

**AFRICAN DOMESTIC BOND FUND**

the "FUND"

**UNAUDITED INTERIM FINANCIAL STATEMENTS**

**FOR THE SIX MONTHS ENDED DECEMBER 31, 2023**

**AFRICAN DOMESTIC BOND FUND**  
**INTERIM FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS ENDED DECEMBER 31, 2023**

---

<b>TABLE OF CONTENTS</b>	<b>PAGES</b>
MANAGEMENT & ADMINISTRATION	1
MANAGER'S REPORT	2
INTERIM FINANCIAL STATEMENTS	3 - 18
STATEMENT OF FINANCIAL HIGHLIGHTS	19

**NOTICE**

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

# AFRICAN DOMESTIC BOND FUND

## MANAGEMENT & ADMINISTRATION

---

		<b><u>Date of appointment</u></b>
<b>BOARD MEMBERS</b>	Mr Gilbert Gnany	May 04, 2017
	Mr Patrick Eric Ronald Lam Yan Foon	May 04, 2017
	Mr Jean Hok Yui How Hong	October 05, 2017
	Ms Li Fa Cheung Kai Suet	January 31, 2022
<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>Standard Chartered Bank (Mauritius) Limited</b> 19 Bank Street, 6th Floor, Standard Chartered Tower Cybercity, Ebène, 72201, MAURITIUS	
<b>AUDITOR</b>	<b>BDO &amp; Co.</b> 10, Frère Felix de Valois Street Port Louis, MAURITIUS	
<b>ISIN</b>	MU0607S00004	

# AFRICAN DOMESTIC BOND FUND

## MANAGER'S REPORT

### FOR THE SIX MONTHS ENDED DECEMBER 31, 2023

#### Performance Review

For the quarter ended December 31, 2023, the Fund size stood at USD 37.7m. During the quarter, the Fund posted a return of 2.4% against the benchmark return of 3.7%. For the year 2023, the Fund returned -7.3%, against -9.2% for the benchmark.

#### Portfolio Review

As per its investment objective, the Fund invests in local currency government and quasi-government bonds of African countries and seeks to provide investment returns that corresponds closely to the return of the AfDB/AFMISM Bloomberg® African Bond Index 25% Capped ("Index"), before fees and expenses.

Portfolio characteristics as at the end of December 2023 are shown below:

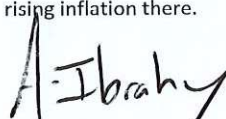
Statistic	Fund	Benchmark
Modified duration (Years)	4.17	4.39
No. of bonds	68	481
Current Yield %	13.99%	13.65%

Country allocation in Fund as at September 2023:

Country	Fund allocation	Benchmark
Egypt	23.00%	21.79%
Nigeria	6.70%	11.75%
South Africa	27.94%	25.40%
Kenya	6.44%	8.28%
Ghana	2.30%	0.86%
Zambia	7.40%	2.44%
Morocco	20.80%	24.12%
Mauritius	2.80%	2.71%
Namibia	1.80%	1.73%
Botswana	0.70%	0.90%

The Fund invests in Pan-African local currency government and quasi-government bonds on an unhedged basis and as a result provides access to a growing asset class that has significant performance tail winds and remains relatively uncorrelated to major asset classes. The ETF structure allows the Fund to do this in a liquid, transparent and cost-efficient manner.

The Fund is exposed to interest and exchange rate risks from within the markets it invests in. The underlying universe is inherently diverse, with commodity exporters such as Nigeria, to commodity importers such as Egypt and well diversified economies in Kenya and South Africa to name a few, while remaining relatively uncorrelated to global asset classes at the same time. Due to a mix of growth potential, underlying demographics, commodity risks moderating and better macro economic management, we remain constructive on the asset class. The Manager remains overweight South Africa, Zambia and Ghana, will increase overweight in Botswana, neutral Morocco, Mauritius and Namibia. Egypt, Nigeria and Kenya remain the key underweight markets due to a mixture of FX liquidity constraints and still high to rising inflation there.



MANAGER

For and on behalf of

MCB INVESTMENT MANAGEMENT CO. LTD

**AFRICAN DOMESTIC BOND FUND**  
**CONDENSED STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2023**

	Notes	December 31, 2023 USD	June 30, 2023 USD
<b>ASSETS</b>			
Other receivables	4	22,145	8,202
Financial assets at fair value through profit or loss	3	37,132,792	35,993,701
Cash and cash equivalents		578,505	2,279,340
<b>Total assets</b>		<b>37,733,442</b>	<b>38,281,243</b>
<b>EQUITY</b>			
Management share	7	10	10
<b>LIABILITIES</b>			
Other payables	8	36,058	30,848
Current tax liabilities	10(a)	-	7,839
Total liabilities (excluding net assets attributable to holders of redeemable participating shares)		36,058	38,687
<b>Net assets attributable to holders of redeemable participating shares</b>	6(iv)	<b>37,697,374</b>	<b>38,242,546</b>
<b>Total liabilities</b>		<b>37,733,432</b>	<b>38,281,233</b>
<b>Total equity and liabilities</b>		<b>37,733,442</b>	<b>38,281,243</b>
<b>Net asset value per share</b>	6(iv)	<b>6.81</b>	<b>7.02</b>

These financial statements have been approved for issue by the Board of Directors on: 08 February 2024

Mr Patrick Eric Ronald Lam Yan Foon  
 Director

Mr Jean Hok Yui How Hong  
 Director

The notes on pages 7 to 18 form an integral part of these financial statements.

