

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

	Audited as at 31 December 2020	Audited as at 31 December 2019
	Rs'000	Rs'000
ASSETS		
Non-current assets	1,020,249	1,362,710
Current assets	118,047	104,638
Total assets	1,138,296	1,467,348
EQUITY AND LIABILITIES		
Capital and reserves	1,134,423	1,426,005
Current liabilities	3,873	41,343
Total equity and liabilities	1,138,296	1,467,348
Net asset value per share - (Rs)	5.00	6.28
No. of shares used in calculation	226,986,672	226,986,672

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020

	Audited Year to 31 December 2020	Audited Year to 31 December 2019
	Rs'000	Rs'000
Income	6,857	47,243
(Loss)/profit before finance costs	(3,989)	35,764
Net foreign exchange (losses)/gains	(1,241)	689
Finance costs	(130)	-
(Loss)/profit before taxation	(5,360)	36,453
Taxation	(21)	(18)
(Loss)/profit for the year	(5,381)	36,435
Other comprehensive income for the year, net of tax	(270,312)	97,358
Comprehensive income for the year	(275,693)	133,793
Basic earnings per share for the year - (Rs.)	(0.02)	0.16
Dividends per share - (Rs.)	0.07	0.30
No. of shares in issue and ranking for dividends	226,986,672	226,986,672

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020

	Share capital Rs'000	Share premium Rs'000	Fair value reserve Rs'000	Retained earnings Rs'000	Total Equity Rs'000
At 01 January 2020	226,987	5,217	831,253	362,548	1,426,005
<i>Comprehensive income</i>					
Loss for the year	-	-	-	(5,381)	(5,381)
Other comprehensive loss	-	-	(270,312)	-	(270,312)
Transfer of fair value reserve of equity instruments designated at FVTOCI on disposal	-	-	(129,039)	129,039	-
Total comprehensive loss for the year	-	-	(399,351)	123,658	(275,693)
<i>Transaction with owners</i>					
Dividends	-	-	-	(15,889)	(15,889)
At 31 December 2020	226,987	5,217	431,902	470,317	1,134,423
At 01 January 2019	226,987	5,217	747,204	380,900	1,360,308
<i>Comprehensive income</i>					
Profit for the year	-	-	-	36,435	36,435
Other comprehensive income	-	-	97,358	-	97,358
Transfer of fair value reserve of equity instruments designated at FVTOCI on disposal	-	-	(13,309)	13,309	-
Total comprehensive income for the year	-	-	84,049	49,744	133,793
<i>Transaction with owners</i>					
Dividends	-	-	-	(68,096)	(68,096)
At 31 December 2019	226,987	5,217	831,253	362,548	1,426,005

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2020

	Audited Year to 31 December 2020	Audited Year to 31 December 2019
	Rs'000	Rs'000
Operating activities		
Net cash generated from operating activities	(59,802)	(3,307)
Investing activities		
Net cash generated from investing activities	76,294	141,098
Financing activities		
Net cash used in financing activities	(16,019)	(68,096)
Increase in cash and cash equivalents	473	69,695
Movement in cash and cash equivalents		
At 1 January	73,805	3,423
Increase in cash and cash equivalents	473	69,695
Effect of exchange difference on cash and cash equivalents	(1,213)	687
At 31 December	73,065	73,805

NOTES TO THE ABRIDGED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

AUDITED ABRIDGED FINANCIAL STATEMENTS

The Directors are pleased to present the audited abridged financial statements of the Company for the year ended 31 December 2020.

BASIS OF ACCOUNTING

The financial statements comply with International Financing Reporting Standards and are prepared under the historical cost convention as modified by the fair valuation of financial assets at fair value through other comprehensive income ("FVTOCI") and financial assets at fair value through profit or loss ("FVTPL").

COMMENTS AND REVIEW

- (i) The change in the Net Assets Value per share at 31 December 2020 (Rs 5.00) as compared to 31 December 2019 (Rs 6.28) resulted from the significant drop in values of stock markets following the economic recession caused by the impact of Covid-19.
- (ii) Capital and reserves stood at Rs. 1.14 billion at 31 December 2020 compared to Rs. 1.47 billion at 31 December 2019.
- (iii) Dividends per share were as follows:

	2020	2019
	Rs.	Rs.
Interim	0.07	0.12
Final	-	0.18
Total Dividends	0.07	0.30

By Order of the Board
Ocorian Corporate Administrators Limited
Secretary

18 March 2021

This communiqué is issued pursuant to Listing Rule 12.20 and Securities Act 2005.

The Board of Directors of P.O.L.I.C.Y. Limited accepts full responsibility for the accuracy of the information contained in these financial statements.

