



# ANNUAL REPORT 2023



*“Rebalancing for Better Performance”*

## CORPORATE STATEMENTS

### OUR VISION

To be a trusted partner for our unit holders and the leading Managed Fund in the South Pacific.

### OUR MISSION

We aspire to be the market leader in managed funds by exceeding our customer's expectations at all times.

We will grow our managed fund portfolio and provide our unit holders and shareholders with the maximum sustainable return on their investment. We will aspire to have the best corporate governance standards and practices.

### CORE BUSINESS

To maximize unit holders' wealth through the high-quality investment products that are affordable and offer competitive returns and in doing so maximize our shareholders' values.

## ORGANISATIONAL VALUES

### PASSION

We have the desire to commit to developing ideas, inspiring excellence and finding creative ways to eliminate obstacles for cultivating growth.

### ETHICAL

We strive to be a company that have a set of moral principles & values that guide human behaviour and decision-making.

### HONESTY

Our people will be truthful, sincere and transparent in their thoughts, words and actions.

### TRUST

Our stakeholders can be confident that our people will act in a reliable and consistent way based on their expectations.

### ACCOUNTABILITY

We will provide regular updates on our performance and other important information to our investors.

## CASHIER

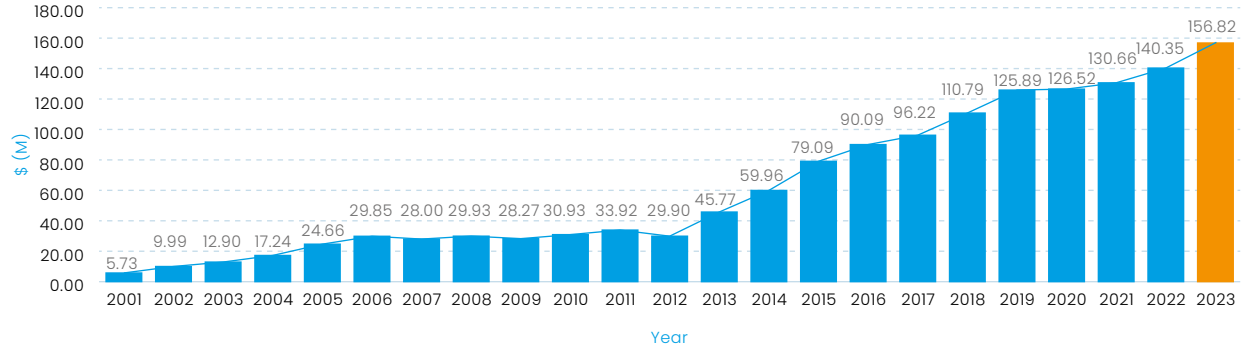


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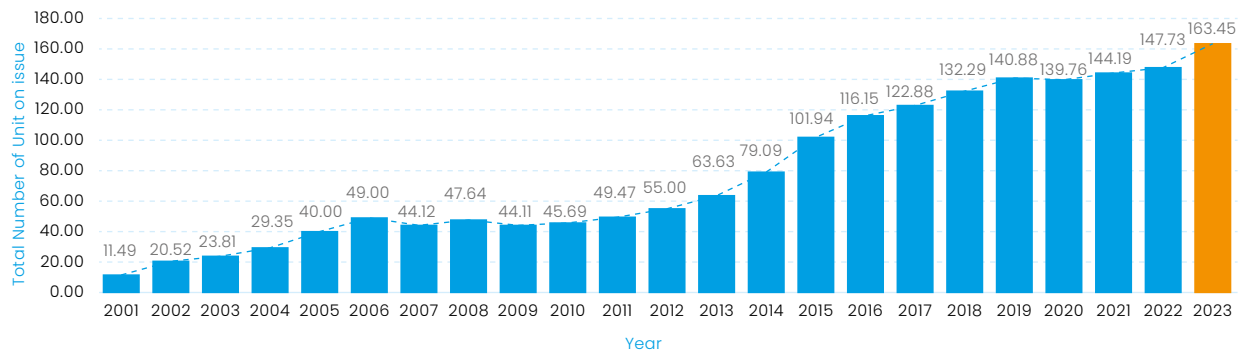
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# Financial Performance

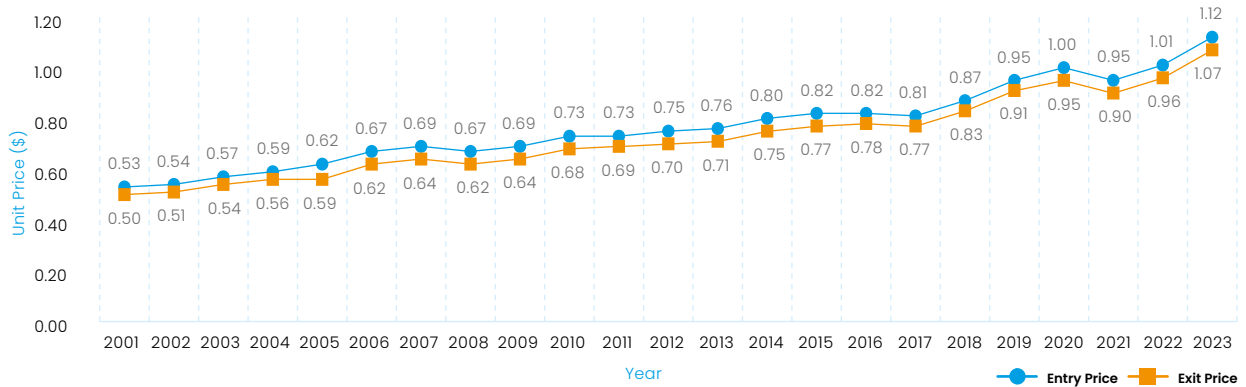
## Portfolio Value (\$m)



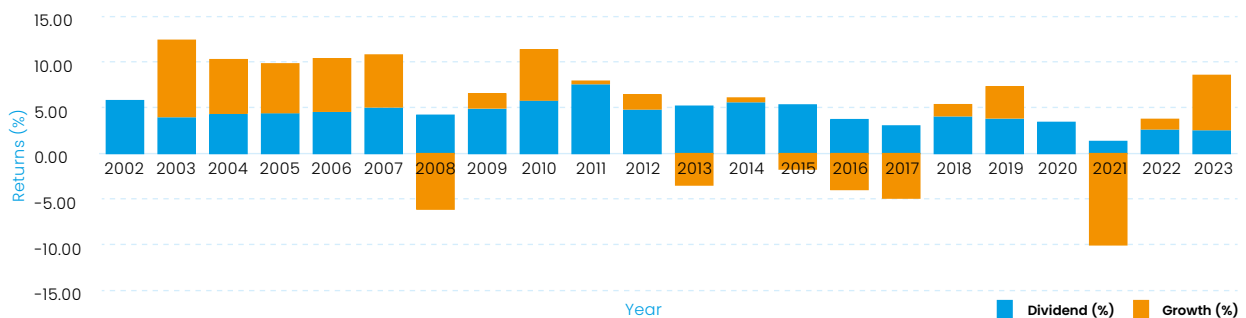
## Units In Issue (Millions)