## AFRICAN DOMESTIC BOND FUND

### CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED DECEMBER 31, 2023

	Notes	3-months ended Dec 31, 2023 USD	3-months ended Dec 31, 2022 USD	6 months ended Dec 31, 2023 USD	6 months ended Dec 31, 2022 USD
<b>Income</b>					
Interest on fixed income securities		981,106	1,006,950	2,020,910	2,056,806
Interest Income on bank account		151	-	168	-
		<u>981,257</u>	<u>1,006,950</u>	<u>2,021,078</u>	<u>2,056,806</u>
<b>Expenses</b>					
Manager's fees	11(a)	28,083	31,380	56,930	63,010
Custodian's fees		18,358	17,513	36,597	35,364
Licence fees		8,707	9,981	17,408	17,575
Registrar's fees	11(b)	6,822	7,295	13,567	14,570
Other direct expenses		3,799	11,413	11,272	16,658
Professional fees		1,454	1,622	2,908	2,947
		<u>67,223</u>	<u>79,204</u>	<u>138,682</u>	<u>150,124</u>
<b>Operating profit</b>		<u>914,034</u>	<u>927,746</u>	<u>1,882,396</u>	<u>1,906,682</u>
Fair value gains/(losses) on financial assets		62,376	(1,943,149)	(1,258,897)	(6,244,476)
Foreign exchange (losses)/gains		(42,315)	136,698	(117,705)	115,064
Gains/(losses) on disposal of financial assets		13,752	-	16,101	(8,616)
		<u>33,813</u>	<u>(1,806,451)</u>	<u>(1,360,501)</u>	<u>(6,138,028)</u>
<b>Profit/(loss) before distribution</b>		<u>947,847</u>	<u>(878,705)</u>	<u>521,895</u>	<u>(4,231,346)</u>
Distribution to holders of redeemable participating shares		(1,525,581)	(2,244,078)	(1,525,581)	(2,244,078)
<b>Loss before taxation</b>		<u>(577,734)</u>	<u>(3,122,783)</u>	<u>(1,003,686)</u>	<u>(6,475,424)</u>
Taxation	11(b)	(37,976)	(82,299)	(163,079)	(182,879)
<b>Loss for the period</b>		<u>(615,710)</u>	<u>(3,205,082)</u>	<u>(1,166,765)</u>	<u>(6,658,303)</u>
<b>Equalisation</b>					
Income received on units created		7,512	10,708	8,435	268,706
Income paid on units liquidated		(371)	(450)	(371)	(27,983)
		<u>7,141</u>	<u>10,258</u>	<u>8,064</u>	<u>240,723</u>
<b>Decrease in net assets attributable to holders of redeemable participating shares</b>		<u>(608,569)</u>	<u>(3,194,824)</u>	<u>(1,158,701)</u>	<u>(6,417,580)</u>

The notes on pages 7 to 18 form an integral part of these financial statements.

## AFRICAN DOMESTIC BOND FUND

### CONDENSED STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE PARTICIPATING SHARES FOR THE SIX MONTHS ENDED DECEMBER 31, 2023

	<u>Notes</u>	<u>Total USD</u>
<b>At July 01, 2023</b>		<b>38,242,546</b>
Issue of redeemable participating shares	6 (ii)	638,177
Redemption of redeemable participating shares	6 (ii)	(24,648)
Decrease in net assets attributable to holders of redeemable participating shares		<u>(1,158,701)</u>
<b>At December 31, 2023</b>		<b><u>37,697,374</u></b>
At July 01, 2022		43,030,767
Issue of redeemable participating shares	6 (ii)	5,770,412
Redemption of redeemable participating shares	6 (ii)	(794,737)
Decrease in net assets attributable to holders of redeemable participating shares		<u>(6,417,580)</u>
At December 31, 2022		<b><u>41,588,862</u></b>

The notes on pages 7 to 18 form an integral part of these financial statements.

**AFRICAN DOMESTIC BOND FUND**  
**CONDENSED STATEMENT OF CASH FLOWS**  
**FOR THE SIX MONTHS ENDED DECEMBER 31, 2023**

	<b>Notes</b>	<b>6 months to Dec 31, 2023</b>	<b>6 months to Dec 31, 2022</b>
		<b>USD</b>	<b>USD</b>
<b>Cash flows from operating activities</b>			
Cash used in operations	9 (a)	<b>(136,019)</b>	(1,811,536)
Tax paid		<b>(182,146)</b>	(183,640)
<b>Net cash used in operating activities</b>		<b>(318,165)</b>	(1,995,176)
<b>Cash flows from investing activities</b>			
Interest received on fixed income securities		<b>1,848,732</b>	1,957,219
Purchase of financial assets		<b>(4,331,222)</b>	(4,258,852)
Proceeds from disposal of financial assets		<b>2,121,512</b>	725,831
<b>Net cash used in investing activities</b>		<b>(360,978)</b>	(1,575,802)
<b>Cash flows from financing activities</b>			
Issue of redeemable participating shares	6 (ii)	<b>18,020</b>	4,931,191
Redemption of redeemable participating shares	6 (ii)	<b>(24,648)</b>	(794,737)
Income received on redeemable participating shares created		<b>8,435</b>	268,706
Income paid on redeemable participating shares liquidated		<b>(371)</b>	(27,983)
Distribution paid to holders of redeemable participating shares	8	<b>(905,424)</b>	(1,404,857)
<b>Net cash (used in)/ generated from financing activities</b>		<b>(903,988)</b>	2,972,320
<b>Decrease in cash and cash equivalents</b>		<b>(1,583,131)</b>	(598,658)
<b>Movement in cash and cash equivalents</b>			
At July 01,		<b>2,279,341</b>	4,178,864
Decrease in cash and cash equivalents		<b>(1,583,131)</b>	(598,658)
Effect of foreign exchange difference		<b>(117,705)</b>	115,064
<b>At December 31,</b>	9 (c)	<b>578,505</b>	3,695,270

