

NIC

PENSION



NIC MULTI-EMPLOYER PENSION SCHEME

ANNUAL REPORT 2023



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NMEPS OVERVIEW



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MESSAGE FROM THE BOARD OF TRUSTEES

It is with much pleasure that the Board of Trustees presents the Annual Report of the NIC Multi-Employer Pension Scheme for the financial year ended 30 June 2023.

“As a defined contribution multi-employer pension scheme, our focus remained geared towards prudent stewardship, transparent governance and the consistent growth of the retirement savings of our members within the dynamic economic environment that prevailed.”

ECONOMIC AND MARKET OVERVIEW

The financial year was marked by continued global economic uncertainty with inflation remaining on the high side worldwide due to lingering supply chain constraints, energy price volatility and the broader geopolitical context. This situation was compounded by central banks responding with sharp interest rate hikes that caused volatility across several asset classes.

In Mauritius, the economy expanded by an estimated 7.8% in 2022 and remained on a steady growth path in early 2023, driven largely by the recovery in tourism, construction, and financial services. However, inflation reached a peak of 10.8% year-on-year in the first quarter of 2023, impacting both household purchasing power and investment environments. In response, the Bank of Mauritius raised the Repo Rate from 2.25% to 4.5% to help curtail inflationary effects.

PERFORMANCE AND MULTI-EMPLOYER VALUE

Despite these headwinds, the NIC Multi-Employer Pension Scheme delivered commendable value for its members, reflecting its balanced and disciplined approach to portfolio management. Our investment strategy remain geared towards diversification, long-term value and risk mitigation. We are pleased to report that the Scheme combined shared investment benefits,

operational efficiency and appropriate institutional governance structures to ensure each participating employer is serviced equitably through a diversified portfolio that blends both local and foreign investments, as well as a mix of fixed income and equities. Prudent portfolio adjustments ensured stability and sustainable growth, underscoring our ongoing commitment to safeguarding members' retirement benefits.

At year-end, the total net assets available for benefits stood at **MUR 190.50 million**, compared to MUR 163.58 million in 2022, representing an **increase of 16.5%** year-on-year. This growth was primarily supported by positive investment returns and steady contributions from both employers and employees. **The total contributions for 2023 amounted to MUR 24.97 million**, while investment returns, reflected a **portfolio return of 2.7%**.

MEMBERSHIP GROWTH AND BENEFIT PAYMENTS

We continued to grow our membership across diverse sectors focusing mainly on small to mid-sized employer groups, supporting this underserved segment by broadening their access to pension options. This diversity has enhanced the Scheme's resilience by consolidating their contribution power. Throughout the year, our Administrator continued to fine-tune its customer service platforms to ensure that members obtain prompt support for their queries and service

requests through its dedicated member service helpdesk team.

The Scheme saw significant growth in membership, increasing from 162 active members in 2022 to **281 by the end of 2023**, reflecting a **net increase of 119 members** due to new entrants and movement from deferred membership. Deferred membership remained stable, closing at **132 members** for the year.

Total **benefits paid to members as at June 2023 amounted to MUR 2.55 million**, compared to MUR 5.14 million in 2022. Despite administrative costs, prudent investment strategies ensured sustainable fund growth, reinforcing our commitment to providing long-term security for members.

GOVERNANCE AND OVERSIGHT

The Board of Trustees ensured that robust governance practices remained central to the operations of the Scheme. We remained alert to changes in the economic and regulatory landscape to ensure we stand ready for forthcoming adjustments to rules, approaches and internal operational systems. As a multi-employer pension scheme, effective communication and coordination with participating employers remains crucial and we have endeavoured to pursue our efforts in strengthening such partnerships. Regular performance monitoring, compliance reviews and engagement with our investment manager, actuarial, and legal advisors have ensured that we remain aligned with our investment strategy and member expectations.

FUTURE OUTLOOK

As we move forward, the Scheme remains committed to adapting to the evolving economic and investment landscape, drawing from international best practices in defined contribution pension management. Our strategic priorities for the coming year include:

- **Revisiting investment strategies** in light of evolving demography of the beneficiary group;
- **Exploring ESG-integrated and alternative investment strategies** in line with evolving expectations around responsible long-term investing;
- **Enhancing member and beneficiary outcomes** through improved communication;
- **Facilitating support for additional voluntary contributions** for enhanced portfolio growth and resilience, whilst creating added value for the benefit of participating members;
- **Gradually introducing digital platforms and enhancing reporting tools** for operational efficiency and better controls;
- **Strengthening operational transparency and reporting** in areas of fees, performance and projected retirement income amongst others.

As we continue to adapt to economic shifts and demographic realities, we remain focused on our core mission of ensuring every member builds a secure retirement income in dignity.

NOTE OF APPRECIATION

The Board of Trustees thank all members for their continued trust, as we continue our journey toward delivering financial security in resilience. Our sincere gratitude also extends to our **Participating Employers, Promoter, Administrator, Investment Manager, Actuary and other Service Professionals** for their valued collaboration, expertise and professionalism as together, we remain committed to delivering sustainable, inclusive, and member-focused pension benefits.

Mrs. Moonoosamy and Mr. Summun
on behalf of the Board of Trustees

NMEPS AT A GLANCE

WHO WE ARE

The NIC Multi-Employer Pension Scheme (NMEPS) is one of the emerging pension schemes in Mauritius, managing more than MUR 190 million of total funds under management for over 400 members.

OUR MISSION

We improve members' lives through our expertise and commitment to educating, communicating with and securing long-term sustainable and rewarding benefits for our members and their beneficiaries.

OUR VISION

We aim to be the pension scheme of choice for all stakeholders, especially to small and medium private organisations, through our commitment, fiduciary responsibility, transparency, accountability, and service excellence.

OUR GUIDING PRINCIPLES

- Delivering retirement benefits in an equitable, accurate, courteous, professional, and prompt manner;
- Designing and administering innovative bespoke and diverse schemes tailored to employers' and members' needs;
- Ensuring that all benefits are appropriately funded;
- Maintaining trust through sound and informed decision making and by being an ethical, effective and cost-efficient entity;
- Obtaining the highest return on our investment portfolio to grow and thrive in a safe and prudent manner;
- Ensuring operational equity between members from both small and large employers;
- Providing meaningful information, awareness and education to all employers and members in a timely and consistent manner;
- Discharging our duties in the advancement of the local pension industry.

TOTAL FUNDS UNDER MANAGEMENT

MUR 190.5m

2022: MUR 163.6m

↑ UP BY
16.5%

TOTAL MEMBER CONTRIBUTIONS

MUR 25.0m

2022: 44.0m

PORTFOLIO RETURN

2.7%

TOTAL BENEFITS PAID TO MEMBERS

MUR 2.5m

2022: MUR 5.1m

↓ DOWN BY
51.0%

TOTAL MEMBERS

413

2022: 295

↑ UP BY
40%

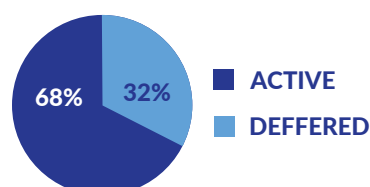
MEMBERS STATUS

281

ACTIVE MEMBERS

2022: 162

↑ UP BY
73%



MEMBERS GENDER

41%
59%

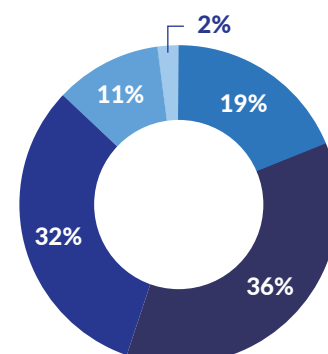
MEMBERS DEMOGRAPHICS

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AVERAGE MEMBER AGE

AGE GROUP

18-29
30-39
40-49
50-59
60+



NMEPS AT A GLANCE

OUR CORE VALUES



NMEPS AT A GLANCE

KEY CORPORATE DATA

SPONSORING EMPLOYERS

National Insurance Co. Ltd
NIC General Insurance Co. Ltd
National Property Fund Ltd
Glenara Legal Limited
Eversheds (Mauritius) Ltd
McMillan Woods Ltd
Sewraj Solicitors

REGISTERED OFFICE

NIC Centre
217 Royal Road
Curepipe
Republic of Mauritius

ADMINISTRATOR

National Insurance Co. Ltd
NIC Centre
217 Royal Road
Curepipe
Republic of Mauritius

ACTUARY

Aon Solutions Ltd
1st Floor, The Pod
Vivéa Business Park
Moka
Republic of Mauritius

AUDITORS

Moore
Chartered Accountants
6th Floor, Newton Tower
Sir William Newton Street
Port Louis
Republic of Mauritius

BANKERS

The Mauritius Commercial Bank Limited
Sir William Newton Street
Port Louis
Republic of Mauritius

CUSTODIAN

The Mauritius Commercial Bank Limited
5th Floor, Harbour Front Building
John Kennedy Street
Port Louis
Republic of Mauritius

INVESTMENT MANAGER

MCB Investment Management Co. Ltd
9-15 Sir William Newton Street
Port Louis
Republic of Mauritius

COMPANY SECRETARY

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

NMEPS AT A GLANCE

ABOUT OUR SERVICE PROVIDERS

National Insurance Co. Ltd

The National Insurance Co. Ltd offers an end to end service for private pension schemes. This entails setting up of tailored pension arrangements that meet clients' needs, drafting rules of the pension arrangement, seeking approval from the regulator, preparing and delivering member communications and administering the pension arrangement. The National Insurance Co. Ltd currently administers pension schemes of over MUR 340 million.

