

**MCB INDIA SOVEREIGN BOND ETF**  
the "FUND"

**UNAUDITED INTERIM FINANCIAL STATEMENTS**

**FOR THE NINE MONTHS ENDED MARCH 31, 2024**

**MCB INDIA SOVEREIGN BOND ETF**  
**INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED MARCH 31, 2024**

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**NOTICE**

Unless otherwise mentioned herein, all references of Acts and Regulations in these interim financial statements relates to legislations issued in the Republic of Mauritius.

# MCB INDIA SOVEREIGN BOND ETF

## MANAGEMENT & ADMINISTRATION

		<b>Date of appointment</b>	<b>Date of resignation</b>
<b>BOARD MEMBERS</b>	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	March 19, 2024
	Ms Li Fa Cheung Kai Suet	January 31, 2022	-
	Mr Krishen Patten	May 06, 2024	-
<b>PLACE OF BUSINESS OF THE FUND</b>	C/o MCB Investment Management Co. Ltd 9-15, Sir William Newton Street Port Louis, MAURITIUS		
<b>REGISTERED OFFICE</b>	C/o Apex Fund & Corporate Services (Mauritius) Ltd Lot 15 A3 1st Floor, Cybercity Ebène 72201, MAURITIUS		
<b>FUND MANAGER</b>	<b>MCB Investment Management Co. Ltd</b> 9-15, Sir William Newton Street Port Louis, MAURITIUS		
<b>CORPORATE SECRETARY</b>	<b>Apex Fund &amp; Corporate Services (Mauritius) Ltd</b> Lot 15 A3 1st Floor, Cybercity Ebène 72201, MAURITIUS		
<b>REGISTRAR</b>	<b>MCB Registry &amp; Securities Ltd</b> 9-15, Sir William Newton Street Port Louis, MAURITIUS		
<b>BANKER</b>	<b>The Mauritius Commercial Bank Ltd</b> 9-15, Sir William Newton Street Port Louis, MAURITIUS		
<b>CUSTODIAN FOR INVESTMENTS</b>	<b>Citibank, N.A.</b> FIFC, 11th Floor C-54/55, G Block, Bandra Kurla Complex, Bandra – East Mumbai 400 098, INDIA		
<b>AUDITORS</b>	<b>BDO &amp; Co</b> 10, Frere Felix de Valois Street Port Louis, MAURITIUS		
<b>ISIN</b>	MU0516N00024		

# MCB INDIA SOVEREIGN BOND ETF

## MANAGER'S REPORT

### FOR THE NINE MONTHS ENDED MARCH 31, 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)	2.10%	3.20%	4.40%	1.50%
MCB India Sovereign Bond ETF (Market price) <sup>1</sup>	-1.70%	-4.50%	-2.90%	0.30%
Benchmark	0.20%	4.30%	7.00%	3.20%

#### 1. Adjusted for Dividends

Inception date : 6 June 2016

Benchmark : ZyFin India Sovereign Bond Liquid Index

#### January to March 2024 review

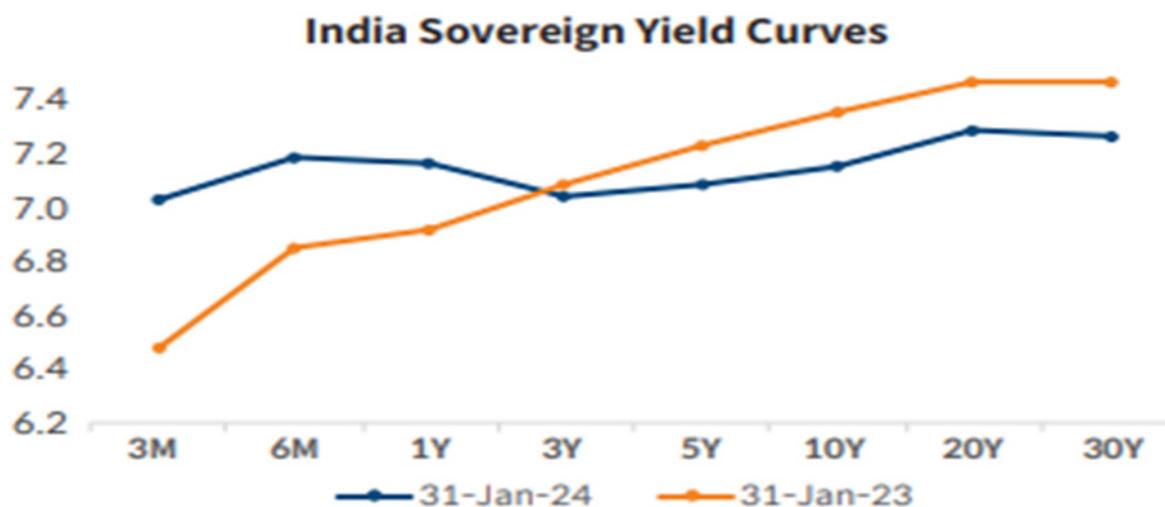
There were several notable changes in the local and international bond markets in January 2024. After some notable fluctuations over the month, the US 10-year Treasury bond ended the month at 3.97%, or nearly unchanged from the beginning. The FOMC's decision to hold the policy rates steady caused the yields to swing, which increased the likelihood that the Fed won't raise rates any more and increased the bets on a rate drop in March 2024.

