This percentage may from time to time be revised by the Manager after agreement with the Board. The rate of the registrar fee currently stands at 0.046% per annum (2023: 0.046%).

**14 CUSTODIAN'S FEES**

A custodian fee is payable by the Fund to the Custodian, calculated as a percentage of the value of investment in the country in which we invest for the safe-keeping and dealing with the assets of the Fund. The custodian fee accrues on a daily basis and is payable on the last Business Day of each month. This percentage may from time to time be revised by the Manager after agreement with the Board. The rate of the custodian fee currently stands at 0.04% per annum (2023: 0.04%).

**MCB CASH MANAGEMENT FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2024**

**15 AUDIT & TAXATION FEES**

	<b>2024</b>	<b>2023</b>
	<b>USD</b>	<b>USD</b>
Auditor's remuneration	4,365	3,968
Taxation fee	759	719
	<b>5,124</b>	<b>4,687</b>

**16 NOTES TO THE STATEMENT OF CASH FLOWS**

**(a) Cash from operations**

	<b>2024</b>	<b>2023</b>
	<b>USD</b>	<b>USD</b>
Profit before taxation	605,499	797,771
Adjustments for:		
Fair value (gains)/losses on financial assets	(42,403)	44,263
Gains on disposal of financial assets	(131,530)	(22,714)
Interest on fixed income securities	(469,904)	(897,040)
	<b>(38,338)</b>	<b>(77,720)</b>
Changes in working capital:		
- other receivables	(1,002,475)	1,182
- other payables	(2,500)	(2,596)
Cash used in operations	<b>(1,043,313)</b>	<b>(79,134)</b>

**(b) Cash and Cash Equivalents**

	<b>2024</b>	<b>2023</b>
	<b>USD</b>	<b>USD</b>
Cash at bank	<b>1,163,293</b>	<b>851,310</b>

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, no impairment loss was recognised during the year.

**MCB CASH MANAGEMENT FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2024**

16 NOTES TO THE STATEMENT OF CASH FLOWS (CONT'D)

(c) Reconciliation of financing activities

	<u>2024</u>	<u>2023</u>
	USD	USD
At July 01,	19,625,365	26,478,343
Redemption of redeemable participating shares	<u>(9,438,488)</u>	<u>(6,852,978)</u>
Movement in redeemable participating shares	<u>(9,438,488)</u>	<u>(6,852,978)</u>
At June 30,	<u><u>10,186,877</u></u>	<u><u>19,625,365</u></u>

17 RELATED PARTY TRANSACTIONS

The transactions of the Fund with related parties during the years 2024 and 2023 are as follows:

(a) Manager's Fees

The Fund appointed MCB Investment Management Co. Ltd to implement the investment strategy as specified in the Prospectus. MCB Group Limited is the ultimate holding company of the Manager. The investment management fees are detailed below:

	<u>2024</u>	<u>2023</u>
	USD	USD
MCB Investment Management Co. Ltd	<u><u>28,916</u></u>	<u><u>57,952</u></u>

(b) Registrar's Fees

MCB Registry & Securities Ltd acts as the Registrar and Transfer Agent of the Fund. MCB Group Limited is the ultimate holding company of the Registrar. The Registrar fees are detailed below:

	<u>2024</u>	<u>2023</u>
	USD	USD
MCB Registry & Securities Ltd	<u><u>5,326</u></u>	<u><u>10,663</u></u>

(c) Key Management Personnel (including Directors' Remuneration)

	<u>2024</u>	<u>2023</u>
	USD	USD
Directors fees	<u><u>911</u></u>	<u><u>654</u></u>

**MCB CASH MANAGEMENT FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2024**

**17 RELATED PARTY TRANSACTIONS (CONT'D)**

**(d) Custodian's Fees**

The Fund appointed The Mauritius Commercial Bank Ltd to provide custody services in respect of the Fund's assets. MCB Group Limited is the ultimate holding company of the Custodian. The custodian fees are detailed below:

	<b>2024</b>	<b>2023</b>
	<b>USD</b>	<b>USD</b>
The Mauritius Commercial Bank Ltd	<b>4,627</b>	<b>9,273</b>

**(e) Outstanding balances as at June 30,**

	<b>2024</b>	<b>2023</b>
	<b>USD</b>	<b>USD</b>
<i>Payables to related parties</i>		
MCB Investment Management Co. Ltd (Manager)	<b>2,206</b>	4,409
MCB Registry & Securities Ltd (Registrar)	<b>406</b>	811
The Mauritius Commercial Bank Ltd (Custodian)	<b>353</b>	682
	<b>2,965</b>	5,902

The outstanding amounts are interest free and repayable on demand.