Aon Solutions Ltd

Aon is represented in Mauritius by Aon Solutions Ltd. Established in 1997, Aon Solutions Ltd is the leading independent actuarial, employee benefits and investment consultancy firm in the country and provides actuarial and/or investment consultancy services to more than 400 clients in Mauritius and other countries with total scheme assets in excess of MUR 300 billion.

Moore

Moore has been operating since 1990 and is member of the Moore Global Network, which is one of the world's leading international accounting and consulting organisations outside the Big Four. Today their network has 228 independent firms and 522 offices in 112 countries throughout the world.

The Mauritius Commercial Bank Limited

The Mauritius Commercial Bank Limited has been active in banking industry in Mauritius since 1838 and has over 30 years' experience in providing custody services to institutional clients. MCB currently has over USD 6.8 billion of assets and 3,000 client portfolios under custody.

MCB Investment Management Co. Ltd

Established in 1998, MCB Investment Management Co. Ltd (MCBIM) is licensed and regulated by the Financial Services Commission as Investment Adviser (Unrestricted) under Section 30 of the Securities Act 2005, Rule 5 of the Securities (Licensing) Rules 2007 and the Financial Services (Consolidated Licensing and Fees) Rules 2008 along with the CIS (Collective Investment Scheme) Manager licence pursuant to Section 98 of the Securities Act 2005, the Securities (Collective Investment Schemes and Closed-end Funds) Regulations 2008 and the Financial Services (Consolidated Licensing and Fees) Rules 2008. MCBIM, a wholly owned subsidiary of MCBCM, has more than 25 solid years of experience in the fund management industry dedicated mostly to institutional clients and collective investment schemes, with assets under management exceeding MUR 40 billion.

Prime Partners Ltd

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

BOARD OF TRUSTEES

as at 30 June 2023

The Trustees are ultimately responsible for the administration of the NIC Multi-Employer Pension Scheme (the “Scheme”), the management or investment of the assets of the Scheme, ensuring adherence to the terms of the constitutive documents, the protection of the best interest of beneficiaries and ensuring that the Scheme fulfils its overriding objective to provide for pension benefits.



Mr. Vikash PEERUN CHAIRPERSON

Mr. Vikash Peerun is currently the Chief Executive Officer of the National Property Fund Ltd, the holding company of the NIC Group. Mr Peerun holds an MSc International Securities, Investment & Banking from the University of Reading, UK. and a BA Dual (Hons) Business Administration & Environment Management from Keele University, UK. He also holds professional membership with the Association of Certified Fraud Examiners, US and is an affiliate of the Association of Chartered Certified Accountants (ACCA). He has significant experience and expertise in the field of financial services, forensic & money-laundering investigation, compliance & management amongst others. He fulfilled several senior roles both locally and internationally with key institutions including SBM Bank (Mauritius) Ltd, Serious Fraud Office (UK) and Independent Commission Against Corruption (Mauritius) amongst others.



Dr. Daneshwar DOOBREE VICE-CHAIRPERSON

Dr. Daneshwar Doobree is presently an adjunct Associate Professor in Financial Management, Human Resources Management, Good Governance & Corporate Ethics and Research Methodology. He holds a B.A. (Hons) in Economics, M.B.A. (Finance) from the University of Delhi (India), MSc (Human Resources) from University of Surrey (U.K.) and Doctor in Business Administration (DBA) from University of S. Queensland (Australia). He started his career at the Bank of Mauritius as a Clerical Officer in 1976 and served for 35 years in different grades of Research Officer, Senior Research Officer, Assistant Director - Administration and Head – Banking and Currency before retiring in 2015. He has also been an adjunct Lecturer/Senior Lecturer in modules related to Human Resource Management/Business Administration as well as Banking and Finance at the post-graduate, graduate and undergraduate levels at the University of Mauritius and the Open University of Mauritius for the past twenty-five years. He is a Rotarian and is engaged in a number of philanthropic and social activities.

BOARD OF TRUSTEES



Mrs. Chitra Devi (Reena) MOONOSAMY **TRUSTEE**

Mrs. Moonosamy is the Group Chief Services Officer of the NIC Group and provides strategic and leadership capability to the National Insurance Co. Ltd, NIC General Insurance Co. Ltd and NIC Properties Co. Ltd. She is presently in charge of the Life & General Insurance Operations, Group Legal & Compliance and Human Resources. She also fulfils the roles of Money Laundering Reporting Officer, Compliance Officer and Complaints Coordinator of the NIC Group and is a pension trustee of the NIC Multi Employer Pension Scheme. She holds a BSc (Hons) in Economics, a Bachelor (Hons) in Law and an LLM in International Financial and Commercial Law. She is a Chartered Governance Professional and a Fellow Member of The Chartered Governance Institute (FCG), a Chartered Fellow Member of the Chartered Institute of Personnel and Development (CIPD), a Certified Anti-money Laundering specialist (CAMS) and a Fellow Member of the Mauritius Institute of Directors. She has held various strategic positions in her cross-industry experience of over 25 years notably in Insurance, Financial Services, Business Process Outsourcing, Healthcare Services and Consumer markets.



Mr. Shakeel SUMMUN **TRUSTEE**

Mr. Summun is a Fellow of the Association of Chartered Certified Accountants and a member of the Institute of Chartered Accountants in England and Wales. He is also CFA Charter holder. He cumulates 25 years of professional experience in the Financial Services sector. He is the Group Chief Financial Officer of the National Insurance Co. Ltd, NIC General Insurance Co. Ltd and NIC Properties Co. Ltd. He is presently in charge of the Finance, Investment, Actuarial, Pensions, Premium Management and Loans functions. He was a former Panel Network Member of ACCA Mauritius. He has been in practice as auditor with Deloitte Mauritius and Ernst & Young as well as worked in the offshore sector as Client's Accountant. He has held several C-Level positions in the Insurance Industry and assisted on international projects. He is a Fellow Member of the Mauritius Institute of Directors. He was also a former board member, as an Independent Non-Executive Director, of the SBM Bank (Mauritius) Ltd. In 2014, he was awarded the "Young Achiever Award 2014" by the Africa Leadership Awards.