The notes on pages 7 to 18 form an integral part of these financial statements.



# AFRICAN DOMESTIC BOND FUND

## NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED DECEMBER 31, 2023

### 1 REPORTING ENTITY

African Domestic Bond Fund was incorporated in Mauritius under the Companies Act 2001 on May 04, 2017 as a public company with liability limited by shares and holds a Global Business Licence issued by the Financial Services Commission to operate as a Collective Investment Scheme, categorised as a Global Scheme. The Fund's registered office is C/o Apex Fund & Corporate Services (Mauritius) Ltd, Lot 15 A3, 1st Floor, Cybercity, Ebène 72201, Mauritius.

The Fund's objective is to track the performance of the AfDB/ AFMI Bloomberg African Bond Index (Bloomberg ticker : BADBC Index) which is a rules-based market value weighted composite index.

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

### 2 BASIS OF PREPARATION

The interim financial statements are unaudited and have been prepared using the same accounting policies as those adopted in the financial statements for the year ended June 30, 2023 and comply with IAS 34.

### 3 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<b>6 months to Dec 31, 2023</b>	<b>Year to Jun 30, 2023</b>
	<b>USD</b>	<b>USD</b>
Opening balance	<b>34,624,047</b>	39,244,856
Additions during the period/year	<b>4,331,222</b>	9,648,365
Disposal during the period/year	<b>(3,739,668)</b>	(3,562,517)
Fair value losses on financial assets	<b>(1,258,897)</b>	(11,733,501)
Fair value release on disposal	<b>1,634,257</b>	1,026,844
	<b>35,590,961</b>	34,624,047
Interest receivable	<b>1,541,831</b>	1,369,654
<b>Closing balance</b>	<b>37,132,792</b>	35,993,701

(i) Fair value for the above investments was determined by reference to published price quotations in an active market (classified as level 1 in the fair value hierarchy) as disclosed in note 14 (a).

(ii) The maximum exposure to credit risk is USD 37,132,792 (Dec 31, 2023: USD 35,993,701)

(iii) Credit risk from government bonds is low and as such all changes in fair value are attributable to changes in markets conditions.

### 4 OTHER RECEIVABLES

	<b>Dec 31, 2023</b>	<b>Jun 30, 2023</b>
	<b>USD</b>	<b>USD</b>
Share capital receivable (note 7)	<b>10</b>	10
Current tax asset	<b>11,228</b>	-
Prepayments	<b>10,907</b>	8,192
	<b>22,145</b>	8,202

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

# AFRICAN DOMESTIC BOND FUND

## NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED DECEMBER 31, 2023

### 5 DISTRIBUTION TO REDEEMABLE PARTICIPATING SHAREHOLDERS

	<b>6 months to Dec 31, 2023</b>	<b>6 months to Dec 31, 2022</b>
	<b>USD</b>	<b>USD</b>
Distribution declared during the period	<b>1,525,581</b>	2,244,078
Distribution paid during the period	<b>905,424</b>	1,404,857
Distribution re-invested during the period (note 6 (ii))	<b>620,157</b>	839,221
	<b>1,525,581</b>	2,244,078
Interim per unit	<b>0.28</b>	0.44
Final per unit	<b>-</b>	-
	<b>0.28</b>	0.44

On April 06, 2021, the Board approved and implemented a dividend reinvestment plan, whereby investors have the option to reinvest their dividends in the Fund automatically by completing an Election Form available online at [www.mbcapitalmarkets.mu](http://www.mbcapitalmarkets.mu) and returning it by e-mail to [contact.rs@mcbcm.mu](mailto:contact.rs@mcbcm.mu) or to MCB Registry & Securities Ltd, Sir William Newton Street, Port Louis, Mauritius.

### 6 MOVEMENT IN REDEEMABLE PARTICIPATING SHARES

	<b>6 months to Dec 31, 2023</b>	<b>6 months to Dec 31, 2022</b>
	<b>No. of Shares</b>	<b>No. of Shares</b>
<b>Issued and fully paid</b>		
(i) Opening balance	<b>5,444,956</b>	4,611,648
Issue of shares during the period	<b>97,445</b>	693,120
Redemption of shares during the period	<b>(3,712)</b>	(92,522)
<b>Closing balance</b>	<b>5,538,689</b>	5,212,246
	<b>6 months to Dec 31, 2023</b>	<b>6 months to Dec 31, 2022</b>
	<b>USD</b>	<b>USD</b>
(ii) Opening balance	<b>53,945,119</b>	47,293,529
Issue of shares during the period - Cash consideration	<b>18,020</b>	4,931,191
Issue of shares during the period - Non cash (note 8)	<b>620,157</b>	839,221
Redemption of shares during the period	<b>(24,648)</b>	(794,737)
<b>Closing balance</b>	<b>54,558,648</b>	52,269,204

The share capital of the Fund is denominated in USD and is made up of no par value shares. The Board may issue redeemable participating shares at any time and there is no limit on the number of shares to be issued.

