

# MCB Unit Trust

Simplified Prospectus | Last Updated: 09 October 2024

## AUTHORISATION

This Simplified Prospectus contains only key information about the sub-funds of the MCB Unit Trust (the “**Funds**”) which have been authorised by the Financial Services Commission (the “**FSC**”) under the Securities Act 2005 and the regulations made thereunder. In granting this authorisation, it must be clearly understood that the FSC does not vouch for the financial soundness of the Funds or for the correctness of any statements made herein or any opinions expressed with regards to them.

The Directors of MCB Investment Management Co. Ltd (the “**Manager**”), whose names are set out in Section 3 of this Simplified Prospectus, accept responsibility for the information contained herein. To the best of the knowledge and belief of the Directors, who have taken all reasonable care to ensure that such is the case, the information provided in this document is in accordance with the facts and contains a fair summary of the key information set out in the full Prospectus. The information contained in this Simplified Prospectus should be read in conjunction with the full text of the Prospectus. It is the responsibility of each person relying on this Simplified Prospectus to ensure that the said document is the latest one issued for the Funds.

The full Prospectus is available on request, free of charge, as specified in section 1.3 of this document.

## RESTRICTION OF SALE

Restriction of sale to US Person - The MCB Unit Trust, its Funds and any of the underlying securities have not been registered under the United States Securities Act of 1933, as amended, or the United States Investment Company Act of 1940, as amended and, unless otherwise authorised by the Manager and/or the Trustee, will not be offered, sold or delivered in the United States, or to or for the account of a US Person. Any such investor should consult their own legal, tax and other advisers to determine whether an investment in this sub-fund could result in adverse consequences to the investor or its related persons and affiliates. All US Persons may have United States tax consequences arising from investing in the Funds.

## ANTI-MONEY LAUNDERING PROVISIONS

The Financial Intelligence and Anti-Money Laundering Act 2002 provides for the offences of money laundering, the reporting of suspicious transactions and the measures to combat money laundering. A money laundering offence is committed when a person engages in a transaction that involves property which is or represents the proceeds of any crime or receives, is in possession of, conceals, disguises, transfers, converts, disposes of, removes from or brings into Mauritius any property which is or represents the proceeds of any crime. The Act also lays down the obligation on “every bank, financial institution, cash dealer or member of a relevant profession or occupation” to report forthwith to the Financial Intelligence Unit (FIU) any “suspicious transaction”. To satisfy the requirements under this Act, the Manager may require additional evidence of identification from a prospective investor prior to issuing units. Besides existing legislation, the Funds will

also adhere to the requirements of the relevant codes, guidelines and handbooks on Prevention of Money Laundering issued by the FSC.

## DESCRIPTION OF SECURITIES OFFERED

The beneficial interest in the Funds is divided into units, each of which is of equal value and confers equal interest. However, no unit in a Fund or Class (as the case may be) shall confer any interest in any other Fund or Class. The units will be denominated in Mauritian Rupees (except for units of the MCB USD Bond Fund which are denominated in US Dollars). On purchase and redemption of units in the Class or Fund, the Manager will make an entry in the register of unitholders, which is the definitive evidence of holding in the Class or Fund.

Unitholders of the Classes/Funds are entitled to the following rights, amongst others: liquidation rights, meetings of unitholders, redemption / repurchase, switching, inspection of registers, transfer of units, annual and interim report and annual statement of accounts.

The above rights of the unitholders can be modified:

- (a) by either the Trustee, when it is of the opinion that this is necessary to comply with the provisions of any statutory authority or to correct a manifest error; or
- (b) by way of an ‘Extraordinary Resolution’ passed at a meeting duly convened and carried by a majority of not less than three-fourths of the unitholders; or
- (c) where such modification is otherwise expressly authorised by the Funds’ constitutive documents.

## SIGNATURE

The Simplified Prospectus has been approved for issue by the Trustee and the Board (as defined below).

## 1 IMPORTANT INFORMATION

### 1.1 Name and address of the Funds

*Name of the Funds:*

MCB General Fund (MCBGF)  
MCB Tracker Fund (MCBTF)  
MCB Yield Fund (MCBYF)  
MCB Domestic Equities Fund (MCBDEF)  
MCB Overseas Fund (MCBOF)  
MCB USD Bond Fund (MCBUBF)  
MCB 2025 Target Date Fund (MCB2025TDF)  
MCB 2030 Target Date Fund (MCB2030TDF)  
MCB 2035 Target Date Fund (MCB2035TDF)  
MCB 2040 Target Date Fund (MCB2040TDF)

*Address:*

C/o MCB Investment Management Co. Ltd  
Sir William Newton Street, Port Louis

## 1.2 Constitution

The Funds have been established as open-ended collective investment schemes in the Republic of Mauritius (under section 97 of the Securities Act 2005) under the existing MCB Unit Trust by way of Supplemental Deeds between the Manager and IQ EQ Trustees (Mauritius) Ltd (the “Trustee”), as the amalgamated and surviving company, following its amalgamation with Multiconsult Trustees Ltd, and effective on 30 November 2021.