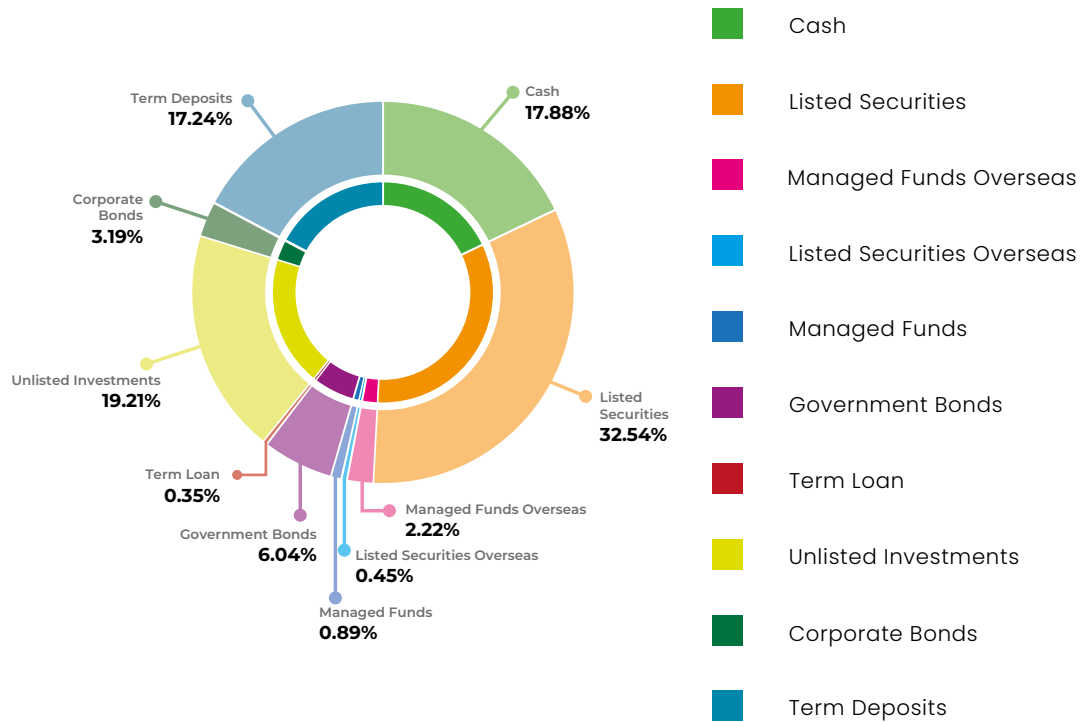
## Price Trend Since Inception



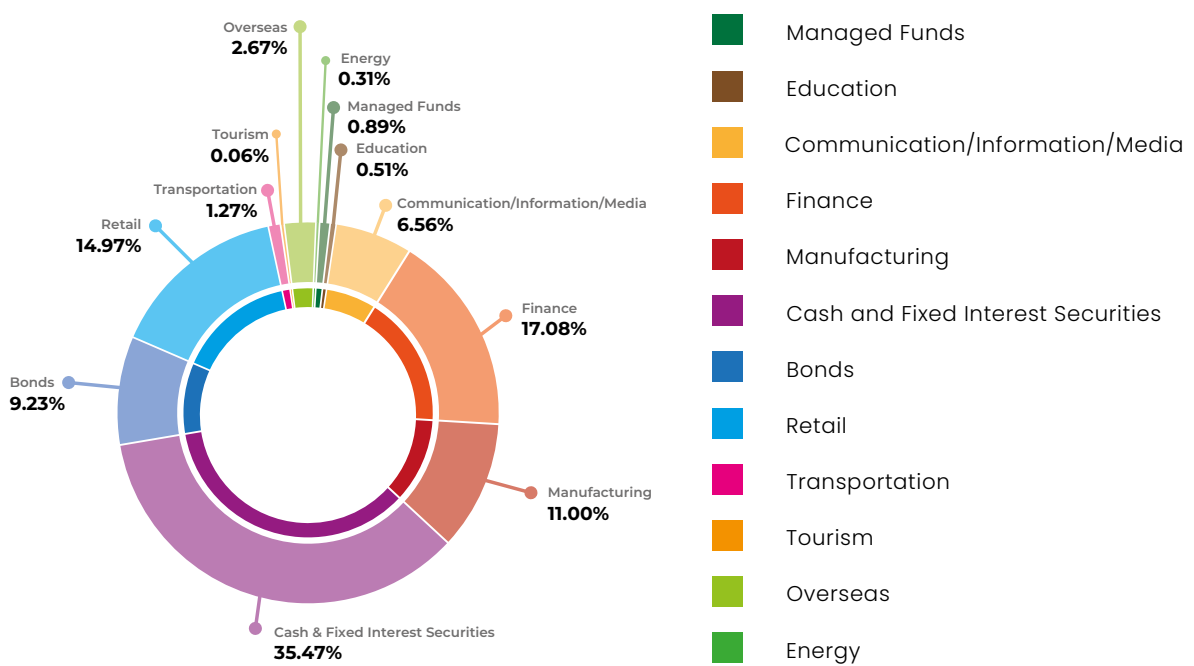
## Returns to Unitholders



## Investment Portfolio



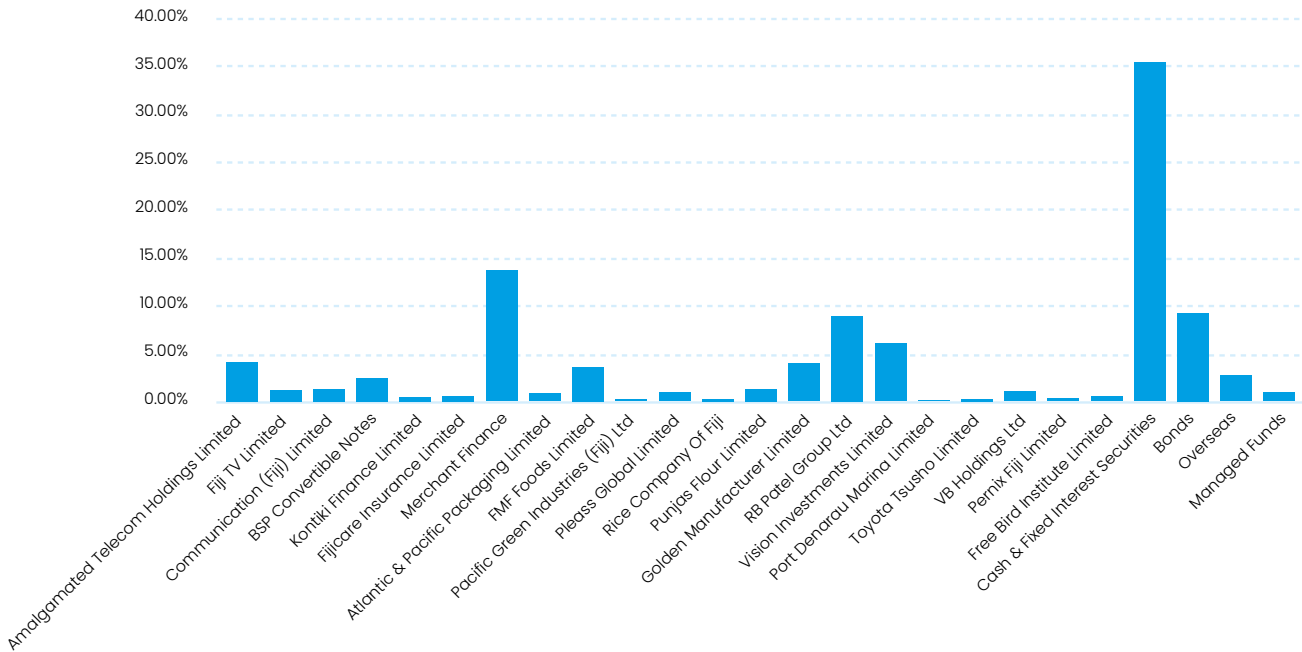
## Investment Portfolio By Sector



## Portfolio by Sector

<b>Communication/Information/Media</b>	
Amalgamated Telecom Holdings Limited	<b>4.10%</b>
Fiji TV Limited	<b>1.20%</b>
Communication (Fiji) Limited	<b>1.26%</b>
<b>Finance</b>	
BSP Convertible Notes	<b>2.42%</b>
Kontiki Finance Limited	<b>0.44%</b>
Fijicare Insurance Limited	<b>0.55%</b>
Merchant Finance	<b>13.67%</b>
<b>Manufacturing</b>	
Atlantic & Pacific Packaging Limited	<b>0.83%</b>
FMF Foods Limited	<b>3.57%</b>
Pacific Green Industries (Fiji) Ltd	<b>0.18%</b>
Pleass Global Limited	<b>0.93%</b>
Rice Company Of Fiji	<b>0.25%</b>
Punjas Flour Limited	<b>1.28%</b>
Golden Manufacturer Limited	<b>3.96%</b>
<b>Retail</b>	
RB Patel Group Ltd	<b>8.91%</b>
Vision Investments Limited	<b>6.06%</b>
<b>Tourism</b>	
Port Denarau Marina Limited	<b>0.06%</b>
<b>Transportation</b>	
Toyota Tsusho Limited	<b>0.22%</b>
VB Holdings Ltd	<b>1.04%</b>
<b>Energy</b>	
Pernix Fiji Limited	<b>0.31%</b>
<b>Education</b>	
Free Bird Institute Limited	<b>0.51%</b>
<b>Cash &amp; Fixed Interest Securities</b>	
<b>35.47%</b>	
<b>Bonds</b>	
<b>9.23%</b>	
<b>Overseas</b>	
<b>2.67%</b>	
<b>Managed Funds</b>	
<b>0.89%</b>	

## Portfolio by Investment Companies



## CORPORATE GOVERNANCE

In compliance with the Reserve Bank of Fiji's (RBF) Corporate Governance Code for the Capital Markets, FHL Fund Management Limited (FHL FML), the Fund Manager for Fijian Holdings Unit Trust (FHUT) acknowledges and supports this requirement and reports on the Company's Corporate Governance Code.

FHL FML Corporate Governance Code is aligned to the Fijian Holdings Limited (FHL) Code as a fully owned subsidiary.

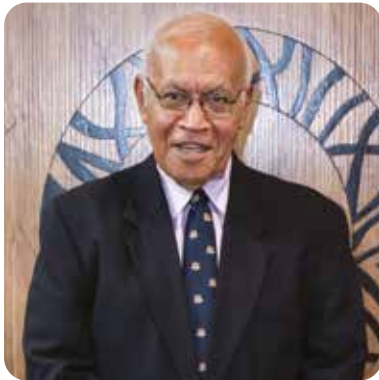
Principle	FHL FML Comments
Establish Clear Responsibilities for Board Oversight	The FHUT Scheme Deed stipulates the powers and duties of the Manager and the Trustees. The FHL FML Articles of Association sets out the powers and duties of the Board to manage the company effectively and efficiently. FHL FML continuously develops policy and guidelines to strengthen its role.
Constitute an Effective Board	The FHL FML Articles of Association covers the required constitution of the Board. Directors are selected for their experience and competencies and are evaluated on their suitability for the Board by the FHL Board of Directors.  FHL FML also has a Compliance Committee that addresses all compliance issues and complaints. This committee meets quarterly and comprises of three independent members and a representative from the Board of FHL FML.
Appointment of a General Manager	FHL FML structure including the appointment of the officer/s in charge is determined by the Board and Holding Company of FHL FML.
Board and Company Secretary	The Board appoints a suitable, qualified Company Secretary who is the administrative link between the Board and the Management and is responsible for ensuring compliance with regulatory requirements.
Timely and Balanced reporting	FHUT complies with its disclosure obligations under the Fiji Companies Act 2015. FHL FML Board meetings are held once every quarter at the minimum, to update directors on the Fund's performance and to review and provide approvals and confirmations of key aspects of the operations of the Fund
Promote Ethical and Responsible Decision-making	FHL FML has adopted the FHL Group approved Code of Conduct that sets out the principles of ethical behaviour by all group personnel. This ethical framework commits its directors, employees, contractors and consultants to not only comply with the law, but to conduct business in accordance with the highest ethical standards. FHL FML also ensures it complies with the RBF's Capital Markets policies and the Companies Act 2015 whereby directors and employees of the Fund Manager cannot purchase units created by the Fund.
Register of Interests	The Board of Directors of Fund Manager, Trustees and Officers of the Fund Manager must disclose any conflict of interest that may arise in the course of the business.
Respect the rights of shareholders	FHUT complies with all disclosure requirements under the Scheme Deed, Companies Act 2015, Articles of Association and Capital Markets Prudential Supervision Policy Statements. FHL FML with the concurrence of the Trustees ensures that all material changes made during the course of operations are communicated to unit holders in a press release and individually through mail. FHL FML also conducts training sessions for the unit holders upon request.
Accountability and Audit	Financial statements of FHUT are audited annually by independent auditors who provide their report to the unit holders. Regular internal audits are conducted by our Group Auditors on operational matters whilst the RBF conducts routine on-site examination of the Fund.
Recognize and manage risk	Based on the Funds operations FHL FML has developed a detailed Enterprise Risk Management Framework to manage operational and data risks with appropriate controls and procedures. FHL FML continues to review the Funds operations and develop appropriate mitigation strategies.
Evaluation of Board Performances	FHL FML undertakes to conduct an evaluation of Board performance on an annual basis to ensure that individual directors and the Board as a whole work efficiently and effectively in achieving their functions.
Securities Trading Policy	Based on the operations, the Company has established a policy that imposes certain restrictions on FHL FML Directors, senior management and employees directly owning an investment account with FHUT.
Insolvency – Directors Duties	If the Company is insolvent or there is a real risk of insolvency, Directors duties expand to include creditors (including employees with outstanding entitlements) such as: <ul style="list-style-type: none"> <li>The duty to exercise powers and duty of care and diligence that a reasonable person would have which includes taking steps to ensure the financial position of the Company is properly informed and ensuring the Company doesn't trade if it is insolvent.</li> <li>The duty to exercise powers and duties in good faith in the best interests of the Company and for a proper purpose;</li> <li>The duty not to improperly use position to gain a personal advantage or to cause detriment to the Company.</li> </ul>



## FHL Trustees Limited Board of Directors



**Mr. Inia Naiyaga**  
Chairman



**Mr. Emitai Boladuadua**  
Director



**Mr. Navin Raj**  
Director

## FHL Fund Management Limited Board of Directors



**Mr. Nesbitt Hazelman**  
Chairman



**Mr. Abilash Ram**  
Director



**Mr. Naushad Ali**  
Director



**Ms. Eseta Nadakuitavuki**  
Director



**Mr. Alphonsus Pio**  
Director

## Management Staff



**Elenoa Kaloumaira**  
General Manager



**Epeli Vakatawa**  
Deputy General Manager  
(Sales & Marketing)



**Ashika Mani**  
Manager Finance



**Mereti Cokanasiga**  
Manager Operations



**Rukshana Nisha**  
Risk & Compliance Officer



**Mohit Chand**  
Investment Accountant



**Mohammed Ejaaz**  
Business Analyst

## FHUT Branch Staff



FHUT Suva Office



FHUT Lautoka Office



FHUT Labasa Office

## ENTERPRISE RISK MANAGEMENT AT FHUT

Fijian Holdings Unit Trust (FHUT or the Fund), is one of the main avenues for investors to meaningfully improve their long-term financial wellbeing.

