

MCB INDIA SOVEREIGN BOND ETF
the "FUND"

ANNUAL REPORT

FOR THE YEAR ENDED JUNE 30, 2024

MCB INDIA SOVEREIGN BOND ETF

ANNUAL REPORT

FOR THE YEAR ENDED JUNE 30, 2024

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NOTICE

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

MCB INDIA SOVEREIGN BOND ETF

MANAGEMENT & ADMINISTRATION

		Date of appointment	Date of resignation
BOARD MEMBERS	Mr Gilbert Gnany	March 04, 2016	March 31, 2024
	Mr Sanjay Sachdev	March 04, 2016	-
	Mr Patrick Eric Ronald Lam Yan Foon	March 04, 2016	-
	Mr Jean Hok Yui How Hong	October 05, 2017	-
	Ms Li Fa Cheung Kai Suet	January 31, 2022	March 19, 2024
	Mr Krishen Patten	May 06, 2024	-
	Ms Medina Sarah Torabally	June 11, 2024	-
PLACE OF BUSINESS OF THE FUND	C/o MCB Investment Management Co. Ltd 9-15, Sir William Newton Street Port Louis, MAURITIUS		
REGISTERED OFFICE	C/o Apex Fund & Corporate Services (Mauritius) Ltd Lot 15 A3 1st Floor, Cybercity Ebène 72201, MAURITIUS		
FUND MANAGER	MCB Investment Management Co. Ltd 9-15, Sir William Newton Street Port Louis, MAURITIUS		
CORPORATE SECRETARY	Apex Fund & Corporate Services (Mauritius) Ltd Lot 15 A3 1st Floor, Cybercity Ebène 72201, MAURITIUS		
REGISTRAR	MCB Registry & Securities Ltd 9-15, Sir William Newton Street Port Louis, MAURITIUS		
BANKER	The Mauritius Commercial Bank Ltd 9-15, Sir William Newton Street Port Louis, MAURITIUS		
CUSTODIAN FOR INVESTMENTS	Citibank, N.A. FIFC, 11th Floor C-54/55, G Block, Bandra Kurla Complex, Bandra – East Mumbai 400 098, INDIA		
AUDITORS	Cays LLP Johanna Street Port Louis, MAURITIUS		
ISIN	MU0516N00024		

MCB INDIA SOVEREIGN BOND ETF

CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED JUNE 30, 2024

1. GOVERNANCE STRUCTURE

1.1 Overview

MCB India Sovereign Bond ETF (the "Fund") was incorporated in Mauritius under the Companies Act 2001 on March 04, 2016 as a public company with liability limited by shares and is authorised by the Financial Services Commission (the "FSC") to operate as a Collective Investment Scheme, categorised as a Global Scheme pursuant to a Global Business Licence from the FSC. The Fund was admitted on the Stock Exchange of Mauritius on June 06, 2016 and is not a public interest entity as defined by law but is required to apply the National Code of Corporate Governance for Mauritius (2016) (the "Code") by the FSC. It is committed to the highest standard of business integrity, transparency and professionalism in all its activities to ensure that the activities of the Fund are managed ethically and responsibly to enhance value for all stakeholders.

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

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

1.2 Statement of Compliance

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

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

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

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

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1.3 Constitutive documents or Charter documents

1.3.1 Board Charter

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

1.3.2 Constitution and Prospectus

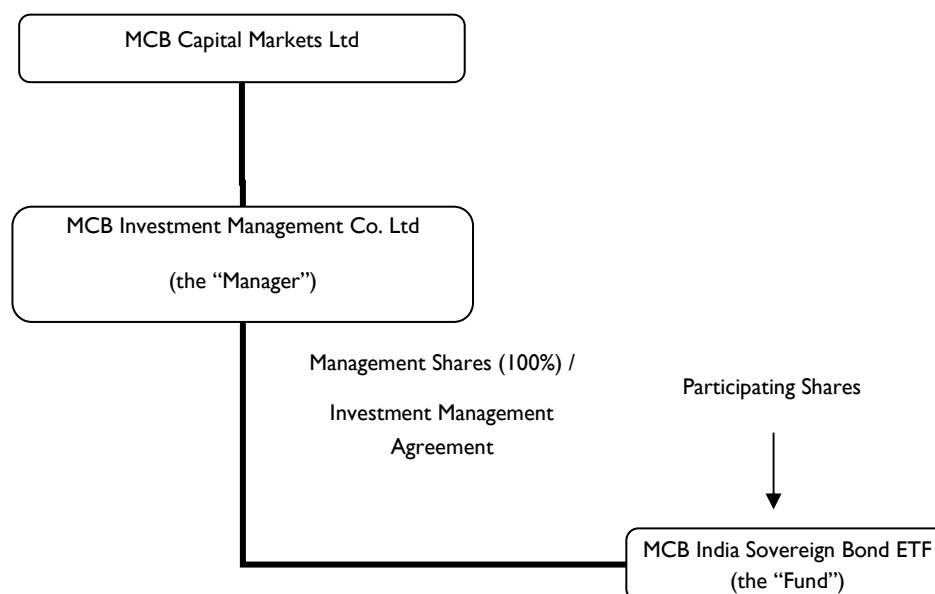
The constitution and prospectus of the Fund (the "Constitutive Documents") have been duly approved by the Board and are reviewed by the latter on a regular basis. The Constitutive Documents provide for delegation of authority and clear lines of responsibility with a reporting mechanism whereby matters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

The Constitutive Documents provide amongst others the following main objectives:

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

1.3.3 Organisation Structure

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



1.3.4 Statement of Main Accountabilities

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

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

1.3.5 Material Clauses of the Constitution

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

2. THE BOARD STRUCTURE

2.1 Board roles and responsibilities

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

The Fund is currently managed by a unitary Board of five members, residents of Mauritius, out of whom three (3) are Non-Executive and two (2) are Independent Non-Executive Directors.

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

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

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CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED JUNE 30, 2024

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

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

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

2.2 Composition of the Board

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

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

The size of the Board and its level of diversity is commensurate with the size of the Fund which is a Collective Investment Scheme.

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

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

2.3 Profile of Directors

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

(i) Jean Hok Yui How Hong, Independent Director

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

Directorship in other listed companies: Innodis Ltd and African Domestic Bond Fund (Stock Exchange of Mauritius)

(ii) Sanjay Sachdev, Non-Executive Director

Mr Sanjay Sachdev has spent 28+ years building game-changing asset management businesses in a number of emerging markets. He drove the creation of several multi-billion dollar asset management businesses, across public and private markets investing in different asset classes and has worked with the Principal Financial Group, Shinsei Bank of Japan and the Tata Group in the US, India, S.E. Asia and Japan. Mr. Sachdev does not act as director of any other listed entity.

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Directorship in other listed companies: None

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

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

Directorship in other listed companies: African Domestic Bond Fund (Stock Exchange of Mauritius)

(iv) Krishen Patten, Non-Executive Director

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

Directorship in other listed companies: African Domestic Bond Fund (Stock Exchange of Mauritius)

(v) Medina Sarah Torabally, Independent Director

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

Directorship in other listed companies: African Domestic Bond Fund (Stock Exchange of Mauritius)

2.4 Corporate Secretary

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

Purnima Boyjonauth-Bhogun (Deepti)

Deepti is currently a Vice President at Apex Fund and Corporate Services Limited (AFCS) whereby she oversees a portfolio of clients which include a mixture of Funds, Global Business Licence companies, Authorised companies, Investment Managers, Investment Advisors, Trusts, Foundation and Domestic companies. Her main

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role is to ensure excellent client service, ensuring clients are being managed in line with the regulatory framework. She also acts as Director and authorised signatory on client companies. Moreover she leads a team and ensures proper guidance and coaching at all times along with ensuring efficiency.