#### (iii) Class Rights

##### Rights of Redeemable Participating Shares

#### (a) Voting rights

The holders of Redeemable Participating Shares shall not have the right to receive notice of meeting of shareholders of the Fund and shall have no right to vote at any such meetings and/or to approve any resolution of the Fund except in the circumstances permitted by the Constitution or required under Mauritian

# AFRICAN DOMESTIC BOND FUND

## NOTES TO THE INTERIM FINANCIAL STATEMENTS

### FOR THE SIX MONTHS ENDED DECEMBER 31, 2023

#### 6 MOVEMENT IN REDEEMABLE PARTICIPATING SHARES (CONT'D)

##### (iii) Class Rights (cont'd)

##### (b) Dividends

The holders of Redeemable Participating Shares shall have rights to dividends.

##### (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 Share in accordance with the Constitution.

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

In accordance with the Fund's Prospectus, the formation cost of the Fund is amortised over a period of five years for the purpose of calculating the issue and redemption prices of the participating shares.

	<b>Dec 31, 2023</b>	<b>Jun 30, 2023</b>
	<b>USD</b>	<b>USD</b>
Net Assets calculated as per Prospectus	<b>37,698,797</b>	38,228,488
<b>Adjustments:</b>		
Formation costs	-	(1,021)
Other receivable	<b>49</b>	15,004
Other payables	-	-
Tax liabilities	<b>(1,472)</b>	75
<b>Net Assets as per Financial Reporting</b>	<b>37,697,374</b>	<b>38,242,546</b>
	<b>Per Share</b>	<b>Per Share</b>
	<b>USD</b>	<b>USD</b>
Net Assets per share calculated as per Prospectus	<b>6.81</b>	7.02
<b>Adjustments:</b>		
Formation costs	-	(0.00)
Other receivable	<b>0.00</b>	0.00
Other payables	-	-
Tax liabilities	<b>(0.00)</b>	0.00
<b>Net Assets per share as per Financial Reporting</b>	<b>6.81</b>	<b>7.02</b>

# AFRICAN DOMESTIC BOND FUND

## NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED DECEMBER 31, 2023

### 7 MANAGEMENT SHARE

One Management Share of USD 10 was issued by the Fund to MCB Investment Management Co. Ltd on incorporation. The management share is receivable at as Dec 31, 2023 as disclosed in note 4 to the interim report. The Board has issued Management Share only to the Manager at no par value.

The Board may issue management shares at any time and there is no limit on number of shares to be issued.

#### 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) Dividends:

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

##### (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.

### 8 OTHER PAYABLES

	<b>Dec 31, 2023</b>	<b>Jun 30, 2023</b>
	<b>USD</b>	<b>USD</b>
Manager's fees payable	9,554	9,373
Registrar's fees payable	2,197	2,156
Custodian's fees payable	5,085	4,808
Index provider fee payable	15,670	9,382
Professional fees payable	3,552	5,129
	<b>36,058</b>	<b>30,848</b>

### 9 NOTES TO THE STATEMENT OF CASH FLOWS

	<b>6 months to Dec 31, 2023</b>	<b>6 months to Dec 31, 2022</b>
	<b>USD</b>	<b>USD</b>
<b>(a) Cash used in operations</b>		
Profit/(loss) before taxation	521,895	(4,231,346)
Adjustments for:		
Fair value losses on financial assets	1,258,897	6,244,476
Foreign exchange losses/(gains)	117,705	(115,064)
(Gains)/losses on disposal of financial assets	(16,101)	8,616
Interest income on fixed income securities	(2,020,910)	(2,056,806)
	<b>(138,514)</b>	<b>(150,124)</b>
<b>(b) Changes in working capital:</b>		
Other receivables	(2,715)	4,710
Other payables	5,210	(1,666,122)
<b>Cash generated used in operations</b>	<b>(136,019)</b>	<b>(1,811,536)</b>

# AFRICAN DOMESTIC BOND FUND

## NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED DECEMBER 31, 2023

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

	<b>Dec 31, 2023</b>	<b>Dec 31, 2022</b>
	<b>USD</b>	<b>USD</b>
(c) Cash and cash equivalents		
Cash at bank	<b>578,505</b>	3,695,270

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

### 10 INCOME TAX

The Fund is a tax resident 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) a partial exemption of 80% on its income other than interest which qualifies for an 95% exemption.

#### (a) In the Statement of Financial Position

	<b>Dec 31, 2023</b>	<b>Jun 30, 2023</b>
	<b>USD</b>	<b>USD</b>
Opening balance	7,839	12,531
Charge for the period/year	163,079	348,930
Paid during the period/year	<b>(182,146)</b>	<b>(353,622)</b>
Closing balance	<b>(11,228)</b>	7,839

#### (b) In the Statement of Profit or Loss and other Comprehensive Income

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

	<b>6 months to Dec 31, 2023</b>	<b>6 months to Dec 31, 2022</b>
	<b>USD</b>	<b>USD</b>
Loss after distribution and before taxation	<b>(1,003,686)</b>	(6,475,424)
Tax calculated at a rate of 15% (2022 : 15%)	<b>(150,553)</b>	(971,314)
Tax effect on:		
Expenses not deductible for tax purposes	<b>437,769</b>	1,286,602
Income not subject to tax	<b>(177,478)</b>	(173,983)
Relief on foreign tax suffered	<b>(101,561)</b>	(100,816)
Withholding tax suffered	<b>154,902</b>	142,390
<b>Tax charge</b>	<b>163,079</b>	182,879

Expenses not deductible for tax purposes relates to fair value loss on financial assets, distribution to holders of redeemable participating shares and expenses relating to exempt income.