In the domestic markets, bond yields eased as Bloomberg Index Services proposed including some Indian bonds in its emerging market local currency index from September 2024. This move would further enhance the already-rising inflows post JPMorgan's index inclusion that will take place in the month of June 2024.

#### Yield Movement

The Indian 10-year benchmark bond yields eased from 7.21% to 7.14% during the month of January. Money market rates, however, surged higher due to persistent tightness in the liquidity condition. The 3-months Treasury bill yield was trading near 7.04% in Jan end compared to 6.94% in the previous month. Yield on the short-term money market securities such as Commercial Paper (CP) / Certificate of Deposit (CD) rose more than treasury bills.

Liquidity condition remained tight through the month with daily banking system liquidity deficit peaking around Rs 2.7 trillion. Towards the end of the month, the banking system liquidity saw some easing owing to bond redemptions. Much of the liquidity tightness was due to slow pace of government spending while the core liquidity (banking system liquidity adjusted for government cash balance) continued to remain in a surplus of around Rs. 1.8 trillion.



# MCB INDIA SOVEREIGN BOND ETF

## MANAGER'S REPORT

FOR THE NINE MONTHS ENDED MARCH 31, 2024

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### Yield Movement (Cont'd)

The 10-year US treasury yields inched higher during February 2024 reaching 4.25% as of month end against 3.89% at the beginning of February. The swing in yields was broadly in response to the February CPI inflation in the US coming higher than market expectation at 3.1% y-o-y. Following strong employment numbers and higher than expected inflation print, market participants dialled back some of the rate cut expectation pushing treasury yields higher.

On the other hand, the Indian bond yields saw a sharp drop at the start of the month following the announcement of the Interim Budget on February 1, 2024. In the interim budget, the government pegged the fiscal deficit target for FY25 below market expectation at 5.1% of GDP as against 5.8% in FY24. The government also lowered the gross market-borrowing target for FY25 to Rs. 14.1 trillion vs Rs. 15.4 trillion in FY24.

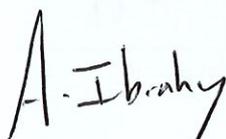
The 10-year benchmark government bond yield fell to 7.07% from 7.14% post the budget announcement and later hovered in the 7.05% to 7.11% range throughout the month. Money market rates saw some relative easing during the month amid tight banking system liquidity. The 3-months Treasury bill yield was trading near 6.89% as of February end against 7.04% in January. Yield on the short-term money market securities such as commercial paper (CP) / certificate of deposit (CD) however broadly traded at the same levels as last month.

Liquidity condition remained tight through the month with daily banking system liquidity deficit peaking around Rs 2.5 trillion (Rs 1.85 trillion monthly average). Towards the end of the month, the banking system liquidity saw some easing owing to pick up in government spending. Much of the prevailing tight liquidity was due to slow pace of government spending while the core liquidity (banking system liquidity adjusted for government cash balance) continued to remain in a surplus of around Rs. 1.5 trillion.

The RBI kept the policy rates unchanged (5:1 majority) as widely expected while keeping the policy stance as 'withdrawal of accommodation' in its bi-monthly monetary policy meeting on the 8th of February 2024. The governor highlighted that CPI inflation is still above the RBI's 4% goal and the transmission of past monetary policy actions is still incomplete in the credit market.