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

Mohammad Salman Ibrahim Hatteea

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

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

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

2.5 Board Attendance

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

No of Meetings held during the year	4
Directors	
Mr. Sanjay Sachdev	2
Mr. Gilbert Gnany (Resigned on March 31, 2024)	3
Mr. Patrick Eric Ronald Lam Yan Foon	4
Mr. Jean Hok Yui How Hong*	4
Ms. Li Fa Cheung Kai Suet (Resigned on March 19, 2024)	3
Mr. Krishen Patten (Appointed on May 06, 2024)	1
Ms. Medina Sarah Torabally (Appointed on June 11, 2024)	-

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

2.6 Board Committees

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

3. DIRECTORS APPOINTMENT PROCEDURES

3.1 Directors Selection

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

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3.2 Election and Re-election of Directors

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

3.3 Induction of new Directors

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

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

3.4 Professional Development

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

3.5 Succession Planning

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

3.6 Time Commitment

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

4. DIRECTORS DUTIES, REMUNERATION AND PERFORMANCE

4.1 Legal duties of Directors

The directors are aware of their legal duties under the Act and other relevant legislations. They exercise the required standard degree of care, skill and diligence which a reasonably prudent and competent director in such position would exercise.

4.2 Remuneration Philosophy

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

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

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4.3 Directors' Remuneration

Directors	Remuneration from the Fund	
	2024 USD	2023 USD
Mr Gilbert Gnany (Resigned on March 31, 2024)	-	-
Mr Sanjay Sachdev	-	-
Mr Patrick Eric Ronald Lam Yan Foon	-	-
Mr Jean Hok Yui How Hong	805	327
Ms. Li Fa Cheung Kai Suet (Resigned on March 19, 2024)	106	327
Mr Krishen Patten (Appointed on May 06, 2024)	-	-
Ms. Medina Sarah Torabally (Appointed on June 11, 2024)	-	-
	911	654

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

4.4 Directors' interests in shares

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

4.5 Directors' service contracts

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

4.6 Related Party Transactions

Related party transactions have been conducted in accordance with the Conflicts of interest and Related Party Transaction Policy and the Code of Ethics. For related party transactions, please refer to note 16 of the Financial Statements.

4.7 Policies of the Fund and Code of Ethics

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

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

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

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4.8 Whistleblowing

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

4.9 Information Governance

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

4.10 Register of Interest

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

4.11 Directors' Performance

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

5. RISK GOVERNANCE AND INTERNAL CONTROL

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

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

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

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

The risk management mechanisms in place include:

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

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

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

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

Reputational and performance risks are managed by the Board.

The identification and management of the financial risks are discussed in note 6 to the Financial Statements.

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

6. REPORTING WITH INTEGRITY

An assessment of the entity's financial and non-financial performance and outlook has been discussed in the manager's report on pages 17-20 of the annual report.

6.1 Health and Safety Issues

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

The Fund however does not have any employees.

6.2 Corporate Social Responsibility

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

6.3 Charitable Donation

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

6.4 Political Donation

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

6.5 Documents on website

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

7. AUDIT

7.1 Internal Audit

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

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

The Head of GIA is independent of the Executive Management of the Manager and reports to the Audit Committee of MCBCM semi-annually.

The audit team executes its duties freely and objectively in accordance with the Institute of Internal Auditors' Code of Ethics and International Standards on independence and objectivity. All members of the audit team are required to sign the Code of Ethics on an annual basis.

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

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

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

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

7.2 External Auditors

The current auditors are Cays LLP and have been appointed in June 2024 and the tenure of office will be reviewed on a regular basis in line with good governance.

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

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

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

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

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

7.3 Auditor's Fees

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

	2024	2023
	USD	USD
Audit fees - BDO & Co	-	4,370
Audit Fees - Cays LLP	4,025	-
	<u>4,025</u>	<u>4,370</u>

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

8. RELATIONS WITH THE SHAREHOLDER AND OTHER KEY STAKEHOLDERS

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

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

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

There is currently no such agreement.

8.2 Major Transaction

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

8.3 Third Party Management Agreement

(a) Investment Management Agreement

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

- (i) To provide instructions with respect to the execution of purchases and sales of investments on behalf of the Fund as it deems to be in the best interests of the Fund;
- (ii) To make all material disclosures to the Fund regarding itself and its members, managers, partners, officers, directors, shareholders, employees, affiliates or any person who controls any of the foregoing, their investment performance and general investment methods, the investment performance of their customer accounts;
- (iii) To maintain a continuous record of all investments and securities acquired by the Fund and with respect to all transactions effected by it or on behalf of the Fund in accordance with such regulatory and reporting requirements of the FSC and such other relevant authorities;
- (iv) To maintain such books and records as are appropriate, check all periodical reports, transaction advice and/or statements received from time to time from the Custodian and shall render to the Fund such periodic and special reports as the Fund may reasonably request from time to time;

MCB INDIA SOVEREIGN BOND ETF

CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED JUNE 30, 2024

- (v) To deal with applications for shares of the Fund and cause for the issue of shares duly subscribed for;
- (vi) To calculate the Net Asset Value of the Redeemable Participating Shares; and
- (vii) To perform (by itself or through other service providers) all administrative services required by the Fund and engage in any other lawful activities.

(b) Registrar

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

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

(c) Corporate Secretary

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

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

8.4 Shareholders Holding more than 5% of the Fund

Holders of Management Shares as at June 30, 2024

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

8.5 Share Option Plan

No such scheme currently exists within the Fund.

8.6 Timetable of important events

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

MCB INDIA SOVEREIGN BOND ETF

CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED JUNE 30, 2024

8.7 Distribution Policy

The holders of Management Share do not have any rights to dividends whereas holders of Redeemable Participating Shares are entitled to dividends twice a year (subject to solvency requirements).

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

- (i) the financial statements fairly present the state of affairs of the Fund as at the end of the financial year and the result of operations and cash flows for the year;
- (ii) adequate accounting records and effective internal control systems and risk management have been maintained;
- (iii) appropriate accounting policies supported by reasonable and prudent judgements and estimates have been used consistently;
- (iv) the financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), International Accounting Standard (IAS), the Mauritius Companies Act 2001 and the Mauritius Financial Reporting Act 2004;
- (v) the financial statements have been prepared on a going concern basis;
- (vi) they are responsible for safeguarding the assets of the Fund;
- (vii) they are responsible for leading and controlling the organization and meeting all legal and regulatory requirements;
- (viii) they have taken reasonable steps for the prevention and detection of fraud and other irregularities.

The external auditor is responsible for reporting on whether the financial statements are fairly presented.