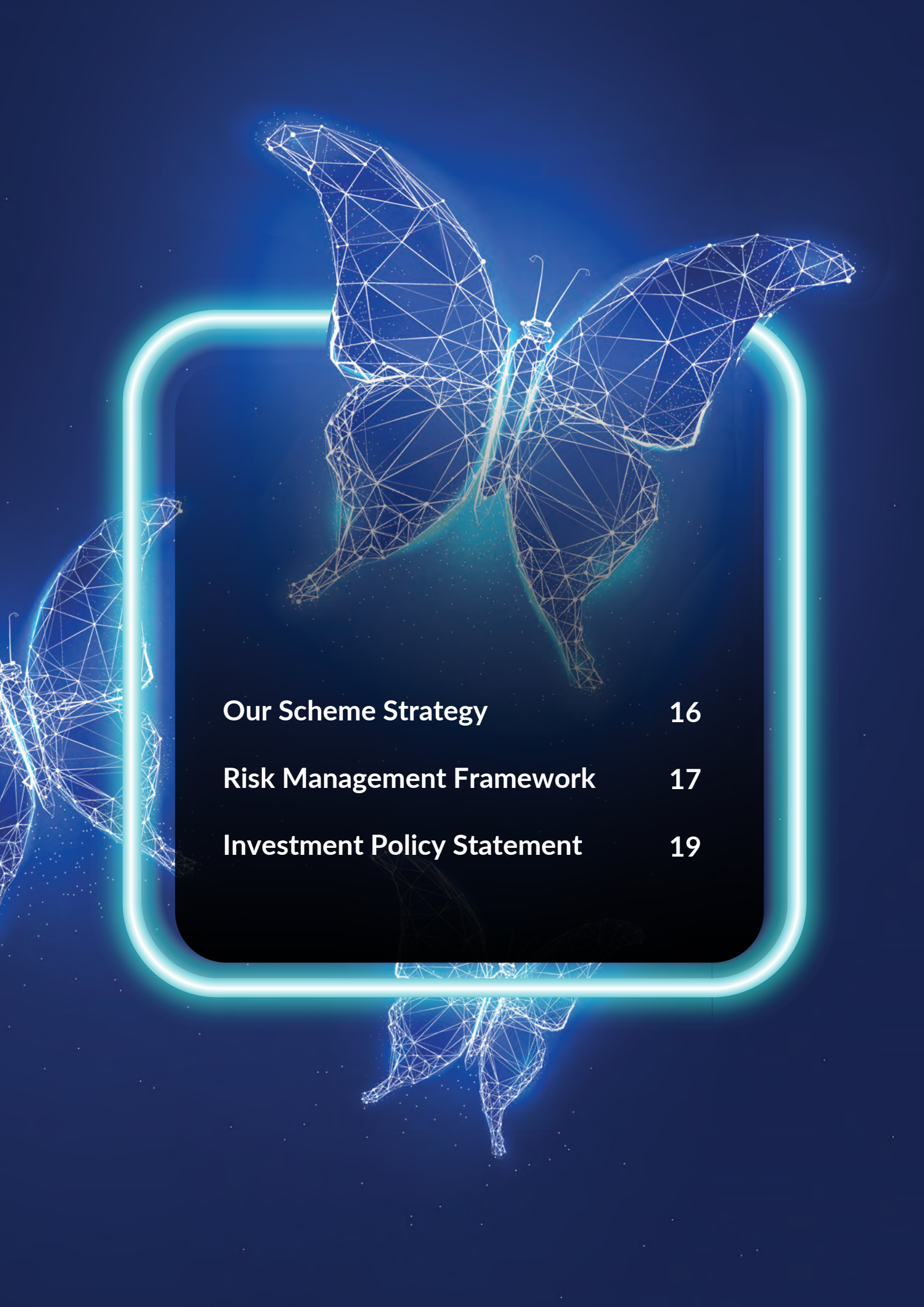


Mr. Laxman MEWASINGH **TRUSTEE**

Mr. Mewasingh holds an LLM in International Business Law and an LLB (Hons) and cumulates over 20 years of professional experience. He has, in the past, worked as in-house corporate legal for BAI Co (Mtius) Ltd and National Insurance Co Ltd. He has also undertaken various compliance related roles. He is currently the MLRO and Compliance Officer of Standard Bank Trust Co Mauritius.

NMEPS STRATEGY & RISK MANAGEMENT





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Risk Management Framework 17

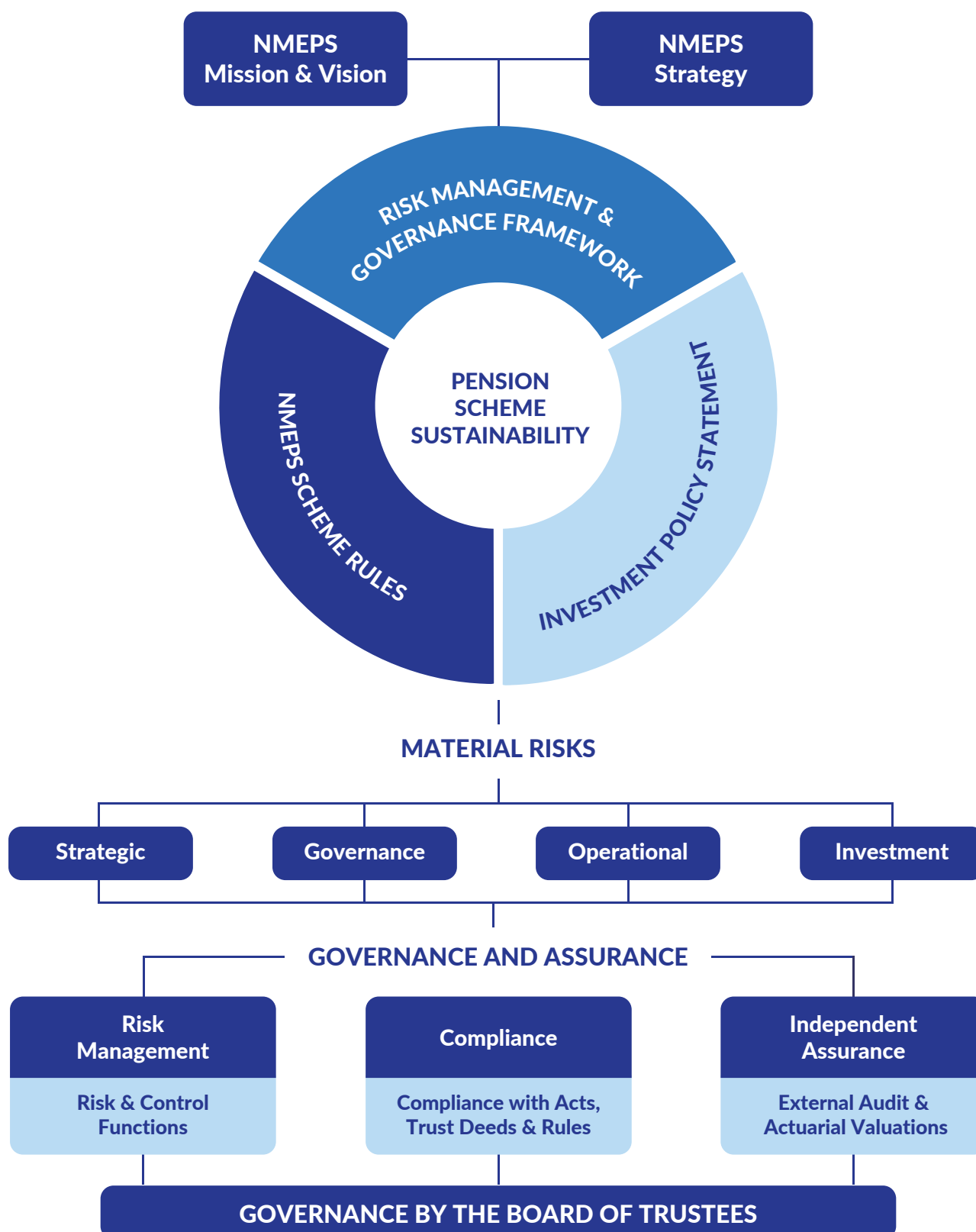
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OUR SCHEME STRATEGY

Our strategy is built on our mission, vision, and value proposition. Our strategic pillars and objectives reflect our ambition to continue to deliver enhanced value and outcomes to our members.



RISK MANAGEMENT FRAMEWORK





“ We invest with the long-term view in mind -
balancing risk and return to build sustainable
retirement outcomes for all our members. ”

The Board of Trustees

INVESTMENT POLICY STATEMENT

INVESTMENT APPROACH

Time horizon

The Scheme invests in long term assets and the ultimate objective is to maximise returns over the long term, bearing in mind risk levels and diversification. These investment objectives of the Scheme are not framed relative to the performance of other pension schemes or market indices, although these can be used to measure the performance of the assets chosen.

Admissible assets and limitations

The Scheme is allowed to invest in the following assets:

- Local and foreign equities;
- Local and foreign fixed income instruments.

General restrictions and limitations are in line with the Private Pension Schemes (Investment) Rules 2013.

Asset allocation strategy and limits

Strategic asset allocation should be the outcome of a systematic process that balances risk and reward, taking into account the Scheme's specific liability structure, its maturity, the investment time horizon and risk tolerance. The strategic long term asset allocation is arguably the most important decision that an investor is required to make.

Rebalancing of asset allocation

The Trustees have accepted the responsibility for determining the strategic asset allocation for the Scheme, guided by the Scheme's investment objectives, constraints and democratic profile. In setting the strategic

asset allocation policy, the Trustees have taken into account the statutory requirements with regards to the asset classes allowed for investment, the risk and return characteristics of the different asset classes and the benefits of diversification.

The Trustees understand that exposure to assets with more risk is required in order to achieve the long-term target real returns. Short-term losses are less important for investors with a long-term horizon as there is time to recover from the loss. However, members close to retirement have no such long-term horizon and do not have time to recover losses.

The Trustees have appointed Aon Solutions Ltd (Aon) to review the investment strategy and update the Investment Policy Statement (IPS) of the Scheme to make sure that the investments of the Scheme are in line with the age profile of the Members.

Investment monitoring

The performance of the Investment Manager is assessed against its ability to add value within each asset as well as by actively managing the asset allocation within the permitted variances.

INVESTMENT POLICY STATEMENT

RISK MANAGEMENT

Risks

The Trustees recognise a number of risks involved in the investment of the Scheme assets, including:

- **The risk of failing to meet members' expectations.** To mitigate this risk the Trustees will take advice and monitor the investments at least quarterly.
- **Equity Risk** - Equity Risk is the risk that share prices will change. The Scheme takes exposure to equity risk in a prudent manner. The exposure is taken in order for the Scheme to benefit from the superior inflation beating returns that equities offer over the long term compared to any other asset class.
- **Inflation Risk** - Inflation Risk is the risk that general prices of goods and services will go up over time. In order to prevent the assets of the Scheme from losing purchasing power, the Scheme's investment return objective aims to exceed inflation.
- **Interest Rate Risk** - Interest Rate Risk is the risk that interest rates will change and that this will negatively or positively affect the relative value of interest bearing assets such as bonds. The Scheme has an exposure to interest rate risk. This exposure is taken in order for the Scheme to benefit from the additional diversification that interest bearing assets bring to an investment portfolio.
- **Currency Risk** - The Scheme has an exposure to currency risk, which occurs when all the assets and liabilities of the Scheme are not denominated in the same currency. This exposure is taken in order for the Scheme to benefit from the additional diversification offered by investing abroad.