Income not subject to tax relates to exempt income as per the Second Schedule of the Income Tax Act 1995. The withholding tax suffered was incurred on the interest received.

# AFRICAN DOMESTIC BOND FUND

## NOTES TO THE INTERIM FINANCIAL STATEMENTS

### FOR THE SIX MONTHS ENDED DECEMBER 31, 2023

#### 11 RELATED PARTY TRANSACTIONS

The transactions of the Fund with parties related to the Manager during the period Dec 31, 2023 and Dec 31, 2022 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:

	<b>6 months to Dec 31, 2023</b>	<b>6 months to Dec 31, 2022</b>
	<b>USD</b>	<b>USD</b>
MCB Investment Management Co. Ltd	<b>56,930</b>	63,010

##### (b) Registrar Fees

MCB Registry & Securities Ltd, which is an entity under common control, 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:

	<b>6 months to Dec 31, 2023</b>	<b>6 months to Dec 31, 2022</b>
	<b>USD</b>	<b>USD</b>
MCB Registry & Securities Ltd	<b>13,567</b>	14,570

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

	<b>6 months to Dec 31, 2023</b>	<b>6 months to Dec 31, 2022</b>
	<b>USD</b>	<b>USD</b>
Directors fees	<b>331</b>	337

##### (d) Outstanding balances

	<b>Dec 31, 2023</b>	<b>June 30, 2023</b>
	<b>USD</b>	<b>USD</b>
Payables to related parties:		
-MCB Investment Management Co. Ltd	<b>9,554</b>	9,373
-MCB Registry & Securities Ltd	<b>2,197</b>	2,156
	<b>11,751</b>	11,529
Receivable from related party:		
-MCB Investment Management Co. Ltd	<b>10</b>	10

-The above transactions reflect the commercial objective of the Fund and occurred in the normal course of business.

-There has been no guarantees provided or received for any related party receivables or payables.

-The outstanding balances as at year end are unsecured, interest free and repayable on demand.

-Settlement for the above balances occurs in cash.

# AFRICAN DOMESTIC BOND FUND

## NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED DECEMBER 31, 2023

---

### 11 RELATED PARTY TRANSACTIONS (CONT'D)

#### (e) Bank balances

	<u>Dec 31, 2023</u>	<u>Dec 31, 2022</u>
	USD	USD
The Mauritius Commercial Bank Ltd	<u>14,639</u>	<u>54,106</u>