The CPI inflation eased to three months low at 5.1% in January 2024 aided by a decline in vegetable prices (Headline CPI at 5.7% last month and 6.5% a year ago). While the headline CPI inflation was elevated lately owing to volatility in food prices, the Core CPI, (which excludes food and energy prices) has been declining consistently over the last twelve months (3.5% y-o-y for January 24, below RBI's 4% target).

The RBI projects headline CPI inflation to average at 4.5% in FY25 vs 5.4% in FY24. The Feb monetary policy set FY25 GDP growth at 7% and FY24 projection was raised to 7.3% from 7% earlier.



MANAGER

For and on behalf of

MCB INVESTMENT MANAGEMENT CO. LTD

**MCB INDIA SOVEREIGN BOND ETF**  
**CONDENSED STATEMENT OF FINANCIAL POSITION**  
**AS AT MARCH 31, 2024**

	Notes	March 31, 2024 USD	June 30, 2023 USD
<b>ASSETS</b>			
Other receivables	4	12,423	12,791
Financial assets at fair value through profit or loss	3(i)	6,696,291	6,956,346
Cash and cash equivalents		<u>228,032</u>	<u>2,521</u>
<b>Total assets</b>		<b><u>6,936,746</u></b>	<b><u>6,971,658</u></b>
<b>EQUITY</b>			
Management Share	7	<u>10</u>	<u>10</u>
<b>LIABILITIES</b>			
Current tax liabilities	10(a)	5,687	29,396
Other payables	8	<u>17,499</u>	<u>11,312</u>
Total liabilities (excluding net assets attributable to holders of redeemable participating shares)		<b>23,186</b>	<b>40,708</b>
<b>Net assets attributable to holders of redeemable participating shares</b>			
	6(iv)	<u>6,913,550</u>	<u>6,930,940</u>
<b>Total liabilities</b>		<b><u>6,936,736</u></b>	<b><u>6,971,648</u></b>
<b>Total equity and liabilities</b>		<b><u>6,936,746</u></b>	<b><u>6,971,658</u></b>
<b>Net asset value per share</b>	6(iv)	<b><u>7.71</u></b>	<b><u>7.69</u></b>

These financial statements have been approved for issue by the Board of Directors on May 07, 2024.



Mr Patrick Eric Ronald Lam Yan Foon  
 Director



Mr Krishen Patten  
 Director

The notes on pages 8 to 16 form an integral part of these interim financial statements.

## MCB INDIA SOVEREIGN BOND ETF

### CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE NINE MONTHS ENDED MARCH 31, 2024

	Notes	3-months ended Mar 31, 2024	3-months ended Mar 31, 2023	9-months ended Mar 31, 2024	9-months ended Mar 31, 2023
		USD	USD	USD	USD
<b>Income</b>					
Interest income on bank balances		-	-	277	-
Interest on fixed income securities		118,575	119,256	355,934	352,783
Refund from Manager		5,992	11,588	21,682	21,556
		<u>124,567</u>	<u>130,844</u>	<u>377,893</u>	<u>374,339</u>
<b>Expenses</b>					
Manager's fees		12,454	12,522	37,678	38,703
Licence fees		4,202	4,106	12,664	12,510
Professional fees		1,423	5,507	7,629	8,248
Custodian's fees		2,244	2,219	6,916	7,008
Other direct fees		1,263	2,166	3,871	3,564
Registrar's fees		1,187	1,525	3,911	4,005
		<u>22,773</u>	<u>28,045</u>	<u>72,669</u>	<u>74,038</u>
<b>Operating profit</b>		<u>101,794</u>	<u>102,799</u>	<u>305,224</u>	<u>300,301</u>
Net gains/(losses) from financial instruments at fair value through profit or loss		32,909	52,048	(136,126)	(311,511)
Foreign exchange (losses)/gains		(921)	2,698	(1,443)	60,950
		<u>31,988</u>	<u>54,746</u>	<u>(137,569)</u>	<u>(250,561)</u>
<b>Profit before distribution</b>		<u>133,782</u>	<u>157,545</u>	<u>167,655</u>	<u>49,740</u>
Distribution to holders of redeemable participating shares	5	-	-	(134,445)	(200,762)
<b>Profit/(loss) before taxation</b>		<u>133,782</u>	<u>157,545</u>	<u>33,210</u>	<u>(151,022)</u>
Taxation	10(b)	7,992	2,070	(12,550)	(22,891)
<b>Profit/(loss) for the period</b>		<u>141,774</u>	<u>159,615</u>	<u>20,660</u>	<u>(173,913)</u>
<b>Equalisation</b>					
Income paid on units liquidated		-	-	(650)	(671)
<b>Increase/(decrease) in net assets attributable to holders of redeemable participating shares</b>		<u>141,774</u>	<u>159,615</u>	<u>20,010</u>	<u>(174,584)</u>