- **Risk of inadequate diversification or inappropriate investments.** Diversification will be achieved by spreading the investments across several asset classes as approved by the Trustees.
- **Liquidity risk** - This is controlled by giving preference to investments which are rather liquid and can be traded at short notice.
- **Geographical and political risks** - These are mitigated through the approach to diversification.

The Trustees will keep the risks under regular review in consultation with the statutory actuary and investment manager.

Risk objectives and tolerance

The Trustees require:

- The Scheme to be broadly diversified across and within asset classes to limit the volatility of the overall Scheme investment return.
- Investment Manager to comply with the Private Pension Schemes (Investment) Rules 2013.
- Compliance with all elements of the Investment Policy Statement.

The Trustees will monitor the variation in returns achieved by the Investment Manager and portfolios as well as the Scheme as a whole on a quarterly basis.

INVESTMENT POLICY STATEMENT

POLICY GUIDELINES

Fiduciary Duty

THE BOARD OF TRUSTEES

The Board of Trustees is ultimately responsible for the sound and prudent management of the Scheme.

Establishing, approving and maintaining the Investment Policy Statement, periodically evaluating the investment performance of the investment options offered, based on the levels of risk and associated risk time horizons of the investments.

Disclosing the Investment Policy Statement on a regular basis to Members.

Ensuring members of the Board of Trustees are educated on an on-going basis to equip them to effectively carry out their functions.

Adhering to all applicable Legislation & Rules.

Exercising any voting rights on behalf of the Scheme. The Trustees can choose to allow the Investment Manager of the investment options to exercise any voting rights on behalf of the Scheme.

Disclosing any potential conflicts of interest.

Best Investment decision and execution

Investment decisions will be executed in the best interests of the Scheme taking into account the investment policy agreed by the Trustees. In addition, the price, costs, speed, probability of completion and settlement, size, nature and other relevant trade issue of the investments and markets will be taken into account whilst choosing the best broker, trading system and platform, etc in achieving the best results on the trade.

In that regard, MCB Investment Management Co. Ltd has been appointed given their high repute and expertise in the local market.

NMEPS PERFORMANCE REVIEW





**Investment Manager's
Review**

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**Investment Performance
Review**

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INVESTMENT MANAGER'S REVIEW

MARKET REVIEW

For the financial year (FY) ended 30 June 2023, both SEMDEX and DEMEX closed in negative territory losing -7.5% and -14.6% respectively. Net foreign outflows for SEM and DEM stood at MUR 408m and MUR 22m respectively. Foreign participation was 26.1% for SEM and 5.7% for DEM. Market PE stood at 8.9, significantly lower than the past 5-year average of 13.4 despite companies posting improved earnings. Market dividend yield currently stands at 4.0% well above savings rate of 3.1%. The top three contributors over the year were Harel Mallac* (+41.9%), Omnicane (+20.5%) and Vivo Energy (+19.7%) while the top three detractors were Caudan (-36.5%), MDIT (-35.1%) and Ascencia (-32.8%).

Global markets measured by MSCI ACWI rose by 16.5% for the FY2023 despite various headwinds. Reputed banks such as Silicon Valley Bank and Credit Suisse collapsed, requiring urgent bailout plans by their respective government. The Federal Reserve maintained its hawkish stance to combat inflation, in turn triggering recessionary expectations heading into FY2024. The major drivers of the positive performance were the strength of earnings despite rising interest rates, retreating energy prices and a late enthusiasm targeted towards Artificial Intelligence, driving tech stocks to new highs. Emerging market (EM) equities posted a modest gain of 1.8% due to China's late reopening coupled with brewing tension with the US and major regulatory crackdown by Chinese authorities in its technology and property sectors. Although rocked by the Adani debt scandal early during the year 2023, the Indian market recovered strongly as the Nifty 50 rose by 21.6%, driven by foreign inflows, steady earnings and strong economic data. Brazil and Taiwan also contributed positively to the performance of emerging markets.

On the local fixed income side, the Bank of Mauritius introduced a new Monetary Policy Framework (MPF), in January 2023, to strengthen monetary policy operations and the monetary policy transmission mechanism. The aim of the new framework was to promote stable output and

employment growth, adopting an inflation target of 2% to 5%, and smooth out excessive volatility of the rupee exchange rate. The 'Key Repo Rate' was rebranded to the 'Key Rate'. Accordingly, the Monetary Policy Committee (MPC) hiked the Key Rate from 2.25% in June 2022 with the main changes to the Key rate being: +75bps in September 2022, +100bps in November 2022 and +50 bps in December 2022. The Key Rate remained unchanged at 4.5% during the MPC held in May 2023.

To address the excess liquidity issue, the main instrument used proposed by the new framework was the 7-Day BoM bill, which the bank issued every Friday at a fixed rate equal to the Key Rate. Hence, yields on the short dated bonds rose by around 300 bps while the long end of the curve saw a relatively smaller increase in yields from as demand remained strong, coupled with relatively low supply.

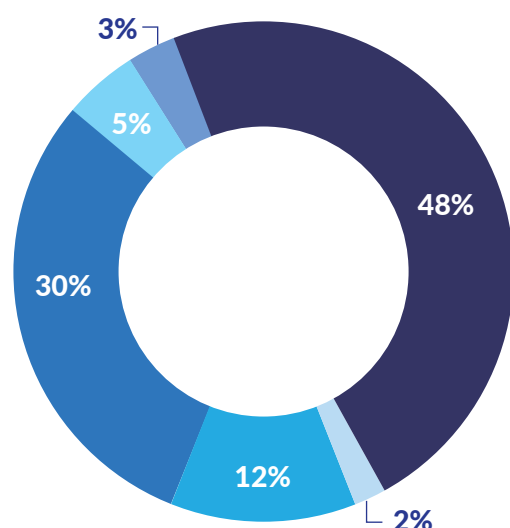
The heightened market volatility continued to influence markets during FY2023 as central banks and investors continued to struggle with persistent inflation amid a slowing growth backdrop. Central banks reaffirmed their commitment to fighting inflation. The Federal Reserve, European Central Bank (ECB) and Bank of England (BoE) all raised interest rates. The Federal Reserve tagged on a series of hikes, which brought the rate to 5.25% while the ECB hiked to 4.00% and BoE raising to 5.00%, with room for additional increases. Bond yields edged up even further by the end of the financial year, reflecting some market disappointment at the hawkish tone from some central banks, despite mounting evidence of slowing economic growth.

**Price adjusted for special dividend in specie with respect to the carve-out of Harel Mallac's hospitality investments.*

INVESTMENT PERFORMANCE REVIEW

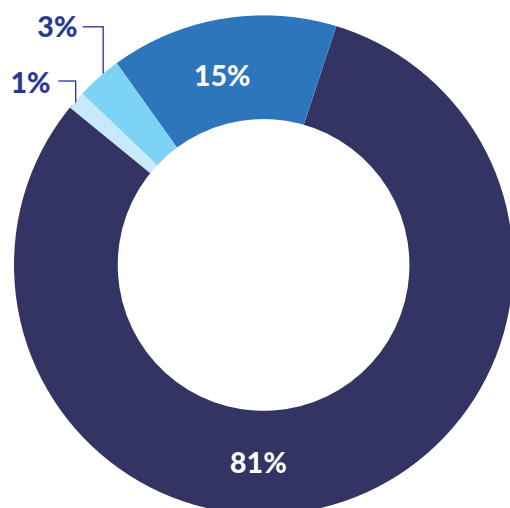
For the financial year under review, the return of the portfolio under management is 2.7% essentially driven by local fixed income and foreign equities.

The asset and currency allocation as at 30 June 2023 is as follows:



Asset Class	Percentage Allocation
Local Equities	30%
Developed Market Equities	12%
Emerging Market Equities	2%
Local Fixed Income	48%
Foreign Fixed Income	3%
Cash (1)	5%

1. Includes 7-day bills used for cash management



Currencies	Percentage Allocation
MUR	81%
USD	15%
EUR	3%
GBP	1%
JPY	0%

Outlook

Locally, upbeat GDP growth forecast coupled with improved corporate earnings are expected to bring a positive momentum to the local stock market for the upcoming financial year, barring any major credit event in key target markets. On the foreign equity front, caution is warranted amid rising levels of bankruptcies among corporates and the dwindling excess savings in the US, despite the current bull during the second half of the financial year. Finally, the portfolio's positioning in the investment grade and high yield foreign fixed income space will be bolstered to further benefit from rising yields across the world. However, continued non-availability of USD continues to affect the timely execution of investment strategies in the Scheme.