Our investors have seen continued growth and, following this trend, the Fund Manager continues to develop new product offerings, target new market segments, and engage in diversified investment activities. This presents additional risks and challenges for the Fund Manager, alongside the risks inherent in the market. The performance of FHUT is dependent on how well the Fund Manager identifies and manages business and fund risks. Risk in this context refers to the likelihood and impact of harm to the best interests of investors, and to Fund Manager. The goal for the Fund Manager is not to eliminate risk but to manage risk in an effective way that serves and protects the best interests of investors.

Last year, we have seen a divergent economic recovery from the COVID-19 pandemic risked deepening divisions at a time when collaboration was urgently required to address looming global challenges. As 2023 begins, the world is facing a set of risks that feel both wholly new and familiar. The after effects of COVID-19 and the war in Ukraine have ushered in skyrocketing inflation.

### CATEGORY RISK ANALYSIS

A. Strategic Risk arises from trends in the economy and society, including changes in the economic, political, and competitive environment, as well as from demographic shifts that affect the success of FHUT's strategic plan.

#### Mitigation Strategy

Strategic Risk is managed by implementing internal controls and systems to support regulatory compliance, adequately secure data, detect and prevent corruption, control product quality, maintain safe and healthy working conditions, and deliver timely and accurate information to investors and the public. Mitigating economic risk is done by investing in assets such as international mutual funds. This can increase the amount of diversification simply by investing in a wider range of international securities. FHUT keeps pace with external events that can affect the risk profile. Due diligence, ongoing research and political risk analysis is the most important foundational elements of any emerging market business strategy. The Fund considers diversifying in overseas investments so that all the risk isn't concentrated in just one or two emerging markets. With increasing competition, conditions today are such that every company faces some level of competitive risk, one that can prove crucial in deciding the fortune of a business. Managing this risk is more about being prepared to tackle the resulting situations. FHUT proactively manages the competitive risk by identifying the competitors, develops new technology, focus on customer and monitor market dynamics.

B. Financial Risk arise from the effect of market forces on financial assets or liabilities and include market risk, credit risk, liquidity risk, and price risk. Investment risk include risks from the investment decision-making process, asset allocation, stock selection, currency hedging, and high risk financial instruments investing. Interest rates, which affect the valuation of financial products, including equity and bonds. Changes in interest rates, which affect the valuation of financial

products, including equity and bonds. Changes in interest rates impact movement of asset prices.

#### Mitigation Strategy

FHUT focuses on investment strategies that helps manage market risk by re-evaluating portfolio diversification and asset allocation, lowering portfolio volatility, rebalancing, investing consistently, analyze stress test of the portfolio and establishing a maximum loss plan. Asset allocation is done by including different classes in FHUT's portfolio, it increases the probability that some of the investments will provide satisfactory returns even if others are flat or losing value. Diversification method takes place when you divide the money allocated to a particular asset class, such as stocks, among various categories of investments that belong to that asset class. To lower the volatility of the portfolio is to keep some percentage allocated to cash and cash equivalents. To rebalance the portfolio will lower the risk of severe loss by keeping the portfolio well-diversified. Rebalancing helps get things back to the mix of investment based on personal risk tolerance. Management conducts maximum loss plan method to cautiously manage investment portfolio asset allocation. A well maximum loss plan keeps Manager from making bad decisions based on the anxiety about movement in the market.

C. Operational Risk falls outside the hazard risk category and arise from people or a failure in processes, systems, or control, including those involving information technology.

#### Mitigation Strategy

To mitigate process risk of FHUT, the Manager does reconciliation of transactions and accounts on a timely basis. The Manager ensures to check compliance with management controls embedded in business crucial processes and keeps risk indicator dashboard for business key processes. The Fund's establishment of internal control policy measurement framework is used to improve the management of process risk. The function of the internal control policy framework is to identify and control process risk. These measures include, and are not limited to, adding processing controls on all business transactions, and increasing training and development to improve quality control.

D. Hazard Risk arise from property, liability, or personnel loss exposures and are generally the subject of insurance.

#### Mitigation Strategy

When evaluating the risks associated with specific hazards, the risk management techniques include elimination (physically remove the hazard), substitution (replace the hazard), engineering controls (isolate people from hazard), administrative controls (change the way people work), and personal protective equipment (protect the workers with PPE). FHUT conducts mapping of external event risk and maintains security measures at each branch including guards, cameras and safes. The Manager maintains business continuity plan strategy preparing FHUT for any unexpected or unwanted events.

## FUND MANAGER & TRUSTEE'S REPORT

It has been successful year for Fijian Holdings Unit Trust (FHUT or the Fund) and we the Directors of FHL Fund Management Limited (FHL FML) and FHL Trustees Limited (FTL) are pleased to present the financial statement and Independent Audit Report for the year ended 30th June 2023.

The year under review saw our combined effort to implement the key strategic areas to stimulate growth in FHUT. This resulted in the total funds under management growing from \$140.3million to \$156.8million, a portfolio growth of 11.7%. The growth was contributed by the increased investment from existing and new unit holders, as well as a positive movement in the value of our investment portfolio.

In terms of investment returns from the portfolio, FHUT recorded a positive 8.42% for the year, with dividend yield of 2.48% and capital growth of 5.94%. Despite the challenging environment, the improved returns were achieved by the performance of the Fund's unlisted equities and offshore investments.

During the year, FHUT paid a total \$4.00million compared to \$3.58million for the same period in 2022. Since inception the Fund has paid a total of \$53 million to unitholders. The total number of unitholders as at 30th June 2023 stood at 29,428 unitholders, an increase of 19% when compared to

24,744 unitholders reported in 2022. As a result, the total number of units on issue stood at 163 million for the year.

We will continue to work towards rebalancing the investment portfolio in order to position FHUT to meet its challenges and most importantly continue to provide the best possible returns to unitholders.

To our Service Providers, we appreciate the assistance in promoting and selling our product in the market.

Thank you to all our unitholders and key stakeholders for your support and guidance during the year.

### FHL FUND MANAGEMENT LIMITED

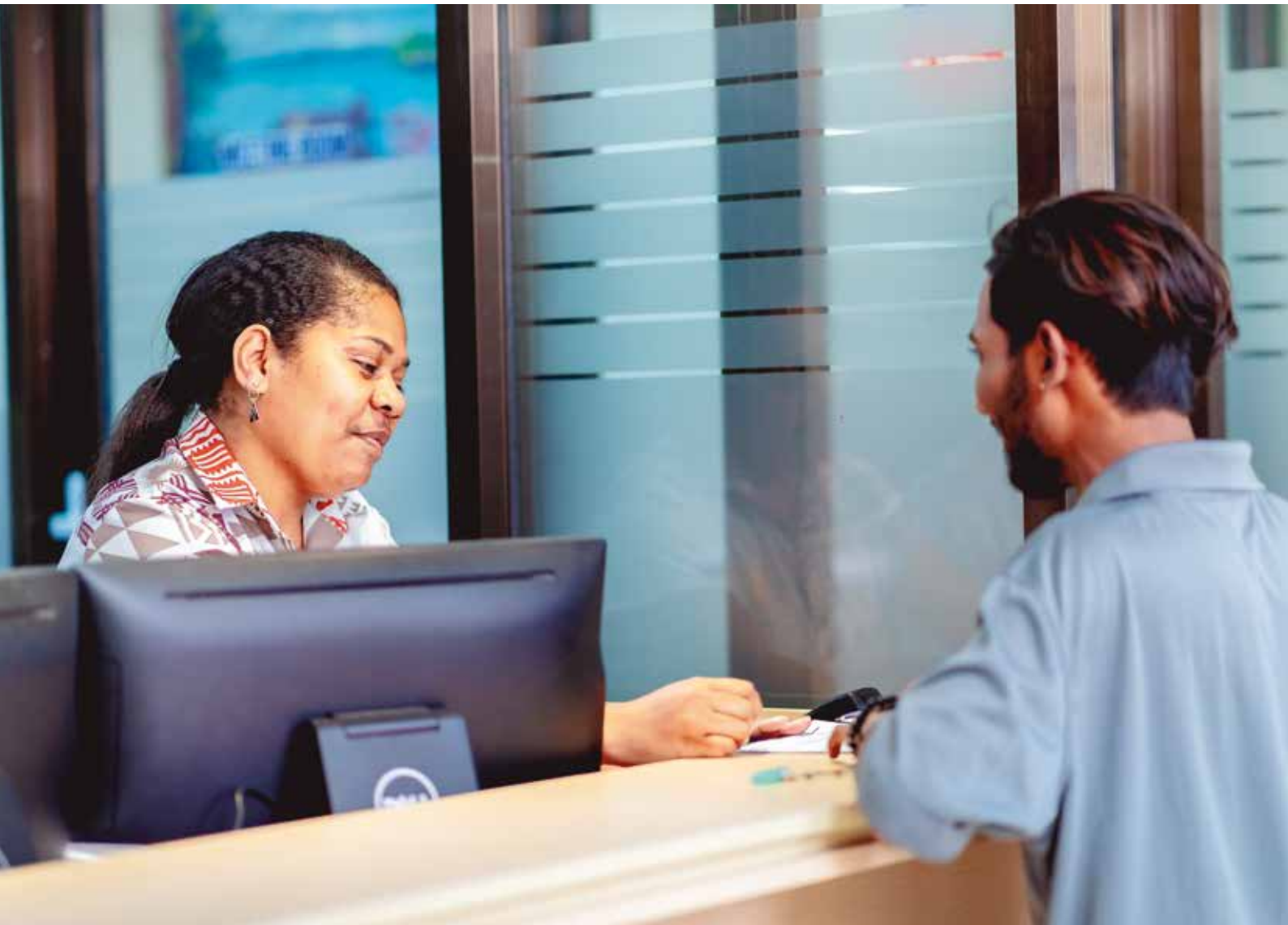


CHAIRMAN

### FHL TRUSTEE LIMITED



CHAIRMAN



## General Manager's Report



It is with great privilege to present my first report on FHUT's achievements and performance for the year ending 30 June 2023.

The business environment during the year has been challenging for FHUT, as investment activity continues to grow at a slower pace. This was evident in the gradual increase in unit prices during the year, from an entry price of \$1.01 per unit on 1 July 2022 to an exit price of \$1.04 per unit as of 30 June 2023. Overall, the FHUT investment portfolio generated a \$4.1m in income available for distribution, an increase from \$3.5m reported in 2022. This enabled FHUT to provide unitholders competitive returns with a dividend yield rate of 2.48% and a capital growth rate of 5.94%, bringing total returns of 8.42% for the year compared to 3.61% in 2022.

During the year, Management continued to work towards executing the Five Priority Areas of the 2023-25 Strategic Plan.

1. **Digital Growth:** Management signed a Merchant Agreement with Digicel Fiji for its MyCash payment system to ensure FHUT continued to be accessible to unitholders digitally. The MyCash payment system allows unitholders to increase their investments using the Digicel mobile network and enables FHUT to distribute unitholder dividends using the payment system. Furthermore, to provide unitholders efficient services and to stay updated digitally, Management during the year had tendered for a software developer to upgrade the current FHUT management information system (MIS). We look forward to completing the upgrading of the FHUT MIS during the Strategic Plan period.
2. **Unit Sales, Redemption and New Markets:** As investment activity slowly picked up during the year, Management generated a \$26.9m in unit sales compared to \$13.9m reported in 2022. In terms of redemption, as the unit prices gradually increased during the year, unitholders realized their capital by redeeming a total of \$11.4m compared to \$10.4m recorded in 2022. The substantial increase in unit

sales were mainly contributed by Resource Owners and High Net Worth investors.