The notes on pages 8 to 16 form an integral part of these interim financial statements.

## MCB INDIA SOVEREIGN BOND ETF

### CONDENSED STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE PARTICIPATING SHARES FOR THE NINE MONTHS ENDED MARCH 31, 2024

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	<u>Notes</u>	<u>9 months to Mar 31, 2024 USD</u>	<u>9 months to Mar 31, 2023 USD</u>
At July 01,		6,930,940	7,251,811
Redemption of redeemable participating shares	6(ii)	(37,400)	(58,839)
Increase/(decrease) in net assets attributable to holders of redeemable participating shares		<u>20,010</u>	<u>(174,584)</u>
At March 31,		<u><u>6,913,550</u></u>	<u><u>7,018,388</u></u>

The notes on pages 8 to 16 form an integral part of these interim financial statements.

**MCB INDIA SOVEREIGN BOND ETF**  
**CONDENSED STATEMENT OF CASH FLOWS**  
**FOR THE NINE MONTHS ENDED MARCH 31, 2024**

	<b>Notes</b>	<b>9 months to Mar 31, 2024 USD</b>	<b>9 months to Mar 31, 2023 USD</b>
<b>Cash flows from operating activities</b>			
Cash used in operations	9(a)	<b>(44,155)</b>	(50,190)
Tax paid		<b>(36,259)</b>	(42,327)
<b>Net cash used in operating activities</b>		<b>(80,414)</b>	(92,517)
<b>Cash flows from investing activities</b>			
Interest received on fixed income securities		<b>490,035</b>	521,743
Purchase of financial assets		<b>(6,749,134)</b>	(7,860,537)
Proceeds from disposal of financial assets		<b>6,738,962</b>	7,654,506
<b>Net cash generated from investing activities</b>		<b>479,863</b>	315,712
<b>Cash flows from financing activities</b>			
Redemption of redeemable participating shares	6(ii)	<b>(37,400)</b>	(58,839)
Income paid on redeemable participating shares liquidated		<b>(650)</b>	(671)
Distribution paid to holders of redeemable participating shares	5	<b>(134,445)</b>	(200,762)
<b>Net cash used in financing activities</b>		<b>(172,495)</b>	(260,272)
<b>Increase/(decrease) in cash and cash equivalents</b>		<b>226,954</b>	(37,077)
<b>Movement in cash and cash equivalents</b>			
At July 01,		<b>2,521</b>	683
Increase/(decrease) in cash and cash equivalents		<b>226,954</b>	(37,077)
Effect of foreign exchange differences		<b>(1,443)</b>	60,950
<b>At March 31,</b>	9(b)	<b>228,032</b>	24,556

The notes on pages 8 to 16 form an integral part of these interim financial statements.

# MCB INDIA SOVEREIGN BOND ETF

## NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED MARCH 31, 2024

### 1 OBJECTIVE

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

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

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

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

	<b>9 months to Mar 31, 2024</b>	<b>Year to Jun 30, 2023</b>
	<b>USD</b>	<b>USD</b>
Opening balance	6,760,565	7,050,607
Additions during the period/ year	6,749,134	14,648,412
Disposal during the period/ year	(6,961,220)	(15,489,483)
Fair value gains/(losses) on financial assets	67,460	(18,672)
Fair value release on disposal	18,672	569,701
	<b>6,634,611</b>	<b>6,760,565</b>
Interest receivable	61,680	195,781
<b>Closing balance</b>	<b>6,696,291</b>	<b>6,956,346</b>

As at March 31, 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 6,696,291 for the period ended March 31, 2024 (June 30, 2023: USD 6,956,346).