## 1.3 Documents available for inspection

The following documents, which form part of the constitutive documents of the Funds, are available, free of charge, for inspection at the office of the Manager, during office hours:

1. The Amended and Restated Trust Deed
2. The Amended and Restated Supplemental Deeds
3. The full updated Prospectus
4. The annual and interim management reports

## 2 FUNCTIONARIES

Function	Company	Address	Contact details
The CIS Manager	MCB Investment Management Co. Ltd	Sir William Newton Street Port Louis	☎ : +230 202 5515 ✉ : <a href="mailto:mcbim@mcbcm.mu">mcbim@mcbcm.mu</a> 🌐 : <a href="http://www.mcbcm.mu">www.mcbcm.mu</a>
The Trustee	IQ EQ Trustees (Mauritius) LTD	33, Les Cascades Building Edith Cavell Street Port Louis	☎ : +230 212 9800 🌐 : <a href="http://www.igeq.mu">www.igeq.mu</a>
The Registrar	M.C.B. Registry and Securities Ltd	Sir William Newton Street Port Louis	☎ : +230 202 5419 ✉ : <a href="mailto:mcbrs@mcbcm.mu">mcbrs@mcbcm.mu</a>
The Custodian	The Mauritius Commercial Bank Ltd	Sir William Newton Street Port Louis	☎ : +230 202 5000 ✉ : <a href="mailto:custody@mcb.mu">custody@mcb.mu</a> 🌐 : <a href="http://www.mcb.mu">www.mcb.mu</a>
The Auditor	BDO & Co	10, Frère Félix de Valois St Port Louis	☎ : +230 202 3000
The Principal Distributor	M.C.B Stockbrokers Ltd	Sir William Newton Street Port Louis	☎ : +230 202 5555 ✉ : <a href="mailto:mcbsb@mcbcm.mu">mcbsb@mcbcm.mu</a> 🌐 : <a href="http://www.mcbcm.mu">www.mcbcm.mu</a>

## 3 GOVERNANCE

### Board of Directors

The Funds do not have their own board of directors. However, all decisions relative to the Funds are taken by the board of directors of the Manager (“Board”) in strict compliance with their respective constitutive documents and ratified where applicable by the Trustee. The members of the Board are as follows: Managing director: Miss Ameenah Ibrahim; non-executive directors: Messrs. Patrick Eric Ronald (Rony) Lam Yan Foon, Jeremy Paulson-Ellis and Michael Naameh; independent non-executive directors: Messrs. Couldip Basanta Lala and Gilles Trancart and Mrs. Catherine Swanepoel.

## 4 GENERAL INVESTMENT RESTRICTIONS

General investment restrictions of the Funds are as follows: The Funds shall not directly:

- (a) invest in any company where, immediately after the investment, more than 10% of any one class of securities of that company would be held by a Fund;
- (b) purchase real estate;
- (c) purchase or sell derivatives (except for the MCB USD Bond Fund);
- (d) purchase a mortgage;
- (e) purchase a security for the purpose of exercising control or management of the issuer of the security;
- (f) purchase an illiquid asset if, immediately after the purchase more than 10% of the net assets of the Fund, taken at market value at the time of the purchase, would consist of illiquid assets; or
- (g) purchase or sell commodity, including precious metals.

## 5 GENERAL RISK FACTORS

General risk factors of the Funds are as follows:

- Any investment carries a level of risk that generally reflects its potential for reward. Neither the Manager, the Trustee, the Principal Distributor, nor any other functionary guarantees the performance of the Funds, the attainment of the stated objectives, or the repayment of capital.
- Investors are not certain to make a profit and in certain circumstances they may even lose money. Any income is not fixed. The value of investments and any income derived from them can go up as well as down.
- Any tax treatment detailed in these prospectuses may change and any implied tax benefits will vary between investors and may change in the future.
- Losses may be made due to adverse movements in equity, bond, currency and other market prices and to changes in the volatility of any of these. The key factors driving

changes in these market prices are economic growth and inflation, both of which themselves depend to a greater or lesser extent on official economic and interest rate policy.

- Investors are advised to contact an independent financial adviser if they are in any doubt about the suitability of an investment in the Funds, or if they are not confident that they fully understand the risks involved.
- The past performance of the Funds should not be taken as a guide to their future performance. Funds that have performed well in the past may perform poorly in the future and vice versa.

Other risk factors applicable to the relevant Funds are set out below and are more fully described in Appendix 2 of the Prospectus.

## 6 EXPENSES, MAIN FEES AND CHARGES

The following costs are being charged in relation to the first class of units created under the relevant Funds.