# AFRICAN DOMESTIC BOND FUND

## NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED DECEMBER 31, 2023

### 12 (a) Schedule of investments as at

June 30, 2023		<u>December 31,</u>	
Market Value		<u>2023</u>	
(USD)	Security Description	Market Value	% of Net
		(USD)	Assets
<b>Quoted Foreign Fixed Income Securities</b>			
231,049	Botswana Government Bond - 7.75% - 10-Sep-31	238,075	0.63%
54,292	Egypt Government Bond - 13.564% - 14-Jan-2030	53,349	0.14%
1,766,790	Egypt Government Bond - 14.06% - 12-Jan-2026	1,752,162	4.65%
173,822	Egypt Government Bond - 14.217% - 15-Oct-2026	171,535	0.46%
851,135	Egypt Government Bond - 14.313% - 13-Oct-2023	-	0.00%
105,950	Egypt Government Bond - 14.382% - 12-Jan-2031	102,719	0.27%
798,492	Egypt Government Bond - 14.35% - 10-Sep-2024	887,808	2.36%
109,542	Egypt Government Bond - 14.40% - 10-Sep-2029	107,770	0.29%
271,850	Egypt Government Bond - 14.50% - 20-Feb-2025	275,885	0.73%
488,672	Egypt Government Bond - 14.522% - 04-Jan-2025	498,368	1.32%
-	Egypt Government Bond - 14.531% - 14-Sep-2024	264,531	0.70%
733,042	Egypt Government Bond - 14.556% - 13-Oct-2027	714,564	1.90%
50,981	Egypt Government Bond - 15.70% - 07-Nov-2027	50,480	0.13%
63,715	Egypt Government Bond - 16.10% - 07-May-2029	61,897	0.16%
357,672	Egypt Government Bond - 16.50% - 02-Apr-2026	353,736	0.94%
256,253	Egypt Government Bond - 17.18% - 09-May-2027	248,284	0.66%
345,548	Egypt Government Bond - 17.20% - 09-Aug-2023	-	0.00%
159,634	Egypt Government Bond - 18.35% - 09-Oct-2023	-	0.00%
862,547	Egypt Treasury Bill - 0.0001% - 16-Jan-2024	2,197,915	5.83%
-	Egypt Treasury Bill - 0.0001% - 20-Feb-2024	532,643	1.41%
73,955	Ghana Government Bond - 8.35% - 16-Feb-2027	71,497	0.19%
73,955	Ghana Government Bond - 8.5% - 15-Feb-2028	71,549	0.19%
73,955	Ghana Government Bond - 8.65% - 13-Feb-2029	71,602	0.19%
73,955	Ghana Government Bond - 8.8% - 12-Feb-2030	71,655	0.19%
65,738	Ghana Government Bond - 8.95% - 11-Feb-2031	63,740	0.17%
65,738	Ghana Government Bond - 9.10% - 10-Feb-2032	63,787	0.17%
65,738	Ghana Government Bond - 9.25% - 08-Feb-2033	63,834	0.17%
65,738	Ghana Government Bond - 9.40% - 07-Feb-2034	63,881	0.17%
65,738	Ghana Government Bond - 9.55% - 06-Feb-2035	63,928	0.17%
65,738	Ghana Government Bond - 9.7% - 05-Feb-2036	63,975	0.17%
65,738	Ghana Government Bond - 9.85% - 03-Feb-2037	64,021	0.17%
65,738	Ghana Government Bond - 10% - 02-Feb-2038	64,068	0.17%
778,227	Kenya Government Bond - 11.75% - 08-Oct-2035	650,040	1.72%
599,184	Kenya Infrastructure Bond - 11.95% - 25-Oct-2038	507,496	1.35%
166,948	Kenya Infrastructure Bond - 12.20% - 22-Feb-2044	135,346	0.36%
769,644	Kenya Infrastructure Bond - 12.667% - 21-Mar-2039	644,631	1.71%
90,519	Kenya Infrastructure Bond - 12.737% - 18-Aug-2042	222,786	0.59%
147,391	Kenya Infrastructure Bond - 13.742% - 21-May-2040	119,295	0.32%
424,905	Mauritius Government Bond - 4.79% - 05-Aug-2032	441,258	1.17%
514,180	Mauritius Government Bond - 5.24% - 30-Sep-2042	528,160	1.40%
965,170	Morocco Government Bond - 2.05% - 20-Apr-2026	979,479	2.60%
2,121,684	Morocco Government Bond - 2.30% - 16-Jun-2031	2,197,462	5.83%
641,804	Morocco Government Bond - 2.70% - 17-Jun-2030	662,331	1.76%
1,795,510	Morocco Government Bond - 2.85% - 15-Apr-2024	1,803,114	4.78%



# AFRICAN DOMESTIC BOND FUND

## NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED DECEMBER 31, 2023

### 12 (a) Schedule of investments as at (cont'd)

June 30, 2023 Market Value (USD)	Security Description	December 31, 2023 Market Value (USD)	% of Net Assets
880,191	Morocco Government Bond - 3.00% - 16-Jul-2035	921,977	2.45%
365,404	Morocco Government Bond - 4.00% - 14-Feb-2050	384,793	1.02%
-	Morocco Government Bond - 4.75% - 14-Mar-2039	550,406	1.46%
584,922	Namibia Government Bond - 9% - 15-Apr-2032	635,364	1.69%
492,178	Nigeria Government Bond - 12.1493% - 18-Jul-2034	376,923	1.00%
400,454	Nigeria Government Bond - 12.40% - 18-Mar-2036	311,898	0.83%
292,356	Nigeria Government Bond - 12.50% - 22-Jan-2026	228,034	0.60%
302,088	Nigeria Government Bond - 12.98% - 27-Mar-2050	242,837	0.64%
-	Nigeria Government Bond - 13% - 21-Jan-2042	155,448	0.41%
397,213	Nigeria Government Bond - 13.98% - 23-Feb-2028	314,170	0.83%
203,548	Nigeria Government Bond - 14.20% - 14-Mar-2024	-	0.00%
204,252	Nigeria Government Bond - 14.80% - 26-Apr-2049	239,411	0.64%
-	Nigeria Government Bond - 16.25% - 18-Apr-2037	241,242	0.64%
122,586	Nigeria Government Bond - 16.2884% - 17-Mar-2027	94,631	0.25%
306,291	Republic of South Africa - 6.25% - 31-Mar-2036	323,640	0.86%
293,679	Republic of South Africa - 6.50% - 28-Feb-2041	308,136	0.82%
594,821	Republic of South Africa - 7.00% - 28-Feb-2031	638,810	1.69%
1,793,805	Republic of South Africa - 8.00% - 31-Jan-2030	1,917,760	5.09%
1,076,446	Republic of South Africa - 8.25% - 31-Mar-2032	1,147,551	3.04%
918,695	Republic of South Africa - 8.50% - 31-Jan-2037	961,727	2.55%
728,184	Republic of South Africa - 8.75% - 31-Jan-2044	755,938	2.01%
1,144,690	Republic of South Africa - 8.75% - 28-Feb-2048	1,191,279	3.16%
900,189	Republic of South Africa - 8.875% - 28-Feb-2035	951,455	2.52%
616,281	Republic of South Africa - 9.00% - 31-Jan-2040	641,356	1.70%
1,635,538	Republic of South Africa - 10.50% - 21-Dec-2026	1,127,719	2.99%
-	Republic of South Africa - 11.625% - 31-Mar-2053	83,425	0.22%
2,657,408	Zambia Government Bond - 13.00% - 25-Jan-2031	2,509,739	6.66%
194,952	Zambia Government Bond - 13% - 03-Apr-2033	134,636	0.34%
34,624,047	<b>TOTAL QUOTED FOREIGN FIXED INCOME SECURITIES</b>	<b>35,590,961</b>	<b>94.40%</b>
1,369,654	<b>TOTAL INTEREST RECEIVABLE</b>	<b>1,541,831</b>	<b>4.10%</b>
35,993,701	<b>TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>	<b>37,132,792</b>	<b>98.50%</b>
2,248,855	OTHER ASSETS AND LIABILITIES	564,592	1.50%
38,242,556	<b>NET ASSETS</b>	<b>37,697,384</b>	<b>100.00%</b>