	<b>9 months to Mar 31, 2024</b>	<b>9 months to Mar 31, 2023</b>
	<b>USD</b>	<b>USD</b>
(ii) <b>Net losses from financial instruments at fair value through profit or loss</b>		
Fair value gains on financial assets	67,460	49,842
Losses on disposal of financial assets	(203,586)	(361,353)
	<b>(136,126)</b>	<b>(311,511)</b>

**MCB INDIA SOVEREIGN BOND ETF**  
**NOTES TO THE INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED MARCH 31, 2024**

**4 OTHER RECEIVABLES**

	<b>Mar 31, 2024</b>	<b>Jun 30, 2023</b>
	<b>USD</b>	<b>USD</b>
Prepayments	7,920	9,911
Receivable from Manager	4,493	2,870
Share capital receivable	10	10
	<b>12,423</b>	<b>12,791</b>

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.

**5 DISTRIBUTION TO REDEEMABLE PARTICIPATING SHAREHOLDERS**

	<b>9 months to Mar 31, 2024</b>	<b>9 months to Mar 31, 2023</b>
	<b>USD</b>	<b>USD</b>
Paid during the period	134,445	200,762
	<b>134,445</b>	<b>200,762</b>
Interim per unit	0.15	0.22
Final per unit	-	-
	<b>0.15</b>	<b>0.22</b>

**6 MOVEMENT IN PARTICIPATING SHARES**

	<b>9 months to Mar 31, 2024</b>	<b>9 months to Mar 31, 2023</b>
	<b>No. of Shares</b>	<b>No. of Shares</b>
<b>Issued and fully paid</b>		
<b>(i) Opening balance</b>	901,303	915,853
Redemption of shares during the period	(5,000)	(7,700)
<b>Closing balance</b>	<b>896,303</b>	<b>908,153</b>
	<b>USD</b>	<b>USD</b>
<b>(ii) Opening balance</b>	12,336,634	12,447,341
Redemption of shares during the period	(37,400)	(58,839)
<b>Closing balance</b>	<b>12,299,234</b>	<b>12,388,502</b>

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 Dividends**

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

**MCB INDIA SOVEREIGN BOND ETF**  
**NOTES TO THE INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED MARCH 31, 2024**

**6 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.

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

	<b>Mar 31, 2024</b>	<b>Jun 30, 2023</b>
	<b>USD</b>	<b>USD</b>
Net Assets calculated as per Prospectus	6,912,826	6,944,147
Adjustments:		
Income tax adjustment	(35)	(13,213)
Other payables	(1)	(4)
Other receivables	760	10
<b>Net Assets as per Financial Reporting</b>	<b>6,913,550</b>	<b>6,930,940</b>
	<b>Per Share</b>	<b>Per Share</b>
	<b>USD</b>	<b>USD</b>
Net Assets per share calculated as per Prospectus	7.71	7.70
Adjustments:		
Income tax adjustment	0.00	(0.01)
Other payables	(0.00)	(0.00)
Other receivables	0.00	0.00
<b>Net Assets per share as per Financial Reporting</b>	<b>7.71</b>	<b>7.69</b>

**7 MANAGEMENT SHARE**

One Management Share of USD 10 was issued by the Fund to MCB Investment Management Co. Ltd on incorporation. The management share is receivable at as Mar 31, 2024 as disclosed in note 4 to the interim 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**

**1 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.

**2 Dividends**

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

**3 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 INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED MARCH 31, 2024**

**8 OTHER PAYABLES**

	<b>Mar 31, 2024</b>	<b>Jun 30, 2023</b>
	<b>USD</b>	<b>USD</b>
Manager's fees payable	8,283	4,179
Registrar's fees payable	782	395
Custodian's fees payable	3,748	1,504
Professional fees payable	3,996	5,060
Index Provider fees	690	173
	<b>17,499</b>	<b>11,312</b>

The carrying amounts of other payables approximate their fair values.