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

For and on behalf of the board of directors:



.....
Ms Medina Sarah Torabally
Director



.....
Mr Krishen Patten
Director

Date: September 26, 2024

MCB INDIA SOVEREIGN BOND ETF

CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED JUNE 30, 2024

STATEMENT OF COMPLIANCE FOR THE YEAR ENDED JUNE 30, 2024

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

Name of Fund : MCB India Sovereign Bond ETF

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

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

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

.....
Ms Medina Sarah Torabally
Director

.....
Mr Krishen Patten
Director

MCB INDIA SOVEREIGN BOND ETF

MANAGER'S REPORT

FOR THE YEAR ENDED JUNE 30, 2024

MCB India Sovereign Bond ETF Returns (USD)				
Security	3 Months	6 Months	1 Year	Inception (Annualised Return)
MCB India Sovereign Bond ETF (NAV to NAV)	1.10%	3.20%	3.30%	1.60%
MCB India Sovereign Bond ETF (Market price) ¹	-0.30%	-2.00%	-7.40%	0.30%
Benchmark	1.70%	3.90%	5.50%	3.30%

1. Adjusted for Dividends

Inception date : 6 June 2016

Benchmark : ZyFin India Sovereign Bond Liquid Index

June 2024 Review

The Indian debt market plays a crucial role in the country's financial landscape, providing avenues for both government and corporate entities to raise funds through fixed-income securities. It serves as a vital source of capital for various projects and investments, contributing to overall economic growth.

Year 2023 can be characterised as a year of great volatility. Throughout the year, global bond market was toggling between two opposing narratives - "persistent inflation" and "recession" – particularly in the United States. Central bankers' data dependency and volatile economic data too kept bond markets at the edge.

The rate hiking cycle has peaked and the rate cutting cycle is about to begin. Inflation is cooling off along with slowing global growth. High interest rates, declining growth and heightened geo-political tensions have increased the risk of financial or economic shocks.

Against a background of multiple geo-political disruptions, global growth is expected to maintain a pace of slow but steady recovery. Estimated to have grown at 2.3 percent in 2023, the global economy is projected to grow at the same rate in 2024 and 2025. Growth in advanced economies is expected to rise marginally from 1.6 percent in 2023 to 1.7 percent in 2024 and 1.8 percent in 2025, while emerging and developing economies are projected to grow at 4.2 percent in 2024 and 2025. There are of course considerable variations in growth across countries around these global and group averages. In the United States, growth is projected to rise to 2.7 percent in 2024 before moderating to 1.9 percent in 2025. Growth in the Euro area is expected to pick up from 0.4 percent in 2023 to 0.8 percent in 2024 and 1.5 percent in 2025. Growth in China is expected to slow down to 4.6 percent in 2024 and 4.1 percent in 2025, mainly due to the protracted crisis in the property sector.

Inflation

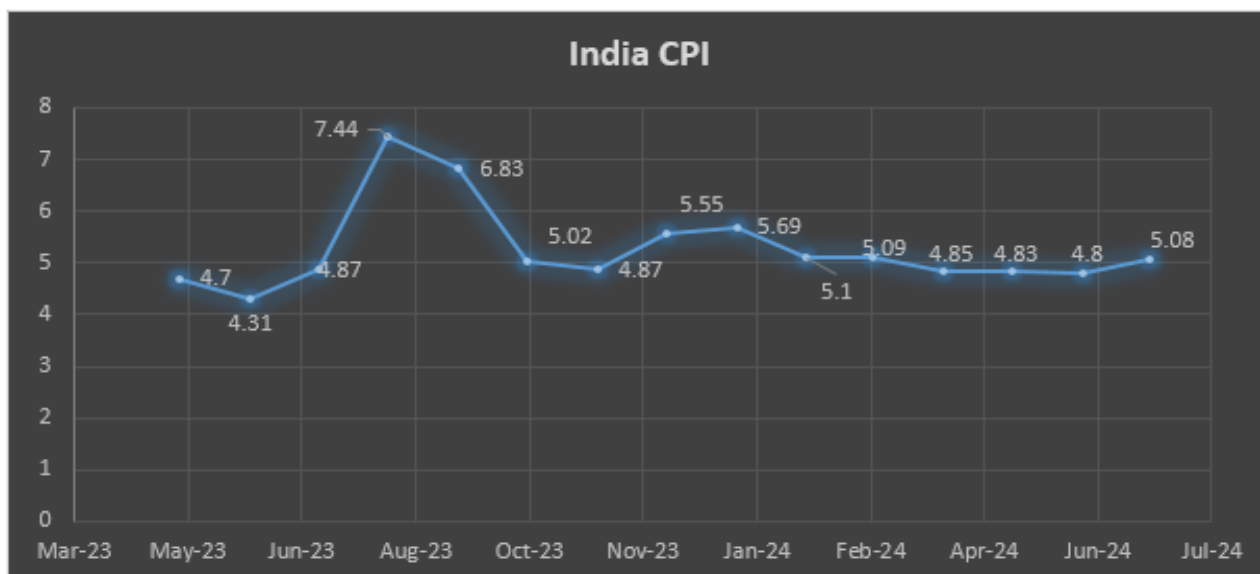
Global inflation has eased from the peaks seen around the middle of 2022, but remains above target levels. Commodity prices have rebounded in recent months after moderating in 2023. Oil prices in particular have risen with ongoing wars in Ukraine and Gaza. It is likely that the recent hardening of commodity prices will delay the rate cut cycles in many economies.

MCB INDIA SOVEREIGN BOND ETF

MANAGER'S REPORT

FOR THE YEAR ENDED JUNE 30, 2024

Inflation (Cont'd)



Inflation in India remained at 5.4% from April 2023 to June 2024 within the 6% upper limit of RBI's tolerance band. It had exceeded the upper limit in July and August, 2023-24 due to high inflation in prices of vegetables, pulses, and milk & milk products. Food price inflation remained elevated at 7.5 per cent in FY 2023-24, while energy declined from September 2023. Core inflation was declining in FY 2023-24 but rebounded in the last two months, mainly on account of services.

Monetary Policy

Call rate persisted above the repo rate: Since April 2023, the RBI has maintained a status quo on the policy rate. The stance has also been maintained at withdrawal of accommodation. During the second half of FY 2023-24, the call money rate persisted above the repo rate, indicating tightness in liquidity.

Liquidity was in deficit during September to March of FY 2023-24. Typically, towards the end of the financial year, money market liquidity tightens due to outflows on account of Goods and Services tax payments. This time RBI conducted Variable Rate Repo auctions to ease the liquidity position.

The RBI governor Shaktikanta Das, for the first time in the last two years, cautioned to the risk of overtightening the monetary policy.

He also noted – "We have now reached a stage when every action has to be thought through even more carefully to ensure overall macroeconomic and financial stability; more so, because the conditions ahead could be fickle." This is a big shift from the RBI's policy making with Arjuna's eye on inflation.

At this stage, the RBI seems more worried about potential shocks to the financial system and the growth outlook from fragile external environment. This will probably tilt the RBI's reaction function more towards global macro environment and monetary policy cycle.

So, even if domestic inflation remains above 4%, the RBI might cut interest rates in response to worsening of global economic or financial conditions. Nonetheless, inflation outlook too looks supportive for the monetary policy.