Classes created under the relevant Funds	Entry Fee (%)	Exit Fee (%)	Switch Fee	Management Fee (% p.a.)	Trustee Fee (% p.a.)	Custodian (% p.a.)	Registrar Fee (% p.a.) excl. VAT	Total Expense Ratio (% p.a.)*
MCBGF – Retail Income Class	0.75	0.25	MUR300	1.00	Up to 0.10	Up to 0.10	0.15	1.39
MCBTF – Retail Income Class	0.75	0.25	MUR300	0.80	Up to 0.10	Up to 0.10	0.15	1.29
MCBYF – Retail Income Class	0.75	0.25	MUR300	0.85	Up to 0.10	Up to 0.10	0.15	1.23
MCBDEF – Retail Income Class	0.75	0.25	MUR300	1.00	Up to 0.10	Up to 0.10	0.15	1.41
MCBOF – Retail Accumulation Class	0.75	0.25	MUR300	1.00	Up to 0.10	Up to 0.10	0.15	1.41
MCBUBF – Retail Accumulation Class	0.75	0.25	US\$10	1.00	Up to 0.10	Up to 0.10	0.20	1.34
MCB2025TDF – Retail Accumulation Class	0.75	0.25	MUR300	1.60	Up to 0.10	Up to 0.10	0.20	1.94
MCB2030TDF – Retail Accumulation Class	0.75	0.25	MUR300	1.60	Up to 0.10	Up to 0.10	0.20	1.94
MCB2035TDF – Retail Accumulation Class	0.75	0.25	MUR300	1.60	Up to 0.10	Up to 0.10	0.20	1.98
MCB2040TDF – Retail Accumulation Class	0.75	0.25	MUR300	1.60	Up to 0.10	Up to 0.10	0.20	2.03

TER has been calculated for the period 1 July 2023 to 30 June 2024, based on the total weighted NAV, excluding acquired cost

## 7 OTHER INFORMATION

Classes created under the relevant Funds	Launch Date	Distributions	Recommended Minimum holding period	Minimum investor's holding	Minimum initial lump sum	Minimum subsequent lump sums	Minimum monthly savings plan	Minimum redemption amount
MCBGF – Retail Income Class	14 Oct 1994	Declared once yearly on 30 June	3 years	50 units	Equivalent of 50 units	Equivalent of 50 units	MUR500	MUR1,500
MCBTF – Retail Income Class	17 Jun 1998	Declared once yearly on 31 December	5 years	50 units	Equivalent of 50 units	Equivalent of 50 units	MUR500	MUR1,500
MCBYF – Retail Income Class	16 Jun 2003	Declared twice yearly on 31 December and 30 June	1 year	50 units	Equivalent of 50 units	Equivalent of 50 units	MUR500	MUR1,500
MCBDEF – Retail Income Class	30 July 2001	Declared once yearly on 31 December	5 years	50 units	Higher of MUR5,000 and equivalent of 50 units	MUR1,000	MUR500	MUR1,500
MCBOF – Retail Accumulation Class	1 Mar 2009	All net income reinvested	3 years	1,000 units	Higher of MUR10,000 and equivalent of 50 units	MUR1,000	MUR500	MUR1,500
MCBUBF – Retail Accumulation Class	15 Apr 2011	All net income reinvested	3 years	100 units	US\$1,000	US\$500	US\$100	US\$500
MCB2025TDF – Retail Accumulation Class	19 Mar 2012	All net income reinvested	5 years	100 units	MUR25,000	MUR10,000	MUR1,000	MUR1,500
MCB2030TDF – Retail Accumulation Class	19 Mar 2012	All net income reinvested	5 years	100 units	MUR25,000	MUR10,000	MUR1,000	MUR1,500
MCB2035TDF – Retail Accumulation Class	19 Mar 2012	All net income reinvested	5 years	100 units	MUR25,000	MUR10,000	MUR1,000	MUR1,500
MCB2040TDF – Retail Accumulation Class	19 Mar 2012	All net income reinvested	5 years	100 units	MUR25,000	MUR10,000	MUR1,000	MUR1,500

## APPENDIX 1 – SPECIFICS OF THE FUNDS

### Section 1 – MCB General Fund

#### A1.1 Investment objective

The objective of MCB General Fund is to achieve long term capital appreciation whilst ensuring regular income.

#### A1.2 Planned asset mix (indicative only)

<i>Asset Class</i>	<i>Permitted Range</i>
Equities - Local	30% - 55%
Equities - Foreign	5% - 50%
Fixed Income Securities - Local	5% - 60%
Fixed Income Securities - Foreign	0% - 50%
Alternative Investment	0% - 10%

#### A1.3 Geographical concentration

The Manager intends to invest up to 50% of the Fund's assets in overseas assets. Such assets, the management of which may be entrusted to professional overseas managers, will comprise short term deposits, bonds, convertible bonds, shares and investment funds, all marketable securities with very liquid negotiability. Such investments may also comprise securities of offshore funds listed on the Stock Exchange of Mauritius.

#### A1.4 Investment restrictions

In addition to the general investment restrictions listed in Section 4 of this Simplified Prospectus, the following specific restrictions apply to MCB General Fund.

The Fund shall not directly:

- (a) invest in any company where:
  - i. in cases where any security of that company is a constituent of the SEMDEX (or any successive index), such investments (as a percentage of the Fund's Net Assets) would, subject to restriction (b) below, exceed the weight of that Company's security in the SEMDEX plus 10% (for example, if the weight of a company's shares in the SEMDEX is 5% then the maximum investment allowed in the securities of that company would be 15%); or
  - ii. In all other cases, more than 10% of its Net Assets would be invested in the securities of that company.
- (b) purchase a security, other than a debt security issued by the Government of Mauritius or the government of any other country, if, immediately after the purchase, more than 35% of its net assets, taken at market value at the time of purchase, would be invested in securities of that issuer;
- (c) undertake any overseas investments (by domiciliation) where, immediately after the investments, more than 50% of the Fund's Net Asset Value would consist of such investments.