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

	<b>9 months to Mar 31, 2024</b>	<b>9 months to Mar 31, 2023</b>
	<b>USD</b>	<b>USD</b>
<b>(a) Cash used in operations</b>		
Profit/(loss) before taxation	33,210	(151,022)
Adjustments for:		
Distribution to holders of redeemable participating shares	134,445	200,762
Interest income on fixed income securities	(355,934)	(352,783)
Fair value gains on financial assets	(67,460)	(49,842)
Foreign exchange losses/(gains)	1,443	(60,950)
Losses on disposal of financial assets	203,586	361,353
	<b>(50,710)</b>	<b>(52,482)</b>
<b>Changes in working capital:</b>		
Other receivables	368	(2,596)
Other payables	6,187	4,888
<b>Cash used in operations</b>	<b>(44,155)</b>	<b>(50,190)</b>
<b>(b) Cash and cash equivalents</b>	<b>Mar 31, 2024</b>	<b>Mar 31, 2023</b>
	<b>USD</b>	<b>USD</b>
Cash at bank	<b>228,032</b>	<b>24,556</b>

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

**MCB INDIA SOVEREIGN BOND ETF**  
**NOTES TO THE INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED MARCH 31, 2024**

**10 INCOME TAX**

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

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

	<b>Mar 31, 2024</b>	<b>Jun 30, 2023</b>
	<b>USD</b>	<b>USD</b>
Opening balance	29,396	24,346
Charge for the year	12,550	67,158
Paid for the year	(36,259)	(62,108)
Closing balance	<u>5,687</u>	<u>29,396</u>
Payable to:		
The Mauritius Revenue Authority	779	3,347
The Indian Tax Authority	4,908	26,049
	<u>5,687</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:

	<b>9 months to Mar 31, 2024</b>	<b>9 months to Mar 31, 2023</b>
	<b>USD</b>	<b>USD</b>
Profit/(loss) before taxation	33,210	(151,022)
Tax effect on:		
Expenses not deductible for tax purposes	336,938	568,571
Income not subject to tax	(338,400)	(330,986)
<b>Chargeable income</b>	<u>31,748</u>	<u>86,563</u>
<b>Tax calculated at 15%</b>	<u>4,763</u>	<u>12,984</u>
Withholding Tax suffered	7,787	9,907
<b>Taxation charge</b>	<u>12,550</u>	<u>22,891</u>

# MCB INDIA SOVEREIGN BOND ETF

## NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED MARCH 31, 2024

### 10 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.

### 11 RELATED PARTY TRANSACTIONS

The transactions of the Fund with parties related to the Manager during the period Mar 2024 and Mar 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:

	<b>9 months to Mar 31, 2024</b>	<b>9 months to Mar 31, 2023</b>
	<b>USD</b>	<b>USD</b>
MCB Investment Management Co. Ltd	<b>37,678</b>	38,703

#### (b) Registrar Fees

MCB Registry & Securities Ltd which is an entity under common control, acts as the Registrar and Transfer Agent of the Fund. MCB Group Limited is the ultimate holding company of the Registrar. The Registrar fees are detailed below:

	<b>9 months to Mar 31, 2024</b>	<b>9 months to Mar 31, 2023</b>
	<b>USD</b>	<b>USD</b>
MCB Registry & Securities Ltd	<b>3,911</b>	4,005

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

	<b>9 months to Mar 31, 2024</b>	<b>9 months to Mar 31, 2023</b>
	<b>USD</b>	<b>USD</b>
Directors fees	<b>495</b>	501

#### (d) Outstanding balances

	<b>Mar 31, 2024</b>	<b>June 30, 2023</b>
	<b>USD</b>	<b>USD</b>
<i>Payables to related parties</i>		
MCB Investment Management Co. Ltd	<b>8,283</b>	4,179
MCB Registry & Securities Ltd	<b>782</b>	395
	<b>9,065</b>	4,574
<i>Receivable from related party</i>		
MCB Investment Management Co. Ltd	<b>10</b>	10

# MCB INDIA SOVEREIGN BOND ETF

## NOTES TO THE INTERIM FINANCIAL STATEMENTS

### FOR THE NINE MONTHS ENDED MARCH 31, 2024

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

(e) Bank balances	<b>Mar 31, 2024</b>	<b>Mar 31, 2023</b>
	<b>USD</b>	<b>USD</b>
The Mauritius Commercial Bank Ltd	<b>12,200</b>	16,162

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.

#### 12 EVENTS AFTER THE REPORTING PERIOD

On March 28, 2024, the Fund has declared a dividend of USD 0.24 per share to all shareholders registered at the close of business on April 18, 2024. The ex-div date was April 16, 2024. The payment date was on May 06, 2024.

