

# UNIT-LINKED EQUITY FUND



31<sup>st</sup> August 2008

Unit Price (NAV) - MUR 1.7560

## 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

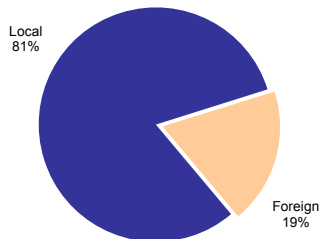
The Bank of Mauritius raised the Cash Reserve Ratio (CRR) of commercial banks from 4% to 6% with effect from the fortnight beginning 15th August 2008. The main objectives behind this decision are to remove excess liquidity from the economy and also to control inflation. The local Official Market indices again lost ground during August. SEMTRI and SEM-7 decreased by 4.25% and 6.10% respectively. The DEM Total Return Index, DEMTRI, on the other hand showed resilience and gained 0.75% this month. Financial statements which are due to be published soon by listed companies are now being eagerly awaited.

Global equity indices were again volatile during August. The Bank of England, European Central Bank and US Federal Reserve all left interest rates unchanged during the month. The US economy fared better than expected as second quarter economic growth was revised upwards to 3.3%, from an initial estimate of 1.9%. A sharp deterioration of European data has caused the US dollar to move significantly higher. It is presently at a six-month high against the Euro. The Pound Sterling furthermore reached a 2-year low against the USD.

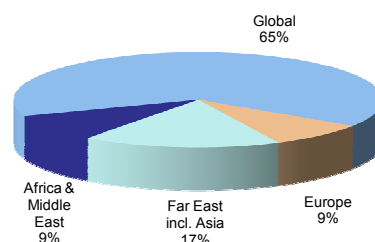
On the local front, the Rupee depreciated sharply against the USD by around 6% during August. On the other hand, the Euro was nearly unchanged while the Pound Sterling weakened by 2% against our local currency.

Despite the fall in market indices locally and worldwide, the Equity Fund proved less volatile and performed better than its benchmark this month. The Fund lost 1.6% compared to a higher benchmark monthly decrease of nearly 2%. Our high exposure to USD should bode well for unitholders given the sharp appreciation of the USD against the Rupee. We intend to invest in a foreign fund offering inflation protection during September. This investment should diversify the Equity Fund further and improve risk-adjusted returns in the long term.

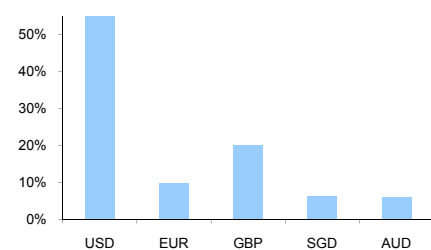
### Geographical Allocation



### Foreign Allocation

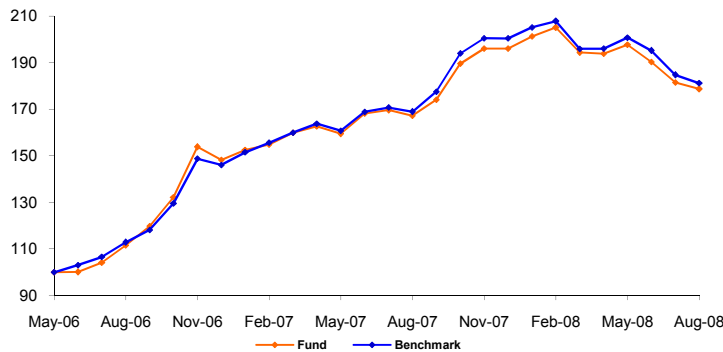


### Foreign Currency Exposure



## Performance Analysis

Indexed Performance since inception



Cumulative Performance	1 mth	6 mths	YTD	1 year	2 years	Since inception
	%	%	%	%	%	%
Fund	-1.55	-12.86	-8.85	6.89	60.11	78.69
Benchmark	-1.93	-12.81	-9.60	7.25	60.52	81.18

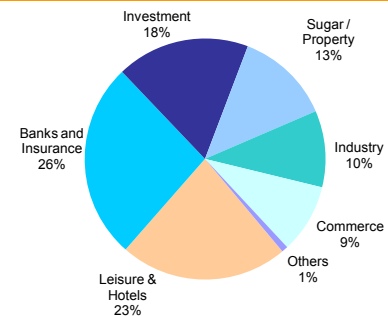
  

Annualised Performance	1 year	2 years	Since inception
	%	%	%
Fund	6.89	26.53	29.43
Benchmark	7.25	26.69	30.23

## Top Holdings

1 MCB	Banks and Insurance	11.9%
2 New Mauritius Hotels	Leisure & Hotels	9.8%
3 State Bank	Banks and Insurance	9.7%
4 Phoenix Beverages	Industry	4.9%
5 Sun Resorts	Leisure & Hotels	4.7%
6 Rogers	Commerce	3.5%
7 MTMD	Sugar / Property	3.3%
8 MDIT	Investment	2.5%
9 Permal "Low Volatility Portfolio"	Foreign	2.3%
10 THSP Global Managed Fund	Foreign	2.2%

## Sector Allocation (Local)



## Other Fund's Statistics

Number of positions	68
12 Months High / Low NAV	2.0096 / 1.7116

## Fund Facts

<b>Inception Date</b>	June 1, 2006	<b>Benchmark</b>	65% SEMTRI, 20% MSCI AC World, 15% DEMTRI	<b>Performance</b>	All information is stated gross of the management fee.
<b>Currency</b>	Mauritian Rupees (MUR)	<b>Valuation</b>	Monthly		All dividends received are reinvested in the Equity Fund.
<b>Size (MUR)</b>	17.6 M	<b>Management Fee</b>	1.5% p.a		

## Contact Details

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