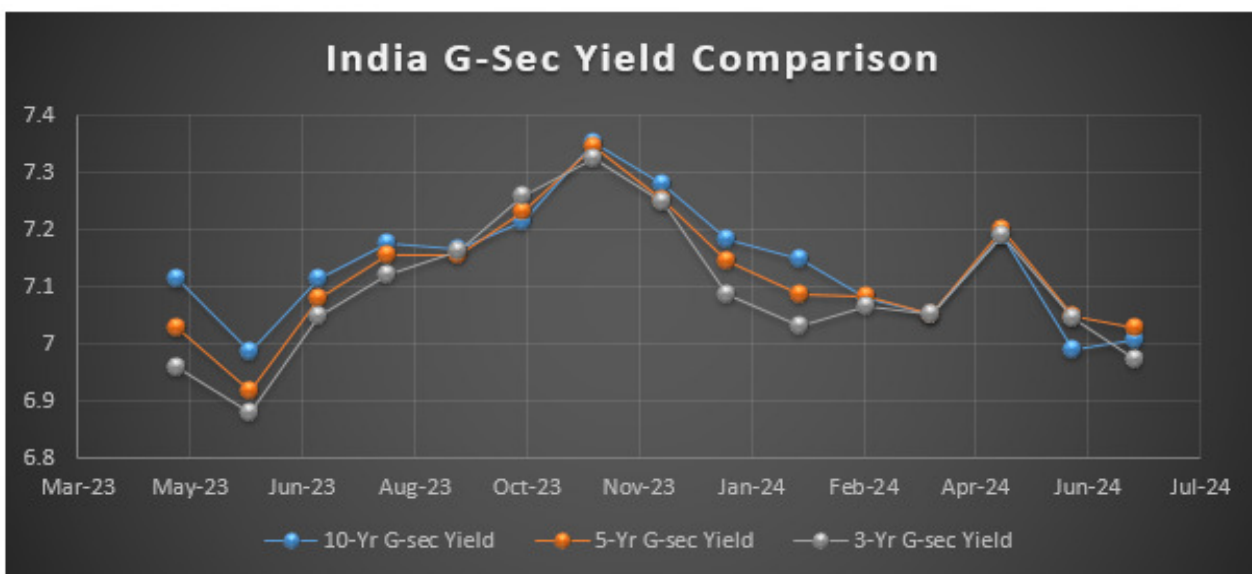
MCB INDIA SOVEREIGN BOND ETF

MANAGER'S REPORT

FOR THE YEAR ENDED JUNE 30, 2024

Domestic Bond Market Overview

In the dated securities market, short-term bond yields rose due to the RBI's 'withdrawal of accommodation' stance. However, long-term rates broadly held steady due to decline in domestic inflation, moderation in planned government borrowing during FY 2024-25 and, importantly, the announced inclusion of the Indian government's securities in the emerging market global bond indices. As a consequence, yields on short and long dated government securities converged, with the yield curve even inverting at times. This convergence between short and long dated sovereign bonds was also mirrored in the convergence of short and long dated corporate bonds. It reflects a maturity mismatch between high demand for long dated bonds and large supply of short term corporate bonds.

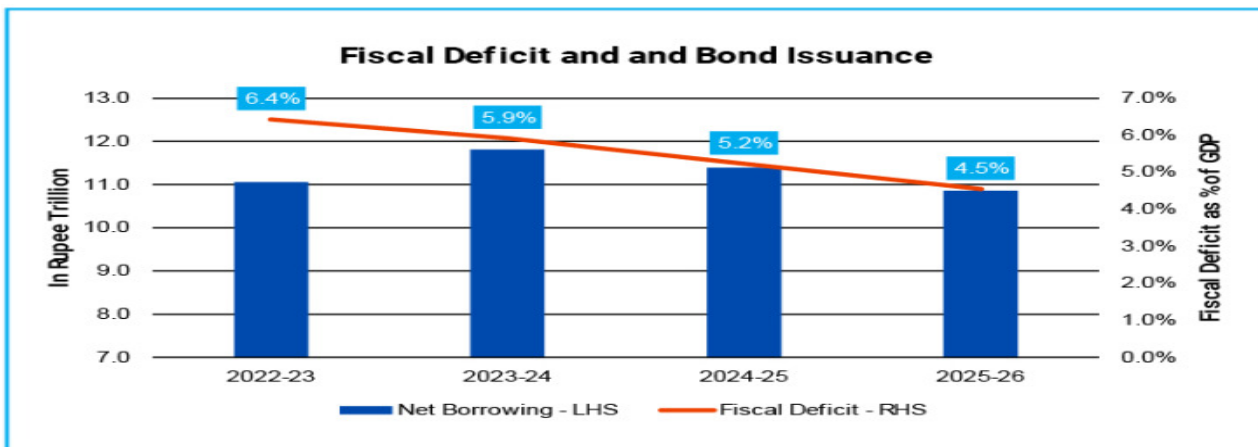


From the market's perspective, falling core inflation should lower the inflation risk premium on bonds by reducing the yield spread on government bonds over the policy repo rate. This in turn can bring down the bond yields even without a rate cut by the RBI. Any increase in the rate cut probabilities would further intensify the downward trend in bond yields.

Falling Bond Supply

After expanding the fiscal deficit to 9.2% of GDP during pandemic shock in 2020-21, the government has been on a path of fiscal consolidation. The government has set a target to bring down the fiscal deficit to under 4.5% of GDP by FY2025-26 from the budgeted 5.9% fiscal deficit target for FY 2023-24.

Assuming the government will stick to this fiscal plan, the net issuance of government bonds would decrease by around Rs. 1.6 trillion over the next 2 years.



MCB INDIA SOVEREIGN BOND ETF

MANAGER'S REPORT

FOR THE YEAR ENDED JUNE 30, 2024

Falling Bond Supply (Cont'd)

While on the demand side, a healthy growth trend observed in the assets of long-term investors like insurance, pensions, provident funds etc. is expected to continue in line with the growth in the nominal GDP. The demand for bonds can also be boosted by India's inclusion in the global bond index.

We might see a situation where demand outpaces supply in the government bond market over the next two years.

A. Ibrahim

MANAGER

For and on behalf of


MCB INVESTMENT MANAGEMENT CO. LTD

MCB INDIA SOVEREIGN BOND ETF

SECRETARY'S CERTIFICATE

FOR THE YEAR ENDED JUNE 30, 2024

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



SECRETARY

For and on behalf of

Apex Fund & Corporate Services (Mauritius) Ltd

Date: September 26, 2024

Report of the Independent Auditors to the Shareholders of MCB India Sovereign Bond ETF

(A) Report on the audit of the financial statements

Opinion

We have audited the financial statements of **MCB India Sovereign Bond ETF** (the Fund), which comprise:

- the Statement of Financial Position as at 30 June 2024
 - the Statement of Profit or Loss and Other Comprehensive Income
 - the Statement of Changes in Equity and
 - the Statement of Cash Flows
- for the year then ended and a summary of significant accounting policies and other notes.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 30 June 2024, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and the Companies Act 2001.

Basis of our opinion

- We conducted our audit in accordance with International Standards on Auditing (ISAs). Refer to paragraph entitled ‘*Responsibilities of the auditors for the audit of the financial statements*’ below.
- We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements (in accordance with International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (IESBA Code)).
- We have fulfilled our other ethical responsibilities in accordance with these requirements.
- We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of the most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

- Financial assets at fair value through profit or loss:

The Fund’s investments in financial assets consist of a local currency bond issued by the Central Government of India, classified at fair value through profit or loss (FVTPL). As of 30 June 2024, the financial assets were valued at US\$ 6,733,451.

Report of the Independent Auditors to the Shareholders of MCB India Sovereign Bond ETF

Our audit procedures include the followings:

- We obtained independent confirmations to ensure the existence, completeness, and ownership of the bond.
- We independently confirmed the market price of the bond and recomputed the fair value of the financial asset based on observable inputs, including interest rates, market prices, and foreign exchange rates.
- We evaluated whether the financial asset was appropriately classified as FVTPL and that the valuation methodology used by management was in compliance with International Financial Reporting Standards (IFRS).
- We reviewed the financial statements to ensure that all disclosures related to financial assets at fair value, including fair value hierarchy and risks such as market and currency risks, were provided in accordance with IFRS.