GOVERNANCE OVERVIEW



A large, glowing blue wireframe butterfly is positioned in the upper right quadrant of the page. Below it, a smaller, similar wireframe shape is visible. A thick, glowing blue rounded rectangular frame encloses the central text area. The background is a dark blue gradient with scattered white dots and faint lines, suggesting a digital or network theme.

**Report of the
Board of Trustees**

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Independent Auditors' Report

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REPORT OF THE BOARD OF TRUSTEES

The Board of Trustees has the pleasure to submit its report together with the audited financial statements of **NIC MULTI-EMPLOYER PENSION SCHEME** (the “Scheme”) for the year ended 30 June 2023.

GENERAL INFORMATION

Establishment

The Scheme was established on 01 July 2016.

The Scheme was licensed by the Financial Services Commission under the Private Pension Schemes Act 2012 on 16 October 2017 to operate as a Pension Scheme.

Object

The object of the Scheme is to provide retirement, withdrawal, death and disablement benefits for the beneficiaries as described in the Rules (the “Rules”) of the Scheme. Membership is open to any Sponsoring Employer willing to join the Scheme and their adherence to the Scheme is subject to the approval of the Financial Services Commission. Each Sponsoring Employer participating in the Scheme will have its own Rules whereby benefits are tailored to their requirements. The Sponsoring Employers and eligible employees, where applicable, are required to make monthly contributions to the Scheme in accordance with the Rules.

Scheme’s Policy

Contributions to the Scheme are paid monthly in arrears and represent a percentage of the monthly pensionable salary of each eligible member. Such contributions go into each Personal Member Account (PMA). The sponsoring employers also contribute a percentage of monthly pensionable salary to cover for all administrative and other expenses and cost of death and disablement risks referred to in the Rules of the Scheme. All members of the Scheme may make additional voluntary contributions to the Scheme.

INVESTMENT POLICY

The Board of Trustees determines, in conjunction with the Actuary, the investment policy to be adopted by the Scheme.

BOARD OF TRUSTEES

The Board of Trustees is made up as follows:

Name of Trustees	Role	Date appointed	Date ceased
Mr. Vikash Peerun	Chairperson	27 August 2020	-
Dr. Daneshwar Doobree	Vice-Chairperson	27 August 2020	-
Mrs. Chitra Devi (Reena) Moonosamy	Trustee	01 July 2016	-
Mr. Laxman Mewasingh	Trustee	01 July 2016	-
Mr. Shakeel Summun	Trustee	26 August 2021	-

REPORT OF THE BOARD OF TRUSTEES

Trustees Meeting Attendance

The attendance of members of the Board of Trustees at meetings during the financial years ended 30 June 2023 and 2022.

Name of Trustees	Year ended 30 June 2023	Year ended 30 June 2022
Mr. Vikash Peerun	2/2	4/4
Dr. Daneshwar Doobree	2/2	4/4
Mrs. Chitra Devi (Reena) Moonosamy	2/2	3/4
Mr. Laxman Mewasingh	1/2	3/4
Mr. Shakeel Summun	2/2	3/3

Benefits payable under the Scheme

The Scheme is a defined contribution plan.

Retirement Benefits

The benefits payable under the Scheme are summarised as follows:

- (a) When a member retires from service on his normal retirement date, he shall become entitled to a pension that shall be calculated by applying the appropriate Annuity Factor then in force to his Personal Member Account (PMA). The Member may also elect to apply, instead, for a joint pension on his life and that of his spouse.
- (b) A member may retire from service on or after attaining an Appropriate Retirement Age, with the consent of his employer. He shall then be entitled to a pension that shall be calculated by applying the appropriate Annuity Factor then in force to his PMA. Appropriate Retirement Age is as defined by the Private Pension Schemes (Licensing and Authorisation) Rules 2012.
- (c) A member may retire early from service on account of permanent ill-health, if the retirement is with the consent of the employer and the trustees on the condition that the trustees receive satisfactory medical evidence of the member's ill-health and:
 - (i) the trustees have received evidence from a registered medical practitioner that the member is (and will continue to be) incapable of carrying on his occupation because of physical or mental impairment, and
 - (ii) the member has in fact ceased to carry on his occupation.

The member will then be entitled to a pension that shall be calculated by applying the appropriate Annuity Factor then in force to his PMA.
- (d) A member may, with the consent of the employer, take a late retirement and will be entitled to a pension that shall be calculated by applying the appropriate Annuity Factor then in force to his PMA.
- (e) Members also have a number of commutation options to choose at retirement.

REPORT OF THE BOARD OF TRUSTEES

Death and Disablement benefits

- (a) Death in service: A lump sum benefit equal to a multiple of the member's monthly pensionable salary is payable to his beneficiary and a pension is paid to the spouse, this pension being calculated by applying the appropriate Annuity Factor then in force to the PMA. In case there is no spouse, a lump sum equal to the PMA is paid to the legal personal representative.

Death occurring after retirement: the spouse, if any, will receive a pension previously secured by his PMA at his date of retirement and depending on the commutation option previously chosen.

Death in deferment: A lump sum benefit equal to the PMA at the day before his date of death is payable.

- (b) Disablement benefits: A lump sum benefit equal to a multiple of the member's monthly pensionable salary is payable.

Board of Trustees' responsibilities for the preparation of the financial statements

The Board of Trustees is responsible for the preparation and fair presentation of the financial statements, comprising the statement of net assets available for benefits as at 30 June 2023, and the statement of changes in net assets available for benefits, general account and statement of cash flows for the year ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards and comply with the Private Pension Schemes Act 2012.

The Board of Trustees's responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of these financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

The Board of Trustees has made an assessment of the Scheme's ability to continue as a going concern and has no reason to believe the Scheme will not be a going concern in the year ahead.

Membership

At 30 June 2023, there were **281** active members (30 June 2022: 162), **132** deferred members (30 June 2022: 133).

The membership of the Scheme at the beginning and end of period and changes during the year are set out as below:

Active members

Active members	Count Year 2023	Count Year 2022
Active members at start	162	139
New entrants	126	27
Movement from deferred membership	30	-
Leavers and exits during the year:		
Retirements	-	-
Death	-	-
Deferred pensioners	(36)	(4)
Transfer outs	(1)	-
Active members at end	281	162

REPORT OF THE BOARD OF TRUSTEES

Deferred members

Deferred members	Count Year 2023	Count Year 2022
Deferred members at start	133	139
New deferred pensioners	36	4
Exits during the year:		
Retirements	(1)	(3)
Death	-	(1)
Transfer outs	(6)	(6)
Movement to active membership	(30)	-
Deferred members at end	132	133

Trustees' remuneration

Name of Trustees	2023 MUR	2022 MUR
Mr. Vikash Peerun	240,000	240,000
Dr. Daneshwar Doobree	180,000	180,000
Mrs. Chitra Devi (Reena) Moonosamy	90,000	90,000
Mr. Laxman Mewasingh	90,000	90,000
Mr. Shakeel Summun	90,000	76,364
Total	690,000	676,364

Auditors

The auditors **MOORE** (Chartered Accountants), have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the next meeting of the Board of Trustees.

For and on behalf of the Board of Trustees



Mr. Vikash Peerun
Chairperson



Dr. Daneshwar Doobree
Vice-Chairperson

Date: 27 September 2023

“ Strong governance is the cornerstone of our pension scheme — ensuring every decision is accountable, transparent, and in our members’ best interests. External independent assurance adds a vital layer of confidence, confirming that our strategy, performance, and risk management meet the highest standards. ”

The Board of Trustees



**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF
NIC MULTI-EMPLOYER PENSION SCHEME**

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Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of NIC MULTI-EMPLOYER PENSION SCHEME (the "Scheme") as set out on pages 38 to 55, which comprise the statement of net assets available for benefits as at 30 June 2023 and the statement of changes in net assets available for benefits, the general account, and the statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of material accounting policies.

In our opinion, these financial statements give a true and fair view of the financial position of the Scheme as at 30 June 2023 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and in compliance with the requirements of the Private Pension Scheme Act 2012.

Basis for opinion

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

Other Information

The Board of Trustees is responsible for the other information. The other information comprises of the Scheme Information and membership profile, Corporate data, the Investment Policy Statement, the Investment Manager's Review, the Report of the Board of Trustees and any other information. The other information does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or 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 AUDITORS' REPORT
TO THE MEMBERS OF
NIC MULTI-EMPLOYER PENSION SCHEME**

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Report on the Audit of Financial Statements (Continued)

Board of Trustees' responsibility for the financial statements

The Board of Trustees is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and in compliance with the Private Pension Scheme Act 2012, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Trustees is responsible for assessing the Scheme'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 Trustees either intend to liquidate the Scheme or to cease operations, or have no realistic alternative but to do so. The Board of Trustees is responsible for overseeing the Scheme's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF
NIC MULTI-EMPLOYER PENSION SCHEME**

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Report on the Audit of Financial Statements (Continued)

Auditors' Responsibilities for the Audit of the Financial Statements (Continued)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Other Matters

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

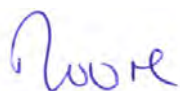
Report on Other Legal and Regulatory Requirements

Private Pension Scheme Act 2012

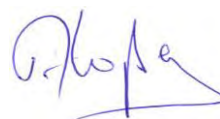
We have no relationship with or interests in the Scheme other than in our capacity as auditors.