The Fund has applied for and obtained a derogation to invest up to (i) 35% of its net asset value in a single issuer; (ii) 50% (in

aggregate) of its net asset value in the shares of foreign collective investment schemes.

#### A1.5 Risk Warnings

In addition to the general risk factors provided in Section 5 of this Simplified Prospectus, the following specific risks are identified as particularly relevant for this Fund: Market, Inflation, Currency, Emerging Markets, Concentration, Regulatory, Liquidity, Economic, Investment Management, Interest Rate and Risk Associated with Investment in other Investment Funds. Investors should read the 'Risk Factors' set out in Appendix 2.

#### A1.6 Suitability

MCB General Fund is suitable for an investor (i) with an intended long-term investment horizon, (ii) seeking long-term capital gains rather than regular high dividend inflows, and (iii) willing to have an exposure to the main overseas markets.

#### A.1.7 Class of Units

The first Class created under this Sub-Fund is the MCBGF – Retail Income Class. Please refer to Sections 6 and 7 above for more details on that Class.

### Section 2 – MCB Tracker Fund

#### A2.1 Investment objective

MCB Tracker Fund will follow a "Tilting Index" philosophy with the primary objective of tracking the SEM-10 Index (the "Index"). Consequently MCB Tracker Fund aims to produce a before-fee performance approaching that of the Index and therefore offers to the investor long capital growth with regular but limited income.

#### A2.2 Planned asset mix

The portfolio will consist of investments in the shares of companies included in the Index and the SEM-10 Index Reserve List. The Manager will use the weightings as derived from daily SEM-10 quotations as an indicative benchmark to constitute the asset mix, with the following flexibilities:

- (a) The Manager will be granted a 15% margin above or below the benchmark percentage weighting except in specific circumstances as described in (c), (d) and (e) below.
- (b) The Manager may, if he sees fit, invest up to an aggregate of 15% of the Fund in the companies on the 'Reserve List' of the Index.
- (c) The Manager may remain in a cash (or cash equivalent) position if, with the agreement of the CIS Supervisory Committee, they believe that the shares targeted to be bought or sold are too thinly traded and that execution would be to the disadvantage of the Unitholders.
- (d) The Manager reserves the right to invest in potential new constituents of the Index prior to the effective date on which the Index is rebalanced to ensure a smooth transition amidst liquidity concerns but within the 15% allocation outside the benchmark core constituents. Similarly the Manager reserves the right to sell a core constituent of the Index prior to the effective date on which the Index is rebalanced to ensure a smooth transition amidst liquidity concerns.
- (e) So as not to incur avoidable trading costs, the Manager reserves the right not to invest in a core constituent of the SEM-10 Index, if in its opinion, such core constituent will be

excluded from the Index within the next 3 months. Similarly the Manager reserves the right not to sell a core constituent, which was removed from the SEM-10 Index, if in its opinion, such core constituent is likely to be included in the Index on the next rebalancing date.

### A2.3 Assets allocation table

<i>Securities</i>	<i>Permitted Range</i>
SEM-10 Constituents	Up to 100%
SEM-10 Reserve List Constituents	Up to 15%

### A2.4 Investment restrictions

In addition to the general investment restrictions listed in Section 4 of the Simplified Prospectus, the following specific restriction applies to MCB Tracker Fund:

- The Fund will restrict its investments to the shares of companies included in the SEM-10 Index and the SEM-10 Index Reserve List (subject to flexibilities provided in A2.2 above);
- The Fund will not invest in companies on the reserve list of the SEM-10 Index if the value or the aggregate of the values of such investment will exceed 15% of the Net Asset Value of the Fund immediately after such investment has been made.

### A2.5 Risk Warnings

In addition to the general risk factors provided in Section 5 of the Simplified Prospectus, the following specific risks are identified as particularly relevant for this Fund: Market, Inflation, Regulatory, Liquidity, Economic and Concentration. Investors should read the 'Risk Factors' set out in Appendix 2.

### A2.6 Suitability

MCB Tracker Fund is suitable for an investor, (i) with an intended long-term investment horizon, (ii) seeking long-term capital gains rather than regular high dividend inflows, and (iii) willing to invest in blue-chip companies on The Stock Exchange of Mauritius Ltd without having to individually manage the stocks.

#### A.2.7 Class of Units

The first Class created under this Sub-Fund is the MCBTF – Retail Income Class. Please refer to Sections 6 and 7 above for more details on that Class.

## Section 3 – MCB Yield Fund

### A3.1 Investment objective

The objective of the MCB Yield Fund is to deliver a return which is above the savings rate offered by commercial banks over any given financial year through relatively lower risk investments in a portfolio consisting primarily of fixed income securities, deposits and dividend yielding equities.