**(f) Bank balances**

	<b>2024</b>	<b>2023</b>
	<b>USD</b>	<b>USD</b>
The Mauritius Commercial Bank Ltd	<b>1,163,293</b>	851,310

All the above transactions have been carried out at least under market terms and conditions. There have been no guarantees provided or received for any related party receivables or payables.

**18 EVENTS AFTER THE REPORTING PERIOD**

There have been no material events since the end of the reporting period which would require disclosure or adjustment to the financial statements for the year ended June 30, 2024.

**MCB CASH MANAGEMENT FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2024**

Schedule of Investments as at

<u>June 30, 2023</u>		<u>June 30, 2024</u>	
Market Value	Security Description	Market Value	% of Net
(USD)		(USD)	Assets
<b>Quoted Foreign Fixed Income Securities</b>			
993,040	Abbvie Inc - 3.75% - 14-Nov-2023	-	-
1,240,737	Afreximbank - 5.25% - 11-Oct-2023	-	-
-	Africa Finance Corp - 3.125% - 16-Jun-2025	970,570	9.14%
1,193,928	Arab Petroleum Invst - 4.125% - 18-Sep-2023	-	-
696,451	Baidu Inc - 3.875% - 29-Sep-2023	-	-
994,750	Banco Santander SA - 0.701% - 30-Jun-2024	-	-
746,032	Bharti Airtel - 5.35% - 20-May-2024	-	-
-	Bharat Petroleum Corp - 4.00% - 08-May-2025	986,450	9.29%
-	BNG Bank NV - 4.625% - 29-Jul-2024	999,180	9.41%
986,270	BOC Aviation Ltd - 2.75% - 02-Dec-2023	-	-
1,195,260	CNOOC Curtis Funding No 1 - 4.50% - 03-Oct-2023	-	-
995,650	Ecobank Transnational - 9.5% - 18-Apr-2024	-	-
985,730	Export - Import Bk India - 3.875% - 12-Mar-2024	-	-
-	FORD MOTOR CREDIT CO LLC - 5.125% - 16-Jun-2025	993,030	9.35%
-	Ivory Coast - 5.375% - 23-Jul-2024	521,713	4.91%
1,299,493	Indian Oil Corp Ltd - 5.75% - 01-Aug-2023	-	-
-	New Development Bank - 0.625% - 22-Jul-2024	448,619	4.23%
-	NTPC Ltd - 4.375% - 26-Nov-2024	994,570	9.37%
994,090	Oil India Ltd - 5.375% - 17-Apr-2024	-	-
-	Power Finance Corp Ltd - 3.25% - 16-Sep-2024	994,640	9.37%
983,860	QNB Finance Ltd - 3.5% - 28-Mar-2024	-	-
-	REC LTD- 3.375% - 25-Jul-2024	848,657	7.99%
-	Republic of Angola - 9.5% - 11-Dec-2025	1,015,890	9.57%
1,297,699	Republic of Nigeria - 6.375% - 12-Jul-2023	-	-
995,980	Sinopec Grp Overseas Dev - 3.75% - 12-Sep-2023	-	-
989,620	Standard Chartered - 5.20% - 26-Jan-2024	-	-
1,195,788	State Bank India/London - 4.50% - 28-Sep-2023	-	-
<u>17,784,378</u>	<b>TOTAL QUOTED FOREIGN FIXED INCOME SECURITIES</b>	<u>8,773,319</u>	<u>82.64%</u>
<u>229,410</u>	INTEREST RECEIVABLE ON FINANCIAL ASSETS	<u>106,118</u>	<u>1.00%</u>
<u>18,013,788</u>	<b>TOTAL ASSETS – FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>	<u>8,879,437</u>	<u>83.64%</u>
18,013,788	TOTAL MARKET VALUE OF INVESTMENTS	8,879,437	83.64%
<u>1,444,727</u>	OTHER ASSETS NET OF LIABILITIES	<u>1,736,856</u>	<u>16.36%</u>
<u>19,458,515</u>	<b>NET ASSETS</b>	<u>10,616,293</u>	<u>100.00%</u>
<b>Currency Profile</b>			
<u>19,458,515</u>	USD	<u>10,616,293</u>	<u>100.00%</u>
<u>19,458,515</u>	<b>NET ASSETS</b>	<u>10,616,293</u>	<u>100.00%</u>
<b>Fair Value Hierarchy</b>			
<u>18,013,788</u>	Level 1	<u>8,879,437</u>	<u>83.64%</u>
<u>18,013,788</u>	<b>TOTAL MARKET VALUE OF INVESTMENTS</b>	<u>8,879,437</u>	<u>83.64%</u>