Other information

The Directors are responsible for other information included in the annual report other than our Auditors' Report. We have obtained prior to the date of this auditors' report, the statement of compliance, the corporate governance report, the other statutory disclosures, and the statement of directors' responsibilities in respect of the presentation of the financial statements and the Fund's secretary certificate.

Our opinion on the financial statements does not cover the other information referred above, and we do not express any conclusion thereon.

Responsibilities of the directors of the Fund

The directors of the Fund are responsible:

- for the preparation and fair presentation of the financial statements in accordance with IFRSs and the Companies Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Fund or to cease operations, having no realistic alternative but to do so.

Responsibilities of the auditors for the audit of the financial statements

Our objectives are:

- to obtain reasonable assurance whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error; and
- to issue a report that includes our opinion.

Report of the Independent Auditors to the Shareholders of MCB India Sovereign Bond ETF

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.

Refer to our website at: www.cays.mu for further details of our responsibilities forming part of this report.

(B) Report on other legal and regulatory requirements

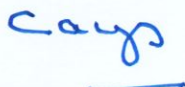
Companies Act 2001

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


Financial Services Act 2007

The directors are responsible for preparing the corporate governance report. Our responsibility is to report on the extent of compliance with the Code of Corporate Governance as disclosed in the annual report and on whether the disclosure is consistent with the requirements of the code.

In our opinion, the disclosure in the annual report is consistent with the requirements of the Code.



Cays LLP
Public Accountants



C. Ah Yuk Shing FCCA
Licensed by FRC

Date: September 26, 2024.

MCB INDIA SOVEREIGN BOND ETF

STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2024

	Notes	2024 USD	2023 USD
ASSETS			
Other receivables	9	11,673	12,791
Tax receivable	15(a)	4,762	-
Financial assets at fair value through profit or loss	8(a)	6,733,451	6,956,346
Cash and cash equivalents	14(b)	11,140	2,521
Total assets		6,761,026	6,971,658
EQUITY			
Management Share	12	10	10
LIABILITIES			
Current tax liabilities	15(a)	-	29,396
Other payables	13	10,764	11,312
Total liabilities (excluding net assets attributable to holders of redeemable participating shares)		10,764	40,708
Net assets attributable to holders of redeemable participating shares	11(iv)	6,750,252	6,930,940
Total liabilities		6,761,016	6,971,648
Total equity and liabilities		6,761,026	6,971,658
Net asset value per redeemable participating share	11(iv)	7.58	7.69

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



Ms Medina Sarah Torabally
Director



Mr Krishen Patten
Director

The notes on pages 27 to 43 form an integral part of these financial statements.
Independent auditor's report on pages 22 to 22 (b).

MCB INDIA SOVEREIGN BOND ETF

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

	Notes	2024 USD	2023 USD
Income			
Interest on fixed income securities	5(j)	473,568	474,404
Other interest income		277	-
Refund from Manager		29,399	31,064
		<u>503,244</u>	<u>505,468</u>
Expenses			
Manager's fees	16(a)	49,947	51,444
Licence fees		16,811	16,721
Professional fees		9,099	10,053
Custodian's fees		9,160	9,397
Other direct fees		6,581	7,772
Registrar's fees	16(b)	5,117	5,223
		<u>96,715</u>	<u>100,610</u>
Net income		<u>406,529</u>	<u>404,858</u>
Net losses from financial instruments at fair value through profit or loss	8(b)	(142,152)	(207,531)
Foreign exchange (losses)/gains		(1,578)	42,859
		<u>(143,730)</u>	<u>(164,672)</u>
Profit before distribution		262,799	240,186
Distribution to holders of redeemable participating shares	10	(349,558)	(381,322)
Loss before taxation		<u>(86,759)</u>	<u>(141,136)</u>
Taxation	15(b)	(8,141)	(67,158)
Loss for the year		<u>(94,900)</u>	<u>(208,294)</u>
Equalisation			
Income paid on units liquidated		(1,122)	(1,870)
Decrease in net assets attributable to holders of redeemable participating shares		<u>(96,022)</u>	<u>(210,164)</u>

The notes on pages 27 to 43 form an integral part of these financial statements.
Independent auditor's report on pages 22 to 22 (b).

MCB INDIA SOVEREIGN BOND ETF

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

	<u>Notes</u>	<u>2024</u> <u>USD</u>	<u>2023</u> <u>USD</u>
At July 01		6,930,940	7,251,811
Redemption of redeemable participating shares	11(ii)	(84,666)	(110,707)
Decrease in net assets attributable to holders of redeemable participating shares		<u>(96,022)</u>	<u>(210,164)</u>
At June 30		<u><u>6,750,252</u></u>	<u><u>6,930,940</u></u>

The notes on pages 27 to 43 form an integral part of these financial statements.
Independent auditor's report on pages 22 to 22 (b).

MCB INDIA SOVEREIGN BOND ETF

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2024

	Notes	2024 USD	2023 USD
Cash flows from operating activities			
Cash used in operations	14(a)	(66,469)	(68,682)
Tax paid	15(a)	(42,299)	(62,108)
Interest received on fixed income securities		491,694	502,426
Purchase of financial assets*	8(a)	(6,749,133)	(14,648,412)
Proceeds from disposal of financial assets*		6,811,750	14,730,923
Net cash generated from operating activities		445,543	454,147
Cash flows from financing activities			
Redemption of redeemable participating shares	11(ii)	(84,666)	(110,707)
Income paid on redeemable participating shares liquidated		(1,122)	(1,870)
Distribution paid to holders of redeemable participating shares	10	(349,558)	(381,322)
Net cash used in financing activities		(435,346)	(493,899)
Increase/(decrease) in cash and cash equivalents		10,197	(39,752)
Movement in cash and cash equivalents			
At July 01,		2,521	683
Increase/(decrease) in cash and cash equivalents		10,197	(39,752)
Effect of foreign exchange differences		(1,578)	41,590
At June 30,	14(b)	11,140	2,521

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

The notes on pages 27 to 43 form an integral part of these financial statements.
Independent auditor's report on pages 22 to 22 (b).

MCB INDIA SOVEREIGN BOND ETF

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

1 GENERAL INFORMATION

MCB INDIA SOVEREIGN BOND ETF (the “Fund”) is a public limited liability company incorporated in the Republic of Mauritius. Its registered address is c/o Apex Fund & Corporate Services (Mauritius) Ltd, Lot 15 A3, 1st Floor Cybercity, Ebene 72201, Republic of Mauritius.

The Fund is the holder of a Global Business License under the Companies Act 2001 & the Financial Services Act 2007.

The Fund’s objective is to track the performance of Zyfin India Sovereign Bond Liquid Index in USD which is constituted of the most liquid, fixed rate, local currency bond issued by the Central Government of India.

2 BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and the Companies Act 2001 under the historical cost basis of measurement as combined with other bases of measurement, recommended by IFRS.

3 FUNCTIONAL & PRESENTATION CURRENCY

The financial statements are presented in United States dollars (US\$) (the Fund’s functional currency) unless otherwise stated. Comparative figures have been amended, where necessary, to conform to change in presentation in the current year.

4 APPLICATION OF NEW IFRS & INTERPRETATIONS

The Fund is still evaluating the applicability & relevance of certain new standards & interpretations to existing standards (which are not yet effective) on the Fund’s operations and its impact on the financial statements of the Fund in terms of results, presentation or disclosure.

In alignment with the refined definition of Materiality in IASB Conceptual framework, IAS 1 & 8, certain information that is generally required by a standard, being assessed as immaterial, has been or may have been omitted in these financial statements.