**AFRICAN DOMESTIC BOND FUND**  
**NOTES TO THE INTERIM FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS ENDED DECEMBER 31, 2023**

12 (b) Categories of financial instruments

Assets and liabilities as per statement of financial position

	<b>BWP</b>	<b>EGP</b>	<b>GHS</b>	<b>KES</b>	<b>MAD</b>	<b>MUR</b>	<b>NAD</b>	<b>NGN</b>	<b>ZAR</b>	<b>ZMW</b>	<b>USD</b>	<b>Total</b>
	<b>USD</b>	<b>USD</b>	<b>USD</b>	<b>USD</b>	<b>USD</b>	<b>USD</b>	<b>USD</b>	<b>USD</b>	<b>USD</b>	<b>USD</b>	<b>USD</b>	<b>USD</b>
<b>At December 31, 2023</b>												
<u>At Amortised Cost</u>												
Other receivables	-	-	-	-	-	-	-	-	-	-	22,145	22,145
Cash and cash equivalents	25,363	30,260	30,814	48,185	35,292	51,823	32,017	222,571	58,049	25,972	18,159	578,505
<b>At Fair Value Through Profit or Loss</b>												
Financial assets at fair value through profit or loss	243,946	8,854,599	839,255	2,348,891	7,631,712	985,626	648,143	2,310,706	10,384,020	2,885,894	-	37,132,792
<b>Total assets</b>	<b>269,309</b>	<b>8,884,859</b>	<b>870,069</b>	<b>2,397,076</b>	<b>7,667,004</b>	<b>1,037,449</b>	<b>680,160</b>	<b>2,533,277</b>	<b>10,442,069</b>	<b>2,911,866</b>	<b>40,304</b>	<b>37,733,442</b>
<u>At Amortised Cost</u>												
Other payables	-	-	-	-	-	-	-	-	-	-	36,058	36,058
Net assets attributable to holders of redeemable participating shares	-	-	-	-	-	-	-	-	-	-	37,697,374	37,697,374
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>37,733,432</b>	<b>37,733,432</b>
<b>At June 30, 2023</b>												
<u>At Amortised Cost</u>												
Other receivables	-	-	-	-	-	-	-	-	-	-	8,202	8,202
Cash and cash equivalents	17,136	244,458	-	53,807	130,069	25,652	1,897	513,641	83,194	735,625	473,861	2,279,340
<b>At Fair Value Through Profit or Loss</b>												
Financial assets at fair value through profit or loss	236,864	7,904,762	864,395	2,620,217	6,841,889	954,510	597,211	2,524,622	10,334,210	3,115,021	-	35,993,701
<b>Total assets</b>	<b>254,000</b>	<b>8,149,220</b>	<b>864,395</b>	<b>2,674,024</b>	<b>6,971,958</b>	<b>980,162</b>	<b>599,108</b>	<b>3,038,263</b>	<b>10,417,404</b>	<b>3,850,646</b>	<b>482,063</b>	<b>38,281,243</b>
<u>At Amortised Cost</u>												
Other payables	-	-	-	-	-	-	-	-	-	-	38,687	38,687
Net assets attributable to holders of redeemable participating shares	-	-	-	-	-	-	-	-	-	-	38,242,546	38,242,546
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>38,281,233</b>	<b>38,281,233</b>

# AFRICAN DOMESTIC BOND FUND

## NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED DECEMBER 31, 2023

### 12 (c) Currency profile sensitivity analysis

June 30, 2023		December 31, 2023	
Market Value (USD)	Currency Profile	Market Value (USD)	% of Net Assets
254,000	BWP	269,309	0.71%
8,149,220	EGP	8,884,859	23.57%
864,395	GHS	870,069	2.31%
2,674,024	KES	2,397,076	6.36%
6,971,958	MAD	7,667,004	20.34%
980,162	MUR	1,037,449	2.75%
599,108	NAD	680,160	1.80%
3,038,263	NGN	2,533,277	6.72%
10,417,404	ZAR	10,442,069	27.70%
3,850,646	ZMW	2,911,866	7.72%
443,376	USD	4,246	0.01%
<b>38,242,556</b>	<b>NET ASSETS</b>	<b>37,697,384</b>	<b>100.0%</b>
<b>Fair Value Hierarchy</b>			
35,993,701	Level 1	37,132,792	98.50%
<b>35,993,701</b>	<b>TOTAL MARKET VALUE OF INVESTMENTS</b>	<b>37,132,792</b>	<b>98.50%</b>

A reasonably possible strengthening/ weakening of the USD against BWP, EGP, GHS, KES, MAD, MUR, NAD, NGN, ZAR and ZMW at December 31, 2023 would have affected the measurement of financial instruments denominated in a foreign currency and affected loss by the amounts shown below.