We have obtained all the information and explanations we have required.

In our opinion, proper accounting records have been kept by the Scheme as far as it appears from our examination of those records.



MOORE (Mauritius) LLP
Chartered Accountants



Arvin ROGBEER, FCA, FCCA
Licensed by FRC

PORT LOUIS
REPUBLIC OF MAURITIUS

DATE: 27 SEPTEMBER 2023

FINANCIAL STATEMENTS





**Statement of Net Assets
available for Benefits**

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**Statement of Changes in
Net Assets available for Benefits**

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General Account

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Statement of Cash Flows

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Notes to the Financial Statements

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STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS

as at 30 June 2023

	Notes	2023 MUR	2022 MUR
Assets			
Non-current assets			
Investments in financial assets	7	155,136,141	102,537,972
Current assets			
Investments in financial assets	7	21,141,768	35,814,428
Accounts receivable	8	659,228	371,943
Cash and cash equivalents	9	14,367,163	28,859,945
Current assets		36,168,159	65,046,316
Current liabilities			
Accounts payable	10	(801,805)	(4,008,803)
Net current assets		35,366,354	61,037,513
Net assets		190,502,495	163,575,485
Financed by:			
Personal member account	11	181,944,289	154,722,195
General account	11	8,558,206	8,853,290
Personal member account and general account		190,502,495	163,575,485

These Financial Statements have been approved by the Board of Trustees on **27 September 2023** and signed on its behalf by:

Mr. Vikash Peerun
Chairperson

Dr. Daneshwar Doobree
Vice-Chairperson

The notes on pages 42 to 55 form an integral part of these financial statements. Independent Auditors' Report on pages 33 to 35.

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

for the year ended 30 June 2023

	Notes	2023 MUR	2022 MUR
Contributions			
Employers' contributions		12,648,993	7,228,109
Employees' contributions		12,320,054	36,769,973
Total contribution	11	24,969,047	43,998,082
Return on investments			
Fair value gain on financial assets at fair value through profit or loss	7	950,807	848,380
Foreign exchange gains on foreign bank accounts		137,831	4,166
Profit on disposal		154,176	163,960
Dividend income		1,834,182	2,006,264
Interest income		2,869,258	1,904,575
Brokerage fees		(50,060)	(57,126)
Withholding taxes		(49,686)	(51,052)
Investment manager fees		(664,809)	-
Custodian fees		(147,251)	-
Total return on investments		5,034,448	4,819,167
Benefits paid		(2,547,618)	(5,141,399)
Administration fees		(233,782)	(207,476)
Increase in net assets available for benefits		27,222,095	43,468,374

The notes on pages 42 to 55 form an integral part of these financial statements.
Independent Auditors' Report on pages 33 to 35.

GENERAL ACCOUNT

for the year ended 30 June 2023

	2023	2022
	MUR	MUR
Income		
Contribution towards expenses	2,023,766	1,462,436
Total income	2,023,766	1,462,436
Expenses		
Administration fees	424,423	257,457
Investment manager fees	-	557,075
Custodian fees	-	139,063
Actuarial fees	883,200	799,250
Audit fees	143,000	110,000
Licence fees	8,370	9,780
Secretarial fees	138,000	119,753
Trustee fees	690,000	676,364
Other expenses	31,857	82,886
Total expenses	2,318,850	2,751,628
Deficit of income over expenses for the year	(295,084)	(1,289,192)

The notes on pages 42 to 55 form an integral part of these financial statements.
Independent Auditors' Report on pages 33 to 35.

STATEMENT OF CASH FLOWS

for the year ended 30 June 2023

	Notes	2023 MUR	2022 MUR
Operating activities			
Contributions received		24,969,047	43,998,082
Administrative fees received		2,023,765	1,462,436
Benefits paid		(2,547,618)	(5,141,399)
Movement in accounts receivable		(287,285)	(362,163)
Movement in accounts payable		(3,206,998)	2,109,573
General account expenses		(2,318,850)	(2,751,628)
Administrative fees paid		(233,782)	(207,476)
Brokerage fees paid		(50,060)	(57,126)
Taxes paid		(49,686)	(51,052)
Net cash generated from operating activities		18,298,533	38,999,247
Investing activities			
Interest received		2,869,258	1,904,575
Dividends received		1,834,182	2,006,264
Disposal of financial assets at fair value through profit or loss	7	180,504,123	8,139,450
Purchase of financial assets at fair value through profit or loss	7	(217,324,649)	(36,759,969)
Investment fees		(812,060)	-
Net cash used in investing activities		(32,929,146)	(24,709,680)
Net change in cash and cash equivalents		(14,630,613)	14,289,567
Cash and cash equivalents, beginning of year		28,859,945	14,566,212
Exchange differences on cash and cash equivalents		137,831	4,166
Cash and cash equivalents, end of year	9	14,367,163	28,859,945

The notes on pages 42 to 55 form an integral part of these financial statements.
Independent Auditors' Report on pages 33 to 35.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2023

1. GENERAL INFORMATION

NIC MULTI-EMPLOYER PENSION SCHEME ("the Scheme") was established on 01 July 2016 in the Republic of Mauritius. On 16 October 2017, the Scheme was licensed by the Financial Services Commission to operate as a Private Pension Scheme under the Private Pension Schemes Act 2012. The Scheme's registered office is NIC Centre, 217 Royal Road, Curepipe, Republic of Mauritius.

The financial statements of the Scheme comply with the Private Pension Schemes Act 2012 and have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)

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

In the current year, the following new and revised standards and interpretations issued by the IASB and the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB that are relevant to its operations and effective for accounting periods beginning on 01 July 2022:

IAS 16	Property, Plant and Equipment - Amendments prohibiting a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use.
IAS 37	Provisions, Contingent Liabilities and Contingent Assets - Amendments regarding the costs to include when assessing whether a contract is onerous.
IFRS 9	Financial Instruments - Amendments resulting from Annual Improvements to IFRS Standards 2018-2020 (fees in the '10 per cent' test for derecognition of financial liabilities).
IFRS 3	Reference to the Conceptual Framework (Amendments to IFRS 3)

The above amendments did not have a material impact on the Scheme's financial statements.

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

At the date of authorisation of these financial statements, the following relevant Standards were in issue but effective on annual periods beginning on or after the respective dates as indicated:

IAS 1 and IFRS Practice Statement 2	Presentation of Financial Statements - Amendments regarding the disclosure of accounting policies (Effective date: 01 January 2023)
IAS 1	Presentation of Financial Statements - Amendments regarding the classification of liabilities (Effective date: 01 January 2024)
IAS 1	Presentation of Financial Statements - Amendment to defer the effective date of the January 2020 amendments (Effective date: 01 January 2024)
IAS 1	Presentation of Financial Statements - Amendments regarding the classification of debt with covenants (Effective date: 01 January 2024)
IAS 7	Statement of Cash Flows - Amendments regarding supplier finance arrangements (Effective date: 01 January 2024)

NOTES TO THE FINANCIAL STATEMENTS

IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors - Amendments regarding the definition of accounting estimates (Effective date: 01 January 2023)
IAS 12	Deferred tax related to assets and liabilities arising from a single transaction (Effective date: 01 January 2023)
IAS 12	Income Taxes - Amendments regarding deferred tax on leases and decommissioning obligations (Effective date: 01 January 2023)
IFRS 17	Insurance Contracts (Effective date: 01 January 2023)
IFRS S1	General Requirements for Disclosure of Sustainability-related Financial Information - Original issue (Effective date: 01 January 2024)
IFRS S2	Climate-related Disclosures - Original Issue (Effective date: 01 January 2024)
IFRS 7 and IAS 7	Financial Instruments: Disclosures - Amendments regarding supplier finance arrangements (Effective date: 01 January 2024)
IFRS 16	Leases - Amendments to clarify how a seller-lessee subsequently measures sale and leaseback transactions (Effective date: 01 January 2024)

None of these standards and interpretations are expected to have a material impact on the financial statements of the Scheme.

3. SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Basis of preparation

The financial statements of **NIC MULTI-EMPLOYER PENSION SCHEME** comply with the Private Pension Schemes Act 2012 and have been prepared in accordance with International Financial Reporting Standards (IFRSs).

The financial statements are presented in Mauritian Rupee (MUR).

The financial statements are prepared under the historical cost convention, except for relevant financial assets and financial liabilities are stated at their fair values or carried at amortised cost.

3.2 Financial assets

The Scheme classifies its financial assets into the following categories depending on the purpose for which the asset was acquired. Other than financial assets in a qualifying hedging relationship, the Scheme's accounting policy is as follows:

Fair value through profit or loss (FVPL)

The Scheme classifies the following financial assets at FVPL :

- Debt investments for which the entity has not elected to recognise fair value gains and losses through OCI;
- Equity investments that are held for trading and equity investments for which the entity has not elected to recognise fair value gains and losses through OCI;

NOTES TO THE FINANCIAL STATEMENTS

Amortised cost

These assets arise principally from financial assets 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.