3. **Portfolio Management and New Opportunities:** During the year, Management continued to work towards rebalancing the FHUT investment portfolio and in finding new opportunities offshore to grow unitholder funds. As a result, the investment portfolio grew by 11.7% to \$156.8m, with growth mainly driven by unlisted equity and offshore investments.
4. **Customer Service, Communication and Governance:** FHUT continued during the year to improve its customer services by reaching unitholders in maritime areas, visiting the Lomaiviti Group, in particular, the islands of Gau, Nairai, Batiki and Ovalau. Furthermore, FHUT visited existing and new unitholders on the island of Kadavu. Apart from this, FHUT signed a Memorandum of Understanding (MOU) with the National Fire Authority, the latest employer to join the FHUT Employee Deduction Scheme (EDS). FHUT has so far onboarded a total of 60 employers under EDS, to make investments accessible to employees. Throughout the year, Management continuously updated its various FHUT social media platforms to stay relevant in communicating with unitholders. As the Fund continues to grow, Management placed more emphasis on proper governance to ensure that the FHUT investments are managed with updated policies and procedures.
5. **Building a High-Performing Team:** To ensure that the Management team provide quality service to unitholder, we underwent an organization restructure that enabled the team to grow the total funds under management. Additionally, contributing to the high-performance is the Management team's ability to draw and implement development plans for each staff member, which ultimately ensures unitholders are provided with the consistent quality level of service.

In closing this report, I would like to thank my predecessor, Mr. Amrish Lal, for the hard work and accomplishments achieved in the three years he held the role of Acting General Manager. To the FHL FML Management and staff, thank you for your dedication that has resulted in FHUT's successful achievements for the year. To the FHL FML Board and FTL Board, thank you for the guidance throughout the year. Similarly, thank you to our shareholders and stakeholders for the support provided during the year.

Lastly, I would like to express my greatest gratitude to FHUT unitholders who put their trust in us to grow their wealth.

Vinaka vakalevu,



Elenoa Kaloumaira  
FHL FML General Manager

## Investment Literacy Report

This year the FHUT investment literacy program has been boosted with the issuing of Managed Investment Scheme Representative License (MIS Rep) to five of our staff. As part of our Corporate Social Responsibility, we always want to expand our service through investment awareness that is normally coordinated by our branches in Lautoka, Labasa and Suva.

program in remote areas around Fiji, is to give knowledge and information to our people. Put simply, to empower them!

Tabulated below are the villages, settlements and events attended by our MIS Reps from the three division where our branches are located:

The main purpose in carrying out these awareness

Central Division & Maritime – Suva Branch	Western Division – Lautoka Branch	Northern Division – Labasa Branch
Nasaumatua village, Levuka	Nagado & Natawa village, Ba	Nanenivuda village, Macuata
Levuka Hall	Duiyasana Taxi, Lautoka	Valovoni village, Cakaudrove
Duavata Methodist Church, Samabula	Toge village, Ba	Nadogo village, Cakaudrove
Nalawa village, Ra	Nadrugu Village, Ba	Narailagi village, Cakaudrove
Vunidawa Post Office	Ratu Filise Memorial School, Nadroga	Niurua village, Macuata
Matanimoli village, Rewa	Rakiraki District, Ra	Nukubonu village, Cakaudrove
Rewa High School, Naililili	Rakiraki Methodist School, Ra	Tawake village, Cakaudrove
Wainilotulevu village, Namosi	Namoli village, Ba	Bucaiyavu village, Cakaudrove
Nasele village, Naitasiri	Tavua village, Malolo	Nawaido village, Bua
	Naveyago village, Navosa	Nacula village, Cakaudrove
Nabulini village, Wianibuka	Vouwa village, Nadroga	Wailevu village, Cakaudrove
Naterumai village, Naitasiri	Lautoka Methodist School, Lautoka	Natoakamu village, Macuata
Delakado village, Tailevu	Naria Primary School	Tabia village, Cakaudrove
Veinuqa village, Tailevu	Drasa Avenue School	CMF Dreketi
Kadavu Womens Club, Lami	Namuaimada village, Ra	Korosi village, Navatu, Cakaudrove
Delanuku village, Ra	Cavukuka vilaage, Ra	Yasawa village, Tawake, Cakaudrove
Nataleira village, Dawasamu District Roadshow	Soa village, Ra	Caginiveisau village, Lagi, Macuata
Nairai Family, Makoi	Nabukadra village, Ra	Cawaro village, Udu, Macuata
Suva Methodist Circuit, Studio Six	Mataveikai village, Ra	Vuadomo village, Savusavu, Cakaudrove
Wainimala Methodist Circuit, Waibasaga, Naitasiri	Nailuva village, Village	Banikea village, Lekutu, Bua
Suvavou Women's Methodist Fellowship, Naivikinikini village	Bucalevu village, Ra	Nasawana village, Nadi, Bua
	Bureiwai village, Ra	Wasewase Cakaudrove, Somosomo village
		Nawi village, Cakaudrove, Cakaudrove

FHUT has been quite fortunate to forge a relationship with the REACH program under the Ministry of Women, Children and Poverty Alleviation (MWCPA) and funding from UNDP. During the year, we accompanied the REACH program to the province of Lomaiviti serving the islands of Gau, Nairai and Batiki. Towards the end of FY23 we also attended the REACH program held on the island of Kadavu. This initiative is usually for two weeks and I am proud to say that we have find success in reaching the unreachable. Thank you MWCPA and UNDP!

We wish to also extend our sincere gratitude to all the village headman (Turaga-ni-koro) and all the villages for their hospitality and good relationship. We thank the Ministry of iTaukei Affairs, Heritage, Culture & Arts, iTaukei Affairs Board, iTaukei Land Trust Board and Ministry of Forestry for their unwavering support towards our investment literacy

program. Without their help, there is little question that we would not be able to carry out our passion for raising awareness and encouraging a secured financial future. Lastly, to our loyal unitholders, on behalf of the Trustee Board, Fund Manager Board and the entire Management team, thank you for your commitment and for trusting in FHUT. While I Live I Grow!

*“Knowledge is power. Information is power.”*  
By Robin Morgan



Investment Literacy for 2023



# FINANCIAL STATEMENTS 2023

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## Director's Report

In accordance with resolution of the directors of the FHL Fund Management Limited and FHL Trustees Limited, the directors herewith submit the statement of financial position of the Fijian Holdings Unit Trust ("the Trust") as at 30 June 2023, the related statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year ended on that date and report as follows:

### Trustee and Manager

#### Manager

The Manager of the Trust at the date of this report is FHL Fund Management Limited. The directors of the management company at the date of this report are:

Mr. Nesbitt Hazelman (Chairperson)  
Ms. Eseta Nadakuitavuki  
Mr. Alphonsus Pio Nataniela  
Mr. Naushad Ali  
Mr. Abilash Ram

#### Trustee

The Trustee of the Trust at the date of this report is FHL Trustee Limited. The directors of the Trustee company at the date of this report are:

Mr. Inia Naiyaga (Chairperson)  
Mr. Emitai Boladuadua  
Mr. Navin Raj

#### Date of Formation

The Trust was established on 27 April 2001 and has a life of 60 years from its inception.

#### Principal Activity

The Trust is an investment vehicle that allows investors' monies to be pooled with other unit holders' monies that in return are issued with units and become unit holders in the Trust. The pooled funds are then invested by the Manager across a range of investments in accordance with the investment guidelines contained in the Investment Policy statement.

#### Results

The results for the year are as follows:

	2023	2022
Profit for the year	\$ 4,100,776	3,528,741
Loss on disposal of listed equities	(13,611)	(5,496)
Income available for distribution	\$ 4,087,165	3,523,245

#### Dividends

The Trust declared and paid a final dividend for 2022 of \$1,920,378 (2021: \$793,022) and an interim dividend for 2023 of \$2,308,298 during the year (2022: \$1,661,772).

#### Assets

Prior to the completion of the financial statements of the Trust, the directors of the Trustee and the Manager took reasonable steps to ascertain whether any assets were unlikely to be realised in the ordinary course of business compared to their values as shown in the accounting records of the Trust. Where necessary these assets have been written down or adequate allowance has been made to bring the values of such assets to an amount that they might be expected to realise.

## Director's Report (Cont'd)

### Assets (Cont'd)

As at the date of this report, the directors of the Trustee and the Manager are not aware of any circumstances, which would render the values attributed to assets in the Trust's financial statements misleading.

### Unusual Transactions

In the opinion of the directors of the Trustee and the Manager, the results of the operations of the Trust during the financial year were not substantially affected by any item, transaction or event of a material unusual nature, nor has there arisen between the end of the financial year and the date of this report any item, transaction or event of a material unusual nature likely, in the opinion of the directors of the Trustee and Manager, to affect substantially the results of the operations of the Trust in the current financial year.

### Fair Value Reserves

The fair value reserve comprises the cumulative net change in the fair value of financial assets held at fair value through other comprehensive income until the investments are derecognised, disposed or impaired.

### Basis of Accounting - Going Concern

The financial statements have been prepared on a going concern basis.

The directors of the Trustee and the Manager believe that the Trust has plans and strategies to generate adequate income available for distribution and cash flows from its operations, the Trust will be able to meet its obligations as and when they fall due and the Trust will be able to continue in operation for at least 12 months from the date of approval of the financial statements. Therefore, the directors believe that the classification and carrying amounts of assets and liabilities as stated in these financial statements are appropriate. Trust has taken extra measures in prior years in reducing the management fee to the manager for the benefit of the unit holders receiving capital growth. Furthermore, the manager will continue to monitor and assess the Trusts business operations progressively, and will undertake further actions as appropriate.

The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might become necessary should the Trust be unable to continue as a going concern.

### Related Party Transactions

In the opinion of the directors of the Trustee and the Manager all related party transactions have been adequately recorded in the books of the Trust and reflected in the financial statements.

### Events Subsequent to Balance Date

In July 2023, the directors declared the final dividend of \$1,699,837 for the year ended 30 June 2023.

Apart from this, there has been no transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect significantly the operations of the Trust, the results of those operations or state of affairs of the Trust in subsequent financial year.

## Director's Report (Cont'd)

### Other Circumstances

As at the date of this report:

- (i) no charge on the assets of the Trust has been given since the end of the financial year to secure the liabilities of any other person;
- (ii) no contingent liabilities have arisen since the end of the financial year for which the Trust could become liable; and
- (iii) no contingent liabilities or other liabilities of the Trust has become or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors of the Trustee and the Manager, will or may substantially affect the ability of the Trust to meet its obligations as and when they fall due.

As at the date of this report, the directors of the Trustee and the Manager are not aware of any circumstances that have arisen, not otherwise dealt with in this report or the Trust's financial statements, which would make adherence to the existing method of valuation of assets or liabilities of the Trust misleading or inappropriate.