The formula for calculating the yield is as follows:

$$\text{Yield} = Y_t = 100 \times \frac{\text{Total distributions made per unit in respect of financial year } t}{\text{Issue price per unit on the first business day of financial year } t}$$

The objective is to endeavour to deliver  $Y_t \geq AS_t$ , where  $AS_t$  = The average savings rate of three commercial banks over year t.

### A3.2 Investment strategy

The Manager will adopt an active approach to managing the Fund. Diversification of assets, independent advice and careful screening should help the Fund attain the above objective as well as preserving the Fund's capital value. Investment decisions will be made following an assessment of (i) economic conditions, (ii) yield and maturity considerations and (iii) underlying fundamentals of the proposed investment.

The Manager shall review the prevailing economic conditions and shall have regard to local fiscal and monetary policies. Other parameters, such as the Repo Rate, corporate dividend payout ratios, corporate gearing and quality of assets will be important considerations for the Manager. The Manager will constitute a portfolio of fixed income instruments with varying maturities and some high-yield equities, but shall exclude investments that present an unacceptable credit, sector or liquidity risk to the Fund's portfolio. The Manager will have a quality bias in its security selection and shall manage risk through broad diversification.

### A3.3 Planned asset mix

A significant portion of the Fund's assets will be invested in fixed interest securities that make regular interest payments on set dates. Listed equities may also form part of the portfolio, provided yield and liquidity considerations are appropriate to the Fund's overall objective.

### A3.4 Assets allocation table

<i>Assets class</i>	<i>Maximum %</i>
Short term cash instruments	100
Bank of Mauritius TBills and Bonds	100
Corporate issuance	100
Bank and leasing deposits	50
Equities	30
Overseas investments in fixed-income instruments (including cash and cash equivalents)	20

Within the prescribed restrictions, the Manager is free to alter the Fund's asset allocation in order to take advantage of anticipated interest rate movements or market opportunities. However, the Manager shall avoid market timing and interest rate speculation in favour of strategies providing a more consistent value over time.

Corporate issuance can comprise of debentures, bonds, commercial papers, notes or any other fixed interest paying papers that may be issued by corporates.

### A3.5 Investment restrictions

In addition to the general investment restrictions listed in Section 4 of the Simplified Prospectus, the following specific restrictions apply to MCB Yield Fund.

The Fund shall not directly:

- (a) invest in any company where, immediately after the investment, more than 5% of the Fund's Net Asset Value would be invested in that company;
- (b) make any deposit(s) in any one banking or deposit taking institution where the aggregate value of such deposits would exceed 15% of the Fund's Net Asset Value;
- (c) invest more than 20% of its Net Asset Value in assets which are not denominated in the base currency of the Fund.

For temporary defensive purposes the Fund may at times invest substantially all of its assets in Government of Mauritius securities and cash balances held in short-term deposit accounts with commercial banks.

### A3.6 Risk Warnings

In addition to the general risk factors provided in Section 5 of the Simplified Prospectus, the following specific risks are identified as particularly relevant for this Fund: Market, Inflation, Liquidity, Currency, Regulatory, Economic, Investment Management and Interest Rate. Investors should read the 'Risk Factors' set out in Appendix 2.

### A3.7 Suitability

MCB Yield Fund is suitable for an investor seeking, (i) high current income but unwilling to accept large volatility, (ii) to obtain a regular and predictable income flow, and (iii) to have a higher exposure to fixed-income instruments than to equities.

#### A.3.8 Class of Units

The first Class created under this Sub-Fund is the MCBYF – Retail Income Class. Please refer to Sections 6 and 7 above for more details on that Class.

## Section 4 – MCB Domestic Equities Fund

### A4.1 Investment objective

The MCB Domestic Equities Fund seeks to achieve long-term capital appreciation mainly through investment in a diversified portfolio of shares listed in Mauritius.

### A4.2 Planned asset mix

The Fund's assets will be invested mainly in domestic equities listed on the Stock Exchange of Mauritius. The maximum investment (expressed as a percentage of the Fund's Net Assets) in the various assets that the Fund may make is given in the assets allocation table below.

### A4.3 Asset allocation table (indicative only)

<i>Assets class</i>	<i>Maximum %</i>
Listed equities	100
Unlisted equities	10
Cash and other instruments, including bank & leasing deposits, bills, bonds, debentures, loan notes, money market instruments, cash & cash equivalents	15

The Manager may appoint specialist advisers for advising on any of the above asset classes.

### A4.4 Investment restrictions

In addition to the general investment restrictions listed in Section 4 of the Simplified Prospectus, the following specific restrictions apply to MCB Domestic Equities Fund.

The Fund shall not directly:

- (a) invest in any company where;
  - (i) in cases where any security of that company is a constituent of the SEMDEX (or any successive index), such investments (as a percentage of the Fund's Net Assets) would, subject to restriction (b) below, exceed the weight of that Company's security in the SEMDEX plus 15% (for example, if the weight of a company's shares in the SEMDEX is 5% then the maximum investment allowed in the securities of that company would be 20%); or
  - (ii) in all other cases, more than 10% of its Net Assets would be invested in the securities of that company;
- (b) purchase a security, other than a debt security issued by the Government of Mauritius or the government of any other country, if, immediately after the purchase, more than 40% of its Net Assets, taken at market value at the time of purchase, would be invested in securities of that issuer;
- (c) invest in assets outside Mauritius; and
- (d) invest, in the normal course of its investment activity, more than fifteen percent (15%) of its Net Assets in deposits or money market instruments.