5 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 periods presented, unless otherwise stated.

The accounting policies set out below are, as far as possible, presented in the same chronological order, as the items/headings in the statement of financial position & statement of profit or loss. Accounting policies in respect of financial instruments are described under the relevant financial assets and liabilities.

(a) Investments in debt instruments

Investments in debt instruments are initially measured at cost plus transaction cost and are subsequently measured at fair value. Gain or loss in fair value of investments in debt instruments are recognised in profit or loss.

Investments in debt instruments are derecognized on disposal. Any gain or loss arising on the disposal of an investment is determined as the difference between the sale proceeds and the carrying amount of that investment and is recognised in profit or loss.

Investments in debt instruments are categorised as ‘Level 1 investments with unadjusted quoted prices in active markets for identical investment’.

MCB INDIA SOVEREIGN BOND ETF

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

5 ACCOUNTING POLICIES (CONT'D)

(b) Other receivables

Other receivables are initially recognised at fair value and are subsequently measured at amortised cost net of any allowance for credit losses, estimated by management based on prior experience and the economic environment.

Other receivables are classified as current assets as they are short term in nature.

Other receivables are derecognised when the receivables have been collected and/or the contractual rights to receive the cash flows have expired.

(c) Impairment of assets

If the recoverable amount of an asset is estimated to be less than the carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately.

(d) Cash & cash equivalents

Cash and cash equivalents consist of cash at bank.

(e) Other payables

Other payables are initially recognised at fair value which is normally the invoiced price by the suppliers when the Fund becomes a party to the contract with the suppliers for purchase of services and are subsequently measured at amortised cost.

Other payables are classified as current liabilities as they are short term in nature.

Other payables are derecognised when and only when the obligations are discharged, cancelled or they expire.

(f) Income Tax

Tax expenses

Tax expense comprises current and deferred tax and is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income. The tax expenses are calculated using tax rates enacted or substantively enacted at the reporting date.

Tax payable/receivable

Tax payable or receivable for the current and prior periods is measured at the amount expected to be paid or recoverable to/from the tax authorities.

Deferred tax liabilities or assets

Deferred tax liabilities or assets for tax payable or recoverable in future periods are recognised on all temporary differences arising between the tax bases of the liabilities and assets and their carrying values for financial reporting purposes.

Deferred tax assets are recognised for unused tax losses and deductible temporary differences to the extent that it is probable that future taxable profits will be available, against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

MCB INDIA SOVEREIGN BOND ETF

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

5 ACCOUNTING POLICIES (CONT'D)

(g) Redeemable participating shares

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

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

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

(h) Management Share

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

(i) Foreign currency translation

Transactions in foreign currencies are translated to United States dollars at the exchange rates prevailing at the date of the transactions. Difference in exchange resulting from the settlement of such transactions is recognised as gain or loss on foreign exchange in profit or loss.

Monetary assets and liabilities denominated in foreign currencies are subsequently retranslated to United States dollars at the exchange rates ruling at the end of the reporting date. Difference in exchange thereon is recognized as gain or loss on foreign exchange in profit or loss.

(j) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Fund and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable in the ordinary course of the Fund's activities.

Interest income is recognised using the effective interest method.

(k) Expenses

Purchases of services and ancillary goods for internal use are recognised as expenses (as adjusted for prepayments & accruals) in profit or loss in the period these are incurred.

MCB INDIA SOVEREIGN BOND ETF
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

6 FINANCIAL RISK MANAGEMENT

(a) Financial Risk Factors

The Fund's activities expose it to a variety of financial risks, including:

- Foreign currency risk;
- Liquidity risk and
- Price risk.

A description of the significant risk factors is given below together with the risk management policies applicable.

Foreign Currency Risk

The Fund operates internationally and is exposed to foreign exchange risk arising from Indian Rupees. Refer to the currency profile sensitivity analysis in note 18(c).

Liquidity Risk

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

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the ability to close out market positions. The Fund keeps a minimum cash ratio and invests primarily in easily marketable securities to meet any redemptions.

The following are the contractual maturities of financial assets and financial liabilities, including estimated interest payments.

<u>As at June 30, 2024</u>	<u>On demand</u>	<u>Less than 1 Year</u>	<u>Total</u>
	USD	USD	USD
Financial assets			
Other receivables*	2,729	-	2,729
Financial assets at fair value through profit or loss	6,733,451	-	6,733,451
Cash and cash equivalents	11,140	-	11,140
	<u>6,747,320</u>	<u>-</u>	<u>6,747,320</u>
Financial liabilities			
Other payables	10,764	-	10,764
Net assets attributable to holders of redeemable participating shares	6,750,252	-	6,750,252
	<u>6,761,016</u>	<u>-</u>	<u>6,761,016</u>
Net position	<u>(13,696)</u>	<u>-</u>	<u>(13,696)</u>

*Expenses prepaid have been excluded from other receivables.

MCB INDIA SOVEREIGN BOND ETF
NOTES TO THE FINANCIAL STATEMENTS
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6 FINANCIAL RISK MANAGEMENT (CONT'D)

(a) Financial Risk Factors (Cont'd)

Liquidity Risk (Cont'd)

As at June 30, 2023

	On demand	Less than 1 Year	Total
	USD	USD	USD
Financial assets			
Other receivables*	2,880	-	2,880
Financial assets at fair value through profit or loss	6,956,346	-	6,956,346
Cash and cash equivalents	2,521	-	2,521
	<u>6,961,747</u>	<u>-</u>	<u>6,961,747</u>
Financial liabilities			
Other payables	11,312	-	11,312
Net assets attributable to holders of redeemable participating shares	6,930,940	-	6,930,940
	<u>6,942,252</u>	<u>-</u>	<u>6,942,252</u>
Net position	<u>19,496</u>	<u>-</u>	<u>19,496</u>

*Expenses prepaid have been excluded from other receivables.

Price Risk

The Fund is exposed to market risk, i.e., the risk that the value of the financial instruments will fluctuate as a result of changes in market prices, whether these changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded on the market. Appropriate strategies are ensured through the investment policy and guidelines approved by the Fund's Board of Directors. Refer to the market risk sensitivity analysis in note 18(d).

(b) Fair value estimation

Except where stated elsewhere, the carrying amounts of the Fund's financial assets and financial liabilities approximate their fair value.

(c) Capital Management

The capital of the Fund is represented by the net assets attributable to holders of redeemable participating shares. The Participating Shares issued by the Fund provide an investor with the right to require redemption for cash at a value proportionate to the investor's share in the Fund's net assets at each redemption date being every business day and are classified as liabilities. See note 11 for a description of the terms of the Redeemable Participating Shares issued by the Fund.

The Fund's objectives in managing the Participating Shares are to ensure a stable base to maximise returns to all investors, and to manage liquidity risk arising from redemptions. The Fund's management of the liquidity risk arising from Participating Shares is discussed in note 6(a).

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

MCB INDIA SOVEREIGN BOND ETF

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

7 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In preparing these financial statements, management makes estimates and assumptions based on historical experience and expectations of future events that are considered to be reasonable under the appropriate circumstances. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

There were no critical estimates and assumptions made during the year that might have a significant risk of causing material adjustment to the carrying amounts of the Fund's assets and liabilities.

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

(a) Judgements

(i) Limitation of sensitivity analysis

Sensitivity analysis in respect of market risk demonstrates the effect of a change in a key assumption while other assumptions remain unchanged. In reality, there is a correlation between the assumptions and the other factors. It should also be noted that these sensitivities are non-linear and larger or smaller impacts should not be interpolated or extrapolated from these results.