The analysis is based on the assumption that the USD strengthened/weakened against the above currencies by 5% (2023: 5%) based on historical observation and its corresponding impact on loss/profit.

<u>Currency sensitivity</u>		<u>Dec 31, 2023</u>	<u>Jun 30, 2023</u>
		<b>Impact on Loss before taxation</b>	<b>Impact on Loss before taxation</b>
BWP	USD Weakened by 5%	higher by USD14k	higher by USD13k
BWP	USD Strengthened by 5%	lower by USD14k	lower by USD13k
EGP	USD Weakened by 5%	higher by USD444k	higher by USD408k
EGP	USD Strengthened by 5%	lower by USD444k	lower by USD408k
GHS	USD Weakened by 5%	higher by USD44k	higher by USD43k
GHS	USD Strengthened by 5%	lower by USD44k	lower by USD43k
KES	USD Weakened by 5%	higher by USD120k	higher by USD134k
KES	USD Strengthened by 5%	lower by USD120k	lower by USD134k

## AFRICAN DOMESTIC BOND FUND

### NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED DECEMBER 31, 2023

#### 12 (c) Currency profile sensitivity analysis (cont'd)

		<u>Dec 31, 2023</u>	<u>Jun 30, 2023</u>
		<b>Impact on Loss before taxation</b>	Impact on Loss before taxation
<u>Currency sensitivity (cont'd)</u>			
MAD	USD Weakened by 5%	higher by USD383k	higher by USD349k
MAD	USD Strengthened by 5%	lower by USD383k	lower by USD349k
MUR	USD Weakened by 5%	higher by USD52k	higher by USD49k
MUR	USD Strengthened by 5%	lower by USD52k	lower by USD49k
NAD	USD Weakened by 5%	lower by USD34k	lower by USD30k
NAD	USD Strengthened by 5%	higher by USD34k	higher by USD30k
NGN	USD Weakened by 5%	higher by USD127k	higher by USD152k
NGN	USD Strengthened by 5%	lower by USD127k	lower by USD152k
ZAR	USD Weakened by 5%	higher by USD522k	higher by USD521k
ZAR	USD Strengthened by 5%	lower by USD522k	lower by USD521k
ZMW	USD Weakened by 5%	higher by USD146k	higher by USD193k
ZMW	USD Strengthened by 5%	lower by USD146k	lower by USD193k

The above reflects the impact on changes in USD against other currencies, with all other variables held constant, mainly as a result of retranslation of foreign currency denominated bank balances and financial assets on profit or loss before taxation.

#### 12 (d) Price risk sensitivity analysis

The Fund is also exposed to price risk with the incidence of the market price of debt instrument held. The table below summarises the impact of increases/(decreases) in the debt instrument price of the Fund. The analysis is based on the assumption that the price increases/decreases by 10% (June 30,2023: 10%) based on historical observation and its corresponding impact on loss/profit.

		<u>Dec 31, 2023</u>	<u>Jun 30, 2023</u>
		<b>Impact on Loss before taxation</b>	Impact on Loss before taxation
<u>Market price sensitivity</u>			
	Increase in fair value by 10%	lower by USD3,559k	lower by USD3,462k
	Decrease in fair value by 10%	higher by USD3,559k	higher by USD3,462k

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

## AFRICAN DOMESTIC BOND FUND

### APPENDIX: STATEMENT OF FINANCIAL HIGHLIGHTS FOR THE SIX MONTHS ENDED DECEMBER 31, 2023

Closing exchange rate: USD

EGP	0.0324
NGN	0.0013
GHS	0.0865
ZMW	0.0476
KES	0.0067
ZAR	0.0528
MAD	0.0970
BWP	0.0732

#### Calculation notes:

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

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

	<b>6 months to December 31, 2023 USD</b>	<b>Year ended June 30, 2023 USD</b>	<b>Year ended June 30, 2022 USD</b>	<b>Year ended June 30, 2021 USD</b>
<b>Opening net asset value</b>	38,242,556	43,030,777	36,348,708	25,130,801
Total revenue	2,021,078	3,916,471	3,685,522	3,544,066
Total expenses	(301,761)	(634,624)	(627,971)	(513,526)
Realised gains/(losses) for the period/year	16,101	773,433	(118,079)	518,779
Unrealised (losses)/gains for the period/year	(1,376,602)	(11,935,902)	(6,106,886)	91,371
Distribution declared from net income	(1,525,581)	(3,839,640)	(3,133,423)	(3,419,965)
Income received on issue of shares	8,435	315,310	454,180	531,056
Income paid on disposal of shares	(371)	(34,859)	(63,002)	(38,749)
<b>Total (decrease)/increase from operations</b>	<b>(1,158,701)</b>	<b>(11,439,811)</b>	<b>(5,909,659)</b>	<b>713,032</b>
Net subscriptions	613,529	6,651,590	12,591,728	10,504,875
<b>Closing net asset value</b>	<b>37,697,384</b>	<b>38,242,556</b>	<b>43,030,777</b>	<b>36,348,708</b>
Portfolio Turnover Rate	16.64%	12.09%	5.09%	38.13%
<b>Redeemable Participating Shares</b>				
Number of shares outstanding	5,538,689	5,444,956	4,611,648	3,312,795
Management Expense Ratio (Total Expense Ratio)	0.71%	0.70%	0.74%	0.72%
Closing market price per share	6.81	7.02	9.33	10.97