### Trustee's and Manager's Benefits

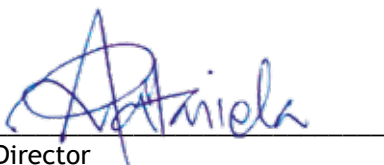
Since the end of the previous financial year, no directors of the Trustee or Manager has received or become entitled to receive a benefit (other than those included in the aggregate amount of emoluments received or due and receivable by the directors of the Trustee and Manager shown in the financial statements or received as the fixed salary of a full-time employee of a related party) by reason of a contract made by the Trust or by a related party with the directors of the Trustee or Manager or with a firm of which they are a member, or with a company in which they have a substantial financial interest.

### Approval of the Financial Statements

The financial statements for the year ended 30 June 2023 together with the accompanying notes set out on pages 14 to 33 are approved as being in accordance with the books and records of the Fijian Holdings Unit Trust.

Signed in accordance with resolutions of the directors of the FHL Fund Management Limited and FHL Trustees Limited.

Dated this day 21<sup>st</sup> of August 2023.



Director  
FHL Fund Management Limited  
Manager of Fijian Holdings Unit Trust



Director  
FHL Trustees Limited  
Trustee of Fijian Holdings Unit Trust

## Declaration By The Director's

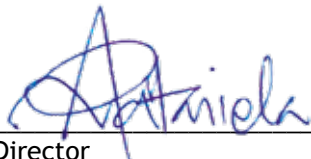
The declaration by directors is required by the Companies Act, 2015.

The directors of FHL Fund Management Limited and FHL Trustees Limited have made a resolution that declares:

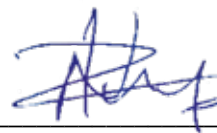
- a) In the opinion of the directors, the financial statements of the Trust for the financial year ended 30 June 2023:
  - i. comply with the International Financial Reporting Standards and give a true and fair view of the financial position of the Trust as at 30 June 2023 and of the performance and cash flows of the Trust for the year ended 30 June 2023; and
  - ii. have been prepared in accordance with the Companies Act, 2015.
- b) The directors have received independence declaration by auditors as required by Section 395 of the Companies Act, 2015; and
- c) At the date of this declaration, in the opinion of the directors, there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.

Signed in accordance with resolutions of the directors of FHL Fund Management Limited and FHL Trustees Limited.

Dated this 21<sup>st</sup> day of August 2023.



Director  
FHL Fund Management Limited  
Manager of Fijian Holdings Unit Trust



Director  
FHL Trustees Limited  
Trustee of Fijian Holdings Unit Trust

## Auditor's Independence Declaration



Tel: +679 331 4300  
Fax: +679 330 1841  
Email: [info@bdofiji.com](mailto:info@bdofiji.com)  
Offices in Suva and Lautoka

BDO  
Chartered Accountants  
Level 10, FNPF Place  
343 Victoria Parade  
GPO Box 855  
Suva, Fiji

As auditor for the audit of Fijian Holdings Unit Trust for the financial year ended 30 June 2023, I declare to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.



**Wathsala Suraweera**  
Partner  
Suva, Fiji



**BDO**  
**CHARTERED ACCOUNTANTS**

**21 August 2023**

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# Independent Auditor's Report To the Unitholders of Fijian Holdings Unit Trust



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Offices in Suva and Lautoka

BDO  
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Level 10, FNPF Place  
343 Victoria Parade  
GPO Box 855  
Suva, Fiji

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of Fijian Holdings Unit Trust (“the Trust”), which comprise the statement of financial position as at 30 June 2023, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Trust as at 30 June 2023, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting standards (IFRS).

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Trust in accordance with the International Ethics Standards Board for Accountant's *Code of Ethics for Professional Accountants (IESBA Code)* together with the ethical requirements that are relevant to our audit of the financial statements in Fiji and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Other information

The management and directors of the Trustee Company and Management Company are responsible for the other information. The other information comprises of the information included in the directors' report but does not include the financial statements and the auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of the Management and Those Charged with Governance for the Financial Statements

The directors of the Trustee Company and Management Company (“directors”) and management are responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, the Companies Act, 2015, and the provisions of the Trust Deed, and for such internal control as the directors and management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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## Independent Auditor's Report (Cont'd) To the Unitholders of Fijian Holdings Unit Trust (Cont'd)

### Responsibilities of the Management and Those Charged with Governance for the Financial Statements (Cont'd)

In preparing the financial statements, the management and directors are responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management and directors either intend to liquidate the Trust or to cease operations, or have no realistic alternative but to do so.

The management and those charged with governance are responsible for overseeing the Trust's financial reporting process.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud and error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with ISA, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the management's and directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust's ability to continue as a going concern. If we conclude that material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures, are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the management and those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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## Independent Auditor's Report (Cont'd) To the Unitholders of Fijian Holdings Unit Trust (Cont'd)

### Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

We also provide the management and those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

### Report on Other Legal and Regulatory Requirements

In our opinion, the financial statements have been prepared in accordance with the requirements of the Companies Act, 2015 in all material respects, and;

- a) we have been given all information, explanations and assistance necessary for the conduct of the audit; and
- b) the Trust has kept financial records sufficient to enable the financial statements to be prepared and audited.

In our opinion, the financial statements give the information required by the provisions of the Trust Deed in the manner so required.



**BDO**  
**CHARTERED ACCOUNTANTS**



**Wathsala Suraweera**  
**Partner**  
**Suva, Fiji**  
**21 August 2023**

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## Statement of Comprehensive Income For the Year Ended 30 June 2023

	Notes	2023	2022
<b>Revenue</b>			
Interest income calculated using the effective interest method	5 (a)	\$ 2,177,241	2,106,987
Dividend income	5 (b)	3,414,023	2,786,761
Net equalization		59,423	16,261
Other income	10	-	42,258
		<u>5,650,687</u>	<u>4,952,267</u>
<b>Expenses</b>			
Bank charges		7,627	8,548
Management fees		1,426,500	1,307,514
Professional fees	5 (c)	32,895	24,121
Trustee's fees		50,000	50,000
Other expenses		32,889	33,343
		<u>1,549,911</u>	<u>1,423,526</u>
<b>Profit for the year</b>		<u><b>4,100,776</b></u>	<u><b>3,528,741</b></u>
Other comprehensive income:			
<b>Items that will not be reclassified to profit or loss:</b>			
Fair value gain on listed and unlisted equities		1,096,061	5,002,002
<b>Items that may be subsequently reclassified to profit or loss:</b>			
Fair value gain/ (loss) on government bonds		(75,354)	182,276
Total other comprehensive income		<u>1,020,707</u>	<u>5,184,278</u>
<b>Total comprehensive income for the year</b>		<u><b>\$ 5,121,483</b></u>	<u><b>8,713,019</b></u>

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

## Statement of Changes in Equity For the Year Ended 30 June 2023

	Notes	2023	2022
<b>Unit holders' equity</b>			
At 1 July		\$ 102,395,014	98,959,434
27,240,876 units created during the year (2022: 14,934,124 units)		27,000,465	13,899,509
11,512,848 units redeemed during the year (2022: 11,396,448 units)		(11,401,315)	(10,463,929)
At 30 June	12	117,994,164	102,395,014
<b>Net income available for distribution</b>			
At 1 July		1,949,917	881,466
Profit for the year		4,100,776	3,528,741
Transfer of cumulative fair value loss upon sale of listed equities measured at Fair Value through Other Comprehensive Income from fair value reserves		(13,611)	(5,496)
Dividend declared and paid during the year		(4,228,676)	(2,454,794)
At 30 June	9	1,808,406	1,949,917
<b>Fair value reserves</b>			
At 1 July		36,000,324	30,816,046
Fair value gain on financial assets		1,007,096	5,178,782
Transfer of cumulative fair value loss upon sale of listed equities measured at Fair Value through Other Comprehensive Income to net income available for distribution		13,611	5,496
At 30 June	6	37,021,031	36,000,324
<b>Total unit holders' equity</b>		<b>\$ 156,823,601</b>	<b>140,345,255</b>

The above statement of changes in equity should be read in conjunction with the accompanying notes.

## Statement of Financial Position

### As at 30 June 2023

	Notes	2023	2022
<b>Assets</b>			
Cash and cash equivalents	14	\$ 26,355,824	11,007,541
Financial assets at amortised cost	7	29,574,688	36,402,313
Financial assets at fair value through other comprehensive income	8	101,197,605	93,236,333
		<u>157,128,117</u>	<u>140,646,187</u>
<b>Liabilities</b>			
Payables	11	304,516	300,932
		<u>304,516</u>	<u>300,932</u>
<b>Net assets</b>		<b><u>156,823,601</u></b>	<b><u>140,345,255</u></b>
<b>Unit holders' equity</b>			
Unit holders' equity repayable on demand: 163,457,502 units fully paid (2022: 147,729,474 units)	12	117,994,164	102,395,014
Net income available for distribution	9	1,808,406	1,949,917
Fair value reserves	6	37,021,031	36,000,324
<b>Total unit holders' equity</b>		<b><u>\$ 156,823,601</u></b>	<b><u>140,345,255</u></b>

Signed in accordance with resolutions of the directors of FHL Fund Management Limited and FHL Trustees Limited.



Director  
FHL Fund Management Limited  
Manager of Fijian Holdings Unit Trust



Director  
FHL Trustees Limited  
Trustee of Fijian Holdings Unit Trust

The above statement of financial position should be read in conjunction with the accompanying notes.

## Statement of Cash Flows

### For the Year Ended 30 June 2023

	Note	2023	2022
<b>Cash flows from operating activities</b>			
Cash received in the course of operations	\$		
Interest		1,995,276	2,161,510
Dividend		3,030,364	2,159,939
Cash payments in the course of operations		(1,617,314)	(1,415,415)
Payment for purchase of shares and bonds, net		(7,404,176)	(8,729,296)
Withdrawal of term deposits, net		7,038,889	10,500,000
Proceeds from repayment of loans, net		951,726	597,223
<b>Net cash flows provided by operating activities</b>		<b>3,994,765</b>	<b>5,273,961</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of units		26,983,509	13,908,578
Payments for repurchase of units		(11,401,315)	(10,463,929)
Distribution paid to unit holders		(4,228,676)	(2,454,794)
<b>Net cash flows provided by financing activities</b>		<b>11,353,518</b>	<b>989,855</b>
Net increase in cash and cash equivalents		15,348,283	6,263,816
Cash and cash equivalents at the beginning of the year		11,007,541	4,743,725
<b>Cash and cash equivalents at the end of the year</b>	14	<b>\$ 26,355,824</b>	<b>11,007,541</b>

The accompanying notes form an integral part of this statement of cash flows.

# Notes to the Financial Statements

## For the Year Ended 30 June 2023

### NOTE 1. GENERAL INFORMATION

Fijian Holding Unit Trust ("the Trust") is a unit trust incorporated and domiciled in Fiji. The address of its registered office and principal place of business are disclosed in Note 16 to the financial statements.

#### Principal activity

The unit trust is an investment vehicle that allows investors' monies to be pooled with other unit holders' monies that in return are issued with units and become unit holders in the unit trust. The pooled funds are then invested by the Manager across a range of investments in accordance with the investment guidelines contained in the Investment Policy Statement.

Significant accounting policies which have been adopted in the preparation of these financial statements are noted below. The financial statements were authorised for issue by the directors of the Trustee and the Manager on 21 August 2023.