(ii) Election of debt instrument classified as FVTPL

Debt instruments that are held for trading as well as those that do not meet the criteria for classification as amortised cost or FVOCI are classified as FVTPL. Movement in fair values and interest income is recognised in profit or loss in the period in which it arises.

8 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

(a) The movement in financial assets at fair value through profit or loss may be summarised as follows and has been disclosed in the schedule of investments as per note 18(a) to these financial statements:

	2024	2023
	USD	USD
At July 01,	6,760,565	7,050,607
Additions during the year	6,749,133	14,648,412
Disposal during the year	(7,033,044)	(15,489,483)
Fair value gains/(losses) on financial assets	60,471	(18,672)
Fair value release on disposal	18,671	569,701
	6,555,796	6,760,565
Interest receivable	177,655	195,781
At June 30,	6,733,451	6,956,346

As at June 30, 2024, the Fund has investment in one bond which is quoted on the National Stock Exchange of India Limited (NSE) and easily tradable with settlement received/paid the following day after trade has been executed. The Fund does not foresee any credit risk. Debt instrument is not secured by any collateral. All change in fair value is attributable to changes in market conditions as credit risk is low. The maximum exposure to credit risk is USD 6,733,451 for the financial year June 30, 2024 (2023: USD 6,956,346).

(b) Net losses from financial instruments at fair value through profit or loss

	USD	USD
Fair value gains/(losses) on financial assets	60,471	(18,672)
Losses on disposal of financial assets	(202,623)	(188,859)
	(142,152)	(207,531)

MCB INDIA SOVEREIGN BOND ETF
NOTES TO THE FINANCIAL STATEMENTS
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9 OTHER RECEIVABLES

	2024	2023
	USD	USD
Expenses prepaid	8,944	9,911
Receivable from Manager	2,719	2,870
Share capital receivable (note 12)	10	10
	11,673	12,791

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.

10 DISTRIBUTION TO REDEEMABLE PARTICIPATING SHAREHOLDERS

	2024	2023
	USD	USD
Paid during the year	349,558	381,322
Interim per unit	0.15	0.22
Final per unit	0.24	0.20
	0.39	0.42

11 MOVEMENT IN REDEEMABLE PARTICIPATING SHARES

Issued and fully paid

	2024	2023
	No. of Shares	No. of Shares
(i) At July 01,	901,303	915,853
Redemption of shares during the year	(11,325)	(14,550)
At June 30,	889,978	901,303
	USD	USD
(ii) At July 01,	12,336,634	12,447,341
Redemption of shares during the year	(84,666)	(110,707)
At June 30,	12,251,968	12,336,634

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

(iii) Class Rights

Rights of Redeemable Participating Shares

1 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 Law.

2 Distribution

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

MCB INDIA SOVEREIGN BOND ETF
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

11 MOVEMENT IN PARTICIPATING SHARES (CONT'D)

(iii) Class Rights (Cont'd)

Rights of Redeemable Participating Shares (Cont'd)

3 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 of the Fund.

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

	2024	2023
	USD	USD
Net Assets calculated as per Prospectus	6,729,477	6,944,147
Adjustments:		
Income tax adjustment	20,442	(13,213)
Other payables	310	(4)
Other receivables	24	10
Net Assets as per Financial Reporting	6,750,252	6,930,940
	Per Share	Per Share
	USD	USD
Net Assets per share calculated as per Prospectus	7.56	7.70
Adjustments:		
Income tax adjustment	0.02	(0.01)
Other payables	0.00	(0.00)
Other receivables	0.00	0.00
Net Assets per share as per Financial Reporting	7.58	7.69

12 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 June 30, 2024 as disclosed in note 9 to the annual report. The Board shall issue Management Share only to the Manager. The Management Share shall be non - redeemable. The Board may issue shares at any time and there is no limit on the number of shares to be issued of no par value.

Rights of Management Share

(i) 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 shareholder's approval under the Act.

(ii) Distribution

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

(iii) 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.

MCB INDIA SOVEREIGN BOND ETF
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

13 OTHER PAYABLES

	2024	2023
	USD	USD
Manager's fees payable	4,052	4,179
Registrar's fees payable	381	395
Custodian's fees payable	1,411	1,504
Professional fees payable	4,750	5,060
Index Provider fees	170	173
	10,764	11,312

The carrying amounts of other payables approximate their fair values.

14 NOTES TO THE STATEMENT OF CASH FLOWS

	2024	2023
	USD	USD
(a) Cash used in operations		
Loss before taxation	(86,759)	(141,136)
Adjustments for:		
Distribution to holders of redeemable participating shares	349,558	381,322
Interest income on fixed income securities	(473,568)	(474,404)
Fair value (gains)/losses on financial assets	(60,471)	18,672
Foreign exchange losses/(gains)	1,578	(41,590)
Losses on disposal of financial assets	202,623	188,859
	(67,039)	(68,277)
Changes in working capital:		
Other receivables	1,118	5,145
Other payables	(548)	(5,550)
Cash used in operations	(66,469)	(68,682)
(b) Cash and cash equivalents		
	2024	2023
	USD	USD
Cash at bank	11,140	2,521

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

MCB INDIA SOVEREIGN BOND ETF
NOTES TO THE FINANCIAL STATEMENTS
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15 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) an 80% exemption on its income other than interest which qualifies for an 95% exemption as per the Second Schedule of the Income Tax Act 1995.

(a) In the Statement of Financial Position

	2024	2023
	USD	USD
Tax (receivable)/payable		
At July 1	29,396	24,346
Charge for the year	8,141	67,158
Paid for the year	(42,299)	(62,108)
At June 30	<u>(4,762)</u>	<u>29,396</u>
 (Receivable)/payable to:		
The Mauritius Revenue Authority	1,647	3,347
The Indian Tax Authority	(6,409)	26,049
	<u>(4,762)</u>	<u>29,396</u>

The Fund suffers withholding tax at source on the interest income earned.

(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:

	2024	2023
	USD	USD
Loss before taxation	(86,759)	(141,136)
Tax effect on:		
Expenses not deductible for tax purposes	640,104	588,853
Income not subject to tax	(510,623)	-
Chargeable income	42,722	447,717
Tax calculated at 15%	6,409	67,158
Relief on foreign tax suffered	-	(50,826)
Withholding Tax suffered	1,732	50,826
Taxation charge	<u>8,141</u>	<u>67,158</u>

MCB INDIA SOVEREIGN BOND ETF
NOTES TO THE FINANCIAL STATEMENTS
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15 INCOME TAX (CONT'D)

(b) In the Statement of Profit or Loss and Other Comprehensive Income (Cont'd)

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

Income not subject to tax comprises of exempt income and gains on disposal of financial assets.

Withholding tax has been suffered on income on fixed income securities

16 RELATED PARTY TRANSACTIONS

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

(a) Manager's Fees

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

	2024	2023
	USD	USD
MCB Investment Management Co. Ltd	49,947	51,444

(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:

	2024	2023
	USD	USD
MCB Registry & Securities Ltd	5,117	5,223

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

	2024	2023
	USD	USD
Directors fees	911	654

(d) Outstanding balances as at June 30

	2024	2023
	USD	USD
<i>Payables to related parties</i>		
MCB Investment Management Co. Ltd	4,052	4,179
MCB Registry & Securities Ltd	381	395
	4,433	4,574
<i>Receivable from related party</i>		
MCB Investment Management Co. Ltd	10	10

MCB INDIA SOVEREIGN BOND ETF
NOTES TO THE FINANCIAL STATEMENTS
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16 RELATED PARTY TRANSACTIONS (CONT'D)

(e) Bank balances	2024	2023
	USD	USD
The Mauritius Commercial Bank Ltd	11,140	170

The above transactions reflect the commercial objective of the Fund and occurred in the normal course of business. They have been carried out at least under market terms and conditions.