The Fund has applied for and obtained a derogation to invest up to 40% of its net asset value in a single issuer.

### A4.5 Risk Warnings

In addition to the general risk factors provided in Section 5 of the Simplified Prospectus, the following specific risks are identified as particularly relevant for this Fund: Market, Concentration, Regulatory, Liquidity, Economic, Investment Management and Inflation. Investors should read the 'Risk Factors' set out in Appendix 2 of the Prospectus.

### A4.6 Suitability

MCB Domestic Equities Fund is suitable for local and foreign investors looking for long-term capital appreciation from a portfolio of diversified local securities.

#### A.4.7 Class of Units

The first Class created under this Sub-Fund is the MCBDEF – Retail Income Class. Please refer to Sections 6 and 7 above for more details on that Class.

## Section 5 – MCB Overseas Fund

### A5.1 Investment objective

The MCB Overseas Fund seeks to achieve long term capital growth by investing mainly in foreign collective investment schemes providing exposure to the world’s principal stock, bond and currency markets, enabling access to a worldwide balanced portfolio in a single investment product.

### A5.2 Planned asset mix

The Fund’s assets will be invested mainly in equities, fixed income and alternative investments through foreign collective investment schemes. The maximum investments (expressed as a percentage of the Fund’s portfolio) in the various assets that the Fund may make is given in the assets allocation table below.

### A5.3 Assets allocation table (indicative only)

<i>Assets class</i>	<i>Maximum %</i>
Equities	100
Fixed Income	50
Alternative Investments	50
Cash and cash equivalents	20

The Manager may appoint specialist advisers for advising on any of the above asset classes.

### A5.4 Geographical concentration

The Fund will invest in overseas assets which provide an exposure to the world’s stocks and securities.

### A5.5 Investment restrictions

In addition to the general investment restrictions listed in Section 4 of the Simplified Prospectus, the following specific restrictions apply to MCB Overseas Fund.

The Fund shall not directly:

- acquire more than 10% of the shares/units of any single authorised collective investment scheme; and
- invest in Mauritian securities, including local collective investment schemes, denominated in MUR.

The Fund has applied for and obtained a derogation to invest up to 100% of its net asset value in the shares of foreign collective investment schemes and can thus be classified as a fund of funds.

### A5.6 Risk Warnings

In addition to the general risk factors provided in Section 5 of the Simplified Prospectus, the following specific risks are identified as particularly relevant for this Fund: Market, Capital, Inflation, Currency, Emerging Markets, Regulatory, Economic, Investment Management, Interest Rate and Risk Associated with Investment

in other Investment Funds. Investors should read the ‘Risk Factors’ set out in Appendix 2.

### A5.7 Suitability

MCB Overseas Fund is suitable for:

- investors looking for long-term capital appreciation from a portfolio of diversified foreign securities;
- investors having an investment horizon of at least 3 years;
- investors who will not require regular income from their investments; and
- individuals wishing to save for their children’s overseas educational expenses and hedge their savings against any depreciation of the rupee.

### A.5.8 Class of Units

The first Class created under this Sub-Fund is the MCBOF – Retail Accumulation Class. Please refer to Sections 6 and 7 above for more details on that Class.

## Section 6 – MCB USD Bond Fund

### A6.1 Investment objective

The USD Bond Fund focuses on generating a stable return in USD for investors from coupon income, capital appreciation and currency appreciation by providing an exposure to interest bearing securities. The Manager intends to invest in mostly USD-denominated assets, its base currency, and may take controlled non-USD risk whenever it deems fit. Exposure to bond and currency markets will be routinely monitored and assessed as new information arises to ensure that the portfolio is structured in line with the Manager’s views.

### A6.2 Benchmark

The MCB USD Bond Fund will be managed as an absolute return fund, aiming to offer stable returns in all business environments. There will be no specific benchmark.

### A6.3 Investment strategy and planned asset mix

The Fund’s assets will be invested primarily in bonds issued by governments, institutions and corporations in both developing and developed countries. When judged appropriate by the Manager, investments in currencies other than the US Dollar will be hedged back into the US Dollar and as such, the Fund may use derivatives (e.g., currency forwards, futures and/or options) for the purpose of hedging and efficient portfolio management. The Fund has sought and obtained the approval of the FSC for the use of derivatives but strictly for the purposes described in this section.

The Manager will pay careful attention to the quality and marketability of the securities to be held by the Fund. A minimum of 70% of the portfolio will consist of investment-grade instruments rated by internationally recognised rating agencies, i.e., instruments whose second best rating is either a Fitch and S&P rating of at least BBB- or a Moody’s rating of at least Baa3. Additionally, 10% of the portfolio can consist of investment grade instruments rated by local rating agencies which have been recognised by the Bank of Mauritius.