Impairment provisions for receivables are recognised based on a forward looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

The Scheme's financial assets measured at amortised cost comprise accounts receivable and cash and cash equivalents in the statement of financial position.

Cash and cash equivalents comprise of cash at bank and short-term deposits. Cash equivalents are short term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of change in value.

Impairment of financial assets

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

For all financial assets objective evidence of impairment could include:

- Significant financial difficulty of the issuer or counter party; or
- Default or delinquency in interest or principal payments; or
- Becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial assets, such as accounts receivable, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Scheme's past experience of collecting payments, as well as observable changes in national or local economic conditions that correlate with default on receivables.

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

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

Accounts receivable

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

Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

NOTES TO THE FINANCIAL STATEMENTS

Derecognition of financial assets

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

3.3 Financial liabilities

Financial liabilities, including accounts payable, are initially measured at fair value, net of transaction costs. Subsequently they are measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

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

Derecognition of financial liabilities

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

3.4 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount is reported in the statement of net assets available for benefits if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously. Income and expenses will not be offset in the profit or loss unless required or permitted by any accounting standard or interpretation, as specifically disclosed in the accounting policies of the Scheme.

3.5(a) Contributions and expenses

Contributions to the Scheme are paid monthly in arrears and represent a percentage of the monthly Pensionable Salary of each eligible employee. Such contributions go into each member's personal account (PMA). The sponsoring employers also contribute a percentage of monthly Pensionable Salary to cover for all administrative and other expenses and cost of death and disablement risks referred to in the Rules of the Scheme.

Any member may make additional voluntary contributions to his/her Personal Member Account during service with his/her employer.

3.5(b) Benefits paid / payable

Withdrawal benefits are accrued benefits for members who have left the Scheme and have opted to transfer these benefits to another personal pension plan or pension scheme of their new employer, or payment of death benefits to designated beneficiaries. As at the year ended 30 June 2023, 7 members had left the Scheme (2022: 10 members left).

3.6 Foreign currencies

Functional and presentation currency

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

NOTES TO THE FINANCIAL STATEMENTS

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date the fair value was determined.

3.7 Related parties

Parties are considered to be related if one party has control, joint control or exercises significant influence over the other party or is a member of the key management personnel of the other party.

3.8 Provisions

Provisions are recognised when the Scheme has a present obligation as a result of a past event, and it is probable that the Scheme will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the Trustees' best estimate of the expenditure required to settle the obligation at the end of the reporting period. Provisions are reviewed at end of reporting period and adjusted to reflect the current best estimate.

3.9 Current versus non-current classification

The Scheme presents assets and liabilities in the statement of net assets available for benefits based on current/non-current classification.

An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle.
- Held primarily for the purpose of trading.
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle.
- It is held primarily for trading.
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Scheme classifies all other liabilities as non-current.

3.10 Other Income

Interest Income

- Interest income earned by the Scheme are recognised on a time-proportion basis using the effective interest method.

Dividend income

- Dividend income is recognised when the shareholder's right to receive payment is established.

NOTES TO THE FINANCIAL STATEMENTS

4. SIGNIFICANT MANAGEMENT JUDGEMENT IN APPLYING ACCOUNTING POLICIES AND ESTIMATION UNCERTAINTY

Estimates, judgements and assumptions 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 Scheme 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.

Significant management judgement

The following is the significant management judgement in applying the accounting policies of the Scheme that has the most significant effect on the financial statements.

Estimation uncertainty

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

Going concern

The Scheme's management has made an assessment of the Scheme's ability to continue as a going concern and is satisfied that the Scheme has the resources to continue in business for the foreseeable future. Furthermore, the Board of Trustees is not aware of any material uncertainties that may cast significant doubt upon the Scheme's ability to continue as a going concern. Therefore, the financial statements have been prepared on the going concern basis.

Pension benefits

The present value of the Personal Member Accounts (PMA) depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the investments returns on the assets include the discount rate. Any changes in these assumptions will impact the carrying amount of the PMA. The rate is determined by the insurer, applied to convert a PMA into a monthly pension. It depends on the Member's and/or other beneficiary's gender and prevailing interest and mortality rates.

Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the statement of net assets cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Impairment of financial assets

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

NOTES TO THE FINANCIAL STATEMENTS

5. FINANCIAL RISKS

The Scheme is exposed to financial risks through its financial assets and financial liabilities. In particular, the key financial risk is that proceeds from financial assets are not sufficient to fund the obligations arising from pension schemes.

The main risks to which the Scheme is exposed are as follows:

5.1 Market risk

Market risk is the risk of adverse financial impact due to changes in fair values or future cash flows of financial instruments from fluctuation in foreign currency exchange rates, interest rates and equity prices.

5.1.1 Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a monetary financial instrument will fluctuate because of changes in foreign exchange rates. The Scheme's financial instruments which are exposed to currency risk consist of financial assets at fair value through profit or loss. The Board of Trustees monitors the Scheme's currency position on a regular basis. The carrying amounts of the Scheme's financial assets and liabilities at the reporting date are as follows:

	2023 MUR	2022 MUR
Financial assets		
United States dollar (USD)	26,955,649	18,871,892
British pound (GBP)	907,794	846,892
Euro (EUR)	5,565,602	3,309,778
Japanese yen (JPY)	739,051	649,912
Mauritian rupee (MUR)	157,127,324	143,897,444
Total	191,295,420	167,575,918

Financial assets exclude prepayment of **MUR 8,880** (2022: MUR 8,370).

	2023 MUR	2022 MUR
Financial liabilities		
Mauritian rupee (MUR)	418,093	3,696,378

Financial liabilities exclude accruals of **MUR 383,713** (2022: MUR 312,425).

Consequently, the Scheme is exposed to risks that the exchange rate relative to these currencies may change in a manner which has an effect on the reported value of that portion of the Scheme's financial assets and financial liabilities which are denominated in currencies other than the Mauritian Rupee.

NOTES TO THE FINANCIAL STATEMENTS

Sensitivity analysis

The following table details the Scheme's sensitivity to a change of 5% of the Mauritian Rupee against the foreign currencies.

	Impact on net assets	
	2023 MUR	2022 MUR
Financial assets		
United States dollar (USD)	1,347,782	943,595
British pound (GBP)	45,390	42,345
Euro (EUR)	278,280	165,489
Japanese yen (JPY)	36,953	32,496
Total	1,708,405	1,183,925

5.1.2 Interest rate risk

The sensitivity analysis below has been determined based on the exposure to interest rates of securities earning variable rates of interest at the end of the reporting date. If interest rates had been 25 basis points higher/lower, the effect on the net assets available for benefits would have been as follows:

	2023 Impact on net assets		2022 Impact on net assets	
	+25 b.p MUR	-25 b.p MUR	+25 b.p MUR	-25 b.p MUR
Surplus/(Deficit)	48,426	(48,426)	50,146	(50,146)

5.1.3 Equity price risk

The Scheme is subject to price risk due to changes in the market values of its equity securities portfolio. Equity price risk is managed in order to mitigate anticipated unfavourable market movements. In addition, local insurance regulations set out the capital required for risks associated with type of assets held, investments above a certain concentration limit, policy liabilities risks and reinsurance ceded.

Sensitivity

The impact on the Scheme's net assets had the market values of financial assets at fair value through profit or loss changed by 10% with other assumptions left unchanged would have been as follows:

	2023 Impact on net assets		2022 Impact on net assets	
	+10% MUR	-10% MUR	+10% MUR	-10% MUR
Financial assets at fair value through profit or loss (FVPL)	17,627,791	(17,627,791)	13,835,240	(13,835,240)

NOTES TO THE FINANCIAL STATEMENTS

5.2 Liquidity risk

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

The Scheme's liquidity position is monitored on a regular basis by monitoring forecast and actual cash flows and matching profiles of financial asset.

The table below summarises the maturity profile of the Scheme's financial liabilities:

Maturities of financial assets and liabilities:

	< 1 year	1-5 years	>5 years	No maturity dates	Total
	MUR	MUR	MUR	MUR	MUR
At 30 June 2023					
Financial assets					
Financial assets at FVPL	21,141,768	8,657,553	61,798,808	84,679,780	176,277,909
Accounts receivable	650,348	-	-	-	650,348
Cash and cash equivalents	14,367,163	-	-	-	14,367,163
Total financial assets	36,159,279	8,657,553	61,798,808	84,679,780	191,295,420
Financial liabilities					
Accounts payables	418,092	-	-	-	418,092
Total financial liabilities	418,092	-	-	-	418,092
Net position	35,741,187	8,657,553	61,798,808	84,679,780	190,877,328

	< 1 year	1-5 years	>5 years	No maturity dates	Total
	MUR	MUR	MUR	MUR	MUR
At 30 June 2022					
Financial assets					
Financial assets at FVPL	26,797,659	10,031,282	26,536,530	74,986,929	138,352,400
Accounts receivable	363,573	-	-	-	363,573
Cash and cash equivalents	28,859,945	-	-	-	28,859,945
Total financial assets	56,021,177	10,031,282	26,536,530	74,986,929	167,575,918
Financial liabilities					
Accounts payables	3,696,378	-	-	-	3,696,378
Total financial liabilities	3,696,378	-	-	-	3,696,378
Net position	52,324,799	10,031,282	26,536,530	74,986,929	163,879,540

NOTES TO THE FINANCIAL STATEMENTS

5.3 Credit risk

Credit risk is the risk that a counterparty will be unable to pay an amount in full when it falls due. The Scheme's credit risk is primarily attributable to its accounts receivables and bank balances. The amounts presented in the statement of financial position are net of expected credit losses (ECL) and impairment.