### NOTE 2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

#### (a) Statement of compliance

The financial statements have been drawn up in accordance with the Trust Deed, Companies Act 2015 and International Financial Reporting Standards ("IFRS").

#### (b) Basis of preparation

The financial statements have been prepared on the basis of fair value measurement of assets and measurement at amortized cost for liabilities except where otherwise stated.

In the application of IFRS, management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. Judgments made by management in the application of IFRS that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant notes to the financial statements.

The areas involving higher degree of judgement or complexity, or areas where assumptions and estimates are critical to the financial statements are disclosed in Note 4.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

#### (c) Comparatives

Where necessary, amounts relating to prior years have been reclassified to facilitate comparison and achieve consistency in disclosure with current year amounts.

#### (d) Functional and presentation currency

The Trust operates in Fiji and hence the financial statements are presented in Fiji dollars, which is the Trust's functional and presentation currency.

## Notes to the Financial Statements (Cont'd)

### For the Year Ended 30 June 2023

#### NOTE 2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (CONT'D)

##### (e) Changes in Accounting Policies

##### Changes in Accounting Policies

##### New standards, interpretations and amendments effective during the year

The following amendments are effective for the period beginning 1 January 2022:

- Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37);
- Annual Improvements to IFRS Standards 2018-2020 (Amendments to IFRS 1, IFRS 9; and
- References to Conceptual Framework (Amendments to IFRS 3).

##### New standards, interpretations and amendments not yet effective

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Trust has decided not to adopt early.

The following amendments are effective for the period beginning 1 January 2023:

- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2);
- Definition of Accounting Estimates (Amendments to IAS 8).

The following amendments are effective for the period beginning 1 January 2024:

- IAS 1 Presentation of Financial Statements (Amendment - Classification of Liabilities as Current or Non-current);
- IAS 1 Presentation of Financial Statements (Amendment - Non-current Liabilities with Covenants).

The Trust is currently assessing the impact of these new accounting standards and amendments. The Trust does not expect any other standards issued by the IASB, but not yet effective, to have a material impact on the Trust.

#### NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies adopted by the Trust is set out in this note. The policies adopted are in accordance with International Financial Reporting Standards ("IFRS"), and unless stated otherwise are consistent with those applied in the prior period.

##### (a) Financial Assets

##### i. Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Trust becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

## Notes to the Financial Statements (Cont'd)

### For the Year Ended 30 June 2023

#### NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

##### ii. Classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI - debt investment; FVOCI - equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Trust changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- On initial recognition of an equity investment that is not held for trading, the Trust may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment by investment basis.
- All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Trust may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

##### ***Financial assets: Business model assessment***

The Trust makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Trust's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and



## Notes to the Financial Statements (Cont'd)

### For the Year Ended 30 June 2023

#### NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

##### (a) Financial Assets (Cont'd)

##### ii. Classification and subsequent measurement (cont'd)

##### *Financial assets: Business model assessment (cont'd)*

- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Trust's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

##### *Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest*

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Trust considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Trust considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Trust's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract.

##### *Financial assets: Reclassifications*

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Trust changes its business model for managing financial assets.

##### *Financial assets: Subsequent measurement and gains and losses*

##### Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

##### Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

## Notes to the Financial Statements (Cont'd)

### For the Year Ended 30 June 2023

#### NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

##### (a) Financial Assets (Cont'd)

##### ii. Classification and subsequent measurement (cont'd)

###### *Financial assets: Reclassifications (cont'd)*

###### Debt investments at FVOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

###### Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

##### iii. Derecognition

###### *Financial assets*

The Trust derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Trust neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Trust enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

###### *Financial liabilities*

The Trust derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Trust also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

##### iv. Modifications of financial assets

If the cash flows of the modified asset carried at amortised cost are not substantially different then the modification does not result in derecognition of the financial asset. In this case, the Trust recalculates the gross carrying amount of the financial asset and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in profit or loss. If such a modification is carried out because of financial difficulties of the borrower, then the gain or loss is presented together with impairment losses.

##### v. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Trust currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

## Notes to the Financial Statements (Cont'd)

### For the Year Ended 30 June 2023

#### NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

##### (b) Impairment of Financial Instruments

###### *Financial instruments*

The Trust recognises loss allowances for ECLs on financial assets measured at amortised cost. No impairment loss is recognised on equity investment.

The Trust measures loss allowances at an amount equal to lifetime ECL, except for the following, which are measured as 12 month ECL:

- bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Trust considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Trust's historical experience and informed credit assessment and including forward-looking information.

The Trust assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Trust considers a financial asset to be in default when:

- Trust to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

The Trust considers a debt security to have low credit risk when its credit risk rating is equivalent to the generally understood definition of 'investment grade'.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12 month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Trust is exposed to credit risk.

###### *Measurement of ECLs*

ECLs are a probability weighted estimate of credit losses. They are measured as follows:

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Trust expects to receive); and
- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows.
- ECLs are discounted at the effective interest rate of the financial asset.

## Notes to the Financial Statements (Cont'd)

### For the Year Ended 30 June 2023

#### NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

##### (b) Impairment of Financial Instrument (Cont'd)

###### *Credit-impaired financial assets*

At each reporting date, the Trust assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is 'credit impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Trust on terms that the Trust would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

###### *Presentation of allowance for ECL in the statement of financial position*

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

###### *Write-off*

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Trust determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Trust's procedures for recovery of amounts due.

##### (c) Revenue Recognition

Interest income is recognised in profit or loss for all interest bearing financial assets using the effective interest method.

Dividend income from listed or quoted securities is recognised when the right to receive payment is established (normally the ex-dividend date). Dividends from unlisted and private equities are recognised when the Trust has received formal notification that a dividend has been declared and the right to receive the dividend is established. Other income is brought to account on an accrual basis.

##### (d) Distributions

In accordance with the Trust Deed, the Trust may distribute, by cash or reinvestment, all distributable income to unit holders. Distributable income is the Manager's estimate, with the Trustee's approval, of the amount the Trust may distribute, not exceeding the net income of the Trust for an accrual period.

##### (e) Management Fees

Management fees are standard fees stated under the terms of the Trust Deed and based on 1% on the value of total Trust Fund. This is payable after creation end and is calculated on the net asset value of the unit trust at the beginning of the next creation.

## Notes to the Financial Statements (Cont'd) For the Year Ended 30 June 2023

### NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (f) Trustee Fees

Trustee fees payable to FHL Trustees Limited has been fixed at \$50,000 per annum.

#### (g) Payables

These amounts represent liabilities for services provided to the Trust prior to the end of the financial year end which are unpaid.

#### (h) Entry Fees

The Manager is entitled under the Trust Deed to an entry fee of up to 3.5%. The entry fees only applies to units that are purchased by unit holders.

#### (i) Taxes

##### *Income taxes*

The Trust is not subject to income tax provided the distributable income is declared for distribution to unit holders.

##### *Value Added Tax ("VAT")*

The Trust is exempted from VAT.

#### (j) Cash and Cash Equivalents

For the purpose of statement of cash flows, cash and cash equivalents comprise cash on hand and cash in banks, net of outstanding bank overdrafts. Bank overdrafts are shown within interest bearing borrowings in current liabilities in the statement of financial position.

#### (k) Provisions

Provisions are recognised when the Trust has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated.

Distributions are recognised as a liability in the period in which they are declared.

#### (l) Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants and the measurement date in the principal or, in its absence, the most advantageous market to which the fund has access at that date. Consistent with established practice in Fiji, listed equity investments are measured at the closing share price on the South Pacific Stock Exchange and Australian Securities Exchange at each reporting date. Fiji Government Bonds are measured at the prices quoted by the Reserve Bank of Fiji at each reporting date as adjusted for accrued interest where this is material.

When available, the Trust measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as "active" if transactions for the asset or liabilities take place with sufficient frequency and volume to provide pricing information on an on-going basis. The fair value of other unlisted equities is estimated with the assistance of independent valuers approved by the Fund Manager and Trustee as per the Trust Deed.

## Notes to the Financial Statements (Cont'd)

### For the Year Ended 30 June 2023

#### NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Where possible, the valuations use applicable price earnings ratios for similar listed companies, adjusted to reflect the specific circumstances of the issuer and may be based on following methodologies:

1. Discount Cashflow Model (DCF)
2. Net Tangible Asset Approach (NTA)
3. Future Maintainable Earnings Method (FME)
4. Capitalization of Dividends Method (CoD)

If there is no quoted price in an active market, then the Trust uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique seeks to incorporate all of the factors that market participants would take into account in pricing a transaction. The Trust recognizes transfers between levels of the fair value hierarchy as at the end of the reporting period during which the changes have occurred.

#### NOTE 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In application of the Trust's accounting policies, which are described in Note 3, the directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on various factors that are considered to be relevant. Actual results may differ from these estimates. Estimates and judgments are continually evaluated and are based on various factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of revision and future periods if the revision affects both current and future periods. The critical judgments and assumptions made in applying the accounting policies of the Trust have been disclosed under the following notes to the financial statements:

Note 3(l) and Note 8 - Fair Value Measurement.

#### NOTE 5. REVENUE AND EXPENSES

	2023	2022
(a) Interest income	\$ 2,177,241	2,106,987

Interest income is earned from terms deposits, loans, government bonds, corporate bonds and cash at bank balance. The interest rate on term deposits ranged from 2.15% to 4.3% (2022: 2.15% to 4.3%), the interest rate on loans ranged from 7.95% to 10.5% (2022: 3.5% to 10.5%), the interest rate on government bond ranged from 4.75% to 13% (2022: 4.25% to 13%), the interest rate on corporate bond ranged from 3.5% to 3.75% (2022: Nil) and the interest rate on cash at bank balance ranged from 0.25% to 1.3% (2022: 0.75%) respectively.

(b) Dividend income	3,414,023	2,786,761
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Dividend income is earned from investment in shares in listed and unlisted entities.

#### (c) Professional fees

##### Auditor's remuneration

- audit fees - current year	15,000	13,500
- other services	5,245	2,168
Valuation fees	12,650	8,453
	<u>\$ 32,895</u>	<u>24,121</u>

## Notes to the Financial Statements (Cont'd)

### For the Year Ended 30 June 2023

NOTE 6. FAIR VALUE RESERVES	2023	2022
Net change in the fair value of financial assets at FVOCI	\$ 37,021,031	36,000,324
This is represented by as follows:		
Balance as at 1 July	36,000,324	30,816,046
Fair value gain on financial assets	1,007,096	5,178,782
Transfer of cumulative fair value loss upon sale of listed equities and government bonds measured at Fair Value through Other Comprehensive Income to net income available for distribution	13,611	5,496
Balance as at 30 June	37,021,031	36,000,324

The fair value reserve comprises the cumulative net change in the fair value of equity investments and bonds until these financial assets are derecognized, disposed or impaired.

