

# UNIT-LINKED EQUITY FUND

31 December 2008

Unit Price (NAV) - MUR 1.3618

## Investment approach and strategy

The fund's objective is to achieve long-term capital appreciation by investing in a diversified portfolio of local and foreign equities and equity-based securities. The fund suits investors willing to accept a relatively high degree of short-term volatility in the value of their investment compensated for by the expectation of higher return in the long-run. In order to meet investors' expectations, the fund manager will carefully select and actively manage stocks that are believed to possess long-term growth potential. Minimum liquidity requirements will prevent the fund to be fully invested and this proportion may vary depending on prevailing market conditions.

## Manager's commentary

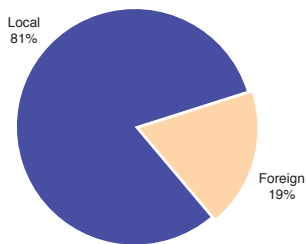
After several months of decline, the local stock market indices moved higher during December. Official market indices SEMDEX, SEMTRI and SEM-7 returned 1%, 1.8% and 2.1% respectively. The DEMTRI moreover gained 0.8%. Investors reacted positively to the 1% cut in the Repo Rate by the Bank of Mauritius as well as the announcement of an economic stimulus package by the Government. Overall, 2008 was a year that saw substantial market volatility. The SEMTRI which had reached an all-time high during February shed 34% during 2008. Throughout the year, there have been many factors which concerned local investors: high inflation, strong rupee, rising commodity prices, slowdown in tourism arrivals as well as the risk of an economic slowdown.

The MSCI All Country World Index (Net) rose by 3.6% this month in USD terms. However, it fell by a massive 42% since end-Dec 2007. Wall Street also registered its worst year since the Great Depression. The risks of a prolonged global recession continue to worry investors. Investors bought \$30 billion of US T-bills at a yield of 0% during December, indicating continued fear in the market! Poor earnings reports have also impacted market sentiment. The US is now officially in a recession. Central banks around the world have continued to slash interest rates and US interest rates are presently close to zero. The World Bank furthermore forecasts that the world's annual economic growth will slow to 0.9% in 2009, compared to 2.5% this year.

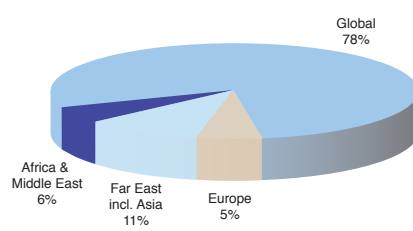
During December, the Euro, Yen and USD appreciated by 9%, 5.6% and 0.2% respectively against the Mauritian Rupee. The GBP in contrast continued its fall and lost 6.1% vis-à-vis our local currency.

The Equity Fund registered a positive performance this month. Overall, 2008 proved to be a good year for the MUA Equity Fund, both in terms of assets under management (AUM) and performance. Although the Fund registered a negative annual return, it proved to be significantly less volatile relative to the benchmark. Total AUM furthermore grew by MUR 10.8M this year. The fund management team continues to actively manage the fund and it places emphasis on selecting well managed companies which look undervalued and yet offer good growth prospects. Looking forward, we believe that the Equity Fund is well positioned to take advantage of a pickup in the equity markets and therefore create value for our unitholders in the medium to long term.

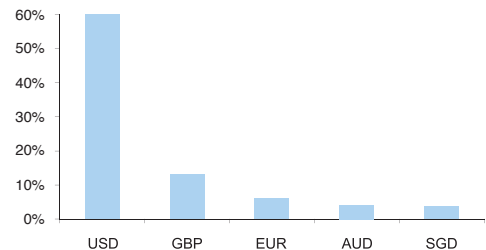
### Geographical Allocation



### Foreign Allocation

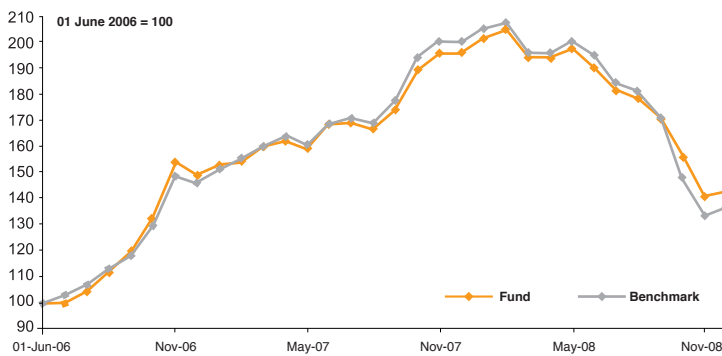


### Foreign Currency Exposure



### Performance Analysis

#### Indexed Performance since inception



Cumulative Performance	1 mth	6 mths	YTD	1 year	2 years	Since inception
	%	%	%	%	%	%
Fund	1.36	-25.07	-27.25	-27.25	-3.78	42.61
Benchmark	2.08	-30.08	-31.92	-31.92	-6.59	36.45

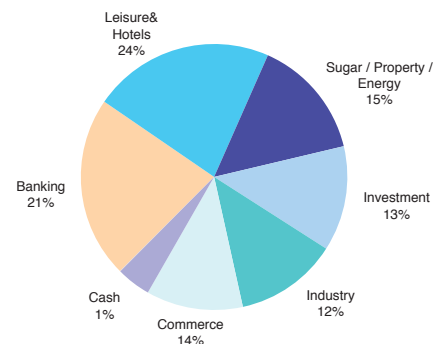
  

Annualised Performance	1 year	2 years	Since inception
	%	%	%
Fund	-27.25	-1.91	14.73
Benchmark	-31.92	-3.35	12.79

### Top Holdings

1 MCB	Banking	10.8%
2 MTMD	Sugar / Property / Energy	7.5%
3 State Bank	Banking	6.8%
4 New Mauritius Hotels	Leisure & Hotels	6.6%
5 Pernal "Low Volatility Portfolio"	Foreign	4.7%
6 Rogers	Commerce	4.4%
7 Sun Resorts	Leisure & Hotels	4.0%
8 Phoenix Beverages	Industry	3.9%
9 Wellington Diversified Inflation Hedge	Foreign	3.8%
10 UBP	Industry	3.6%

### Sector Allocation (Local)



### Other Statistics

Number of positions	71
12 Months High / Low NAV	2.0096 / 1.3444

### Fund Facts

<b>Inception Date</b>	June 1, 2006	<b>Benchmark</b>	65% SEMTRI, 20% MSCI AC World, 15% DEMTRI
<b>Currency</b>	Mauritian Rupees (MUR)	<b>Valuation</b>	Monthly
<b>Size (MUR)</b>	20.4M	<b>Management Fee</b>	1.5% p.a

**Performance** All information is stated gross of the management fee. All dividends received are reinvested in the Equity Fund.

This fund is only available through our Unit-Linked Plans