	2023 MUR	2022 MUR
Financial assets		
Non-current		
Financial assets at fair value through profit or loss	70,456,361	27,551,043
	70,456,361	27,551,043
Current		
Financial assets at fair value through profit or loss	21,141,768	35,814,428
Accounts receivable	650,348	363,573
Cash and cash equivalents	14,367,163	28,859,945
	36,159,279	65,037,946
Total	106,615,640	92,588,989

The Scheme manages the credit risks on its portfolio of assets by requesting the investment manager to diversify the portfolio to minimise the impact of default by any one issuer. The diversification is monitored on a regular basis by the Board of Trustees with consultation with the investment manager.

The credit risk for the bank balances and receivables is considered negligible, since the counterparties are reputable banks and financial institutions with good quality external credit ratings. None of the Scheme's financial assets are secured by collateral or other credit enhancements.

5.4 Categories of financial instruments

	2023 MUR	2022 MUR
Financial assets		
Financial assets at fair value through profit or loss	176,277,909	138,352,400
Accounts receivable	650,348	363,573
Cash and cash equivalents	14,367,163	28,859,945
Total financial assets	191,295,420	167,575,918
	2023 MUR	2022 MUR
Financial liabilities		
Accounts payable	418,092	3,696,378
Total financial liabilities	418,092	3,696,378

NOTES TO THE FINANCIAL STATEMENTS

5.5 Fair value measurement of financial instruments

Financial instruments are measured at fair value in the statement of net assets available for benefits in accordance with the fair value hierarchy. This hierarchy groups financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and liabilities.

The fair value hierarchy has the following levels:

- **Level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities;
- **Level 2:** inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- **Level 3:** unobservable inputs for the asset or liability.

The following table shows the levels within the hierarchy of financial assets measured at fair value on a recurring basis:

	<u>2023</u>		
	Level 1	Level 2	Level 3
	MUR	MUR	MUR
Financial assets			
Quoted Securities	113,211,160	-	-
Unquoted Securities	-	63,066,749	-
Total	113,211,160	63,066,749	-

The board of trustees believes that the unquoted security being valued at amortised cost approximate its fair value.

	<u>2022</u>		
	Level 1	Level 2	Level 3
	MUR	MUR	MUR
Financial assets			
Quoted Securities	123,930,957	-	-
Unquoted Securities	-	14,421,443	-
Total	123,930,957	14,421,443	-

5.6 Fair value measurement of non-financial assets and non-financial liabilities

At the reporting date, the Scheme did not have any non-financial assets and non-financial liabilities.

NOTES TO THE FINANCIAL STATEMENTS

6. TAXATION

The Scheme is exempt from income tax as per the second schedule (Part 1) of the Income Tax Act 1995.

7. INVESTMENTS IN FINANCIAL ASSETS

Financial assets at fair value through profit or loss

	2023	2022
	MUR	MUR
At 01 July	138,352,400	108,719,540
Additions	217,324,649	36,759,969
Disposal	(180,504,123)	(8,139,450)
Profit on disposal	154,176	163,960
Fair value adjustments	950,807	848,381
At 30 June	176,277,909	138,352,400

The breakdown of the financial assets at fair value through profit or loss is as follows:

	2023	2022
	MUR	MUR
Current Assets		
<i>Debt instruments:</i>		
Local quoted	15,144,048	15,448,801
Local unquoted	5,997,720	20,365,626
Total Current Assets	21,141,768	35,814,428
Non Current Assets		
<i>Equities:</i>		
Local quoted	57,874,724	52,866,893
Overseas quoted	12,201,567	10,170,949
<i>Mutual funds:</i>		
Overseas quoted	14,603,488	11,949,088
<i>Debt instruments:</i>		
Local quoted	10,554,934	2,014,385
Local unquoted	57,069,029	25,536,658
Overseas quoted	2,832,399	-
Total Non Current Assets	155,136,141	102,537,973
Total	176,277,909	138,352,400

8. ACCOUNTS RECEIVABLE

	2023	2022
	MUR	MUR
Other receivables	650,348	363,573
Prepayments	8,880	8,370
Total	659,228	371,943

(a) The carrying amount of the accounts receivable is denominated in Mauritian rupee.

(b) The carrying amounts of accounts receivable approximate their fair values.

NOTES TO THE FINANCIAL STATEMENTS

9. CASH AND CASH EQUIVALENTS

	2023 MUR	2022 MUR
Cash at bank	9,997,252	28,859,945
Short term deposits	4,369,911	-
Total	14,367,163	28,859,945

	2023 MUR	2022 MUR
Cash at bank:		
MUR	9,836,522	27,301,507
USD	33,660	1,170,209
EUR	1,118	270,912
GBP	125,952	117,317
Total	9,997,252	28,859,945

The closing rate of the USD was MUR **45.550**, Euro was MUR **49.470** and GBP was MUR **57.460** at 30 June 2023 (2022: USD was MUR 44.150, Euro was MUR 46.245 and GBP was MUR 53.520).

10. ACCOUNTS PAYABLE

	2023 MUR	2022 MUR
Accruals	383,713	312,425
Other payables	418,092	3,696,378
Total	801,805	4,008,803

The carrying amounts of accounts payable approximate their fair values.

11. PERSONAL MEMBER ACCOUNT AND GENERAL ACCOUNT

The assets of the Scheme are notionally allocated to two sub-accounts: the Personal Member Account and the General Account.

Personal Member Account (PMA)

Each member of the Scheme has a Personal Member Account that represents the value of the Member's accrued benefits in the Scheme. The Personal Member Account (PMA) is a cumulative record that reflects the total of contributions, transfers, and investment returns, while also factoring in deductions associated with investment costs and benefit disbursements.

General Account

The part of the value of the Scheme that has not been allocated to the Members' Account is allocated to the General Account. The purpose of the General Account is to be the vehicle through which the benefits and expenses of the Scheme will be paid to the Members and other Beneficiaries.

NOTES TO THE FINANCIAL STATEMENTS

Accumulated Schemes

	Personal Member Account MUR	General Account MUR	Total MUR
At 01 July 2022	154,722,195	8,853,290	163,575,485
Members' contributions	24,969,047	-	24,969,047
Deficit of income over expenses	-	(295,084)	(295,084)
Total return on investments	5,034,448	-	5,034,448
Benefits paid	(2,547,618)	-	(2,547,618)
Administration fees paid	(233,782)	-	(233,782)
As at 30 June 2023	181,944,289	8,558,206	190,502,495
At 01 July 2021	111,253,821	10,142,482	121,396,303
Members' contributions	43,998,082	-	43,998,082
Deficit of income over expenses	-	(1,289,192)	(1,289,192)
Total return on investments	4,819,167	-	4,819,167
Benefits paid	(5,141,399)	-	(5,141,399)
Administration fees paid	(207,476)	-	(207,476)
As at 30 June 2022	154,722,195	8,853,290	163,575,485

The Personal Member Account represents the sum of all the individual Personal Member Accounts and represents the value of the Members' accrued benefits from the Scheme.

The General Account represents the part of the value of the Scheme that incurs expenses of the Scheme.

12. RELATED PARTY TRANSACTIONS

The related party transactions during the year ended 30 June 2023 amounted to **MUR 690,000** (June 2022: MUR 676,364) arising on remuneration of Trustees.

13. GOING CONCERN

The Board of Trustees has made an assessment of the Scheme's ability to continue as a going concern and is satisfied that the Scheme has the resources to continue its operations for the foreseeable future. Furthermore, the Board of Trustees is not aware of any material uncertainties that may cast significant doubt upon the Scheme's ability to continue as a going concern. Therefore, the financial statements has been prepared on a going concern basis.

14. CONTINGENT LIABILITIES

There are no contingent liabilities as at 30 June 2023 (June 2022: Nil).

15. CAPITAL COMMITMENTS

There are no capital commitments as at 30 June 2023 (June 2022: Nil).

16. EVENT AFTER THE REPORTING PERIOD

There are no significant events after the reporting period which may have a material effect on the financial statements for the year ended 30 June 2023.

NIC MULTI-EMPLOYER PENSION SCHEME

ANNUAL REPORT 2023



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