Copies of the full financial statements and the statement of direct and indirect interests of the Company, pursuant to rule 8(2)(m) of the Securities (Disclosure Obligations of Reporting Issuers) Rules 2007, are available to the public, free of charge, at the registered office of the Company, c/o Ocorian Corporate Administrators Limited, 6th Floor, Tower A, 1 CyberCity, Ebene.

The auditors of the Company are Ernst & Young.

MANAGER'S REPORT FOR THE QUARTER AND YEAR ENDED 31 DECEMBER 2020

NAV Performance for Q4 2020

The Net Asset Value (NAV) of POLICY increased by 7.9% during the quarter ended 31st December 2020. Over the same period, the SEMTRI gained 9.8% whereas the MSCI All Country World Index gained 13.3% in MUR terms. The shares of the Company were trading at a 20.2% discount to NAV at end-December 2020.

Quarterly Performance Attribution

Local Investments (including cash)	+6.9%
Foreign Investments	+1.0%
Total Quarterly Performance	+7.9%

Within the top 5 holdings, MCB Group, Fundsmith Global Equity Fund, ABC Banking and Sands Capital Global Growth Fund contributed most to the positive performance during the quarter.

Commentary

Foreign Equity markets ended 2020 on a high note despite the global COVID-19 pandemic (+16.2% for the MSCI ACWI in USD terms during the year). Markets rallied to unprecedented record highs on the back of generous fiscal and monetary policies. The successful development and distribution of vaccines towards the end of the year further added to the positive mood of the markets. During the quarter, the US Dollar depreciated slightly by 1.2% while the Euro and the GBP gained +3.4% and +4.7% respectively versus the Mauritian Rupee.

On the other hand, local equities did not fare very well in 2020 except during the last quarter. Overall, during the year 2020, the SEMTRI was down by 24%. Interestingly, the DEM market was down by only 9%. Factors adversely affecting Local Equities include the negative impact of COVID-19, risk of a second wave, higher inflation, limited opening of borders, the Wakashio related oil spill, introduction of the CSG, lower dividends being paid as well as the inclusion of Mauritius on the EU Blacklist.

The dividend yield on the Official Market fell sharply to 2.3% at end December 2020, when compared to 4.35% in 2019.

Outlook

The Bank of Mauritius has projected the real GDP growth at 7.9% for the Mauritian economy in 2021 and the International Monetary Fund increased its global GDP growth projections to 5.5%. Both the local and global economic recovery will depend much on the effectiveness of the Covid-19 vaccines. At the time of writing, Foreign Equities have maintained their good performance. As at 18 February 2021, the MSCI ACWI is up by 5.8% in USD terms since the beginning of 2021.

The Company will continue increasing exposure to foreign investments via well rated and highly performing funds.

Share price and NAV

Periodic ending	31-Mar-20	30-Jun-20	30-Sep-20	31-Dec-20
Share Price	5.50	4.50	4.00	4.01
NAV	4.70	5.02	4.66	5.03
Premium or (Discount) to NAV	17.0%	-10.5%	-14.2%	-20.2%

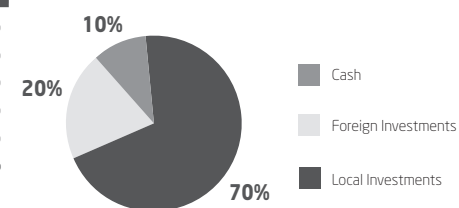
Performance ratios

	Year ended 31 December						
	2015	2016	2017	2018	2019	2020	
POLICY	Share price	-8.7%	-6.0%	31.1%	-3.8%	-8.2%	-30.1%
	Net Asset Value	3.5%	7.3%	21.9%	2.1%	9.8%	-19.9%
* Performance adjusted for dividends paid							
Local market	SEMTRI	-10.1%	3.3%	25.3%	3.7%	1.4%	-23.4%
	SEM-10 ²	-10.2%	-0.4%	22.3%	0.9%	1.0%	-28.0%

Top 5 Positions

	Allocation
MCB Group	43.1%
Cash (investment in progress)	10.0%
Fundsmith Global Equity Fund	6.4%
ABC Banking	4.5%
Sands Capital Global Growth Fund	3.8%
Total	67.8%

Portfolio Allocation as at end December 2020



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Disclaimer: This Corporate Investment Manager's report is provided by Aon Hewitt Ltd (Aon). Aon has computed the above performance figures using statements provided by the Company which are deemed to be accurate. Past performance is not a guide to the future. Any views or opinions expressed herein do not constitute investment advice or an offer or invitation to buy or sell any shares in the Company. Any views stated in this report regarding future prospects (forward looking statements) may not be realised and may be subject to change.