# MCB INDIA SOVEREIGN BOND ETF

## NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED MARCH 31, 2024

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

June 30, 2023 Market Value (USD)	Security Description	<u>March 31, 2024</u> <u>Market Value</u> <u>(USD)</u>	<u>% of Net Assets</u>
<b>Quoted Foreign Fixed Income Securities</b>			
6,760,565	7.26% GOI 2033	-	-
-	7.18% GOI 2033	6,634,611	95.98%
<b>TOTAL QUOTED FOREIGN FIXED INCOME SECURITIES</b>		<b>6,634,611</b>	<b>95.98%</b>
<u>195,781</u>	<b>TOTAL INTEREST RECEIVABLES</b>	<u>61,680</u>	<u>0.89%</u>
<b>6,956,346</b>	<b>TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>	<b>6,696,291</b>	<b>96.87%</b>
(25,396)	OTHER ASSETS AND LIABILITIES	217,269	3.13%
<u><b>6,930,950</b></u>	<b>NET ASSETS</b>	<u><b>6,913,560</b></u>	<u><b>100.0%</b></u>
<b>Currency Profile</b>			
6,932,648	INR	6,907,215	99.91%
(1,698)	USD	6,345	0.09%
<u><b>6,930,950</b></u>	<b>NET ASSETS</b>	<u><b>6,913,560</b></u>	<u><b>100.0%</b></u>
<b>Fair Value Hierarchy</b>			
<u>6,956,346</u>	Level 1 <b>TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>	<u>6,696,291</u>	<u>96.87%</u>
<u><b>6,956,346</b></u>		<u><b>6,696,291</b></u>	<u><b>96.87%</b></u>

**MCB INDIA SOVEREIGN BOND ETF**  
**NOTES TO THE INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED MARCH 31, 2024**

**13 (b) Currency profile sensitivity analysis**

A reasonably possible strengthening/ weakening of the USD against INR at March 31, 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>Mar 31, 2024</u>	<u>Jun 30, 2023</u>
	<b>Impact on Profit before taxation</b>	Impact on Loss before taxation
USD Weakened by 5%	lower by USD345k	higher by USD347k
USD Strengthened by 5%	higher by USD345k	lower 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.

**13 (c) 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>Mar 31, 2024</u>	<u>Jun 30, 2023</u>
	<b>Impact on Profit before taxation</b>	Impact on Loss before taxation
Increase in fair value by 10%	higher by USD663k	lower by USD676k
Decrease in fair value by 10%	lower by USD663k	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

## APPENDIX: STATEMENT OF FINANCIAL HIGHLIGHTS FOR THE NINE MONTHS ENDED MARCH 31, 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 =  $\frac{(\text{Purchases} - \text{Subscriptions}) + (\text{Disposals} - \text{Redemptions})}{\text{Daily Average Net Assets}}$

	<b>Period ended March 31, 2024 USD</b>	<b>Year ended June 30, 2023 USD</b>	<b>Year ended June 30, 2022 USD</b>	<b>Year ended June 30, 2021 USD</b>
<b>Opening net asset value</b>	6,930,950	7,251,821	8,469,563	8,631,076
Total revenue	377,893	505,468	521,695	538,388
Total expenses	(85,219)	(167,768)	(151,649)	(155,121)
Realised losses for the period/year	(203,586)	(188,859)	(628,483)	(17,369)
Unrealised gains/(losses) for the period/year	66,017	24,187	(602,122)	(89,238)
Distribution declared from net income	(134,445)	(381,322)	(357,183)	(448,526)
Income paid on redeemable participating shares liquidated	(650)	(1,870)	-	(1,664)
Income received on participating shares created	-	-	-	1,590
<b>Total increase/(decrease) in operations</b>	<b>20,010</b>	<b>(210,164)</b>	<b>(1,217,742)</b>	<b>(171,940)</b>
Issue of redeemable participating shares	-	-	-	68,411
Redemption of redeemable participating shares	(37,400)	(110,707)	-	(57,984)
<b>Closing net asset value</b>	<b>6,913,560</b>	<b>6,930,950</b>	<b>7,251,821</b>	<b>8,469,563</b>
Portfolio turnover rate	195.62%	416.62%	405.25%	600.77%
<b>Redeemable Participating Shares</b>				
Number of shares outstanding	896,303	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	7.71	7.69	7.92	9.24