**MCB CASH MANAGEMENT FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2024**

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The below reflects the impact on changes in interest rates on bonds, with all other variables held constant, on profit before taxation.

	<u>Jun 30, 2024</u>	<u>Jun 30, 2023</u>
	<b>Impact on Profit before taxation</b>	Impact on Profit before taxation
<b><u>Interest rates sensitivity</u></b>		
Decrease by 0.25%	lower by USD22k	lower by USD45k
Increase by 0.25%	higher by USD22k	higher by USD45k

The below reflects the impact of changes in market price, with all other variables held constant, on profit before taxation.

	<u>Jun 30, 2024</u>	<u>Jun 30, 2023</u>
	<b>Impact on Profit before taxation</b>	Impact on Profit before taxation
<b><u>Market price sensitivity</u></b>		
Increase in fair value by 10%	higher by USD0.9m	higher by USD1.8m
Decrease in fair value by 10%	lower by USD0.9m	lower by USD1.8m

All foreign fixed income securities have coupon rates ranging between 0.625% and 5.375% and maturity dates ranging from July 22, 2024 to June 16, 2025.

None of the financial assets are either past due or impaired.

## MCB CASH MANAGEMENT FUND

### APPENDIX: STATEMENT OF FINANCIAL HIGHLIGHTS FOR THE YEAR ENDED JUNE 30, 2024

Closing exchange rates:	USD
MUR	47.44

#### Calculation notes:

$$\text{Total Expense Ratio} = \frac{\text{Management \& Administration Expenses}}{\text{Daily Average Net Assets}}$$

$$\text{Portfolio Turnover Rate} = \frac{(\text{Purchases} - \text{Subscriptions}) + (\text{Disposals} - \text{Redemptions})}{\text{Daily Average Net Assets}}$$

	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
	<b>USD</b>	<b>USD</b>	<b>USD</b>	<b>USD</b>
<b>Opening net asset value</b>	<b>19,458,515</b>	25,551,343	34,970,391	49,220,664
Total revenue	<b>489,648</b>	915,940	1,227,551	1,775,164
Total expenses	<b>(67,315)</b>	(134,241)	(163,495)	(232,235)
Realised gains/(losses) for the year	<b>131,530</b>	22,714	(300,979)	(474,751)
Unrealised gains/(losses) for the year	<b>42,403</b>	(44,263)	(251,046)	(599,115)
<b>Total increase from operations</b>	<b>596,266</b>	760,150	512,031	469,063
Net redemptions	<b>(9,438,488)</b>	(6,852,978)	(9,931,079)	(14,719,336)
<b>Closing net asset value</b>	<b>10,616,293</b>	19,458,515	25,551,343	34,970,391
Portfolio turnover rate	<b>233.83%</b>	204.96%	207.16%	202.31%
<b>Redeemable Participating Shares</b>				
Number of shares outstanding	<b>9,375</b>	18,109	24,590	34,192
Total Expense Ratio	<b>0.336%</b>	0.336%	0.336%	0.369%
Closing market price per share (NAV)	<b>1,132.35</b>	1,074.53	1,039.09	1,022.76