### A6.4 Asset allocation table



<i>Asset class</i>	<i>Maximum %</i>
Fixed income instruments of which:	
Investment-grade (international ratings)	100
Investment grade (local ratings)	10
Non-investment grade (international ratings) or non-rated	30

The Manager may appoint specialist advisers to advise on the above asset class.

#### **A6.5 Currency universe and mix and portfolio duration**

The indicative currency universe and mix are as follows: United States Dollar (USD), Euro (EUR) and Great Britain Pound Sterling (GBP).

The above currency list is indicative and the Manager may use any other currencies in pursuing the Fund's investment objective. The currency mix of denominations will be varied, reflecting the Manager's assessment of likely exchange rate movements.

When, in the opinion of the Manager, the general trend in interest rates is upward, a substantial portion of the Fund's assets is likely to be held in the form of short-dated bonds and other short-term instruments such as certificates of deposits.

#### **A6.6 Investment restrictions**

In addition to the general investment restrictions listed in Section 4 of the Simplified Prospectus (except restriction (c) relative to investment in derivatives), the following specific restrictions apply to MCB USD Bond Fund.

The Fund shall not directly:

- Invest more than 10% of its portfolio in investment grade instruments rated by local rating agencies which have been recognized by the Bank of Mauritius;
- Invest in non-investment grade instruments rated by local rating agencies which have been recognized by the Bank of Mauritius;
- invest more than 30% of its portfolio in non-investment grade (international ratings) or non-rated instruments;
- invest in equities;
- purchase a security, other than a debt security issued by the Government of Mauritius or the government of any other country, if, immediately after the purchase, more than 10% of its net assets, taken at market value at the time of purchase, would be invested in securities of that issuer; and
- invest more than 20% of its portfolio in non-USD currencies.

The Fund has applied for and obtained a derogation to invest up to 10% of its net assets in the securities of a single issuer and to use derivatives (namely currency forwards, futures and/or options) for the purpose of hedging and efficient portfolio management.

#### **A6.7 Risk Warnings**

In addition to the general risk factors provided in Section 5 of the Simplified Prospectus, the following specific risks are identified as particularly relevant for this Fund: Interest Rate, Market, Capital, Inflation, Regulatory, Currency, Liquidity, Investment Management, Economic, Emerging Markets and Derivatives. Investors should read the 'Risk Factors' set out in Appendix 2.

#### **A6.8 Suitability**

MCB USD Bond Fund is suitable for investors, (i) looking for exposure to a portfolio of diversified global fixed income securities, (ii) having an investment horizon of at least 3 years, and (iii) seeking non-rupee investment.

#### **A.6.9 Class of Units**

The first Class created under this Sub-Fund is the MCBUBF – Retail Accumulation Class. Please refer to Sections 6 and 7 above for more details on that Class.

### **Section 7 – MCB 2025 Target Date Fund, MCB 2030 Target Date Fund, MCB 2035 Target Date Fund and MCB 2040 Target Date Fund (the "Target Date Funds")**

#### **A7.1 Investment objective**

The Target Date Funds are devised for investors who have an investment time horizon, about or close to the Target Dates, i.e., 30 June 2025, 30 June 2030, 30 June 2035 and 30 June 2040 respectively. Depending on its proximity to the Target Date, the Target Date Funds will endeavour to achieve the following objectives to varying degrees: growth, income and conservation of capital. The Target Date Funds will seek to achieve those investment objectives by investing in a mix local and foreign securities in different combinations and weightings. As each Target Date Fund approaches and passes the Target Date, it will increasingly emphasise on income and conservation of capital by investing a greater portion of its assets in bonds or other fixed income securities and high-yielding equities. In this endeavour the Target Date Funds will seek to balance the total return and stability over time in light of the Target Dates.

#### **A7.2 Planned asset mix**

The planned asset mix will begin with a more aggressive allocation and gradually move to a more conservative allocation, following an asset allocation glide path. In early investing years, the glide path allocates more to asset classes like stocks to maximise wealth accumulation potential. In later investing years, the glide path allocates more to fixed income and cash securities to add stability and generate income within the Target Date Funds. In a target-date strategy the glide path is used to change the combination of assets to become more conservative as the target year approaches.

The Manager may periodically rebalance or modify the asset mix of the Target Date Funds and change the underlying investments. According to its investment strategy, the Manager will continue to manage each Target Date Fund for approximately twenty years after it reaches the Target Date. The management of the Target Date Funds post Target Date shall be driven by a conservative investment strategy. On or after the Target Date and subject to any regulatory approval as may be required, the Target Date Funds

may be combined with other funds (including any of the Sub-Funds) in a single portfolio with a conservative investment strategy.

### A7.3 Asset allocation table (indicative only)

<i>Assets class</i>	<i>During initial years (%)</i>	<i>At Target Date (%)</i>
Equities	70-100	15-30
Fixed income & currencies	0-20	60-75
Alternative investments	0-15	0-5
Cash and cash equivalents	0-10	0-50

The Manager may appoint specialist advisers for advising on any of the above asset classes.