#### NOTE 7. FINANCIAL ASSETS AT AMORTISED COST

(a) <u>Loans</u>		
On-call facility	-	2,000,000
Term loans (i)	543,983	5,582,872
	543,983	7,582,872
(b) <u>Term deposits</u>		
Short-term deposits	-	501,726
Long-term deposits (ii)	27,039,367	27,039,367
	27,039,367	27,541,093
(c) <u>Other receivables</u>		
Accrued interest income	528,417	346,453
Accrued dividend income	1,294,552	910,892
Deposits	130,410	-
	1,953,379	1,257,345
Sundry debtor (iii)	49,034	32,078
Less: allowance for impairment loss	(11,075)	(11,075)
	1,991,338	1,278,348
Total financial assets at amortised cost	\$ 29,574,688	36,402,313

(i) Term loans have a term of 5 to 6 months and earn interest at 7.95% to 10.5% per annum (2022: 3.5% to 10.5%).

(ii) Long term deposits have a term of more than 12 months and earn interest at 2.6% to 4.3% per annum (2022: 2.15% to 4.3%).

(iii) Sundry debtor relates to balance receivable from an agents, Post Fiji Pte Limited, Vodafone Fiji Pte Limited (M-paisa) and Digicel (MyCash).

## Notes to the Financial Statements (Cont'd)

### For the Year Ended 30 June 2023

NOTE 8. FINANCIAL ASSETS HELD AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	2023	2022
<b><u>Listed equities</u></b>		
Shares quoted on stock exchanges:		
South Pacific Stock Exchange	\$ 51,029,957	53,333,149
Australian Securities Exchange	707,815	661,368
	51,737,772	53,994,517
<b><u>Unlisted equities</u></b>		
Shares in unlisted entities	30,124,375	27,030,175
Quoted managed fund	4,867,768	2,204,986
	34,992,143	29,235,161
<b><u>Bonds</u></b>		
Fiji Government Bonds	9,467,690	10,006,655
Corporate Bonds	5,000,000	-
	14,467,690	10,006,655
Total financial assets held at fair value through other comprehensive income	\$ 101,197,605	93,236,333

#### Quoted shares

Consistent with established practice in Fiji, listed equity investments are measured at the closing share price on the South Pacific Stock Exchange and Australian Securities Exchange at each reporting date.

#### Unquoted shares

Unquoted investments have been designated as fair value through other comprehensive income where fair value has been assessed based on the valuation done by an independent valuer, Simmons Corporate Finance (2022: Ernst & Young and Simmons Corporate Finance). Unrealised net change in fair value of financial assets as at balance date is \$37,021,031 (2022: \$36,000,324).

#### **Determining fair values**

The Trust measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

**Level 1:** Quoted market price (unadjusted) in active market for an identical instrument.

**Level 2:** Valuation technique based on observable inputs, either directly (i.e. as prices) or indirectly (i.e., derived from prices). This category includes instruments valued using quoted market prices in active market for similar instrument; quoted prices for identical or similar instrument in the market that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

**Level 3:** Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted price for similar instruments where significant unobservable adjustments or assumption are required to reflect differences between the instruments. Fair values of financial assets that are traded in active markets are based on quoted prices or dealer price quotations. For unlisted equity investments, the Trust determines fair values using valuation techniques. Some or all of the significant inputs these valuations use may not be observable in the market and are derived from market prices or rates or are estimated based on assumptions.



## Notes to the Financial Statements (Cont'd)

### For the Year Ended 30 June 2023

#### NOTE 8. FINANCIAL ASSETS HELD AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (CONT'D)

##### Determining fair values (cont'd)

Valuation models that employ significant unobservable inputs require a higher degree of management judgment and estimation in the determination of fair value. Management judgment and estimation are usually required for selection of the appropriate valuation model to be used and any key assumptions used in those valuation models such as appropriate price/earnings ratios.

The table below analyses financial assets measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorized:

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<b>At 30 June 2023</b>				
Listed equities	51,029,957	-	707,815	51,737,772
Shares in unlisted entities	-	2,000,000	28,124,375	30,124,375
Units in mutual funds	-	4,867,768	-	4,867,768
Government bonds	-	9,467,690	-	9,467,690
Corporate bonds	-	5,000,000	-	5,000,000
	<u>51,029,957</u>	<u>21,335,458</u>	<u>28,832,190</u>	<u>101,197,605</u>
<b>At 30 June 2022</b>				
Listed equities	50,468,077	-	3,526,440	53,994,517
Shares in unlisted entities	-	2,000,000	25,030,175	27,030,175
Units in mutual funds	-	2,204,986	-	2,204,986
Government bonds	-	10,006,655	-	10,006,655
	<u>50,468,077</u>	<u>14,211,641</u>	<u>28,556,615</u>	<u>93,236,333</u>

The following table shows the valuation techniques used in measuring Level 2 and Level 3 fair values as well as the significant unobservable inputs used.

Type	Valuation Technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurements
Shares in unlisted entities	Dividend's capitalization technique - The valuation model is based on the future maintainable dividends and capitalization rates.  Shares held in Unit Trust of Fiji are valued at the exit price as at reporting date.	Forecasted dividend yield 4% to 10% (2022: 3% to 10%)	The estimated fair value would increase / (decrease) if any of the significant unobservable inputs were changed. Generally, a change in the growth rate is accompanied by directionally similar change in future maintainable dividends and earnings.
Government bonds	Market comparison - The fair value of the long term investment securities is based on market prices published by the Reserve Bank of Fiji.	Not applicable	Not applicable

Fair value of assets included in Level 3 are based on independent valuation conducted by Simmons Corporate Finance Limited.

## Notes to the Financial Statements (Cont'd)

### For the Year Ended 30 June 2023

#### NOTE 8. FINANCIAL ASSETS HELD AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (CONT'D)

##### Determining fair values (Cont'd)

The following table shows a reconciliation from the opening balances to the closing balances for Level 3 fair value hierarchy:

	2023	2022
Balance as at 1 July	\$ 28,556,615	14,114,140
Acquisitions	4,177	5,410,137
Transfer	-	4,048,209
Gain included in OCI - Net change in fair value	271,398	4,984,129
Balance as at 30 June	<u>28,832,190</u>	<u>28,556,615</u>

##### Sensitivity analysis

For the fair values of equity securities categorized as Level 3, a reasonably possible change of 5% decrease in the capitalization rates at the reporting date to the forecasted dividend yield holding other inputs constant would have the following effect:

Increase in Other Comprehensive Income	<u>1,315,917</u>	<u>1,169,056</u>
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An increase in the capitalization rate of 5% at 30 June 2023 would have resulted in an equal but opposite effect to the amounts shown above.

#### NOTE 9. NET INCOME AVAILABLE FOR DISTRIBUTION

Final distribution payable to unit holders	<u>1,808,406</u>	<u>1,949,917</u>
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#### NOTE 10. OTHER INCOME

Stale and unrepresented cheques reversed	-	21,629
Miscellaneous income	-	20,629
	<u>-</u>	<u>42,258</u>

#### NOTE 11. PAYABLES

Trust clearing	163,081	174,305
Sundry creditors	92,563	92,217
Accruals	48,872	34,410
	<u>304,516</u>	<u>300,932</u>

#### NOTE 12. UNIT HOLDERS' EQUITY

Unit holders' equity - 163,457,502 units (2022: 147,729,474 units)	<u>\$ 117,994,164</u>	<u>102,395,014</u>
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## Notes to the Financial Statements (Cont'd)

### For the Year Ended 30 June 2023

#### NOTE 13. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

##### Contingent liabilities

The Trustee and the Manager are not aware of any contingent liabilities at balance date (2022: \$Nil).

##### Capital commitments

There were no capital commitments at balance date (2022: \$Nil).

##### Operating lease commitments

There were no operating lease commitments at balance date (2022: \$Nil).

#### NOTE 14. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash on hand and balance with bank. Cash and cash equivalents included in the statement of cash flow comprise the following statement of financial position amounts:

Cash at bank	\$	26,355,824	11,007,541
Total cash and cash equivalents		<u>26,355,824</u>	<u>11,007,541</u>

#### NOTE 15. RELATED PARTY DISCLOSURES

##### (a) Identity of related parties

##### Manager

The Manager of the Trust is FHL Fund Management Limited ("FFML"). The directors of FFML during the year were:

Mr Nesbitt Hazelman (Chairman)  
Ms Eseta Nadakuitavuki  
Mr Alphonsus Pio Nataniela  
Mr Abilash Ram  
Mr Naushad Ali

##### Trustee

The Trustee of the Trust is FHL Trustees Limited ("FTL"). The directors of FTL during the year were:

Mr. Inia Naiyaga (Chairman)  
Mr. Emitai Boladuadua  
Mr. Navin Raj

##### Others

The Trust holds investments with companies in the Fijian Holdings Group, including Fijian Holdings Limited, Merchant Finance Pte Limited and RB Patel Group Limited. FHL Stockbrokers Limited acts as broker for the Trust's listed investments.

## Notes to the Financial Statements (Cont'd)

### For the Year Ended 30 June 2023

#### NOTE 15. RELATED PARTY DISCLOSURES (CONT'D)

##### (b) Transactions with related parties

##### (i) Transactions with Fijian Holdings Limited and its related parties

Related party	Nature of transaction	2023	2022
Fijian Holdings Limited	Distributions	\$ (216,382)	(131,711)
	Interest income	221,322	277,500
FHL Fund Management Limited	Management fees	(1,426,500)	(1,307,514)
	Manager's entry, rounding fees and other expenses	(979,296)	(476,824)
	Distributions	(26,475)	(15,796)
Pacific Cement Pte Limited	Interest income	72,875	72,875
FHL Stockbrokers Limited	Stock broking fees	-	212
	Distribution	2,284	1,363
RB Patel Group Limited	Dividend income	205,177	139,696
Pernix (Fiji) Pte Limited	Interest income	157,500	143,750
Golden Manufacturers Pte Limited	Dividend income	300,000	300,000
Merchant Finance Pte Limited	Interest income	222,200	261,806
	Dividend income	1,920,000	1,440,000

##### (ii) FHL Trustees Limited ("FTL")

Trustee fees payable to FHL Trustees Limited has been fixed at \$50,000 per annum.

During the year, fees to FTL amounted to \$50,000 (2022: \$50,000).

##### (iii) Owing by related parties

Fijian Holdings Limited	-	6,150,000
Merchant Finance Pte Limited	912,342	612,342
Pacific Cement Pte Limited	127,317	432,873
Pernix (Fiji) Pte Limited	416,666	1,026,248
Golden Manufacturers Pte Limited	150,000	-
	1,606,325	8,221,463

##### (iv) Owing to related parties

Owing to FHL Fund Management Limited	92,565	92,217
Owing to FHL Trustees Limited	2,083	2,084
	94,648	94,301

##### (v) Term deposits / Corporate bonds

Fijian Holdings Limited	5,000,000	-
Merchant Finance Pte Limited	7,700,000	7,700,000
	12,700,000	7,700,000

##### (vi) Shares in related parties

<u>Listed securities</u>		
RB Patel Group Limited	13,969,475	14,187,748
Fiji Television Limited	1,889,164	3,526,440
	\$ 15,858,639	17,714,188

## Notes to the Financial Statements (Cont'd)

### For the Year Ended 30 June 2023

NOTE 15. RELATED PARTY DISCLOSURES (CONT'D)	2023	2022
(b) Transactions with related parties (cont'd)		
<i>Unlisted securities</i>		
Merchant Finance Pte Limited	\$ 21,430,137	18,540,000
Golden Manufacturers Pte Limited	6,214,250	6,000,050
Pernix (Fiji) Pte Limited	479,988	479,988
	\$ 28,124,375	25,020,038

#### NOTE 16. TRUST DETAILS

##### Date of formation

The Trust was established on 27 April 2001 and has a life of 60 years from its inception.

