

UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2020

	Unaudited as at 30 September 2020	Unaudited as at 30 September 2019	Audited as at 31 December 2019
	Rs'000	Rs'000	Rs'000
ASSETS			
Non-current assets	973,715	1,311,260	1,362,710
Current assets	128,538	73,461	104,638
Total assets	1,102,253	1,384,721	1,467,348
EQUITY AND LIABILITIES			
Capital and reserves	1,057,725	1,380,749	1,426,005
Current liabilities	44,528	3,972	41,343
Total equity and liabilities	1,102,253	1,384,721	1,467,348
Net asset value per share - (Rs)	4.66	6.08	6.28
No. of shares used in calculation	226,986,672	226,986,672	226,986,672

UNAUDITED CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 SEPTEMBER 2020

	Unaudited Three months to 30 September 2020	Unaudited Nine months to 30 September 2020	Unaudited Three months to 30 September 2019	Unaudited Nine months to 30 September 2019
	Rs'000	Rs'000	Rs'000	Rs'000
Income	193	3,699	14,647	22,482
(Loss)/profit before finance costs	(1,315)	(2,511)	11,875	14,529
Finance (costs)/income	(34)	(36)	448	689
(Loss)/profit before taxation	(1,349)	(2,547)	12,323	15,218
Taxation	(2)	(7)	(16)	(31)
(Loss)/profit for the period	(1,351)	(2,554)	12,307	15,187
Other comprehensive income for the period, net of tax	(81,557)	(349,837)	3,206	32,492
Comprehensive income for the period	(82,908)	(352,391)	15,513	47,679
Basic earnings per share for the period - (Rs.)	(0.01)	(0.01)	0.05	0.07
Dividends per share - (Rs.)	-	0.07	-	0.12
No. of shares in issue and ranking for dividends	226,986,672	226,986,672	226,986,672	226,986,672

UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2020

	Share capital	Share premium	Fair value reserve	Retained earnings	Total Equity
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At 01 January 2020	226,987	5,217	831,253	362,548	1,426,005
<i>Comprehensive income</i>					
Loss for the period	-	-	-	(2,554)	(2,554)
Other comprehensive income	-	-	(383,743)	33,906	(349,837)
Total comprehensive income for the period	-	-	(383,743)	31,352	(352,391)
<i>Transaction with owners</i>					
Dividends	-	-	-	(15,889)	(15,889)
30 September 2020	226,987	5,217	447,510	378,011	1,057,725
At 01 January 2019	226,987	5,217	747,204	380,900	1,360,308
<i>Comprehensive income</i>					
Profit for the period	-	-	-	15,187	15,187
Other comprehensive income	-	-	34,237	(1,745)	32,492
Total comprehensive income for the period	-	-	34,237	13,442	47,679
<i>Transaction with owners</i>					
Dividends	-	-	-	(27,238)	(27,238)
At 30 September 2019	226,987	5,217	781,441	367,104	1,380,749

UNAUDITED CONDENSED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 SEPTEMBER 2020

	Unaudited Nine months to 30 September 2020	Unaudited Nine months to 30 September 2019
	Rs'000	Rs'000
Operating activities		
Net cash (used in)/generated from operating activities	(60,243)	13,974
Investing activities		
Net cash generated from investing activities	39,157	82,252
Financing activities		
Net cash used in financing activities	(15,925)	(27,239)
(Decrease)/increase in cash and cash equivalents	(37,011)	68,987
Movement in cash and cash equivalents		
At 1 January	73,805	3,424
(Decrease)/increase in cash and cash equivalents	(37,011)	68,987
Effect of exchange difference on cash and cash equivalents	32	686
At 30 September	36,826	73,097

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2020

BASIS OF ACCOUNTING

The unaudited interim quarterly condensed financial statements have been prepared using the same accounting policies set out in the statutory financial statements of the Company for the year ended 31 December 2019.

COMMENTS AND REVIEW

- (i) The change in the Net Assets Value per share at 30 September 2020 (Rs 4.66) as compared to 31 December 2019 (Rs 6.28) and 30 September 2019 (Rs 6.08) results 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. 1.06 billion at 30 September 2020 compared to Rs. 1.38 billion at 30 September 2019.
- (iii) During the quarter under review, the Company did not receive dividend from its top investment, MCB Group Limited.

By Order of the Board
Ocorian Corporate Administrators Limited
Secretary
06 November 2020

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.

Corporate Investment Manager's Report for the quarter ended 30 September 2020

NAV Performance for Q3 2020

The Net Asset Value (NAV) of POLICY fell by 7.3% for the quarter ended September 2020. Over the same period, the SEMTRI lost 9.3% whereas the MSCI All Country World Index gained 8.1% in USD terms. The shares of the Company were trading at a 14.2% discount to NAV at end-September 2020.

Within the top 5 holdings, three stocks delivered negative returns, namely MCB Group Limited, ABC Banking Corporation Ltd. and Phoenix Beverages Limited.

Commentary

Local stock prices could remain under pressure in the coming months given the negative impact of Covid-19 on the local economy and the risk of a second wave, higher inflation, the 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. Foreign equities have in contrast, fared very well despite the pandemic. In August 2020, the MSCI All Country World Index actually registered its best August since records began in 1988.

During Q3 2020, relative to the Mauritian Rupee, the US Dollar depreciated by 0.7% while the EUR and GBP gained 3.8% and 3.6% respectively. As at 30 September 2020, local inflation stood at 2.6%.

Quarterly Performance Attribution

Local Investments	-7.6%
Foreign Investments	0.5%
Cash	-0.2%
Total Quarterly Performance	-7.3%

Share price and NAV

Period ending	31-Dec-19	31-Mar-20	30-Jun-20	30-Sep-20
Share price	5.74	5.50	4.50	4.00
NAV	6.28	4.70	5.02	4.66
Premium or (Discount) to NAV	-8.6%	17.0%	-10.5%	-14.2%

Outlook

The Board has approved a new Action Plan to meet the desired returns and risk appetite of the Company. The Action Plan includes the preparation of a new Investment Policy Statement as well as the rebalancing of the existing investment portfolio. There will be selected disinvestment from local equities to shift to highly performing foreign products.

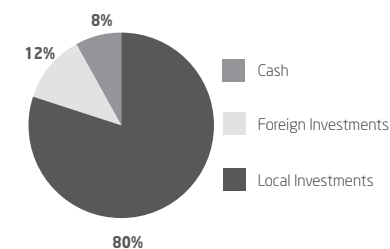
A well rated global equity fund and a thematic structured product have already been earmarked for investment. These investments will further diversify the portfolio and also potentially enhance risk-adjusted returns over time.

Performance ratios

	Year ended 31 December					YTD
	2015	2016	2017	2018	2019	
Local market						
Share price	-8.7%	-6.0%	31.1%	-3.8%	-8.2%	-29.3%
Net Asset Value	3.5%	7.3%	21.9%	2.1%	9.8%	-24.8%
POLICY						
SEMTRI	-10.1%	3.3%	25.3%	3.7%	1.4%	-30.2%
SEM-10	-10.2%	-0.4%	22.3%	0.9%	1.0%	-34.9%

Performance adjusted for dividends
Year to Date Performance as at 30 September 2020

Portfolio Allocation as at 30 Sept 2020



Top 5 Positions

Name	Allocation
MCB Group	49.36%
Cash (earmarked for investment)	7.91%
ABC Banking	5.23%
Fundsmith Global Equity Fund	4.66%
Phoenix Beverages	3.73%
Total	70.89%

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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.