### A7.4 Investment restrictions

In addition to the general investment restrictions listed in Section 4 of the Simplified Prospectus, the following specific restrictions apply to the Target Date Funds:

The Target Date Funds shall not directly:

- (a) invest in any company where:
  - i. in cases where any security of that company is a constituent of the SEMDEX (or any successive index), such investments (as a percentage of each Fund's Net Assets) would, subject to restriction (b) below, exceed the weight of that Company's security in the SEMDEX plus 15% (for example, if the weight of a company's shares in the SEMDEX is 5% then the maximum investment allowed in the securities of that company would be 20%); or
  - ii. In all other cases, more than 10% of its Net Assets would be invested in the securities of that company.
- (b) purchase a security, other than a debt security issued by the Government of Mauritius or the government of any other country, if, immediately after the purchase, more than 40% of its Net Assets, taken at market value at the time of purchase, would be invested in securities of that issuer;
- (c) invest more than 30% in foreign securities and currencies.

## APPENDIX 2 – RISK FACTORS DESCRIPTION

<b>Risk factor name</b>	<b>Risk factor description</b>
Market risk	The value of the Funds' assets will fluctuate as a result of changes in market prices of the underlying securities of the Funds, whether these changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded on the market.

The Target Date Funds have applied for and obtained a derogation to invest up to, (i) 30% (in aggregate) of their net asset value in the shares of foreign collective investment schemes and (ii) 40% of its net asset value in a single issuer.

### A7.5 Risk Warnings

In addition to the general risk factors provided in Section 5 of the Simplified Prospectus, the following specific risks are identified as particularly relevant for the Target Date Funds: Market, Interest Rate, Inflation, Economic, Emerging Markets, Currency, Concentration, Regulatory, Investment Management and Risk Associated with Investment in Other Investment Funds. Investors should read the 'Risk Factors' set out in Appendix 2.

### A7.6 Suitability

The Target Date Funds are suitable for investors having an investment time horizon on or about the Target Dates.

### A.7.7 Class of Units

The first Class created under (i) MCB 2025 Target Date Fund is MCB2025TDF – Retail Accumulation Class, (ii) MCB 2030 Target Date Fund is MCB2030TDF – Retail Accumulation Class, (iii) MCB 2035 Target Date Fund is MCB2035TDF – Retail Accumulation Class and (iv) MCB 2040 Target Date Fund is MCB2040TDF – Retail Accumulation Class. Please refer to Sections 6 and 7 above for more details on these Classes of the Target Date Funds.

<b>Risk factor name</b>	<b>Risk factor description</b>
Capital risk	Expenses of some of the Funds will be paid out in full from their capital account and this may constrain future capital growth.
Inflation risk	Inflation erodes the real value of all investments and changes in the anticipated rate of inflation could lead to capital losses in the Funds' investments.
Currency risk	For some Funds, investments will be made in securities which will be

Risk factor name	Risk factor description
	denominated in currencies other than the Base Currency of the Funds and thus movements in exchange rates may cause the value of the investments to rise or fall.
Concentration risk	Funds which invest in a narrow range of securities or in specialised sectors may be more volatile than more broadly diversified funds.
Risk Associated with Investment in other Investment Funds (“Investee Funds”)	<p>The risks similar to those cited with respect to the relevant Funds might also apply to the Investee Funds, in addition to the specific risks which might be applicable to such Investee Funds</p> <p>The applicable Funds’ results will largely depend upon the performance of Investee Funds.</p>
Regulatory risk	The value of investments may be adversely affected by changes in government policies, regulations and taxation laws.
Liquidity risk	Securities that are not actively traded may not be readily convertible to cash without some loss of capital.
Economic risk	A downturn in general economic conditions may adversely affect investments.
Investment management risk	This exists in all managed investments and refers to the possibility, amongst other things, that the Manager may fail to anticipate market movements or manage investment risks or execute the Funds’ investment strategy effectively.
Interest rate risk	Some Funds invest in bonds and other debt instruments, the values of which usually rise and fall in response to changes in interest rates. Declining interest rates generally increase the value of existing debt instruments, and rising interest rates generally decrease the value of existing debt instruments. Changes in a debt instrument’s value will usually not affect the amount of interest income paid to the Funds, but will affect the value of the Funds’ units. Interest rate risk is generally greater for investments with longer maturities.

Risk factor name	Risk factor description
Emerging markets risk	Some Funds invest in emerging markets (excluding Mauritius) and thus involve certain risks and special considerations not typically associated with investing in other established economies or securities markets. Such risks may include risk of nationalisation or expropriation of assets or confiscatory taxation, social economic and political uncertainty including war, corporate or foreign exchange, price fluctuations, difference in accounting standards, less regulated securities exchange.
Derivatives risk	Futures contracts may have restricted liquidity due to certain exchanges limiting fluctuations in certain futures contract prices during a single day by regulations referred to as “daily price fluctuation limits” or “daily limits”. These prevent trades from being executed at prices beyond the daily limits during a single trading day. Also, once the price of a contract for a futures contract has increased or decreased by an amount equal to the daily limit, positions in the future can neither be taken nor liquidated unless traders are willing to effect trades at or within the limit.