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 above transactions occurs in cash.

17 EVENTS AFTER THE REPORTING PERIOD

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

MCB INDIA SOVEREIGN BOND ETF
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

18 (a) Schedule of investments as at

<u>June 30, 2023</u>		<u>June 30, 2024</u>	
Market Value	Security Description	Market Value	% of Net Assets
(USD)		(USD)	
	Quoted Foreign Fixed Income Securities		
6,760,565	7.26% GOI 2033	-	-
-	7.18% GOI 2033	6,555,796	97.12%
6,760,565	TOTAL QUOTED FOREIGN FIXED INCOME SECURITIES	6,555,796	97.12%
195,781	TOTAL INTEREST RECEIVABLES	177,655	2.63%
6,956,346	TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	6,733,451	99.75%
(25,396)	OTHER ASSETS AND LIABILITIES	16,811	0.25%
6,930,950	NET ASSETS	6,750,262	100.0%
	Currency Profile		
6,932,648	INR	6,739,860	99.85%
(1,698)	USD	10,402	0.15%
6,930,950	NET ASSETS	6,750,262	100.0%
	Fair Value Hierarchy		
6,956,346	Level 1	6,733,451	99.75%
6,956,346	TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	6,733,451	99.75%

MCB INDIA SOVEREIGN BOND ETF
NOTES TO THE FINANCIAL STATEMENTS
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18 (b) Categories of financial instruments

	<u>USD</u>	<u>INR</u>	<u>Total</u>
	<u>USD</u>	<u>USD</u>	<u>USD</u>
Assets and liabilities as per statement of financial position			
At June 30, 2024			
Financial Assets			
<u>At Amortised Cost</u>			
Other receivables	2,729	-	2,729
Cash and cash equivalents	11,140	-	11,140
<u>At Fair Value Through Profit or Loss</u>			
Financial assets at fair value through profit or loss	-	6,733,451	6,733,451
Total assets	13,869	6,733,451	6,747,320
Financial Liabilities			
<u>At Amortised Cost</u>			
Other payables	10,764	-	10,764
Net assets attributable to holders of redeemable participating shares	6,750,252	-	6,750,252
Total liabilities	6,761,016	-	6,761,016
At June 30, 2023			
Financial Assets			
<u>At Amortised Cost</u>			
Other receivables	2,880	-	2,880
Cash and cash equivalents	170	2,351	2,521
<u>At Fair Value Through Profit or Loss</u>			
Financial assets at fair value through profit or loss	-	6,956,346	6,956,346
Total assets	3,050	6,958,697	6,961,747
Financial Liabilities			
<u>At Amortised Cost</u>			
Other payables	11,312	-	11,312
Net assets attributable to holders of redeemable participating shares	6,930,940	-	6,930,940
Total liabilities	6,942,252	-	6,942,252

MCB INDIA SOVEREIGN BOND ETF
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18 (c) Currency profile sensitivity analysis

A reasonably possible strengthening/ weakening of the USD against INR at June 30, 2024 would have affected the measurement of financial instruments denominated in a foreign currency and affected profit or loss by the amounts shown below.

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

	<u>Jun 30, 2024</u>	<u>Jun 30, 2023</u>
	Impact on Loss before taxation	Impact on Loss before taxation
USD Weakened by 5%	lower by USD337k	lower by USD347k
USD Strengthened by 5%	higher by USD337k	higher by USD347k

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.

18 (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 debt instrument is quoted on the National Stock Exchange of India Limited (NSE).

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% (2023: 10%) based on historical observation and its corresponding impact on loss/profit.

	<u>Jun 30, 2024</u>	<u>Jun 30, 2023</u>
	Impact on Loss before taxation	Impact on Loss before taxation
Increase in fair value by 10%	lower by USD656k	lower by USD676k
Decrease in fair value by 10%	higher by USD656k	higher by USD676k

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

MCB INDIA SOVEREIGN BOND ETF
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

19 THREE YEARS SUMMARY OF PUBLISHED RESULTS OF ASSETS AND LIABILITIES

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Year ended June 30, 2024 USD	Year ended June 30, 2023 USD	Year ended June 30, 2022 USD
Income	503,244	505,468	521,695
Expenses	(96,715)	(100,610)	(108,731)
Net income	406,529	404,858	412,964
Fair value gains/(losses) on financial assets	60,471	(18,672)	(569,700)
Foreign exchange (losses)/gains	(1,578)	42,859	(32,422)
Losses on disposal of financial assets	(202,623)	(188,859)	(628,483)
	(143,730)	(164,672)	(1,230,605)
Profit/(loss) before distribution	262,799	240,186	(817,641)
Distribution to holders of redeemable participating shares	(349,558)	(381,322)	(357,183)
Loss before taxation	(86,759)	(141,136)	(1,174,824)
Taxation	(8,141)	(67,158)	(42,918)
Loss for the year	(94,900)	(208,294)	(1,217,742)
Equalisation			
Income paid on units liquidated	(1,122)	(1,870)	-
	(1,122)	(1,870)	-
Decrease in net assets attributable to holders of redeemable participating shares	(96,022)	(210,164)	(1,217,742)

STATEMENT OF FINANCIAL POSITION

Total assets	6,761,026	6,971,658	7,293,029
Management share	10	10	10
Current liabilities	10,764	40,708	41,208
Net assets attributable to holders of redeemable participating shares	6,750,252	6,930,940	7,251,811
Total equity and liabilities	6,761,026	6,971,658	7,293,029
Net asset value per share	7.58	7.69	7.92

MCB INDIA SOVEREIGN BOND ETF

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

Closing exchange rate:

INRUSD 0.0120

Calculation notes:

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

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

	Year ended June 30, 2024 USD	Year ended June 30, 2023 USD	Year ended June 30, 2022 USD	Year ended June 30, 2021 USD
Opening net asset value	6,930,950	7,251,821	8,469,563	8,631,076
Total revenue	503,244	505,468	521,695	538,388
Total expenses	(104,856)	(167,768)	(151,649)	(155,121)
Realised losses for the year	(202,623)	(188,859)	(628,483)	(17,369)
Unrealised gains/(losses) for the year	58,893	24,187	(602,122)	(89,238)
Distribution declared from net income	(349,558)	(381,322)	(357,183)	(448,526)
Income paid on redeemable participating shares liquidated	(1,122)	(1,870)	-	(1,664)
Income received on redeemable participating shares created	-	-	-	1,590
Total decrease in operations	(96,022)	(210,164)	(1,217,742)	(171,940)
Issue of redeemable participating shares	-	-	-	68,411
Redemption of redeemable participating shares	(84,666)	(110,707)	-	(57,984)
Closing net asset value	6,750,262	6,930,950	7,251,821	8,469,563
Portfolio turnover rate	198.19%	416.62%	405.25%	600.77%
Redeemable Participating Shares				
Number of shares outstanding	889,978	901,303	915,853	915,853
Management expense ratio (Total Expense Ratio)	0.99%	0.99%	0.99%	0.99%
Closing market price per share	7.58	7.69	7.92	9.24