##### Registered office and principal place of business

The Trust's registered office and principal place of business is located at Shop 1A and 1B, Vanua Arcade, 77 Victoria Parade, Suva.

#### NOTE 17. EVENTS SUBSEQUENT TO BALANCE DATE

In July 2023, the directors declared the final dividend of \$1,699,837 for the year ended 30 June 2023.

Apart from this there has been no transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect significantly the operations of the Trust, the results of those operations or state of affairs of the Trust in subsequent financial year.

#### NOTE 18. RISK MANAGEMENT POLICIES

The Trust has exposure to the following risks:

- Market risk;
- Operational risk;
- Credit risk;
- Liquidity risk and
- Foreign exchange risk

This note presents information about the Trust's exposure to each of the above risks, the Trust's objectives, policies and processes for measuring and managing risk, and the Trust's management of funds.

The Manager has the overall responsibility for the establishment and oversight of the Trust's risk management framework. The Trust's risk management policies are established to identify and analyse the risks faced by the Trust, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Trust's activities.

## Notes to the Financial Statements (Cont'd)

### For the Year Ended 30 June 2023

#### NOTE 18. RISK MANAGEMENT POLICIES (CONT'D)

##### Market risk

##### (i) Interest rate

This is the risk borne by interest bearing assets such as term deposits, loans and bonds due to the changes in interest rate. Through its investment policy the Trust will aim to balance its portfolio through short term deposits and medium to long term government bonds and loans. At the reporting date the interest rate profile of the Trust's interest bearing financial instruments carrying amounts were:

<u>Fixed rate instrument</u>	<u>2023</u>	<u>2022</u>
Loans	\$ 543,983	7,582,872
Term deposits	27,039,368	27,541,093
Bonds	14,467,690	10,006,655
	<u>\$ 42,051,041</u>	<u>45,130,620</u>

##### Fair value sensitivity analysis

The Trust does not account for any financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect the profit.

##### (ii) Performance

This relates to the risk that the Manager's investment selection may not achieve the objective of the Trust or produce acceptable returns for unit holders.

All unit holders (including potential ones) are fully informed of the risks involved.

##### (iii) Conflicts of interests

Conflicts of interests between the Trust, Fijian Holdings Limited ("FHL"), FHL Fund Management Limited ("FFML") and FHL Trustees Limited ("FTL") may exist and also arise in the future in a number of areas relating to FHL past and on-going relationships, including potential acquisition or dispositions of business or real properties, payment of dividends and FHL and FFML management arrangements.

Under the Trust Deed, written approval is required from the Trustee for any Trust dealings with the associates of the Manager.

##### (iv) Political climate

The Trust operates in Fiji and changes to governments and the policies they implement may affect the overall economic situation and ultimately the returns of the Trust. To address this, the Trust reviews its pricing and investment portfolios regularly and responds to change in policies appropriately. In addition, changes to the Government's tax policies may impact on the returns of the Trust.

##### (v) Price Risk

Price risk is the risk that the value of an investment will fluctuate as a result of changes in market prices, whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market. Different investments (cash, shares, bonds) tend to perform differently under the same operating environment.

## Notes to the Financial Statements (Cont'd)

### For the Year Ended 30 June 2023

#### NOTE 18. RISK MANAGEMENT POLICIES (CONT'D)

##### Sensitivity analysis

The table below sets out the effect on net assets attributable to unit holders and profit or loss of a reasonably possible weakening in the individual equity market prices of listed equities of 5% at 30 June. The estimates are made on an individual investment basis. The analysis assumes that all other variables, in particular interest and foreign currency rates, remain constant.

	2023	2022
Net loss from exchange-traded equity investments	\$ 2,517,792	2,666,657

A strengthening in the individual equity market price of 5% at 30th June would have resulted in an equal but opposite effect to the amounts shown above.

##### Operational risk

###### (i) Legal risk

Legal risks refer to the risk of being legally non-compliant due to changes in Government and Regulators' current policies and regulations.

The Manager has an independent Compliance Officer who reports directly to the FHL Group Chief Executive Officer and the Compliance Committee. The Manager monitors changes to regulations for compliance and implementation of market best practices.

###### (ii) Operational risk

Operational risk is defined as the risk arising from the Trust's and its related entities business functions and from the practical implementation of the Manager's strategy for growing the Trust.

The Manager has developed an operations manual to deal with all operational processes in line with necessary regulations.

The Manager also conducts third party due diligence on new investments.

###### (iii) Data risk

This is the risk of losing information including unit holder account details even though there is a dual system storage of a hard copy filing system and electronic database.

The manager ensures confidentiality and security of all unit holders' information. The trust has developed a database system to store more information, conducts daily backups of electronic information and has developed a disaster recovery plan.

##### Credit risk

This refers to the risk of losing investment funds due to companies and financial institutions in which the Trust has provided loans, defaulting on their repayments of principal or interest or both.

The Trust will minimize risk by conducting thorough due diligence on any investments it makes, ensure that there are guarantees on these investments by principal stakeholders or sister companies, limit the amount that is given as loans and implement certain conditions to allow the Trust to collect the funds.

## Notes to the Financial Statements (Cont'd)

### For the Year Ended 30 June 2023

#### NOTE 18. RISK MANAGEMENT POLICIES (CONT'D)

##### Credit risk (cont'd)

The carrying amount of the financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 26,355,824	11,007,541
Loans	543,983	7,582,872
Term deposits	27,039,367	27,541,093
Bonds	14,467,690	10,006,655
Other receivables	1,991,338	1,278,348
	<u>\$ 70,398,202</u>	<u>57,416,509</u>

##### Foreign exchange risk

The Trust is exposed to foreign exchange risk arising from currency exposures since it has shares in Australian Securities Exchange. However, changes in the exchange rate by 10% (increase or decrease) are not expected to have a significant impact on the net income and equity balances currently reflected in the Trust's financial statements.

##### Liquidity risk

This is the risk that the Trust will not be able to facilitate its unit holders' redemption request. The Trust aims to maintain a buffer fund in liquid assets at all times to meet expected normal redemptions. Under the Trust Deed, the manager, with the concurrence of the Trustee, may suspend the redemption of units for such time as may be necessary to realize sufficient liquid funds to meet any unusual redemption requests. The Trust manages its liquidity risk by investing at least 30% of total portfolio into short term deposit.



## Notes to the Financial Statements (Cont'd) For the Year Ended 30 June 2023

### NOTE 18. RISK MANAGEMENT POLICIES (CONT'D)

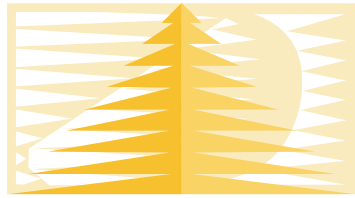
#### Liquidity risk (cont'd)

The table below analyses the Trust's financial assets into relevant maturity groupings based on the remaining period at the balance date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	No specific Maturity \$	Less than 1 year \$	Between 1 and 2 years \$	Between 3 and 5 years \$	Over 5 years \$	Total \$
<b>At 30 June 2023</b>						
<b>Financial assets</b>						
Listed and unlisted securities	81,862,147	2,050,000	-	-	-	83,912,147
Quoted Managed Funds	4,867,768	-	-	-	-	4,867,768
Bonds	-	795,747	838,546	7,126,089	10,364,257	19,124,639
Term deposits	-	9,759,815	17,824,311	507,010	-	28,091,136
Loans	-	570,161	-	-	-	570,161
Other receivables	-	1,991,338	-	-	-	1,991,338
	86,729,915	15,167,061	18,662,857	7,633,099	10,364,257	138,557,189
<b>Financial liabilities</b>						
Payables	-	304,515	-	-	-	304,515
<b>At 30 June 2022</b>						
<b>Financial assets</b>						
Listed and unlisted securities	79,024,692	2,090,000	-	-	-	81,114,692
Quoted Managed Funds	2,204,986	-	-	-	-	2,204,986
Bonds	-	986,281	615,747	3,661,967	8,900,774	14,164,769
Term deposits	-	1,296,336	9,759,815	18,331,321	-	29,387,472
Loans	2,000,000	4,307,037	1,499,941	-	-	7,806,978
Other receivables	-	1,289,423	-	-	-	1,289,423
	83,229,678	9,969,077	11,875,503	21,993,288	8,900,774	135,968,320
<b>Financial liabilities</b>						
Payables	-	300,932	-	-	-	300,932







FIJIAN HOLDINGS  
**UNIT TRUST**

While I Live, I Grow

### **MANAGER**

#### **FHL Fund Management Limited (FHL FML)**

**Telephone:** (679) 331 1120 / 999 0267

**Fax:** (679) 331 7153

**Email:** info@fhut.com.fj

### **REGISTERED OFFICE**

#### **Suva Office**

Shop 1A & 1B and Level 6  
Ground Floor, Vanua House  
77 Victoria Parade, Suva

**Telephone:** (679) 331 1120 / 999 0267

#### **Lautoka Office**

2nd Floor, Shop 6 Challenge Plaza,  
Naviti Street,  
Lautoka

**Telephone:** (679) 998 2560 / 998 0769

#### **Labasa Office**

2nd Floor, Trikams Building,  
Main Street,  
Nasekula Road,  
Labasa

**Telephone:** (679) 999 4317 / 992 7891

### **POSTAL ADDRESS**

#### **FHL Fund Management Limited**

P. O. Box 2110  
Government Buildings  
Suva, Fiji

#### **Auditor**

BDO  
Chartered Accountants  
Level 10, FNPF Place,  
343 Victoria Parade, Suva

**Telephone:** (679) 331 4300

**Email:** info@bdo.com.fj

### **FHL FML Directors**

Mr. Nesbitt Hazelman - Chairperson  
Mr. Naushad Ali  
Ms. Eseta Nadakuitavuki  
Mr. Alphonsus Pio  
Mr. Abilash Ram

### **Trustee**

#### **FHL Trustees Limited (FTL)**

Shop 1A & 1B, Vanua House  
77 Victoria Parade, Suva  
P. O. Box 2110

Government Buildings  
Suva, Fiji

**Telephone:** (679) 331 1120

**Fax:** (679) 331 7153

### **FTL Directors**

Mr. Inia Naiyaga - Chairperson  
Mr. Emitai Boladua  
Mr. Navin Raj

### **Regulator**

Reserve Bank of Fiji  
Pratt Street, Suva  
Private Mail Bag  
Suva, Fiji

**Telephone:** (679) 331 3611

**Fax:** (679) 330 4363

### **Investor Relations**

You can obtain information about investing with the Fijian Holdings Unit Trust by contacting our licensed unit trust representatives via:

**Telephone:** (679) 3311 120

**Fax:** (679) 331 7153

**Email:** info@fhut.com.fj

You can also contact or visit us at our registered office listed above.

### **Business Hours:**

8:00am – 5:00pm Monday – Thursday  
8:00am – 4:00pm Friday

### **Principal Bankers**

BSP Financial Group Limited,  
Level 3, BSP Life Centre,  
3 Scott Street,  
Suva.